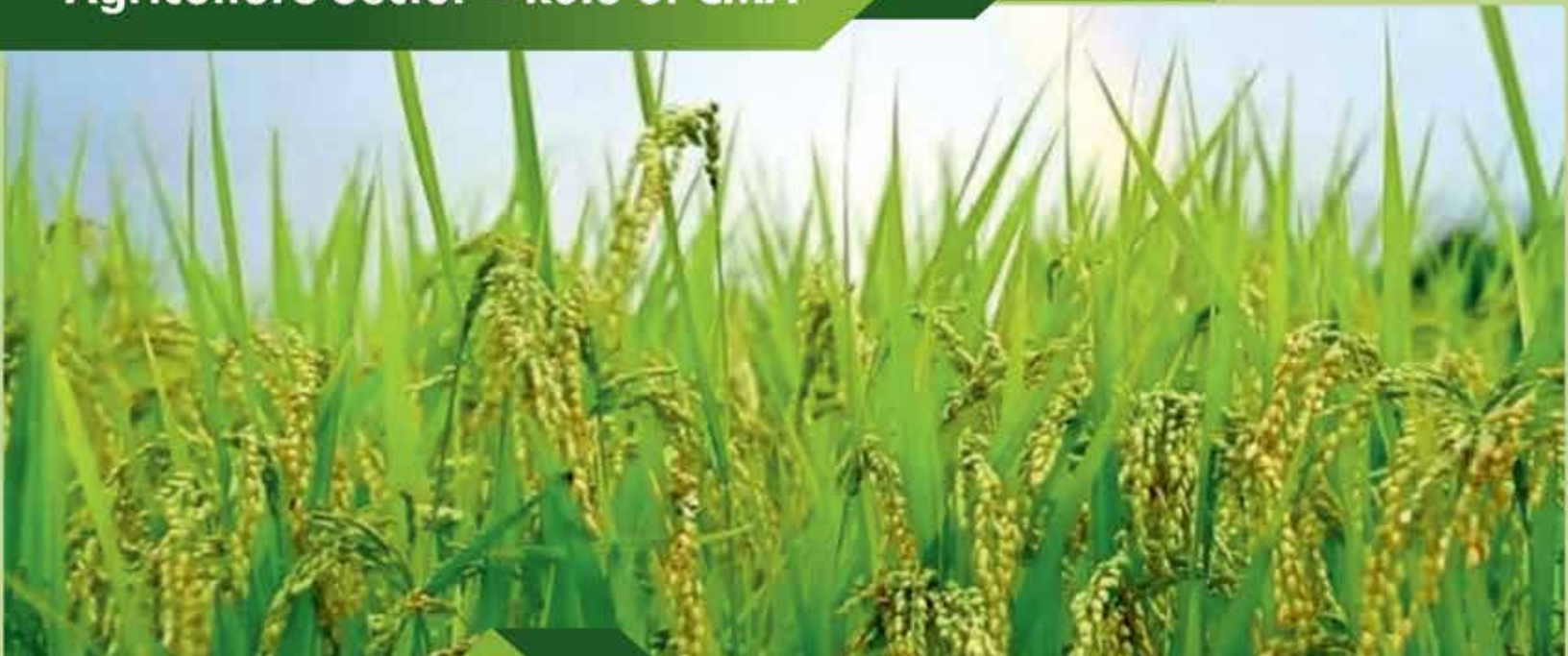


Agriculture Sector – Role of CMA



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

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

Tel.: 9372071120, 8828061444, 9372036890 • E-mail : wirc.admin@icmai.in • Website : www.icmai-wirc.in

Blood Donation Camp at Thane SMFC and Inauguration of New Office premises Students, Members Felicitation Centre & Celebration of Foundation Day, on 28th May 2021

On 28th May 2021, we will be Celebrating Foundation Day of our mother Institute. We are shifting Thane SMFC center to much bigger, convenient & cost-effective location. Although considering the situation instead of formal inauguration function, we would be organizing **Blood & Plasma Donation Camp** on 28th May 2021. Through Google form we will be organizing in manner which will be adhering to all health & safety guidelines. Request all especially Members and Students from Thane to participate. WIRC Council Members will remain present to greet you.

Address of the New premises:

Thane SMFC Office – 7 -8 & 9 Shivalaya Co-op. Hsg. Society, first floor, M. G. Road,
Near Jay Bhagwan Hall, Hari Niwas, Naupada Thane (West) 400 602

Inauguration: on 28th May, 2021 at 11.00 a.m.

WIRC will be organizing **Blood Donation & Plasma Donation Camp** on this occasion at the New Office premises on the inaugural Day. Objective of Institute is to serve the nation and at this difficult juncture of pandemic, we as CMA fraternity should come forward to support nation.

I request all the members and students of Thane to join the hand & ensure maximum participation by which we will be able to mark of our contribution to nation.

For Registration please click - <https://forms.gle/TgVnhsWnf8VKQRXF9>

With warm regards,

Western India Regional Council of The Institute of Cost Accountants of India

WIRC is also requesting local Chapters & local members to coordinate with Janakalyan Blood Bank to organize Special CMA Drive for the members & students on the foundation day 28th May 2021. Details of Janakalyan Blood Banks Centers in Maharashtra are given below.

Come forward and Save plenty of Lives

1. Pune

Janakalyan Rakta Pedhi, 1003, Shukrawar Peth,
Sarasbaug - Swargate Road, Near Natraj Hotel, Pune 411002.
Tel.: 24444502 / 24441462

2. Solapur

Dr. Hedgewar Blood Bank, Sahyadri Shopping Center,
Railway Lines, Solapur 413001.
Tel.: 0217-724932

3. Jalna

Janakalyan Blood Bank, 51, Ramnagar Colony,
Near Amarchhaya Talkies, Jalna 431203.
Tel.: 02482 – 230323 / 243085

4. Mahad

Late Kakasaheb Chitale Smruti, Kendra Sanchlit,
Janakalyan Blood Bank, Jawahar Colony, Old Post, Mahad,
Dist. Raigad, Mahad 402301. Tel.: 02145-222429 / 223508

5. Jalgaon

Jalgaon Janata Bank, Keshavsmruti Pratishthan Sanchlit,
Madhavrao Golvilkar, Swayansevi Blood Bank, 273,
Navi Peth, Jalgaon 425 001. Tel.: 0257-2234590

6. Aurangabad

Dattaji Bhale Raktapedhi, Dr.Hedgewar Rugnalaya Parisar,
Jawahar Colony, Garkheda, Sambhaji Nagar,
Aurangabad 431 005. Tel.: 0240 – 23311994 / 2335196

7. Ahmednagar

Satalkar Hospital, Janakalyan Blood Bank,
Gadital Patangan, Nalegaon, Ahmednagar 414 001.
Tel.: 0241 – 2323155 / 2346647

8. Nagpur

Dr. Hedgewar Raktapedhi, 184/2, 2nd Floor, Anantrao Bhide
Parisar, Near Ram Nagar Sq, Shivajinagar, Nagpur 440 010.
Tel.: 0712 – 2528292 / 2538900

9. Nanded

Banda Ghat, Vajirabad, Nanded.
Tel.: 02462 - 243300

10. Nashik, Janakalyan Blood Bank,

3, Shree Nagar, Old Gangapur Naka, Gangapur Road,
Nashik 422 013. Tel.: 0253 - 2573493 / 2575249

11. Nandurbar

Janakalyan Seva Sanstha, Nandurbar Sanchlit,
Janakalyan Rakta Pedhi, Desai Pura, Nandurbar 425 412.
Tel.: 02564 - 226934

12. Akola

Dr. Hedgewar Raktapedhi, Near State Bank Colony No.1,
Jatharpeth, Akola 444 005. Tel.: 0724 – 2436264 / 244002

13. Jabalpur

197, Ekvira, Jaynagar, Labour Chowk, Jabalpur,
Madhya Pradesh. E-mail: dradgaonkar@yahoo.co.in

Any assistance, please contact : 989 202 5045 / 989 218 5588



FROM THE DESK OF CHAIRMAN

Friends,

ગુજરાત દિન ની હાર્દિક શુભેચ્છા જય જય ગરવી ગુજરાત
મહારાષ્ટ્ર દિનાચ્છા આપણા મન:પૂર્વક શુભેચ્છા

On 1st May 1960 the erstwhile Bombay State was separated into 2 divisions & the two states were named Maharashtra & Gujarat was formed by enactment of the Bombay Reorganisation Act, 1960. It's a matter of pride for all members of WIRC that these two Great states which are major contributors for growth & development of the nation are part of WIRC.

On commencement of the new financial year we have undertaken the membership drive and I am happy to inform that more than 100 plus have participated and become the members. The list of the newly enrolled members consist of not only seasoned experienced professionals who have missed to be members before, but also freshly final passed whose results were out on 29th March & by 5th April they have been allotted the membership number. We as professionals do understand the importance of numbers. Hence, I sincerely request our members to facilitate & create awareness amongst peers, colleagues & batch mates who have passed this difficult exam but have not yet taken up the coveted membership.

On 28th May we will be celebrating the Foundation Day of our alma mater, our Institute. WIRC will be organizing Blood donation & Plasma donation camps across the region together with our chapters. The objective of the Institute is to serve the nation and at this difficult juncture of the pandemic, we as CMA fraternity should come forward to support the nation. The list of available locations can be found in subsequent pages and we are open to organize even at corporates or PCMA's Offices if it's convenient to the members. I request all the chapters of the region to join hands & ensure maximum participation of our members & students by which we will be able to mark our contribution to the nation.

For convenience of all stakeholders, we are shifting Thane SMFC center to a much bigger, convenient & cost-effective location. Although, considering the situation instead of a formal inauguration function we would be organizing a blood & plasma donation camp on 28th May 2021. Hence we will do the inauguration in the form of Blood & Plasma donation camp, adhering to all health & safety guidelines. We request all especially members from Thane to participate in large numbers to make the occasion a grand success. I along with my council colleagues will remain present to greet you, personally.

“May the lockdown may end by may end.”

Greetings on the occasion of Akshay Tritiya, Ramzan Eid al-Fitr, and Buddha Purnima. Best Wishes on 62nd Foundation day of ICMAI.

Jai Hind

CMA Harshad S. Deshpande
Chairman, ICAI-WIRC.

Activities Undertaken during April 2021 at WIRC

- Webinar on Price control in Pharma industry – 10th April 2021 by CMA Vivek Agarwal, General Manager, Intas Pharmaceuticals and CMA Anita Dave, Asst. General Manager, Intas Pharmaceuticals.
- Interactive Web Session on Prepack Insolvency for survival of MSME on 16th April 2021 by Mr. Anil Goel, Chartered Accountant & Insolvency Professional & Founder and Chairman of AAA Insolvency Professionals LLP (AAAIP) and CMA Harshad Deshpande, Chairman WIRC & Insolvency Professional.
- Series of webinar on CMAs - Careers in Employment and industry from 19th to 26th April 2021 for experienced, freshers and Semi-qualified students.
- Webinar on Labour Reforms & Need of New HR Strategies on the occasion of Labour Day - 1st May 2021 by CMA Ashok B Nawal.
- Starting Special Online Classes for Final Students from 3rd May 2021.
- Inaugural program of Online Computer Batch at Ahmedabad Chapter.
- Press Meet & Felicitation Function of Rank holder organized by Surat-South Gujarat Chapter.
- Felicitation Programme for December-2020 Foundation, Intermediate & Final Course Passed students organised by Bharuch-Ankleshwar Chapter on 31st March 2021.

What WE could achieve during 7th month

| Status # Agenda 21 | Completed | Total |
|--------------------|-----------|-------|
| Upto April 2021 | 15 | 21 |

- # Agenda 4** Structured Campus placements & creating platform for job openings for experienced & fresher CMAs post disruption of Pandemic
Series of webinar on CMAs - Careers in Employment and industry from 19th to 26th April 2021
- # Agenda 12** Social Media Campaigns & Digital Marketing for Visibility & Branding of Profession
Membership Drive - Welcome New members on Social Media
- # Agenda 21** Sports, Music, Trekking and other extra-curricular activities like Organizing Sports events, Trekking events, Cycle tour, Music / Art workshops etc.
COVID Vaccination drive for the members

“Best Wishes for the Foundation Day of The Institute of Cost Accountants of India - 28th May 2021”



FROM DESK OF CHIEF EDITOR

Dear CMA Professional Colleagues,

महाराष्ट्र दिनाच्या आपणाला मनःपूर्वक शुभेच्छा

गुजरात दिन नी हार्दिक शुभेच्छा
जय जय गरवी गुजरात

Hope you all safe in the 2nd wave of COVID 2019. To control under COVID situation, Government of India had now started vaccination drive for all above 18 years. I request all the members to get vaccination at an earliest.

Theme of this bulletin is “Agriculture Sector – Role of CMA”. We have received good response from members. Articles on the theme are published as the cover story. Articles on other professional matters are also published in the bulletin. I am thankful to all the authors for providing articles and making WIRC bulletin a Knowledge Pack.

We have also started publishing interview of CMAs who had reached a respectable position like CFO, VP, Director etc. Objective of the same is to share their experience with CMA fraternity. It will inspire young CMAs for making their career brighter. I am happy to share that first time we are publishing lady CMA, CMA Chitralee Goswami, Chief General Manager, Head Finance, Onshore Engineering Services, ONGC interview in this bulletin. I am thankful to CMA Pravin Mahadik for conducting the interview. I request our proud CMAs those who are reached at highest position during their career to share their experience with CMA fraternity. Place reach us so that we can conduct interview.

Women empowerment is also one of the needs of the hour. We have also decided to publish at least one article from lady CMA in every bulletin. I am happy to inform you that, we have received excellent response from lady CMAs.

We have started “GST Corner” in the bulletin. GST corner contains major update related to GST during past month and due dates of GST for the current month. I am thankful to CMA Vandit Trivedi for compiling GST updates.

We have started “Direct Tax Corner” in the bulletin. Direct Tax corner contains major update related to Direct Tax during past month and due dates of Direct Tax for current month. I am thankful to CMA Harshesh Pandya for compiling the updates.

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

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

We welcome suggestions and feedback for betterment of WIRC Bulletin.

Happy Reading !!!

With Warm Regards

CMA Ashish Bhavsar
Chairman, Editorial Board

Role of CMA in Agri sector

CMA Lt. Dhananjay Kumar Vatsyayan (Ret.)

Mob.: 95455 51752, 89990 70378

E-mail: dvatsyayan@yahoo.com



Agriculture activities can be traced to almost every ancient civilization of world. In other word, it is a most ancient economic activity of human race. Ancient people utilized the land to produced foods, cloths, herbs and supplements from plants and animals. So, agriculture is an art, science and practice of producing crop, livestock and allied associated services.



Fig 1 – Paddy field in rainy season

Even today, 50% of world population are dependent of agriculture and one third of earth's land are being cultivated. Today, Indian economy had witnessed a contraction of 7.2% in Year 2020-21, where as agriculture sector had grown by 3.4% as per economic survey. The contribution of agriculture sector in GDP has increased from 17.8 % to 19.9% in Financial year 2020-21. Total food grain production 296.65 Million tons is much higher than five years (2013-14 to 2018-19) average of 269.78 Million Tons.

| Sr | Sector | Unit of Measurement | Quantity |
|----|----------------------------|---------------------|----------|
| 1 | Food Grain | Million Metric Ton | 295.67 |
| 2 | Horticulture (Fruits etc.) | Million Metric Ton | 320.48 |
| 3 | Live Stock Population | Million | 535.78 |
| 4 | Milk | Million Metric Ton | 208 |
| 5 | Sugar | Million Metric Ton | 26.46 |

Source – India Brand Equity Foundation – Agriculture sector production in FY 2020-21

Based on source of generation, Indian agriculture is divided in two groups (i) plants related and (ii) animal related, which are further subdivided as under.

A. Cultivation or Plant Related

1. Agriculture – Cultivation of grains, pulses, vegetables, oilseeds, cotton, sugarcane etc. Gestation period is short, range from two months to twelve months. Crop is

cultivated in season and it is harvested after that. There are three type of crop cultivated in India based on season.

- a. Ravi Crop-Meaning Spring season. It starts from Sep-Oct & ends in Feb-March. Farmers saw the seed, when the soil is humid at the end of rainy seasons. The crop germinates with natural humidity of soil. However, it requires irrigation because there is hardly any rain during this season. There are some crops which does not require irrigation, but yield of these crops are very low. The major crops fall under this category are Wheat, Barley, Mustard, Green peas, Sunflower, Major Pulses, Potato, Onion etc.



Fig 2 – Wheat crop ready for harvesting

- b. Kharif Crop – Meaning Autumn or rainy season, it starts from Jun- July and ends in Sep – Oct. Farmers saw the crop in the month of Jun – July, start of rainy season and harvest the crop in Sep- Oct, end of rainy season. The crop generally irrigated with natural rain and it is expected that there will be no requirement to supplement the irrigation. However, the Kharif crops are subject to natural calamities like flood & drought every alternate year. The major crop falls under this category are Maize, Rice, Bajra, Soybean, Cotton, Groundnut etc.
 - c. Zaid Crop – There is gap between Ravi crop and Kharif crop i.e. Mar to Jun. This crop is cultivated in the gap between two main crop seasons. The crop increases the yield of land and income of farmers. Since there is hardly any rain during this period, it is mostly dependent on irrigation. So, this crop is cultivated on irrigated land only. The main crop falls in this category is green vegetables.
2. Horticulture – Most of the fruits falls in this category. The tree remains intact and only the fruits are harvested. Generally, fruits are harvested once in a year, but some trees can be harvested twice or thrice in a year.
 3. Floriculture – It is related with cultivation of flower, which

is used for decoration purpose, goodwill presentation etc. The cultivation of roses is most important among them. It is having good potential in domestic and export market.

4. Tea & Coffee plantation – The tea and coffee plants once grown can yield for many years. For tea leaves are plucked manually and then processed. For coffee the fruits plucked and then it is processed. CMA can help the planter through various calculation based on yearly yield, cultivation cost, gestation period and suggest best and most profitable option.
5. Forestry – The plants grow naturally in forest. Various type of herbs and leaf are collected for medical and other purposes.

Generally, Indian farmers follow a traditional wisdom passed on from generation to generation. Though the time-tested method used by farmers yield some result but it is not able to maximize the gain. For example, selection of best suited crop and optimum fertilizers mix as per soil test report and cost of fertilizers are not known to farmers.

CMA can convert scientific data into commercial term and calculate optimum solution. Thus, CMA can play a positive role while recommending best suited crop, fertilizer mix based on various constrain (like water, labor, soil condition, cost etc.).

The cultivation consists of following distinct process, which are common to all type of crops.

1. Land / Soil preparation
2. Sowing or Seeding
3. Plantation – it consists of Germination, tillering, Grand growth and Maturity.
4. Hoeing & Weeding
5. Irrigation
6. Fertilizer application
7. Pesticide application
8. Harvesting
9. Handling of Traces
10. Transport of Crop to ware house
11. Mandi or suitable disposal of crop

B. Animal related

1. Dairying-The cows and buffalos used for producing milk. The milk is consumed directly by human being or it can be used for producing various type of milk products like curd, buttermilk, cheese, paneer, ice-cream, flavored milk, shreekhand, chocolates, sweets etc.

Since milk are collected from various farmers scattered randomly in areas and final products are again consumed by various customers randomly scattered. Thus Transportation cost is one of the major cost factor of dairy products.

Applying sales man optimization module can help to minimize the transportation cost of milk. Optimizing the product mix based on its cost and price expected will help the industries. CMA being an expert in optimization module can support the dairy industry as consultant and policy maker.

2. Poultry – Poultry produces eggs and birds, which is used

as food supplements in meet form. As percentage of non-vegetarians' populations are increasing in India, the demand of poultry products is increasing.

The optimizing the feed (including feed mix), water and various input factors based on temperature, day night cycles etc. will help to maximize the gain. CMA can contribute positively as a financial expert and optimization module expert.

3. Fishery – Fishery is having wide range from small ponds to open sea fishing. It is more popular in coastal areas, bank of rivers, area closure to back water of dams etc. It is having excellent domestic market and also having export potential.

CMA can calculate the input cost factor and most profitable products / market segment. Such calculation will help Indian fishery sector to face international competition.

4. Rising of Cattle, Sheep, goat, Horse, camel etc. – Some animals are used for domestic help, some for meat & skin purpose and some are for wool. India is one of the major exporters of meat.
5. Honey – Honey is a natural sweating agent known to human being since ancient civilization. The honey bee collects the nectars from many flowers and deposit as honey. The demand of honey is much higher than its supply.
6. Sericulture – It is used for producing silk with the help of one particular type of insect.

Agriculture activities are being carried out by individual farmer, co-operative farming, contract farming and FPO. Many industry feed / support to agriculture activities, many industry sources its raw material from agriculture and many industries participate in agriculture activities. Thus, agriculture supports a wide range of industries which falls under organized and unorganized sectors.

CMA can play a positive role as accountants, auditors, consultants and advisors in organized sectors and as consultants in unorganized sectors. A brief list of industries mentioned below as guide lines.

A. Industries feed / support agriculture industries.

1. Fertilizer & Compost industries
2. Seed research, development and production
3. Pesticides industries
4. Soil / plant testing labs, chemicals & equipment.

B. Industries sources raw material from agriculture

1. Food Processing Industries (Oil, Pickle, Sauces, soup, juice, fruit pulp, Flour etc)
2. Tea & Coffee processing plants
3. Textiles (Cotton & Silk)
4. Sugar Industries and allied products
5. Sweets and dairy products (Chocolate, Ice creams, Paneer, Shreekhands etc.)
6. Rice & Dal mills
7. Ayurveda (Medicine) products for pharmaceuticals industries.
8. Perfume industries

9. Bidi & Cigarettes
10. Jutes & Jute products
11. Furnitures and wood products (Door, Window, decoration pieces etc.)
12. Paper industries

C. Industries participates in agriculture activities.

1. Agriculture machines / equipment (Tractors, harvestors etc.)
2. Pump sets (Diesel, Electrical, solar etc.) used for irrigation.
3. Cold storage to increase the life of agriculture produce.
4. Warehouse (FCI etc.)
5. Logistic (Mandi & Transport)

Present Indian Government is poised to achieve the ambitious goal of doubling farmers income by 2022. So, momentum is generating with increase in investment in agricultural & agriculture infrastructure such as irrigation facilities, harvesting equipment, mandi, warehousing and cold storage. Growing use of genetically modified crops will certainly improve the yield for Indian farmers.

India is expected to be atam-nirbhar (self-sufficient) in all types of grains, including pulses in the coming years with concerted effort of scientists to get early maturing varieties. Increase in minimum support price (MSP) and heavy investment in this sector is expected to boost the sentiment further.

For example - Central government is planing US\$ 9 billion investments in the fisheries sector under PM Matsya Sampada Yojana. The government is targeting to raise fish production to 220 lakh tonnes by 2024-25.

It is a golden opportunity for CMA to work as catalyst in this sector, where new opportunities are coming and sectors are expanding by lips & bound. The services of other professionals have not yet picked up in this sector. The canvas is almost blank, where CMA can play a vital role to support Govt., farmers and ago based industries. A short list of Govt. plans are mentioned below as guide line to understand the amount of opportunities awaiting ahead.

1. **FDI** - The Government of India has allowed 100% FDI in marketing of food products and in food product E-commerce under the automatic route
2. **TMA** - The Government of India came out with Transport and Marketing Assistance (TMA) scheme to provide financial assistance for transport and marketing of agriculture products in order to boost agriculture exports.
3. **PACS** - The Government of India is going to provide Rs. 2,000 crore (US\$ 306.29 million) for computerization of Primary Agricultural Credit Society (PACS) to ensure cooperatives are benefitted through digital technology.
4. **PMKSY** - The Government of India launched the Pradhan Mantri Krishi Sinchai Yojana with an investment of Rs. 50,000 crore (US\$ 7.7 billion) aimed at development of irrigation sources for providing a permanent solution from drought.
5. **SAMPADA** - Government plans to triple the capacity of

food processing sector in India from the current 10% of agriculture produce.

- a. Govt. has committed Rs. 6,000 crore (US\$ 936.38 billion) as investments for mega food parks in the country, as a part of the Scheme for Agro-Marine Processing and Development of Agro-Processing Clusters (SAMPADA).
6. **December 2018** - The Agriculture Export Policy, 2018 was approved by the Government of India.
 - a. The new policy aimed to increase India's agricultural export to US\$ 60 billion by 2022.
 - b. US\$ 100 billion in the next few years with a stable trade policy regime.
7. **September 2019** - Prime Minister, Mr Narendra Modi launched National Animal Disease Control Programme (NADCP), expected to eradicate foot and mouth disease (FMD) and brucellosis in livestock.
 - a. In May 2020, Rs. 13,343 crore (US\$ 1.89 billion) was allocated to the scheme.
8. **May 2020** - Government announced the launch of animal husbandry infrastructure development fund of Rs. 15,000 crore (US\$ 2.13 billion).
9. **September 2020** - Government launched the PM Matsya Sampada Yojana, e-Gopala App and several initiatives in fisheries production, dairy, animal husbandry and agriculture.
 - a. Under this scheme, an investment of Rs. 20,000 crore (US\$ 2.7 billion) will be made in the next 4-5 years in 21 states
10. **October 2020** - Government announced that it is putting up a common data infrastructure for farmers in the country.
 - a. PMFBY (Pradhan Mantri Fasal Bima Yojana), PM-Kisan and the Soil Health Card will be integrated through a common database, along with land record details.
 - b. Tribal Cooperative Marketing Development Federation of India (TRIFED) included 100 new Forest Fresh Organic Products sourced from tribes across India on its e-marketplace (tribesindia.com).
 - c. Agri-lender Nabard (National Bank for Agriculture and Rural Development) proposed plans to set up a subsidiary to provide guarantee for loans under agriculture and rural development.
11. **November 2020** - Government inaugurated a mega food park in Punjab worth Rs. 107.83 crore (US\$ 14.6 million) that will be spread across over 55 acres of land.

The Agri-sector is bound to grow faster as Govt is aiming to double the farmers income. Various scheme and plan had already been rolled out and many more in the pipe lines. CMA needs to study these scheme and work as a catalyst in this sector, which is starving for qualified professionals. The canvas in almost blank and you are free to make nice painting, which is really useful to farmers, the country and the profession. ■

Understanding Cost Architecture & Use of ABC in Agricultural Sector

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The Perspective

The landscape of agriculture is fast evolving with an increased focus on enhancing farmers' incomes. The flagship schemes of the government are targeted towards improving purchasing power at the bottom of the pyramid to accelerate overall economic growth. At the same time, advanced technology is providing solutions to tackle the traditional challenges faced by agriculture towards improving the overall efficiency from farm to fork. The business dynamics of the agricultural sector generally call for a system of calculation and cost management that goes beyond output assessment and profit determination, and coordinates a tool that supports the decision-making process, thus facilitating the evaluation of different cultivation techniques, varieties and so on.

As far as cost calculation and management is concerned, the sector presents four characteristics in its productive system that condition cost model design: nature of output, multi production, self-supply, and heterogeneity. To sum up, there is a qualitative diversity (multi production) of products that consume common productive resources and which it is necessary to assess in order to reach an overall and individual determination of the cost and profit generated, and a suitable cost management system to back up decision-making related to production planning

The structure of the agriculture sector is seen to be unorganized and fragmented in nature and thus lack of effective regulation in the given sector is also seen as one of the reasons why farmers seem to be exploited and have been operating at very low margins. One of the key reasons seen for the lack of appropriate cost management in the given sector is with regards to the lack of prioritization of the cost management among farmers because of lack of knowledge with regards to the same.

Cost management architecture in Farm Sector

A sound Cost management system improves the data and information base for a wide range of issues related to farm operations, including farm accounts' data on farm cash receipts and farm expenses, net and gross farm incomes, and the degree to which farms are capitalized. It also provides information on farm profitability, household food security and the myriad forms of farm labor, such as hired and self-supplied labor by gender and age group.

The farming process has many costs involved. There are some constant expenses that are considered to be direct costs. It is determined that these costs will be present as long as the farming process is in occurrence. The process

itself also creates indirect costs. In order to properly account for these costs, an accounting system must be used. There are many different uses and applications of accounting throughout the industry. Although there are many different fields of accounting in practice, cost accounting is a field of accounting that measures, records, and reports information about costs and the one that is most applicable to a farming operation. Cost accounting allows farmers to see their farm as more than "x" amount of acres that costs "x" amount of dollars to produce "x" amount of bushels.

Cost accounting allows the farmer to see the farming operation broken into incomes and expenses based on acres and yield units. This is possible because these grain farmers have a unit of production, grain. Being able to break the income and expenses down per acre gives the farmer a basis for comparing performance of different fields, determining why one field may be producing more than another, analyzing optimal use of land, experimenting with agricultural practices to improve yields, and reducing expenses. Some of the farming process will incur the same costs, and other processes will incur process-specific costs. Iowa State University Extension and Outreach has a valuable spreadsheet that calculates the costs incurred all the way through the net proceeds for individual farms

Some typical fixed and variable costs associated with a farming operation are discussed below:

- The fixed costs remain the same even when the acres being farmed increases. The variable costs change in proportion to the amount of acres farmed. Having the ability to track and break down variable costs gives farmers field specific knowledge on the cost per acre.
- A fixed cost is determined for each of the farming processes. Custom hire is not always a part of the farming process, therefore, was not discussed as part of the farming process. Custom hire is the process of hiring a third party company to custom plant, apply, spray, and harvest crops. This process has unique accounting concerns that are beyond the scope of this paper.
- Seed, chemicals, and fertilizers are variable costs. They will change in proportion to the acres farmed. Common sense suggests the more acres farmed, the greater are these variable costs.
- Labor is also broken into fixed costs and variable costs. In farming, an operator is considered to be the supervisor. For each farming activity, there is usually an operator assigned to each crew. An operator will have many job titles. He or she might work on paperwork, report

field conditions to the owner, or even drive a piece of farming machinery. Regardless of the job being done, an operator's labor is considered to be manufacturing overhead and will be treated as a fixed cost.

- Hired labor is an hourly paid employee. Hired labor works directly with the production of the crops and their labor will be a variable cost. This cost will change in proportion to the amount of hours these employees work, which should vary by the acres farmed.
- Land rent will be a fixed cost for each field rented. This is fixed because the cash paid for rent will not change until a new negotiation is agreed upon between the farmer and the landowner. Once the variable costs have been calculated, they are multiplied by the number of acres being farmed. Fixed costs are added to that total to arrive at total costs. To compute a net return, those total costs are then deducted from the calculated total returns.

Uses of an effective Costing System in Farm Sector

At the farm level, Cost of production (CoP) data contributes to improve the economic assessment of farm operation. They allow the producer to question his own operation and to benchmark it against the best practices of farms in the same region with similar characteristics. This, in turn, can lead to better informed decisions at the farm-level and improved market efficiency and performance. Some specific examples of how a robust CoP system can be used at the farm level are as follows:

- Enterprise mix decisions: analysis can illustrate which farm enterprise (commodity) is positively contributing to the whole farm financial picture and lead to reallocation between enterprises, as appropriate.
- Purchasing and marketing decisions: pricing targets for inputs and outputs can be set at different cost break-even levels. Knowing the break-even points allows farmers and policy-makers to take advantage of growing, buying or selling opportunities when they arise. The following formulas can assist in determining break-even points.

Break-even price to cover variable costs (or gross margin): $\text{Total variable costs} \div \text{expected yield} = \text{Amount} / \text{unit produced}$. This is the minimum price needed to cover variable costs

Break-even price to cover total costs (or net margin): $\text{Total costs} \div \text{expected yield} = \text{Amount} / \text{unit produced}$. This is the minimum price needed to cover all costs.

Break-even yield: $\text{Total costs} / \text{expected price} = \text{unit produced}$ (minimum yield required to cover all costs).

- Investment decisions: Making the right investments in capital assets, such as land, machinery and buildings, is critical to long-term success. CoP information shows the amount the farm can afford to pay for those assets. It is useful when conducting reviews of investments in enterprises that fail to meet total costs in the long run and determining where to redirect resources to more profitable enterprises.

- Total Costs per unit of production or unit of land area (depending on the product) Defined as:

$$[\text{Cash-costs} + \text{non-cash costs} + \text{land costs} + \text{capital costs} (\text{replacement and opportunity cost of capital}) + \text{farm overhead expenses}] / \text{Total land area in ha}$$
- This indicator can also be expressed in terms of total area planted or operated, weight or volume of product, animal head for livestock activities or any other unit of relevance, especially local or customary units. Subsets of the cost indicators can be produced. A common sub-aggregate is to display cash costs or purchased inputs only or to add cash costs and land rental costs. When reliable data are available, indicators are often displayed for individual cost items, such as feed costs per animal unit, seed cost per land area or labor cost per MT of output quantity

Environmental indicators

A wide range of indicators that relate farm activity to environmental variables can be compiled through a costing system. These indicators can be useful to characterize the environmental profile of farms within a country or region and to provide some indications on the expected costs for farmers associated with the adoption of environmental policies, such as shifting to less input-intensive practices. Some of these indicators are described below.

- Energy use per hectare Defined as: $[\text{Fuel and lubricants use} + \text{electricity use}] / \text{Land area}$. This indicator can also be expressed in terms of production unit. The energy used could be converted to standard energy units, such as joules, or into their monetary equivalents. The individual items summed can be tailored to the uses and include the cost (or volume) of fuel used by machinery, equipment and buildings only, excluding electricity costs.
- Fertilizer use per hectare Defined as: $[\text{Fertilizer use}] / \text{Land area}$. This indicator measures the intensity in fertilizer application for the production of a given commodity. To be relevant for environmental analysis, data on the type of fertilizer used, especially on the concentrations of the different active components, is necessary
- Pesticide use per hectare Defined as: $[\text{Pesticide use}] / \text{Land area}$. The comments made for the fertilizer use indicator also apply for this indicator.
- Environmental Pressure Index Defined as: $[\text{Input use} \times \text{emission factor}] / \text{Land area}$. This index measures the emissions for a given pollutant associated with the use of a specific input. For example, the quantity of nitrogen application can be translated into nitrous oxide emission using an appropriate emission factor and expressed on a per ha basis
- In addition to indicators that can be used for environmental purposes, a wide range of statistics measuring returns on the different inputs used can be established. These statistics contribute to measuring and identifying the structural changes taking place

in agriculture, in which, for example, higher returns on fixed capital are a well-known feature of more sophisticated production technologies.

- Input productivity Defined as: [Value of output] / Input use. This indicator measures the gross output in monetary terms generated by a given unit of input (return on inputs). A well-known indicator is labor productivity, which measures the value of output generated by a given unit of labor use (hour, day or month-equivalents).

Activity Based Costing : A useful Cost Management technique for Farm Sector

Cost Management focuses upon all the activities internal and external to the value chain process in order to help in cost reduction and cost control. In relation to the agricultural sector, the Activity Based Costing technique is being increasingly accepted for the purpose of cost management. ABC costing can help in allocation of the costs in relation to the various activities associated with the production based upon the cost drivers identified in relation to each production activity. Benefits of using ABC for cost management in the agricultural sector are : Adjustable costing technique, Faster and more accurate. Enables carrying out more detailed analysis.

- An ABC system is based on the idea that products make use of certain general activities and these activities require some resources to be done. It means that, first, the cost of the resources are allocated to the activities and, then, the costs of activities are allocated to the products (costs objects) using specific activity drivers for each activity. In this way, it is possible to assign overheads to products in a more accurate and precise way. This logic enables managers to have a deeper control on how products or services, brands, customers, channels of distribution, or facilities consume resources and generate costs.
- Furthermore, this logic fosters the understanding of patterns of resource consumption at the micro level. Farmers can have access to a deeper level of information that enables corrective actions directed to the enhancement of revenues, profitability and cost reduction. ABC prevents some distortions related to product cost information that arise from traditional accounting systems where the overheads (indirect costs) are arbitrarily attributed, usually in proportion to an activity's direct cost. Traditional systems create higher distortions when there are sophisticated production structures, with a wide range of products or services that require the assignment of large amount of general costs.
- An important element which makes Activity-Based Costing on one hand more useful and on the other hand more accessible/ feasible to farms and farming-related companies is that agriculture-based businesses are making increasingly intensive use of information in several production and management processes (e.g., for quality management or food safety. Activity-Based

Costing offers the considerable advantage of improving decision making processes, providing a reliable method to process the wealth of data collected from the field, also with the aid of Precision Agriculture technologies. Farmers face many complex decisions, ranging from crop choices to machinery renewal and the use of external services. In many cases, indirect costs play a pivotal role in a decision, as more and more activities are completed using expensive equipments.

- Another important area could be product pricing, although for most agricultural firms price is an exogenous variable rather than a variable decided by the manager. However, by comparing market price information and forecasts with a more accurately quantified cost of the single product, the farm manager increases the chances of making the right decision. Another relevant area where Activity Based Costing could impact the agricultural supply chain is the possibility for associated farmers organizations (such as cooperatives, consortia, etc.) to better plan their production and marketing activities and to provide more insightful advice to their associates.
- If cost allocation procedures return a misleading representation, the company is more exposed to risks. Applying Activity-Based Costing, farm managers can achieve greater control on the consumption of resources and improve their decision-making processes. Furthermore, the accounting process itself can be positively influenced. The scope of the Activity-Based Costing system allows fine and accurate adjustments to be made to the company cost structure, reducing overhead cost. In addition, farm management is increasingly requiring greater flexibility and adaptation to rapidly changing market conditions; this makes it necessary to avoid under and over costing situations due to inaccurate allocation of overheads and common costs with concurrent activities, which is a typical problem of traditional costing methods As stated before, the high degree of data intensity required by Activity-Based Costing has been (and still is) an important barrier to adoption.

Adaptation of the general ABC model to the farm sector is not complex. It basically consists of determining the direct consumption and demand of activities and tasks required by each product. So, the central axis of the proposed model is based on the follow-up and control of these two components. For activity control, it is proposed a system of daily work reports in which each worker or group of workers related to the productive activities record the tasks undertaken throughout the day. In this sense, a highly significant aspect is the correct identification and grouping of the activities and tasks associated with the productive process.

Conclusion

In tough economic times, farmers must be aware of all costs, which fields are profitable, and which fields are producing a loss. Sadly, not all farmers make use of a software system that may help assign their costs to fields. In fact, many farmers are not fully aware of what costs are being

incurred, the behavior of these costs, what yields are being produced on each plot of land, and the profitability of those plots of land.

By using cost accounting that measures, which records, and reports information about costs, farmers can establish a relationship between costs and the stages of the farming process. Farmers would also be able to distinguish a cost from an expense, an outlay cost from an opportunity cost, and a direct cost from an indirect cost. The ability to categorize these costs essential to the farmer's long-term financial success. With this ability, farmers could determine their value-added and nonvalue-added inputs. In addition, farmers are able to determine the relative importance of each input and assign a spending limit for each activity.

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Intermediate and Final Result Summary - WIRC - Dec. 2020 Examination

Intermediate Dec. 2020 Result

| Sr. No | Particulars | No. of Students appeared | No. of Students Passed | No. Students Failed | Passing % |
|---|----------------------|--------------------------|------------------------|---------------------|-----------|
| Both Groups Appeared | | | | | |
| I | Passed Both Groups | 2401 | 1182 | 836 | 49.23 |
| | Passed Group I only | | 131 | | 5.46 |
| | Passed Group II only | | 252 | | 10.50 |
| | Total | 2401 | 1565 | 836 | 65.18 |
| Only Group - I Appeared | | | | | |
| II | Passed Group - I | 2694 | 1157 | 1537 | 42.95 |
| Only Group - II Appeared | | | | | |
| III | Passed Group - II | 1635 | 1095 | 540 | 66.97 |
| Consequent to declaration of result as mentioned above, 2,092 candidates completed Intermediate Course of the Institute | | | | | |

Final Dec. 2020 Result

| Sr.No | Particulars | No. of Students appeared | No. of Students Passed | No. Students Failed | Passing % |
|--|-----------------------|--------------------------|------------------------|---------------------|-----------|
| Both Groups Appeared | | | | | |
| I | Passed Both Groups | 937 | 302 | 316 | 32.23 |
| | Passed Group III only | | 39 | | 4.16 |
| | Passed Group IV only | | 280 | | 29.88 |
| | Total | 937 | 621 | 316 | 66.28 |
| Only Group - III Appeared | | | | | |
| II | Passed Group - III | 1426 | 515 | 911 | 36.12 |
| Only Group - IV Appeared | | | | | |
| III | Passed Group - IV | 619 | 368 | 251 | 59.45 |
| Consequent to declaration of result as mentioned above, 700 candidates completed Final Course of the Institute | | | | | |

Modernisation of Agri Sector - Role of CMA



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In our India, Agriculture is the backbone of Economy. Agriculture is the greatest and fundamentally the most important of our industries. The cities are the branches of the tree of national life, the roots of which go deeply into the agricultural land. We all flourish or decline with the farmer. I can say with confidence that 80% CMA, just like me, may find their roots from Agricultural sector.



Now it's every CMA's responsibility to make Indian farmers competitive on Yield, Quality as well as Price of Commodity. Farmers in India are busy in their chosen business (activities like sowing, growing, harvesting, etc). They could not understand Accounts or Government Schemes targeted for their developments. And we, CMA's possess a mindset that we could not understand agricultural activities and our course is designed to cater industries/companies only. We have seen our father, uncles toiled for their entire lives in land and hence we made a taboo not to go back to our basics. For the same reason, Agro sector remained in the hands of few less educated in family or those who could not get proper employment in industries.

Though, Agriculture sector is unexplored sector for CMAs to put a foot print, I remember some CA friends who just by chance entered into Agriculture domain and ripped huge success. NHM (National Health Mission), Maharashtra alongwith NHB (National Horticulture Board) launched a scheme for Pomegranate Cultivation, Marketing & Utilization. DPR (Detailed Project Report) Preparation and submission to NHB to their satisfaction, was the prerequisite for availing scheme. You know, Farmer is not competent to make DPR. These two CA partners studied the format of DPR and started preparing DPR for farmers and getting it sanctioned from government authorities. It was a Simple business Model. Model created a goodwill in the minds of farmers growing pomegranates and both CAs are booked for 10 Years continuous work.

I request all of my CMA Friends to identify gaps in Agricultural economy cycles. Try to fill the gaps and divert your focus from industry to Agricultural sector. You can do cost audit for 50 companies, but here if you choose any segment, you can replicate the scheme for at least 500 Farmers in the area. Agriculture has huge potential for CMA Practice.

Ironically, our syllabus contains subject like OM (Operation Management) which only includes industrial operations. whereas Automations in Agricultural sector, awareness about different government bodies dealing with farmers, etc is not the part of Syllabus.

CMA has to play a role of Catalyst in following Modernization of Agri Sector

1. Medicinal Herbs Cultivation
2. Micro Food Enterprises -Owned by Farmers
3. Matsya Sampada Yojna
4. Animal Husbandry Infrastructure
5. Vaccination of Cattle
6. Operation Green
7. Agriculture Infrastructure
8. Beekeeping

1. Medicinal Herb Cultivation

The Government has allocated 4,000 Cr for Promotion of Herb Cultivation.



NMPB is working to promote cultivation of medicinal plants and supported in a Mission mode under Centrally Sponsored Scheme of "National Mission on Medicinal Plants (NMMP)" since FY 2008-09 and now continuing under National AYUSH Mission (NAM), a flagship program launched by the Ministry of AYUSH, Government of India during XII Plan period.

The program is being implemented in the country through State Government designated agencies. National Medicinal Plants Board (NMPB) has supported 2.25 lakh hectare area under cultivation of medicinal plants

10,00,000 hectare will be covered under Herbal cultivation in next two years with outlay of Rs. 4000 crore . It will lead to Rs. 5,000 crores income generation for farmers.

It will create network of regional Mandis for Medicinal Plants.

The NMPB will develop 800 hectares of area of herbal cultivation under the proposed corridor on the banks of the Ganga river. The herbal corridor is expected to generate an income of Rs 5000 crore for farmers.

CMA has to study the entire scheme and suggest farmers to grow herbs which are always in demand. CMAs, those are working closely with major pharma industries in India should study their Raw Material which is in always demand and advise Farmers to cultivate those herbs. Pharma Companies are reluctant to reach Farmers as they want to focus on their core business. Hence, CMA can close the gap in the economy cycle and stop unnecessary imports.

CMAs can also help for Bamboo Cultivation. As you know, we export Bamboo from Malaysia, Vietnam, etc. India has a potential to supply Bamboos to entire world. Products like Bamboo Bicycles, Bamboo utensils, Bamboo Toys, etc. must be promoted by CMAs.

2. Micro Food Enterprises - Owned by Farmers

The Government has allocated 10,000 Cr for Micro Food Enterprises.

Scheme promotes the vision of Hon. PM: 'Vocal for Local with Global outreach.

The fund explains that the Existing micro food enterprises, Farmer Producer Organisations (FPO), Self Help Groups (Bachat Gats) and Cooperatives are supported.

Cluster based approach (e.g. Mango in UP, Kesar in J&K, Bamboo shoots in North-East, Chili in Andhra Pradesh, Tapioca in Tamil Nadu etc.) will be promoted.

Cluster based approach is best suited in every part of Maharashtra.

For example, Ratnagiri Hapus, Devgad Hapus is famous in Konkan. FPOs can be formed in Konkan and products like 'Ambavadi' can be branded globally.

Here, farmers will provide Mangoes from their farms and processing units will be run with Co-operation. These products can be packed and exported with the help of EXIM professionals. That will create huge profits for FPOs. Indian Government has interest to fund FPOs rather than an individual.

CMA can easily form a cluster by working closely with FPOs.

Their Digital Marketing as well as Networking Skills can add values to MFE.

3. Matsya Sampada Yojna

The Government has allocated 20,000 Cr for PMMSY.

Government will launch the PMMSY (Pradhan Mantri Matsya Sampada Yojana) for integrated, sustainable, inclusive development of marine and inland fisheries.

Government has allocated Rs 11,000 Cr for activities in Marine, Inland fisheries and Aquaculture and Rs. 9000 Cr for Infrastructure like, Fishing Harbours, Cold chain, Markets etc.

In this scheme Cage Culture, Seaweed farming, Ornamental Fisheries as well as New Fishing Vessels, Traceability, Laboratory Network etc. will be key activities.



PMMSY includes provisions of Ban Period Support to fishermen (during the period, fishing is not permitted) & Personal & Boat Insurance, etc.

PMMSY will lead to Additional Fish Production of 70 lakh tones over 5 years, Employment to over 55 lakh persons; double exports to Rs 1,00,000 Cr, etc.

This scheme has a focus on Islands, Himalayan States, North-east and aspirational Districts.

CMA has to provide their Project building skills to prepare DPR (Detailed Project Report), Canning Line, Export of Tuna Fish, Micro Food enterprises formation, Digital marketing of Fish to remote areas, setting up Laboratory Network, Cold storages, availing subsidies from the Government, etc. Our Western, Eastern, & Southern India CMA network can work in this domain aggressively.

4. Animal Husbandry Infrastructure

The Government has allocated 15,000 Cr for Animal Husbandry Infrastructure Development.



Many areas in country with high milk production are having great potential for private investment in Dairy.

Government aims to support private investment in Dairy Processing, value addition and cattle feed infrastructure.

An Animal Husbandry Infrastructure Development Fund of Rs. 15,000 crore will be set up. Dairy Infrastructure will be set up under this scheme in rural areas. Milk processing centers will be set up near to Major cities (Markets). Milk Transportation requires special vehicles.

Logistics play an important role in Milk distribution. Government is going to fund all related services under Dairy Infrastructure sector.

Incentives to be given for establishing plants for export of niche products like Shrikhand.

CMAs may get involved to make DPR, Project Appraisals, Funding availability by liasoning with Government Departments, etc.



5. Vaccination of Cattle

The Finance Minister said the ongoing National Animal Disease Control Program for Foot and Mouth Disease (FMD) and Brucellosis will look at 100 per cent vaccination of cattle, buffalo, sheep, goats, and pigs against FMD at an outlay of Rs 13,343 crore.

It ensures 100% vaccination of Cattle, Buffalo, Sheep, Goat and Pig population (Total 53 crs)

This will cover around 53 crore animals, of which 1.5 crore cows and buffaloes have already been vaccinated.



During this COVID-19, one well known CA Firm in Pimpri-Chinchwad town has set up a Vaccination Center at Nigdi. They are receiving a very good response from all strata of society. They have started with Plasma donation and now received a permission for vaccination drive from Government.

CMAs should look at Vaccination of Cattles as an opportunity to set up Apps & Centres across India. Surely, that would result into a good business for them.

6. Operation Green

The Government has allocated 400 Cr for Operation Green. Supply chains have been disrupted and farmers are not being able to sell their produce in the markets, Distress sale and reduction of price of perishable fruits and vegetables at the farm level needs to be prevented.

Operation Greens will be extended from Tomatoes, Onion and Potatoes (TOP) to ALL fruits and vegetables (TOTAL).

Scheme features will be as follows:

- 50% subsidy on transportation from surplus to deficient markets.
- 50% subsidy on storage, including cold storages.

Pilot for 6 months – Will be expanded and extended

Expected outcomes is better price realization to farmers, reduced wastage, affordability of products for consumers etc.



CMAs being an Expert in Supply Chain could help to Operation Green Operators.

7. Agriculture Infrastructure

The Government has allocated 1,00,000 Cr for Agricultural Infrastructure.

Agriculture Infrastructure is the most essential input regarding the development of Indian agriculture as one third population of the country depends on agriculture sector directly or indirectly.

Indian agriculture contributes to the national Gross Domestic Product is about 25 per cent. At present, much emphasis has been on commercializing agricultural production hence adequate production and distribution of food has become a high priority. This in turn implies that Agriculture Infrastructure like seeds, fertilizers, irrigation sources should be organized to achieve the maximum momentum of growth..

Focus has been on short term crop loans while investment in long term agriculture infrastructure has often not been enough.

Financing facility of Rs. 1,00,000 crore will be provided for funding Agriculture Infrastructure Projects at farm-gate & aggregation points (Primary Agricultural Cooperative Societies, Farmers Producer Organisations, Agriculture entrepreneurs, Startups, etc.)

Impetus for development of farm-gate & aggregation point, affordable and financially viable Post Harvest Management infrastructure

CMAs may in forming FPOs, or motivating Startups in Agri Sector. They may help in organizing seeds, fertilizers to FPOs or Startups.

8. Beekeeping

The Government has allocated 500 Cr for Beekeeping Initiative.

Beekeeping is a livelihood supporting activity for rural areas. It is not a new concept in India. It has been mentioned in ancient Vedas and sacred writings. India has about 35 Lakh bee colonies and the number of beekeepers are increasing day by day. Organizing bee



industry has been taken over by the Khadi and Village Industry Commission (KVIC) since 1957.

Honey bee does not only produce honey, but also increases yield & quality of crops through pollination. A research shows that crop yield has been increased by 24% around bee colonies. Honey beekeeping is the best Agri-Business in India.

Beekeeping provides honey and other beehive products like wax which are used for industrial application.

CMAs has to provide their networking skills for collection of honey, digital marketing skills, Export Import procedure knowledge, Brand building skills, etc.

“Agro Finance”: Need of the Hour



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In olden days, rural debt was considered as an unmixed evil, but now time has changed altogether. Modern agriculture is a costly affair. Credit is needed to adopt new farm technology, resulting in ushering of green revolution. In India, it has two-fold necessity.

NEED FOR AGRO FINANCE

Firstly, crop productivity is very low due to traditional methods of cultivation and secondly, there is an urgent need to enhance agricultural production to get self-sufficiency and to save valuable foreign exchange. In short, effective arrangements are needed to provide credit facilities so that agriculturist may adopt better techniques of production.

All India Rural Credit Survey has observed: “Agricultural credit is a problem when it cannot be obtained; it is also a problem when it can be had, but in such a form that, on the whole it does more harm than good.

Undoubtedly, an Indian farmer is not able to make the maximum use of his time, labour and productive capacity of his land because of the lack of adequate financial facilities.

According to Reserve Bank of India, credit needs can be classified by its purposes:

- (i) For Meeting Family Expenditure: This type of credit is needed for purchase of domestic utensils and clothing's, paying for medical, educational and other family expenses etc.
- (ii) For Non-Farm Business Purpose: Such credit is required for the repair of production and transport equipment, furniture, construction and repair of building or non-farm houses and other capital expenditure and non-farms business.
- (iii) For Agricultural Purposes: The farmers need credit for the purpose of seed, manure and fodder, payment of rent, wages, irrigation of crops, hire charges of pumps, purchase of live stocks, repair of agricultural implements, land improvement, for laying of orchard and capital expenditure on agriculture.
- (iv) Other Purposes: Such expenditure includes repayment of old debts, deposits with cooperative agencies, shares and unspecified purposes etc.

Credit Needs According to the Length of the Loan Period: These credits of the farmers can be classified into three parts, short term credit, medium term credit and long term credit as under:

- (i) Short Term Credit: These loans are needed for the

purchases of seeds, fertilizers, pesticides, feed and fodder of livestock etc. The period of such loans is up to 15 months. The farmers also need these loans to support their family in those years when the crops have not been good enough. Main agencies for the grant of these loans are the money lenders and the co-operative societies. These loans may be both for productive as well as for unproductive purposes.

- (ii) Medium Term Credit: Farmers generally obtain these loans for the purchase of cattle, small agricultural implements, repair and construction of wells, farm building and fencing etc. The period of these loans ranges between 15 months to 5 years. These loans are provided by money lenders, relatives of farmers and commercial banks etc.
- (iii) Long Term Credit: It includes the loans for making improvement on land, purchase of expensive machinery, purchase of additional land, digging of wells and repayment of old debts etc. The amount involved in such loans is very large. The rate of interest on such loans is generally low. These loans are advanced for a long period ranging between 5 to 20 years.

Sources of Agricultural Finance

There are two broad sources of agricultural credit in India:

A. NON-INSTITUTIONAL SOURCES: The non-institutional finance forms an important source of rural credit in India, constituting around 40 percent of total credit in India. The interest charged by the non-institutional lenders is usually very high. The land or other assets are kept as collateral. The important sources of non-institutional credit are as follows:

- (i) Money-Lenders: Money-lending has been the widely prevalent profession in the rural areas. The moneylenders charge huge rate of interest and mortgage the property of the cultivators and in some cases even the peasants and members of his family are kept as collateral.
- (ii) Other Private Sources: (a) Traders, landlords and commission agents: The agents give credit on the hypothecation of crops which when harvested is used to repay loans. (b) Credit from relatives: These credits are generally used for meeting personal expenditure

B. INSTITUTIONAL SOURCES: The general policy on agricultural credit has been one of progressive

institutionalization aimed at providing timely and adequate credit to farmers for increasing agricultural production and productivity. Providing better access to institutional credit for the small and marginal farmers and other weaker sections to enable them to adopt modern technology and improved agricultural practices has been a major thrust of the policy. National Bank for Agriculture and Rural Development (NABARD) is an apex institution established in 1982 for rural credit in India. It doesn't directly finance farmers and other rural people. It grants assistance to them through the institutions described as follows:

- (i) Rural Co-Operative Credit Institutions: Rural Credit cooperatives are the oldest and most extensive form of rural institutional financing in India. The major thrust of these cooperatives in the area of agricultural credit is the prevention of exploitation of the peasants by moneylenders. The rural credit cooperatives may be further divided into short-term credit cooperatives and long-term credit cooperatives.
- (ii) Primary Agricultural Credit Societies (PACs): These are organized at the village level. These societies generally advance loans only for productive purposes. The main objective of a PACS is to raise capital for the purpose of giving loans and supporting the essential activities of the members such as supply of agricultural inputs at cheap price, improving irrigation on land owned by members, encourage various income-augmenting activities such as horticulture, animal husbandry, poultry etc. In India, around 99.5 percent of villages are covered by PACs.
- (iii) District Central Cooperative Banks: These cooperatives are organized at the district level. The PACS are affiliated to the District Central Co-operative Banks (DCCBs). DCCBs coordinate the activities of district central financing agencies, organize credit for PACs and carry out banking business.
- (iv) State Co-Operative Banks: The DCCBs are affiliated to State Co-operative Banks (SCBs), which coordinate the activities of DCCBs, organize provision of finance for credit worthy farmers, carry out banking business and act as leader of the Co-operatives in the States.

AGRO FINANCE DRIVERS:

- i) Higher productivity of resources.
- ii) Increased farm income level.
- iii) Reduction in regional economic imbalances.
- iv) Strengthening and development of both input & output markets.
- v) The agro-socio-economic development of the country both at micro / individual level & at macro / aggregate level.

A financial inclusion survey 2016-17, conducted by the National Bank for Agriculture and Rural Development (Nabard), showed: Rural households have access to banking and have savings, but investment levels and pension and insurance coverage remain very low. At the same time, levels of indebtedness were high and nearly equalled annual incomes. Further: Over 50% agricultural households are facing indebtedness, according to the National Financial Inclusion Survey 2016-17.

Conclusion:

Agricultural development is an integral part of overall economic development. The Agriculture sector is the mainstay of the Indian economy, contributing about 19.9 per cent of national Gross Domestic Product. Needless to say that Agriculture plays a big role in the life of people especially in our country. It has a great impact on people living in the rural areas. Many rely on Agriculture as a source of their daily income. However, access to agricultural finance may be a problem for most. Many are not able to get financial support for these agricultural technology

In near future, there is a high demand for food and other agricultural products. In this case, the agricultural system should improve. Widening scope of AGRO FINANCE is the only way to attain this is by acquiring the newest agricultural devices and technology. ■

NEW ADDRESS OF THANE SMFC

For convenience of all stakeholders, we are shifting Thane SMFC center to a much bigger, convenient location. Inauguration will be done on Foundation Day of our Institute i.e. 28th May 2021.

Thane SMFC Office

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Role of CMA in Agricultural Sector



Nidhi Mody

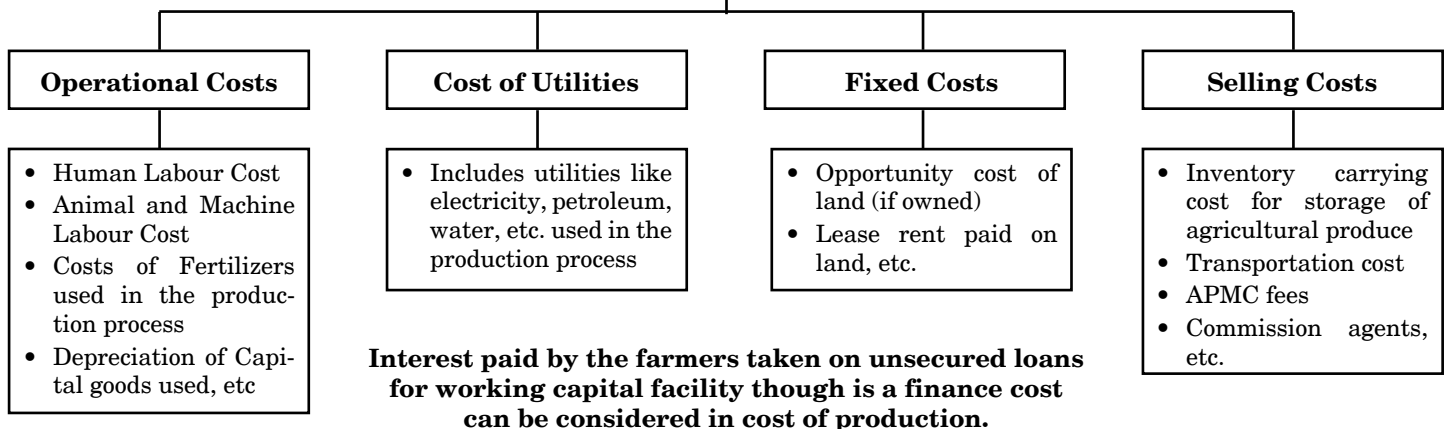
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Agricultural Sector-the sector that was, is and always be an important factor for Indian Economy. The contribution of the agricultural sector has increased from 17.8% to 19.9% (source-Internet). The number of people dependant on agriculture (almost 60%) is still high which gives us lower per capita income. Proper planning in this sector can lead to increase in per capita income and contribute a lot to the economy. ***CMA's can play a very vital role in the same by evaluating the proper product mix and suggesting various cost efficient measures such as use of renewable energy, etc. by understanding the issues faced by small and big farmers and at the***

same time optimising the storage costs, fixation of MSP, etc. from Government side so that the costs can be optimised and loss can be minimised. The various issues faced by the farmers are discussed in this article. The ongoing long protest between the farmers and the government needs a fair settlement for which the existing process needs to be understood so that the needs of reforms can be evaluated. All the issues involved such as APMC's, Commission Agents, MSP's, etc. have one thing in common i.e. Cost.

The major Cost drivers of the Agricultural industry can be classified as below:

Cost drivers of Agricultural Sector:



Minimum Support Price (MSP) :

The minimum price which the government offers as a support to the farmers against market and natural uncertainties is termed as MSP. MSP of various agricultural crops such as Kharif crops, sugarcane, oil, etc are decided by the Commission for Agricultural costs and prices formed in January 1965 Price bulletins are published and MSP trends are studied by this commission.

The commission states that the below determinants are important for determining MSP

(Source- website of Commission for Agricultural costs and prices)

1. Demand and supply
2. Cost of production
3. Price trends in the market, both domestic and international

4. Intercrop price parity
5. Terms of trade between agriculture and non agriculture
6. A minimum of 50% as the margin over COP
7. Likely implications of MSP on consumers of that product

Currently, the fixation of MSP is done as per below

- Commission collects data from state government regarding various agricultural produce such as kharif crops, rabi crops, sugarcane, etc.
- Report of Production and sale quantity along with the cost of production/hectare is submitted by the state government.
- The Commission takes the average cost of the reports submitted by the state governments.

However the per hectare cost varies from region to region as per the infrastructure facility available. Also the cost of big and small farmers will vary as the absorption of Fixed

costs will be on higher side in case of big farmers.

Role of CMA's in MSP

- The very origin of Cost professionals was realised when Government was facing issues in fixing the cost of defence equipments.
- The cost sheets of agricultural produce considering various aspects can be submitted to the state government by CMA's.
- As stated above the interest that is paid by the farmers for obtaining working capital can be considered as a part of COP.
- Also the interest on capital invested lost due to the crop cycle timing can form a part.
- Tie-up with the State government can be made in this regards and both the farmers and government should be taken in confidence that the work will be done aptly.
- As this is the specialization area of CMA profession, the costs can be incorporated aptly taking into consideration the costs incurred by small farmers also.

Cost Optimisation:

- As cost sheets will be prepared taking into consideration the costs of both small and big farmers, cost optimisation can be provided.
- Cost Benefit analysis can be done for big farmers and cost reduction measures can be provided to small farmers based upon the correct product mix.
- Based on the correct and optimised costs incurred if the MSP is fixed then neither the government nor the farmers will suffer.

New Agricultural Laws:

Before moving to the new laws, it is important to know the existing problems faced by the Farmers:

- Currently the sale of Agricultural produce is governed by the State Government through Agricultural Produce Market Committee Act,2003
- Under that the farmers have to pay the market fees and market commissions irrespective of whether sale happens or not.
- Also the farmers do not sell directly their produce to consumers (in majority cases), but they sell to middlemen who are known as Commission Agents. They charge high commission from the farmers and give them their payments also late due to which they are forced to take loan from the same commission agents at higher rates.
- Small farmers suffer a lot as if the crop fails then they do not have any money to pay the loans that they have taken.

Also the government is incurring high costs on storage of the agricultural produce and the purchase at MSP adds to the budget deficit.

Therefore the government in order to overcome all these difficulties faced by farmers passed the below laws in the Monsoon session – 23rd September,2020 and received the

President sign off 27th September, 2020:

1. Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020:

Under which there will be no restriction on farmers for the sale of their agricultural produce, they can sell directly to consumers either physically or by using online mode eliminating all the middlemen.

2. Farmers' (Empowerment and Protection) Agreement of price assurance, Farm Services Act, 2020:

Under this the farmers can enter into contracts with the corporates referred to in as the sponsors. The contract can be made for specific duration and the price can be fixed as in agreed by both the parties.

3. Essential Commodities Act, 2020:

Under which the government will regulate the supply only under extraordinary circumstances. Stock limits shall be imposed only if there is a steep increase in price.

The above reforms do provide a solution to the existing problems but also removes the government regulations from the Agricultural sector. Due to this the farmers have a fear that they will be left at the mercy of Corporates.

Also they believe that the Commission agents help them by providing finance when they require and they do not want to spoil their relations with the Commission Agents.

Modern Agriculture and the role of CMA's:

Modern Agriculture will for sure eradicate the Mandi system which is there currently as it is nothing but a pure exploitation of small farmers. But giving up the entire regulatory control is also not apt from the government side as there is also a possibility that the small farmers will be exploited again and loose their bargaining power. Here it will be a joint responsibility to make system both side fair. MSP can be foregone slowly and gradually when the farmers get used to trading in market on their own and start earning. Immediate MSP withdrawal is not apt.

The role of CMA's can be as below:

- CMA's can play a major role in fixing the prices of the contract between the sponsors and the Farmers.
- The contracts can be emphasized on cost plus basis and in case of long term contracts the costs to be reviewed every year and the prices can be fixed.
- The bargaining capacity of the farmers should be high for which government should see that no such Contract is entered below MSP and no farmer suffer because of that.

The farmers have uncertainty of selling their products and therefore Government should purchase the left over stock from the farmers at MSP and find profitable means of using the same or use the same for the welfare of the poor people. But the change has to come slowly and gradually. If such responsibilities given, the profession should try at its best to work for the welfare of the farmers and government. ■

CFO Speaks



CMA Chitralee Goswami

*Interview by
CMA Pravin Mahadik*

CMA Chitralee Goswami, fellow member of Institute, is serving as Chief General Manager & Head of Finance, Corporate Onshore Engineering Services in ONGC, Delhi who is a guest faculty to reputed institutions, a contributor to leading journals, trained in Indian classical music and is an accredited vocalist of All India radio, national TV, a lyricist, composer, Guru and performing artist of national repute with Sufi music as her special forte, having multiple awards and accolades including President's Award to her credit

1. What do you feel about your role as Head Finance for a Corporate Services of the country's largest PSU and a multinational company?

The role includes complete support service in all commercial matters towards prudent decision making in every stage of providing the Engineering services to all Onshore Assets and locations of the company involving large technical and engineering projects to facilitate higher production, maintenance and safety in Oil & Gas production by the company in the most cost-effective way. It is a role involving lot of challenges and resultant satisfaction having achieved the desired results & goals.

2. What are your main constraints/ challenges you face as Head Finance of a major Corporate Services Group of a multinational company?

Time is money cost is determinant of viability. Timely decision-making during pre-tender, tender, award, execution and post contract issues is a challenge no matter how complicated may be the technical and the commercial issues involved in the large technical engineering projects. While it is a challenge to see that there is no cost overrun for which contract documents are to be designed suitably with enabling unambiguous clauses.

3. What inspired you to pursuing CMA with other professional qualification?

I am the 1st lady from the North Eastern India to pursue CMA qualification. I wanted to be well educated so that I am professionally qualified in the field of Finance where I was contemplating to pursue my career. I have pursued a Master of Finance and Law degree as well. All have blended into an excellent professional mix that has always helped me in discharging my roles most effectively.

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

The best part of the CMA qualification is that it is an enabler to take appropriate commercial and business decisions well ahead in time and not as a postmortem. It grooms you into a cost-conscious person which enables you to think in the best commercial interest of your organisation. It teaches you to take calculated risks with use of appropriate professional tools in a given market scenario while aligning

with your organizational policy. Above all it provides an edge over the non CMAs in the Finance fraternity in the career path and in most organisations one can directly join at an officer cadre. CMAs are much more balanced in decision making than merely ensuring compliances and are therefore preferred by Corporates.

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

Manufacturing Industry is one of the best beneficiaries of CMA profession since they are to deal with lot of process data, related cost data and records and are mostly subject to statutory Cost Audit. A realistic costing methodology is key to the appropriate pricing of the manufacturing industry and tweaking the same in a given market driven pricing scenario is a challenge that CMAs can handle well with their qualification, experience and available tools. Cost data compilation, analysis, interpretation and management is something the CMAs are well versed in. Besides, CMA brings up the Costing Department, develops the Costing Manual, designs the cost data based MIS, ensures MIS reporting that are useful to the organisation and so on.

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

Practically speaking, with a cost conscious mind CMAs are trained to analyse any commercial scenario critically be it any industry. We all know that she/he basically takes care of Cost ascertainment, Cost comparison, Cost reduction, Cost control and Cost reporting. In an Engineering industry which is primarily technology driven and involving large investments, there may not be a major say of the CMAs on the technology part of it over their Technical Counterparts, but pertinent questions on comparison of available alternatives and final cost negotiation based on market trends, are areas CMAs often contribute amply. GST being relatively new tax laws, it still has lot of unanswered areas in large engineering projects involving different functional units to be built, where CMAs are taking judicious decisions on case to case to basis with analysis and interpretations of the laws. Further, Cost Effectiveness Analysis is an efficient way to evaluate engineering projects, with the help of tool which is designed for the economic analysis of the operational

objectives. In today's global scenario, Cost –Effectiveness has become key issue for socio-economic sustainability for any project or organisation.

7. How the CMA can be helpful in direct taxation to tax payer as well as government?

CMAs are qualified to file tax returns of individuals and firms. In certain states they can also take up Tax Audit of cooperative societies. These can go to increase the tax payment to the Govt. excheckers. More and more CMAs must come forward in Tax practices.

8. Does the Cost Audit create value addition for industry?

Certainly. The very purpose of bringing in the provision of Cost Audit to industries is value creation itself in a broad sense. It is known that cost and competitiveness have become crucial to the success and sustainability of businesses. In a growing economy like India, effective and judicious use of resources is a major challenge while the survival and growth of an organization is majorly determined by competitiveness and other factors like use of contemporary and innovative technology, quality control, effective time and cost management, constant evaluation and adaptability etc.. Cost Audit also helps the industry in advance budgeting based on the data generated from current operations. As I have already mentioned as against a postmortem, it is a progressive audit where CMAs can advise on the corrective actions / remedial measures on an impending adverse situation, well ahead in time and thereby enhancing value in the given situation. Benefits of Cost Audit are preventive rather than curative.

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

Cost Audit focuses on performance evaluation and its effectiveness in an organisation. Performance Appraisal Report to a Cost Audit, aims to identify and reduce the deviations from the standards, inefficiencies in cost and time management, losses and wastages etc. Cost Audit helps in cost effectiveness and improving performance through Business Process Re-engineering (BPR), Target Costing, Supply Chain Management (SCM), etc. It helps in Performance Appraisal, Resource Mapping, Risk management, Pricing Mechanism, Related Party Transaction, Segment Reporting and prevents Inventory Manipulation / Frauds etc.

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

Physical presence at site of both Auditee and Auditors and physical verification of original documents and records have posed a major challenge in the ongoing pandemic situation. However, COST Auditors as well as the Auditee industries have tried to overcome the challenges through virtual conferences, verification of originals through video conferencing, exchange of records and data through emails, cloud sharing etc. at these testing times of Covid pandemic.

11. What are the positives of new normal?

Culture of Work from home to fulfil targets is a welcome

step. Use of technology and meeting platforms without physically travelling is another positive step in the new normal. Online businesses have flourished. Food and catering industry has grown. Travel cost has come down drastically without affecting achievement of targets in almost 90% cases. Everyone is in the present so to say in a meditative mode due to wearing masks and physical distancing even in offices.

12. What is the Future role of CFO in 2021?

The role of any Head of Finance in 2020-21 continues to be crucial and challenging since targets have to be met with limited manpower and that too with work from home, since many of the employees and their families are Covid effected. The positivity in leadership will matter. She/He has to be a motivator while keeping a close monitor on the performances. Commercial negotiations will be tougher and challenging in absence of physical proximity during interactions. Network issues during conferences may also interrupt the flows which will have to be handled with necessary calm. On the investment side, The Head of Finance has to be on her/his guard as market volatility is too high. However, these can be monitored from home as well. Higher medical budget of the company has to be managed from lower travel budget etc.

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

Immediate challenges in front of banking industries will be majorly a possible increase in NPAs of small and medium loans due to pandemic situation since 1 & 1/2 years. However, new customers in form of start ups will rise and if funded in the sectors of covid services, may see better repayment than expected. However, over the next one year where hopefully the pandemic situation is going to subside considerably with majority population vaccinated, banks can pave way to rebuild the economy afresh. However, competition between the major banks, AI incorporation, organising and managing Big Data, competition in business models, possible security breach due to excessive use of App, upgrading Apps with new technology etc. will be some of the major challenges with the banks coupled with compliance requirements. With taking advantage of the revolution of Information Technology and timely technological upgradation, banks can convert some of their challenges into opportunities with suitable adaptations and modifications in their business models aiming towards better customer satisfaction and thereby increase business strategically.

14. Your message to young CMAs.

There are many fields a CMA can build up her/his career on other than taking up a corporate job. Other than Cost Audit, tax laws, Insolvency Resolution Professional is a new and promising area under IBC. My message to young CMAs: Know your potential, do not overrate nor under rate yourself, identify the area that interests you, identify your passion within the profession, consider your internal / family constraints, decide early in life job vs. practice (both are equally challenging and interesting), be sure there is no shortcut to remaining updated in knowledge and hardwork, remain a student, be a self-motivator, go ahead confidently and shine. ■

Internal Audit Series No. 4 out of 4

Article on Future of Internal Audit (2021 onwards)



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Ever increasing demand of stakeholders, change of technology and risks are driving the Accounting Professionals throughout the globe. Changes are constant in every profession and it applies to Internal Audit profession also. The aspects of evolution and implementation of ideas and technological invention continue to convert commerce and business all over the world.

In such scenarios, Internal Auditors are destined to seek avenues for upgrading processes and will be frontiers for obtaining information, knowledge to implement innovation for their respective entity and stakeholders. Like finance and accounting, internal audit has changed over the decades, focusing other than financial assurance to position of Consultant, providing indepth advice insights into from cyber security to statutory conformity and HR.



Figure 1 Protiviti's Next-generation Internal Audit Model

The above Exhibit depicts some of the shaft, capacity, and mechanism that are at the disposal and more and more used by internal auditors in the future.

Internal audit is a matured profession but has continuously transforming itself over decades to become update and contribute value. At present, technology is the buzzword which enable transformation as how we survive, perform and communicate with fellow citizen. A current survey by Forrester revealed that by next two years, robots will wipe off 6% of all career in the US and elsewhere. Hence, now there is urgency for the internal audit profession to transform itself and continuously to be pertinent.

Here on, the internal auditors will have to respond to evolution in technology in the area of internal audit for the future.

- Audit Analytics:** Audit analytics defines the analysis of whole sets of data to pinpoint discrepancies and a way forward for additional examination as well as to generate audit evidence. This means to review of total populations of data, compared to traditional method of only analysis a selected sample of the data. Audit Analytics boosted the quality of the internal audit. Audit analytics will make way for predictive analytics which leads to forecasting based on data. As a result, Audit Analytics (a) will pinpoint and bridge control gaps, (b) will reveal misappropriation of fund and bypassing of control. These will create accretion of value in the organisation.
 - Artificial Intelligence (AI):** Similar to any algorithm- and data-oriented process, Artificial Intelligence contribute to internal audit making sure of correctness and authenticity. AI can operate smoothly only when it is scrutinizing valid data and against appropriate criteria. The present spheres of AI is limited in its application in the areas of Internal Audit. However, along with machine learning, internal auditors can apply, pinpoint, and derive crucial data from any type of report/record. Cognitive technology can Plough through massive data and operate computerized interpretation of this data in a method that is otherwise unworkable for internal auditors at present time. In such zones, internal audit can contribute a productive effect. In the interest of directors and stakeholders , internal audit can pinpoint on the several phases in the Artificial Intelligence (AI) life cycle.
 - Automation:** A report from PWC depicts that 45% of manpower tasks can be operated automatically, which could squeeze cost of manpower around \$2 trillion. RPA (Robotic Process Automation) can contribute through better yield and enlarge its risk coverage under the ambit of internal auditors.
- To put in brief, AI, automation, and analytics have the capacity to disbalance how internal audits are operated. In addition, these following innovations will add value in the way Internal Auditors will operate in future.
- Blockchain:** Blockchain is a special type of assimilation of set of information held in a computer. These set of information are arranged in blocks and chained in bunches. When new set of information (data) arrives, these are kept in another new block. Blockchain

technology makes it impossible to alter, illegal access to data (hacking) or deceive the system.

A blockchain is primarily a digital ledger of deals that is replicated and spread out throughout digital systems on the blockchain. Every block in the chain consists a series of deals (transactions), and when a fresh deal happens on the blockchain, that is entered to every participant's ledger. Distributed Ledger Technology (DLT), more commonly known as the blockchain technology, is a decentralised database run by several entities compared to traditional "centralized" system so far dependent upon a reliable third-party.

Fig.2 : Features of Distributed Ledger Technology (DLT)



Future Internal auditors should keep in mind the followings-

The Internal Auditors must be conversant to with actual information and concepts on the blockchain technology. The Internal Auditors must be capable to implement the automated transactions based on the blockchain technology.

Moreover, the internal auditors must be participating at the blueprint stages of the blockchain-based implementation to get full grip of the system from the very start. It will help the system to be constructed in an unambiguous way.

To contribute additional value by Internal Auditor to the entities, the internal auditors must analyse and appraise on regular basis the internal audit system of blockchain-based applications.

- **Digital Hubs:** Digital Hubs are unique platforms where internal auditors can operate "live" (real time) from a distant online, making use of information and systematic computational analysis of statistics for ultimate purpose of for the discovery, interpretation, and communication of meaningful trends in data. This method of working by internal audit group who are stationed in Headquarter of any organization and also in different parts of globe have definite positive effect on these executives. Such tendency of working from remote place "live" (real time) throughout the globe definitely will expand to internal audit fraternity like offshoring industry. This is the future of Internal Audit.
- **Internet of Things (IOT):** Recently, IOT has been toast of the spheres in Transportation, Healthcare and smart homes. The expanded application of IOT made dynamic revolution for companies as to how gaze at

data, customers and geography. With the arrival of IOT, in this new scenario, it is on Internal Auditors to be flexible and suitable to need or adjust or modify their way of working.

- **Crypto currency:** Called as Stablecoins, this is an addition in the list of FUTURE of Internal Audit. Crypto currency will be joining shortly in the list of conventional currencies in the developed countries. In India, RBI has not recognized Crypto currency so far. However, there is severe pressure on RBI to legalise Crypto currency on the positive changes happening around the world in favour of Crypto currency. In this changed scenario, the Internal Auditors will have to adjust and modify themselves in the method of working in the areas of Treasury Operation as soon as Banks, Financial Institutions will commence operations on Crypto currency.

Role and Responsibilities of Internal Auditors

The main challenge for internal auditors how to adjust, be flexible and also be relevant in this new environment of radical changes in the technology. For internal auditor professionals, this is virtually new world with new statutory requirements and constant innovations in technologies. There is no option for internal auditors than to adapt in this new scenario with more and more unknown risks. It is obvious that internal auditors will have to redesign their auditing processes. It is also challenges for regulators also to be relevant and update in this new environments. Boards and audit committees will have to overhaul their earlier concepts and mindset on audit and arrange resources and trainings in this new scenario. The Internal Auditor of the Future would have to update themselves with new mindsets, skills with training and the ability to analyse the big data.

In this innovative scenario, internal auditors are confronted with difficult situations in three main areas:

- a) The overall change to distant working which has effect on properties(assets), administration and also internal auditors' scope in view of the facts that existing procedures are not applicable in this new scenario.
- b) Unknown emerging risks, in the areas of digital security.
- c) For new plan of actions for internal audit processes which include creative methods and skill sets due to effect of COVIT-19.

For preparation of future internal audit, these following Audit measures are needed -

1. Compliance of Data Privacy regulations should be in the eyes of IA. During recent years, there has been sea changes over statutory legislations over the globe.
2. Fresh Cyber Security legislations from the SEC and PCAOB will need more internal audit participation. Cyber piracy in recent years multiplied and these legislations are insisting public companies including Internal Auditors to make less risky or affordable to avoid as much as Cyber piracy.

3. Third-party risk management has been bone of contention. Over the recent years over the globe, it has been a practice to off-load the production and services to cut cost. This tendency will grow only. These third parties leak sensitive data of principal companies to other companies to prosper their business interests. How to handle these third party risks in future is also concern of internal audit.

4. Internal Audit is considered as last defense of organisations. Piece meal solution of risks is defective and leave many risk unaddressed. Integrated Risk Management (IRM) is buzzword in recent world in internal audit. Integration of technology, processes, information, departments or organizations in any organization is very important so that all sorts of risks can be mitigated. IA should be the front runner in all these IRM programs due to their capacity to pinpoint risks and address controls and provide solutions for these risks. This is the trend of future internal audit.

5. Additional and appropriate skills and expertise are must for IA now to cope with new scenario. To survive in changed environment, innovation and adaption by internal auditor is only way forward. If internal auditor fail to adapt in this scenario, they will have quit the profession. Apart from knowledge in accounts, adhering to a required regulations, finance, cost accounting, the entities are looking with skills and expertise in the areas of data science, analytics, IT, cybersecurity, and privacy laws. All such skills are not expected to be in

one person. However, each internal auditor should be conversant with some qualification in the areas of data science, analytics, IT, cybersecurity, and privacy laws to survive in internal audit profession.

6. In this changed environment, additional outlay will be required to be made in internal audit department. Apart from routine jobs of chief of internal audit, it is his primary duty to arrange sufficient infrastructure in internal audit department to reach the desired target of board of directors. Chief of internal audit will have to make presentation to board of directors on additional budget elaborating likely emerging multiple risks in the changed scenario. Internal audit need convincing board of directors in a do or die situation where cost of data piracy is three times than the cost of compliance of relevant legislations.

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OBITUARY



CMA Gopal Chalam (M/8474)
*Sr. Member of Institute passed away
on 11th March 2021.*



CMA Deepak Chhutani
*(M/36089)
passed away on 9th April 2021.*



CMA Yogita Dandekar
*(M/33437)
passed away on 18th April 2021.*



CMA Amish Parmar (M/24568)
*Active member form Surat South
Gujarat Chapter passed away
on 21st April 2021.*



CMA G. K. Gupta (M/14681)
*Senior Member of
Indore Dewas Chapter passed away
on 29th April 2021*

May the departed souls rest in peace.

Management Wisdom

Article 5: You need to rebel, to distinctively excel!



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Nicolaus Copernicus rebelled in the 15th century and made a revolutionary statement in astronomy. He proved that the earth rotates around the sun. Of course, before making this astonishing statement he must have rigorized a lot using his creativity and perseverance. He believed in himself, hence could show the courage during those orthodox days. The basic tenet here is to believe that there could be a second or third thought that might exist. “Anekant - vaad” (plurality of thoughts) is one of the five basic principles of Jainism. Science too progresses with the simple doctrine of multiplicity of ideas. Gautam Buddha was a philosophical rebel but he never claimed to be the last authority on his subject. A rebel has to remember rationally that his is a step towards the attainment of ‘complete truth’. In other words, scientific reasoning is a perpetual process that replaces yesterday’s wisdom by today’s thought. People take their own time to accept the ‘new thought’ as an ‘improved wisdom’.

The first time when you rebel, people see a kind of madness in it. They are excessively stuck with the old thought and prefer to remain in a comfort zone. Elon Musk, the CEO of Tesla Motors rebelled and presented a new car with a new business model. People doubted about the outcome of his rebellion. But he courageously continued his efforts and established new benchmarks for the automobile industry. Dr. Varghese too rebelled against the traditional business model of selling milk in the villages of Gujarat. He proved that people from different castes and religions can come together and work together if they believe in a “common economic agenda”. Varghese created a big ‘desi’ brand “Amul” which vehemently competed with the best international brands. Varghese became a global advisor for his business model and won many national & international awards. Bill Gates also rebelled in the IT - industry and presented to us many combinations of innovations and inventions. A rebel should be confident about his own idea and need not worry about people’s criticism. He should not bother too much about his success and reward. This is what Krishna told Arjuna on the battlefield, “Do your Karma, do not bother about the reward”. Of course, this advice can be misinterpreted by many in today’s fiercely competitive world where “result orientation” is the only business doctrine! If a rebel continues bothering about the reward, he may not dare to do so.

Many a times ‘perfectionists’ do not rebel although they wish to do so. They think excessively about the ‘micro perfection’ and neglect the possible ‘macro impact’ of their new idea.

The ‘Japanese management thought’ was admired for its ‘micro process application’, in the late seventies when I was doing my college. It faded within two decades because the Japanese could not connect the ‘micro process excellence’ with the ‘macro business model impact’. The Japanese economy too got entangled with the micro views and neglected the macro entrepreneurial performance. We do not find enough of economic and industrial rebellion in the USA lately, except the miraculous business models of some of the service sector companies. ‘Perfection’ should not stop us from thinking parallel. During the early nineties, the Americans propagated a concept called ‘EVA’ (Economic Value Added) when I was a young lecturer at the famous Jamanalal Bajaj Institute. My Director used to encourage me for new thoughts. I found that ‘EVA’ was already practiced in India, especially by the Marwadis. I worked on EVA further and designed ‘OVA’ (Owners Value Added) which was an idea superior to EVA in my opinion. Some of my senior colleagues ridiculed me. My Director supported me to present OVA before an august gathering. Perhaps this was my first rebellion! Obviously, I was very happy with my attempt and the response I received. The next decade was of “Balanced Score Card” (BSC), a useful idea again promoted by the aggressive Americans. I found a few glaring drawbacks in BSC. After a thorough study of the entire chain of ‘Performance Management System’, I designed “Entrepreneurial Score Card” which was later improvised by some of my clients.

The conclusion here is, you can at least sow a seed and let others grow it into a tree. Europe had the advantage of one complete generation of “rebel thinkers” who gifted the Europeans a programme of ‘renaissance’. Equally in India, the cultural and spiritual rebellion in early history was attempted by Saint Basavanna, Dnyaneshwar & Tukaram. All these rebels faced terrible social hardship. Some of them were assassinated. But they together made an extraordinary favour to humanity. Abraham Lincoln rebelled against the horrible slavery system and wiped it out diplomatically. Another conclusion here is, a rebellion becomes successful if it is supported by strategic diplomacy. The best example here is of Krishna from Indian mythology. He rebelled several times for social, cultural and political reforms like gender equality, social justice and public welfare. His rebellions invited wrath of many powerful politicians of those days, like the great Indra, Bhishma, Kansa, Jarasandha, Dronacharya, Duryodhana etc. He managed them tactfully. He didn’t hesitate to criticise the elderly erring people. Maharshi Vyasa documented

Krishna's wisdom and presented that to us in the name of 'Geeta'. Vyasa was like grandfather to Krishna by age. A rebel initially is criticised for his 'madness' but later on people follow him when they realise that the rebel is a 'genius'. After Lokmanya Tilak rebelled and generated discontent against the British, Mahatma Gandhi converted this discontent into a 'freedom movement' which was a collective rebellion of common Indians. From 18th to 20th century, Indians were destined to have great social rebels like Mahatma Phule, Agarkar, Maharshi Karve, Dr. Ambedkar, Chhatrapati Shahu Maharaj, Raja Rammohan Rai, Ahilyabai Holkar etc. Unfortunately, the same period didn't experience enough of 'scientific rebellions'. Our social challenges were so gigantic that there was hardly any scope for thinking about 'rebellions in the arena of material sciences'.

There are five things required to rebel - creative or parallel thinking, hardship, courage, perseverance and self-confidence. These five elements are interdependent. You may start with a small conceptual rebellion within your functional or business division. It need not be an original invention. Even an innovation (i.e. improvisation) is a seed of useful rebellion. We hesitate or fear to rebel against an established thought. There are many factual reasons for not rebelling - right from losing the job or losing a legitimate promotion. Only those executives can practically rebel who are culturally and systemically supported by their organisations. We have an old legacy of respecting the elderly people, both in family and in the office. This respect should not discourage us from rebelling against the wrong or not so appropriate doctrines of today. Chhatrapati Shivaji

Maharaj rebelled against the mighty "shahi"j of Delhi, Bijapur & Ahmednagar, although many commanders from his own community ridiculed his decision. He took the risk, tactically managed it, created a strong network of associates and built up the "swaraj". We too can create our 'corporate network' of supporters. Of course, this takes time & energy. We need to establish minimum possible credibility so that people would start believing in our capability. Credibility can be built up with little primary initiatives of helping others. This help should illustrate your creative solutions.

Your rebellion should be constructive. When you challenge the existing doctrine, you must be prepared to correct it or improvise it or replace it with something better. Many 'Rebel CEOs' win the confidence of the board members through conventional and sustainable success. Once the board members feel confident about the capability and intention of the CEO, they support him wholeheartedly. They even go out of the way and facilitate the CEO's constructive rebellion which would ultimately create greater value for them. Let us not forget that most of the world-class companies become 'market leaders' with their unique rebellions. They create and nurture an environment which promotes and even facilitates the 'miracles of rebels'. They do not practice any fictitious shyness in the name of 'respect for the elders'. We have a famous proverb, "Charity begins at home". Similarly, please check, being a senior executive, do you allow your subordinates to rebel intellectually and do you also enjoy their constructive rebellion? Or you feel insecure? Or your ego does not allow you to support such a rebellion? The young generation today respects & loves those seniors who encourage them to rebel!



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Virtual CFO Services (vCFO)



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Article 4: Fundamental Areas of Virtual CFO Services

While providing vCFO services professionals need to maintain certain fundamentals. These fundamentals are not just from accounting or legal but it includes all from all fields. We must understand that companies can afford to continue/ appoint CFO on regular basis that can give services sitting in office of the company and can manage his work effectively. However company has preferred virtual mode of receiving services and hence vCFO must be sound in all types of fundamentals. When I say sound it literally means expert only! These areas as I mentioned not limited to work but it should go beyond the work and that is where company management start differentiating between in office CFO and vCFO.

Broadly I have classified those fundamentals in few areas. These are easy to understand but while performing as vCFO one must keep those areas always in mind and should contribute more to company not limiting to these areas.

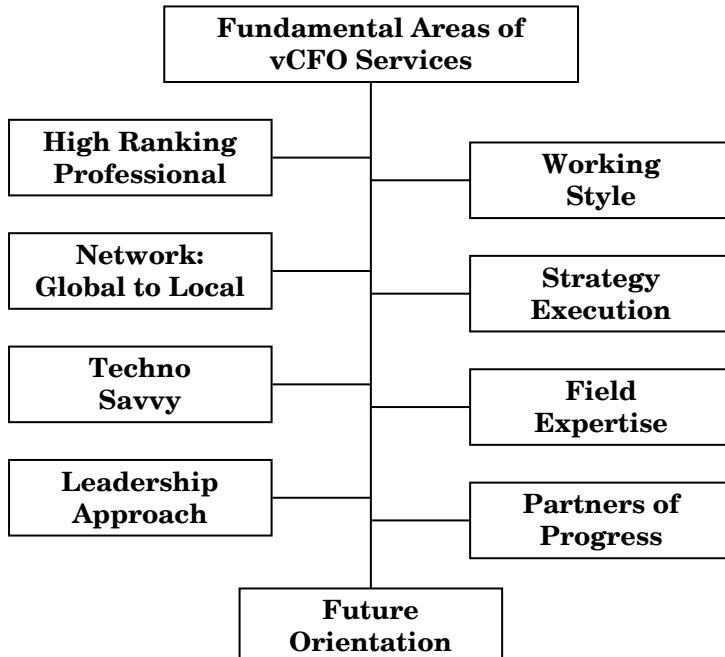


Fig1: Fundamental Areas of vCFO

- **High Ranking Professionals:** vCFO is expected to be high ranking professional or he/she should have team of High Ranking Professionals. Currently we have Insolvency and Bankruptcy Act in the place and Resolution Professional also acts like High Ranking Professional or Team of High Ranking Professionals. Of-course there are fundamental differences in roles for

vCFO of any growth oriented company and company under insolvency but still role of CMA remains mostly same. In case of vCFO there is large support by company management towards the growth of company but many a times vCFO gets support for team of professionals also. To have more effective team of professionals, one can link performance based rewards as well.

- **Working Style:** One must understand that such kind of assignments is mainly people driven. As mentioned above for High Ranking Professionals it is equally true that we may get lot of such professionals but your working style will decide success of such assignments. For the same, one good professional around you can change the outcome or the same professional placing in wrong department can also change the outcome but in other way. All basic principles of Management will work here. As mentioned above in First Paragraph itself about all fundamentals of Management must be practiced and known to vCFO. Principles like POSDCORB are highly effective than accounting or standard costing techniques. Your working style also decides the process to be implemented and effectiveness of those processes. Wrong processes surely will not give results but good processes implemented wrongly will give equally bad results. So after choosing good team or right processes, working style plays vital factor for the success of such assignments.
- **Network: Global to Local:** Some company management prefers vCFO than In-House CFO for better network. Rather it is expected to have a strong network by vCFO. Having collaboration with professionals across the globe always help. Small Companies can be attracted by vCFO firms on the basis of global network as well. In the era of Social Media Network it is expected to develop large network of professionals across the globe. It is beneficial in many ways while giving services to clients but also beneficial for developing own chances to get global clients. Such collaborations across the regions and continents help to develop for a country specific opportunities as well. In the era of wider use of Internet and Social Media Platforms it's not very difficult too.
- **Strategy Execution:** A critical part expected from any vCFO services is execution of strategy. All is said

and done but ultimately execution of strategy is critical area of services. Management of any company India or abroad will approach with one main issue and that is management of people and processes. There are quite a few numbers of models and techniques available for execution of strategy. Small and Medium size firms fail to increase their presence in market due lack of strategy execution. Hence very few companies can grow to large company starting from lowest possible. Strategy Execution is totally different from routine jobs of accounting and finance. This needs special skills like drawing of SOP, accurate MIS, and optimum utilization of resources especially robust ERP systems etc. We have very famous sentence for strategy execution like 'we are data rich but information poor'. ERPs may give robust data but companies want some meaningful information from such data. vCFO is expected to take up such work as a part of professional assignment. Fundamentally, Finance always plays critical role in Strategy Execution.

- **Techno Savvy:** As mentioned above, many functions in the company need usage of ERP data. At such point in time even if vCFO has to take help of outsiders it must learn ERP implemented. This can be basic ERP modules to high end ERP modules. Knowledge of implemented ERP is must and taking out meaningful data from such ERP is essential. Companies may be using multiple modules or multiple ERPs also for a same legal entity but still those needs to be familiar with Accounts and Finance Team. vCFO may have to undertake repairs of such fragmented ERPs, fill in the Gaps between data flow from one ERP to another or from one module of same ERP to another, Data Warehousing and MIS reports from the same, recent techniques like Artificial Intelligence Block Chain etc. One must understand that most of the companies those who implement ERPs/ various software has the experience of working in the same for quite a long or has failed earlier to do so. Management level in each company has a feeling that ERP/ Software implementation is easier job and they want all data in one click only. vCFO has to deal with such expectations and should be completely techno savvy to accept the challenges.
- **Field Expertise:** vCFO is expected to be expert in his field. He/ She may be functional expert or Industry / Business expert. If vCFO has experience working with bigger organizations or higher posts then it helps to impress upon company management. Exposure to many business situations, mergers and acquisitions, listing processes, ERP implementations helps vCFO to get into the company. Anyhow basic expertise of Finance is mandatory and all other are additional advantages only.
- **Leadership Approach:** We cannot forget that vCFO has to deal with his own team, people from client's

side and company management. Besides Field and Accounting expertise leadership qualities are also tested here. vCFO is not CFO but actually proxy of CFO. As I have mentioned earlier and same as covered last point as well that such assignments should come with expiry date and vCFO should see him/ herself elevated to Director or Independent Director. In this regard it is important to put to minds of people around that he is temporary and not permanent reporting authority for anyone. On the other hand objectives/ deliverables agreed in contact with company management cannot be ignored.

- **Partners of Progress:** vCFOs are expected to have excellent knowledge of Industry, should be knowing tricks of trade and nitty-gritty of the kind of business operated by client. Having seen the execution of strategies by vCFO performance is measured by industry peers and leaders. This can be judged by various parameters like Profits, Sales and valuation of businesses. Company management usually looks at vCFO as 'Partners in Progress' rather than consultant. vCFO has to take active part in day to day matters related to functions allotted and also in Business Development. Hence looking at vast scope for vCFO it needs special skills. In the Para's above many of such skills and fundamentals are already discussed. Some of the vCFO bifurcates their services into Transactional Services, Controller Services and vCFO services to reduce the risk of understanding of clients. Having on-board for Controller or Transactional Services limits the scope where as full vCFO services acts as 'Partners in Progress'
- **Future Orientated:** As I have been stating right from the start that this kind of services generally comes with future oriented and vCFO should aim to continue with company as Director/ Independent Director or worst case as Consultant. In the day to day activities also it is expected that to handover all activities to company employees or gradually to handover those activities new team should be built up. The more routine work handed over to internal team of client helps vCFO to concentrate more on strategic jobs. This Future Oriented Approach at Macro and Micro level helps successful completion of vCFO assignments.

In many contracts for vCFO it is expected that vCFO to visit company for certain number of days in a week or a month. The company management expects you to have a feel of company and people working around. With yet another wave of COVID currently going on and experts' advice to have another in next few months to come it is believed that working as vCFO will become more challenging in all respects. On the other hand expected to have more enquiries to professionals on vCFO a like assignments due to financial crunches faced by Companies who will first prefer to have vCFO for Transactional Services later on extended to Strategic Services or full-fledged vCFO services. ■

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Overview of Financial Accounting, Financial Management and Cost Accounting

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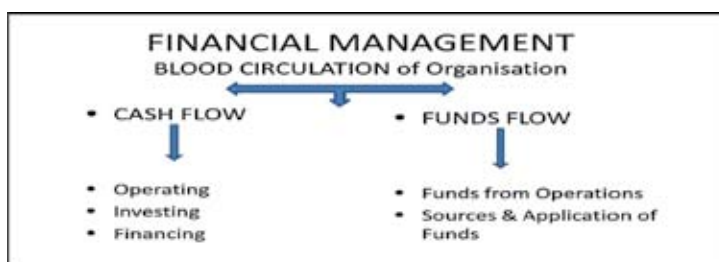


Financial Accounting, Financial Management and Cost Accounting are three major fields of Commerce. Based on these fields application, Situation of Organisation can be decide. But all the three gives different conclusions on which I want to focus here.

- Financial Accounting maintained in establishment gives us the Financial Position of the entire business.
- Financial Management provides the idea of financial requirement of establishment. It is the Blood Circulation for the business.
- While Cost Accounting provides the Business Health of the organisation.

Trading and Profit & Loss Accounts includes actual expenses, notional expenses, accrued expenses, actual and notional income and shows Net Profit of the Organisation. Balance Sheet includes capital, reserves, actual liabilities, outstanding liabilities, provisions on liabilities portion and prepaid expenses, Fixed assets-real as well as notional like goodwill and, ultimately, presents the Financial Position of the organisation.

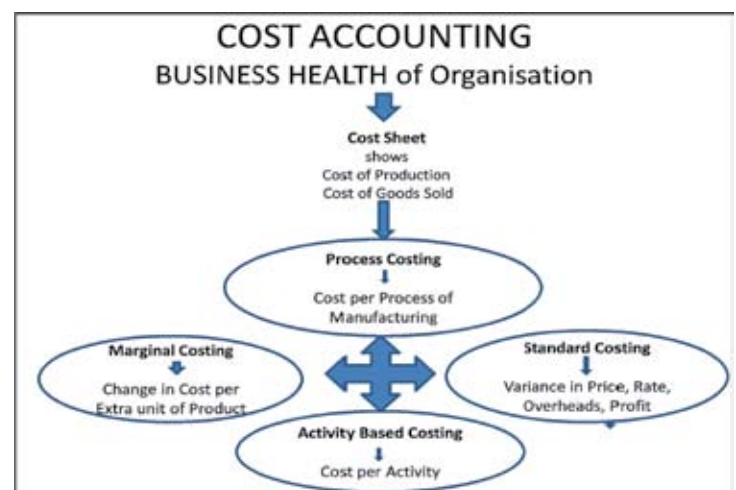
But there are some notional items like goodwill, depreciation, revaluation reserves which are mere entries



and not actually realisable unless there is sale or close of organisation. Further, it depends on market image fluctuating as per market scenario in case of goodwill and revaluation reserve and revalued assets have values based on fair market price of assets which also fluctuating.

Now, Financial Management with the help of Cash Flow Statement and Funds Flow Statement shows the financial information which ultimately provides the idea about financial requirements of the organisation to run smoothly the business operations. Further, It provides help in decision making relating to Dividend Policies, Sources from which financial requirements can be arranged.

Against the above two areas, Cost Accounting with the help of Cost Sheet prepared, based on actual information only, provides the status of the Internal Business Health on overall basis, activity basis, product-wise. It also helps to aware about the internal status of each operation, each process and even for each product or service. Thus, Only Cost Sheet provides us precise result or status of our business. By adopting each and every above mentioned method of costing acknowledge us about every vein of our business core. Therefore, Cost Accounting is Business Health for Organisation.



Expectations from New Foreign Trade Policy 2021-26

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Whole of the Trade & Industry is looking forward towards New Foreign Trade Policy 2021-26 on the background of the dream of Hon Prime Minister to make Indian Economy \$ 5 Trillion by 2025 and appeal to the citizens be “Vocal for Local” and “Be Local and Go Global”. Ministry of Commerce is now with the dynamic leadership of Hon Minister, Shri. Piyushji Goyal and when exporters look forward, the commitments announced in the Press Release as notified on the website of Ministry of Commerce & Industry. Ministry of Commerce have stated in the press release of “Electronic Governance and Trade Facilitation Reforms”

- To transform the cross-border trade eco-system through efficient, transparent, risk based, coordinated, digital, seamless and technology driven procedures which are supported by state-of-the-art IT infrastructure and data integrations.
- To bring down the overall issuance and approval time: * For Export benefits * For Export Promotion Schemes * For Import/Export Licences for Restricted Items * For Norms Fixation
- Improve India’s ranking in Trading Across Borders indicator of the World Bank’s Doing Business ranking to less than 50 * Enable a truly paperless regulatory environment * Increased Trade promotion role through a single window approach * Establish transparent and predictable policy regimes

Ministry of Commerce have taken measures for improving the ease of doing business for importers and exporters.

- 24X7 Auto Issuance of eIEC (Importer Exporter Code) • Total time from application to IEC issuance is less than 30 minutes
- Online Platform for e-issuance of Preferential Certificates of Origin • The average time for availing a CoO has been on a steady reduction
- Duty Exemption schemes Such as AA/EPCG made paperless
 - Data is exchanged between DGFT, Customs, SEZ without any paper issuance
 - Transparency for the Exporter
- Helpdesk Services for Exporters & Importers • Communication Channels - Phone, Email, Ticketing Systems, Social Media
 - All Suggestions, Feedback, Complaints are monitored & time-bound
- System based, faceless auto approval of export benefits like MEIS • Online issuance & Electronic Transfer of Duty Credit Scrips

- Online module for Quality Complaints or Trade Disputes of Indian as well as Foreign Importers and Exporters
- Steel Import Monitoring System (SIMS) for advance intimation of Steel imports
- More Import Monitoring Systems planned
- E-issuance of licences for import/export of restricted items
- Two-way online communication, paperless processing, e-verification of the authenticity of DGFT issued documents.
- Rules-based Risk Management for IEC
- Continuous Review for simplification of Policy and Procedures based on exporters’ suggestions

The commitment of the Hon Minister of Commerce is to evolve the trade and commerce and way forward of DGFT.

- With newer IT systems to be rolled out in a phased manner by March 2021 a virtual DGFT Offices would be faceless, contactless and paperless. Reduced physical location of offices is also being planned.
- DGFT would be moving to a paradigm where business would lead and not be held back while waiting for specific confirmations. The usual process of queuing up for benefits and approvals would be removed wherever possible. The exporter or importer would not have to wait on DGFT for any business approval. DGFT would be implementing post-issuance audit systems for managing any risks for such a business-friendly, flexible system.
- The new IT systems would provide a 360°-view for the Exporter/Importer and the government. The Exporter or Importer would be able to track and monitor all their past and present actions as well as the actions taken by the department at different points of time. The Department of Commerce would also have such access to the firms’ performance and other credentials.

Intensions are very good, but corresponding policy provision and amendments are needed and also the strict vigilance and monetary is needed to ensure transaction cost and transaction time is substantially reduced and there is a boost and positive environment for export growth.

In view of the same, I take this opportunity to express expectations from this Foreign Trade Policy.

We have also given number of suggestions for new Foreign Trade Policy and Handbook of Procedure on 26th Nov 2020 , some of those are reproduced below:

| Sr. No. | Suggestions w.r.t. | Subject Matter | Para No.w.r.t Suggestion | Suggestions for changes | Justification |
|---------|--------------------|--|--------------------------|--|---|
| 1 | FTP | CHAPTER 1 - LEGAL FRAMEWORK AND TRADE FACILITATION | 1.05 (c) | Any license / authorisation issued earlier or upto March 2021 which are valid upto 2020, validity extended automatically by one year from the date of original validity. | During COVID situation, almost all the trade and industries suffered the business due to lockdown and overall worldwide recession and therefore this relaxation is must to be included. |

| Sr. No. | Suggestions w.r.t. | Subject Matter | Para No.w.r.t Suggestion | Suggestions for changes | Justification |
|---------|--------------------|--|--------------------------|---|--|
| 2 | FTP | CHAPTER 2 - GENERAL PROVISIONS REGARDING IMPORTS AND EXPORTS | General conditions Ch. 2 | Extension for MEIS | Since Export realised against Shipping Bills from 1st April, application for scrips are hold online. |
| 3 | FTP | CHAPTER 2 - GENERAL PROVISIONS REGARDING IMPORTS AND EXPORTS | Para 2.31 | Second-hand Capital goods and tooling to be allowed when total project is imported from another country for relocation and creating manufacturing in India | if Make in India is to be promoted and India has to made Atmnrhbhar, number of foreign projects are expected to be dislocated and start the business in India and therefore, such amendment is necessary |
| 4 | FTP | CHAPTER 3 - EXPORTS FROMINDIASCHEMES | Para 3.08 | 3.08 Eligibility (a) Service Providers of notified services, located in India, shall be rewarded under SEIS. Only Services rendered in the manner as per Para 9.51(i) and Para 9.51(ii) of this policy shall be eligible. The notified services and rates of rewards are listed in Appendix 3D. | Since list of services included in Appendix 3D are incomplete in view of queries & clarifications asked by DGFT to Applicants. Required Revised Appendix 3 D with specific list of services. |
| 5 | FTP | CHAPTER 4 - DUTY EXEMPTION REMISSION SCHEMES | Para 4.07 | Limit for allowing import duty free under Advance authorisation for the new unit should be extended from Rs 3 Cr to Rs. 5 Cr and without asking past 2 years record. New Unit will not have any past records, therefore such condition should be removed. | For bringing new projects from abroad |
| 6 | FTP | CHAPTER 4 - DUTY EXEMPTION REMISSION SCHEMES | 2.07(j) | Following item to be inserted after 2.07(i)1) Imports from China w.r.t. consumer goods, chemicals and other indigenous goods for which India is self-sufficient | If such items are included, Ministry of Govt will have rights to put the restrictions to safeguard the Indian Industry and promote Make in India |
| 7 | FTP | CHAPTER 3 - EXPORTS FROMINDIASCHEMES | 3.04 | Restriction imposed should be removed with retrospective effect and MEIS portal to be kept open till the time new scheme (RoDTEP) is finalised. | Exporters have incurred tremendous losses since MEIS benefits was considered while pricing and amount has been restricted, which has caused the hardship. |
| 8 | FTP | CHAPTER 3 - EXPORTS FROMINDIASCHEMES | 3.04 | SEIS Scheme for service exporters have been stopped. For Stoppage of MEIS, RoDTEP Scheme is introduced. In Similar fashion RoDTEP should be made available for service export too. | Exporters have incurred tremendous losses since MEIS benefits was considered while pricing and amount has been restricted, which has caused the hardship. |
| 9 | FTP | CHAPTER 6 - EXPORT ORIENTED UNITS (EOUs), ELECTRONICS HARDWARE TECHNOLOGY PARKS (EHTPs), SOFTWARE TECHNOLOGY PARKS (STPs) AND BIOTECHNOLOGY PARKS (BTPs) | Para 6.08 | Input contained in finished goods cleared in DTA required to pay back duty forgone which may include basic custom duty, CVD, Cess, etc. which should be replaced with Basic Customs Duty, IGST & Cess. For indigenous goods, Excise Duty should be replaced with IGST. | When CVD and Cess is payable, no ITC / Cenvat is available and hence it becomes the cost as against Cenvat was available of CVD paid earlier. Therefore, there is cascading effect. |

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| 10 | FTP | CHAPTER 6 - EXPORT ORIENTED UNITS (EOUs), ELECTRONICS H A R D W A R E TECHNOLOGY PARKS (EHTPs), SOFTWARE TECHNOLOGY PARKS (STPs) AND BIO-TECHNOLOGY PARKS (BTPs) | Para 6.08 | DTA Sale is restricted to the extent of 50% of FOB value of exports for service units. | It should be made at par with other manufacturing EOUs and restrictions should be removed. |
| 11 | FTP | CHAPTER 6 - EXPORT ORIENTED UNITS (EOUs), ELECTRONICS H A R D W A R E TECHNOLOGY PARKS (EHTPs), SOFTWARE TECHNOLOGY PARKS (STPs) AND BIO-TECHNOLOGY PARKS (BTPs) | Para 6.08 | DTA Sale to be allowed to item restricted or prohibited in accordance with Chapter2 of FTP. | Since warehousing provisions for EOU is removed such prohibitions also to be removed |
| 12 | FTP | CHAPTER 6 - EXPORT ORIENTED UNITS (EOUs), ELECTRONICS H A R D W A R E TECHNOLOGY PARKS (EHTPs), SOFTWARE TECHNOLOGY PARKS (STPs) AND BIO-TECHNOLOGY PARKS (BTPs) | Para 6.09 | Other supplies to include supplies to unit operating under Manufacture and Other Operations, Warehousing Regulations 2019 without payment of duty with the condition to mention custom duty forgone and if such goods with use or as such is sold in domestic then such duty to be paid by the unit operating under Manufacture and Other Operations, Warehousing Regulations 2019. | The goods are sold to Unit under Manufacture and Other Operations, Warehousing Regulations 2019, and after utilisation of such goods, the duty forgone only will be payable as against total custom duty. |
| 13 | FTP | CHAPTER 6 - EXPORT ORIENTED UNITS (EOUs), ELECTRONICS H A R D W A R E TECHNOLOGY PARKS (EHTPs), SOFTWARE TECHNOLOGY PARKS (STPs) AND BIO-TECHNOLOGY PARKS (BTPs) | Para 6.12 (d) | Exemption to AEO holder for giving bank guarantee. AEO holder to be added in the list | In line with Custom Circular No.48/2017-Customs dated 8th Dec 2017 |
| 14 | FTP | CHAPTER 6 - EXPORT ORIENTED UNITS (EOUs), ELECTRONICS H A R D W A R E TECHNOLOGY PARKS (EHTPs), SOFTWARE TECHNOLOGY PARKS (STPs) AND BIO-TECHNOLOGY PARKS (BTPs) | Para 6.13 | 6.13 Inter Unit Transfer (a) Transfer of manufactured goods from one EOU / EHTP / STP / BTP unit to another EOU / EHTP / STP / BTP unit is allowed with prior intimation to concerned Development Commissioners of the transferor and transferee units as well as concerned Customs authorities, following procedure of in-bond movement of goods. Transfer of manufactured goods shall also be allowed from EOU / EHTP / STP / BTP unit to a SEZ developer or unit as per procedure prescribed in SEZ Rules, 2006. | Since no bonding rules are in existence, so whether following procedure of in-bond movement of goods is still required. |

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| 15 | FTP | CHAPTER 6 - EXPORT ORIENTED UNITS (EOUs), ELECTRONICS H A R D W A R E TECHNOLOGY PARKS (EHTPs), SOFTWARE TECHNOLOGY PARKS (STPs) AND BIO-TECHNOLOGY PARKS (BTPs) | Para 6.15 | Removal of material as such if imported prior to 2017.At present, basic custom duty, CVD, Cess, etc. which should be replaced with Basic Customs Duty, IGST & Cess. For indigenous goods, excess duty should be replaced with IGST. | When CVD and Cess is payable, no ITC / Cenvat is available and hence it becomes the cost as against Cenvat was available of CVD paid earlier. Therefore, there is cascading effect. |
| 16 | FTP | CHAPTER 6 - EXPORT ORIENTED UNITS (EOUs), ELECTRONICS H A R D W A R E TECHNOLOGY PARKS (EHTPs), SOFTWARE TECHNOLOGY PARKS (STPs) AND BIO-TECHNOLOGY PARKS (BTPs) | Para 6.17 | 17 Replacement / Repair of Imported / Indigenous Goods:(b) Goods sold in DTA and not accepted for any reasons, may be brought back for repair / replacement, under intimation to concerned jurisdictional Customs / Central Excise Authorities. | Since no bonding rules are in existence, so goods once sold in DTA with payment of applicable duties saved why such intimation from jurisdictional authorities for repairs/replacement is required. |
| 17 | FTP | CHAPTER 6 - EXPORT ORIENTED UNITS (EOUs), ELECTRONICS H A R D W A R E TECHNOLOGY PARKS (EHTPs), SOFTWARE TECHNOLOGY PARKS (STPs) AND BIO-TECHNOLOGY PARKS (BTPs) | Para 6.18 | Conversion of existing EOU Unit to DTA Unit under Manufacture and Other Operations, Warehousing Regulations 2019 should be allowed without payment of duties. Similarly, conversion of DTA Unit under Manufacture and Other Operations, Warehousing Regulations 2019 will be allowed to EOU Scheme without payment of duty. | There is no provision of conversion of EOU unit to the unit operating under manufacture and Other Operations, Warehousing Regulations 2019, where on procurement of imported goods, no duty is payable and hence such provision is required to be included. |
| 18 | FTP | | FTP & Notifications | FTP and Custom Notification should be aligned 100%. E.g. FTP states intimation whereas notifications states permission. | |
| 19 | FTP | | FTP & Notifications | Currently Anti-Dumping on the product imported from china should be extended for further 5year or it should be restricted for import in India. | |
| 20 | FTP | CHAPTER 4 - DUTY EXEMPTION REMISSION SCHEMES | 4.15 | Drawback is allowed and rate is specified in the drawback schedule, but it should be part of FTP also. Demand was 2% and not 1.5% Also long discussion of point 5.0 and suggestion for which have not been mentioned. Pre-import condition should be removed retrospectively from 1st July 2017 | Ministry of Commerce should represent to department of revenue to increase the drawback rate considering the fact that during the COVID situation and worldwide recession, FOB value has been substantially reduced and therefore impact of Custom Duty will be automatically more and hence it needs to be enhanced. |
| 21 | FTP | CHAPTER 4 - DUTY EXEMPTION REMISSION SCHEMES | 4.26 | Duty free import Authorisation shall be exempted from payment of whole duty.Pre-import condition should be removed retrospectively from 1st July 2017 | Subsequently pre-import condition is removed but it was not with retrospective effect and therefore, there are number of litigations and cases made by DRI, for which exporters are suffering. |

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| 22 | FTP | CHAPTER 4 - DUTY EXEMPTION REMISSION SCHEMES | 4.26 | Export Obligation period & import period should atleast for 24 months to 36 months. | At present, import validity is 24 months and validity for exports is 18 months. Considering the worldwide recession on account of COVID, import period needs to be extended and export period also needs to be extended. |
| 23 | FTP | CHAPTER 4 - DUTY EXEMPTION REMISSION SCHEMES | 4.26 | Supply to SEZ under Advance Authorisation and Duty Drawback should be allowed for payment under Indian Rupees | At present, mandatory requirement is to get the remittances from SEZ in foreign currency, which is adding to the transaction cost. Ultimately, after using such products, SEZ is going to receive Foreign Exchange on value addition too. |
| 24 | FTP | CHAPTER 4 - DUTY EXEMPTION REMISSION SCHEMES | General conditions Ch. 4 & 5 | Online redemption facility required | As such there should be automatic redemption. Since details of Bill of Entries for imports, shipping bill / bill of exports for exports under advance authorisation / EPCG authorisation is available with ICE Gate and linked with DGFT and E-BRC System is also linked with ICE Gate and DGFT. There is no necessity of redemption. After validity of authorisation is over, automatic EODC should be issued and Bank Guarantee should be released or demand letter to be issued. This will substantially reduce transaction cost and time and reduce the blatant corruption in DGFT and Customs. |
| 25 | FTP | CHAPTER 6 - EXPORT ORIENTED UNITS (EOUs), ELECTRONICS HARDWARE TECHNOLOGY PARKS (EHTPs), SOFTWARE TECHNOLOGY PARKS (STPs) AND BIOTECHNOLOGY PARKS (BTPs) | New Para | Point on EOU and exporters units struggling to get taxes like G.S.T. implementation on input has not been taken up as there is inverted tax structure of Pharma GST on raw material & excipients etc. Is 18% whereas on finished goods it is around 12% so all the time lots of funds are of manufacturers are struck. All the merchant exporters pick material at 0.1% as per scheme and manufacturers have to file for refund in inverted tax structure which is not an easy refund and does not get refunded for years. As a result the dream of making India a manufacturing hub may be for far fetch as actual cost of goods manufactured goes up due to taxes levied on inputs which are difficult & take years to be refunded. | Exporters have lot of accumulated ITC but refund of duty paid on exports is not allowed to EOU and Advance License Holder, which should be allowed. |
| 26 | FTP | | | HS code in our country should be harmonized with international custom tariff | |
| 27 | FTP | | | Guidelines for the issuance of certificate of origin by Start Export Houses should be expedited and implemented | |

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| 28 | FTP | CHAPTER 9 - DEFINITIONS | 9.05 | In Para 9.05 of volume 1 of handbook of procedure DGFT does not classify / take long time to provide the classification & interpretation on foreign trade policy process. There should be fix timelines for this replies. | |
| 29 | FTP | | | Export Promotion Council registration has to be renewed periodically instead of that for MSME there should be one-time registration and no renewable should be required. | |
| 30 | FTP | | | Redemption of EPCG & advance authorization should be simplified. While filing shipping bill we have specify the advance license or EPCG license and these data could be link directly with DGFT where these auto Redemption done by the software. | |
| 31 | FTP | | | RODTEP scheme is to be replaced with MEIS scheme. it should be made like duty drawback scheme so that direct credit can be made in account of the exporter or directly the script can be sent by registered email id. | |
| 32 | FTP | | | There is provision of income tax for last 40 years where export income called tax 3, after the SEZ act this was abolished. Now SEZ scheme failed so for MSMEs the old provision of income tax should be restarted. | |
| 33 | FTP | | | There has been misuse of EPCG license, to stop these EPCG should be allowed to star export houses with proven track records. | |
| 34 | FTP | | | The advance license is proceeding electronically but issued by the EPCG officer manually, these should be issued directly to exporter on registered email id | |
| 35 | FTP | CHAPTER 2 - GENERAL PROVISIONS REGARDING IMPORTS AND EXPORTS | | In chapter 2 of import export policy there is provision of profile which should be made compulsory for all. | |
| 36 | Forms and Appendices | | Appendix | There should not be any permission or intimation for DTA Sale, being there is no limit | |
| 37 | Forms and Appendices | | Appendix No. 6E | QPR and APR should be filed online. | |
| 38 | HBOP | CHAPTER 2 - GENERAL PROVISIONS REGARDING IMPORTS AND EXPORTS | Para 2.16 | 2.16 Validity period of Authorisation / License/ Certificate/ Authorisation/ Permissions/ CCPs (a) Validity period of Import / Export Authorisations from the date of issue shall be as follows, unless specified otherwise: | Procedure provided validity of Authorisations, whereas, no timeline has been declared for scrutiny of Documents & EODC/Bond Waiver Certificate. Processing of any application for redemption, timeline required |

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| 39 | HBOP | CHAPTER 3 - EXPORTS FROM INDIA SCHEMES | 3.02 | Utilisation of MEIS script towards payment of basic duty by 100% EOU's in case of DTA sales | It will be in line with imports and EOU's will be benefited to a great extent in the present liquidity crunch. |
| 40 | HBOP | CHAPTER 3 - EXPORTS FROM INDIA SCHEMES | 3.03 Exports from India Scheme | MEIS Scheme to be extended after 1st January 2021 without any discontinuation with firm assurance. | The scheme supports the exporters to offset the various costs such as freight costs, regulatory fees on inspection, audits, expenses incurred in India and abroad for pre and post approvals. |
| 41 | HBOP | CHAPTER 4 - DUTY EXEMPTION REMISSION SCHEMES | 4.07A Advance Authorisation | Self-Ratification Scheme for AEO certificate holder not accepted by the Regional offices of DGFT in true spirit and insist for approval from DGFT New Delhi | Regional offices to accept the self-ratification norms for AEO certificate holder and should not insist for NORMS FIXATION from Norms Committee of New Delhi |
| 42 | HBOP | CHAPTER 4 - DUTY EXEMPTION REMISSION SCHEMES | 4.13 | Pre-import condition as listed in Appendix 4 J to be removed for import of drugs. | The time limit restrictions of use and export the goods within 12 months' time limit is a hurdle for the exporter. |
| 43 | HBOP | CHAPTER 4 - DUTY EXEMPTION REMISSION SCHEMES | 4.2 | Inspite of Para 4.20 (v) the SEZ and FTWZ Units insist for against Advance Release Order or Invalidation Letter from DGFT office | The ARO or Invalidation letter requirement to be waived as it is manual process and time consuming. DGFT officials and SEZ / FTWZ officials not to insist for this requirement for Advance License holder. |
| 44 | HBOP | CHAPTER 4 - DUTY EXEMPTION REMISSION SCHEMES | Para 4.04 | 4.04 Applicant shall file application online in ANF 4A. Same form is applicable where Standard Input Output Norms (SION) have been notified or on the basis of adhoc norms or on self declaration basis as per paragraph 4.07 of Hand Book of Procedures. Self declared norms will be verified & fixed on suo-moto basis within the 120 days | Since many Authorisation holder advance authorization with No Norms in case of SION not available for their products, same will be going to Norms committee for Fixation. Fixation Norms may take 3 months to 12 months' time Or More subject to category of Products & their Committee. Norms fixed by NC are different and Authorisation holder liable to Pay duties along with interest. |
| 45 | HBOP | CHAPTER 4 - DUTY EXEMPTION REMISSION SCHEMES | 4.5 | When export obligation is not fulfilled of Advance Authorisation / EPCG Authorisation, duties saved is required to be paid back including basic custom duties, CVD, Cess, etc. which should be replaced with Basic Customs Duty, IGST & Cess | When CVD and Cess is payable, no ITC / Cenvat is available and hence it becomes the cost as against Cenvat was available of CVD paid earlier. |
| 46 | HBOP | CHAPTER 4 - DUTY EXEMPTION REMISSION SCHEMES | 4.10 - Advance Authorisation | Advance authorisation for applicants with multiple units | It will minimise the transportation cost and delivery timings. Also un-necessary documentation under GST for transfer of duty free imported goods from Port to Importer location and then importer location to Job worker |
| 47 | HBOP | CHAPTER 4 - DUTY EXEMPTION REMISSION SCHEMES | Para 4.47 (a) (ii) of HBOP | (i) For such a request, an applicant has to file online application attaching Shipping Bills and e-BRC. Scanned copy of other documents as prescribed in the ANF 4F shall also be uploaded. | Till the online facility not yet activated required activation with enhanced capacity of data (volume of documents) |

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| | | | | In case of deemed exports or export from non-EDI ports, the documents evidencing proof of export/supply shall be submitted at the counter of Regional Authority concerned giving reference of online application in physical form except e-BRC | |
| 48 | HBOP | CHAPTER 4 - DUTY EXEMPTION REMISSION SCHEMES | Para 4.47 (C) of HBOP | (C) Ordinarily, redemption of BG / LUT shall not preclude customs authority from conducting random checks and from taking action against Authorisation holder for any misrepresentation, misdeclaration and default detected subsequently as per the Customs Act. | Copies of Bill of Entries & Shipping bills with relevant BRC not required to submit with redemption request to jurisdictional RA & Customs at Port for Bond waiver Certificate against EODC issued by RA. Since BOEs & Shipping's are provided online by Customs Authority through EDI, submission of hard copies of above documents at RA for redemption & the same asking by Customs at Port for Bond Waiver Certificate. |
| 49 | HBOP | CHAPTER 5 - EXPORT PROMOTION CAPITAL GOODS (EPCG) SCHEME | Para 5.22 of HBOP | (c) RA shall process such applications ordinarily within 30 days. Shortcomings, if any, shall be pointed out in one go. All correspondence, thereafter, shall relate to these deficiencies only. Fresh correspondence, if necessary, shall be within 15 days. Once documents are complete, EO will be discharged within 30 days of receipt of complete documents / information. (d) Applications that remain outstanding beyond a period of 60 days after receipt of complete documents shall be reported to the EPCG Division at DGFT headquarters alongwith reasons thereof. | Since, no timeline has been ruled at the local RA level. Issuing repetitive queries which were responded earlier. |
| 50 | HBOP | CHAPTER 4 - DUTY EXEMPTION REMISSION SCHEMES | 4.10(i) | 4.10(i) the transfer of any duty free material imported or procured from one unit of a company to another unit for manufacturing purpose shall be done with prior intimation to jurisdictional customs authority. It is not clear as the GST registered person does not fall under Customs Jurisdiction and intimation of the importer may not be accepted by the Customs. Need to have proper guidelines in this regard. The prior intimation can be to the jurisdictional DGFT office (license issuing authority) instead of customs and transfer can be against Delivery Challan by the importer. Process of filing intimation whether on line or manual is also to be clarified to indicate this on the delivery challan to handle the transit issue and comply with GST Regulations as well as E - Way Bill. | Procedural simplification and ease of doing business. |

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| 51 | HBOP | CHAPTER 4 - DUTY EXEMPTION REMISSION SCHEMES | 4.10(v) | 4.10(v) Imported duty free inputs can be taken from the port / domestic supplier's premises to the factory or premises of the authorisation / co-authorisation holder or the factory of the supporting manufacturer (whose name is endorsed in the authorisation or allowed by the jurisdictional customs authority).....Above para to be modified / to read as the duty free inputs can be taken from the port to the supporting manufacturer / Job worker as per import bill of entry for manufacturing. Clarification required to follow the process for movement of goods from port to the manufacturing location of the job worker. The Customs import Bill of Entry will be in the name of importer and delivery to job workers location (supporting Manufacturer) hence need clarification to follow the process for movement of goods from port under GST which will be allowed by Jurisdictional customs authority. | Procedural simplification and ease of doing business. |
| 52 | HBOP | CHAPTER 4 - DUTY EXEMPTION REMISSION SCHEMES | 4.3 Supply by SEZ | Online facility to be introduced for filing of application for invalidation letter to procure the duty-free goods against advance license. | Procedural simplification and ease of doing business. |
| 53 | HBOP | CHAPTER 4 - DUTY EXEMPTION REMISSION SCHEMES | 4.3 Supply by FTWZ | Online facility to be introduced for filing of application for invalidation letter to procure the duty free goods against advance license. | Procedural simplification and ease of doing business. |
| 54 | HBOP | CHAPTER 4 - DUTY EXEMPTION REMISSION SCHEMES | 4.07 A— Self ratification scheme | Self-certification from the manufacture to be considered instead of certificate from the Chartered Engineer to reduce the cost and time. | Under trust based and ease of doing the self-certification of the manufacturer to be relied upon being the actual user of the imported material. |
| 55 | HBOP | CHAPTER 4 - DUTY EXEMPTION REMISSION SCHEMES | 4.07 A— Self ratification scheme | Inspite of C.E. Certificate the Norms Committee decides the norms on their own based on the flow chart and justification of the manufacturer. | Procedural simplification and ease of doing business. |
| 56 | HBOP | CHAPTER 4 - DUTY EXEMPTION REMISSION SCHEMES | 4.49 - Regularisation of Bonafide Default | Sum Moto payment of customs duties to be allowed, as at present customs do not accept such payments. | This will reduce the interest burden on the importer |
| 57 | HBOP | | | As of date customs authority insist for letter from DGFT authority before acceptance of the customs duty payment. | Choice of the license holder to close the license |
| 58 | HBOP | | | Customs duty payment at Central Bank not accepted as there are no guidelines / instructions to the Central Bank. | Ease of Doing Business |

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| 59 | HBOP | | | Few more banks to be included with detailed guidelines to accept the customs duty payment for payment of sum moto duties for Advance Authorisation and EPCG licenses. | Ease of Doing Business |
| 60 | HBOP | CHAPTER 5 - EXPORT PROMOTION CAPITAL GOODS (EPCG) SCHEME | Para 5.17 | Export obligation period for EPCG should be automatically extended for one year without any composition fees, considering COVID situation and also validity of the license needs to be extended for such period automatically | Ease of Doing Business |
| 61 | HBOP | CHAPTER 5 - EXPORT PROMOTION CAPITAL GOODS (EPCG) SCHEME | 5.22(c) - Redemption | Practically this is not implemented by RA which leads to pendency and hardship to the exporter. Strict measures to be introduced to comply with this para. Repeated deficiencies raised before issue of redemption. | Due to delays for issue of redemption the exporter receives the alert notices from Customs inspite of filing of application for issue of redemption. In case of short fall the interest amount becomes payable and more the delay the exporter has to bear more interest amount. The IEC holder without any intimation receive surprise show cause notice inspite of submissions made to the authority. The IEC holder dragged in DEL entity due to non-submission of EODC which are pending from Office of the DGFT authority. |
| 62 | HBOP | CHAPTER 5 - EXPORT PROMOTION CAPITAL GOODS (EPCG) SCHEME | Para 5.10 (c) and Para 5.10 (d) (v) | EPCG Licenses issued as per FTP 2009-2014, the export obligation for fulfilment related to third party exports to be considered in full as per the Shipping Bill supported with BRC issued in the name of third-party exports. Para 5.10 (c) and Para 5.10 (d) has been wrongly linked by DGFT offices while redemption of EPCG licenses for the period 2009-2014. All EPCG redemption licenses are kept pending by DGFT Offices without issue of proper denial reason leading to difficulties for the exporters. The Policy Circular No. 3/2015-2020 dated 02.09.2015 specifically mention the applicability of of the provisions of relevant policy / procedures which means 2009-2014 provisions applies to the EPCG licenses towards fulfilment of export obligation. | Huge pendency on account misinterpretation or limited application of Policy Circular No. 3 and Policy Circular No. 22/2015-2020 dated 29th March 2019. Need full and complete clarity to resolve the issues of the exporters and relief from Denied Entity List and Alerts from Customs. |
| 63 | HBOP | CHAPTER 5 - EXPORT PROMOTION CAPITAL GOODS (EPCG) SCHEME | 5.1 Export Promotion Capital Goods Scheme | EPCG licenses to be issued to manufacturers of Biotech products with reduced specific EO as there are lot of efforts taken up by BIOTECH Manufacturers for development of products for which advanced machinery and equipment are required. | The imported capital goods for biotech manufacturing are highly sophisticated and expensive one. The export orders are also very limited and with EPCG license with reduced EO it will encourage manufacturers to explore export market as well as compete in the international market. |

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| 64 | HBOP | CHAPTER 6 - EXPORT ORIENTED UNITS (EOUs), ELECTRONICS H A R D W A R E TECHNOLOGY PARKS (EHTPs), SOFTWARE TECHNOLOGY PARKS (STPs) AND BIO-TECHNOLOGY PARKS (BTPs) | 6.08(a) (i) Export oriented units | DTA sale by EOU on payment of GST and compensation cess alongwith reversal of duties of customs leviable under First Schedule.to the customs Tariff Act, 1975 availed as exemption, if any on the inputs utilised for the purpose of manufacturing of such finished goods (including by-products, rejects, waste and scrap arising in the course of production, manufacture, processing or packaging of such goods). | Instead of inputs utilised the wording should be import duties payable on the imported goods contained in so much of the resultant products and payable on monthly basis in consolidated manner. This will give relief to have smooth DTA sales as the process of customs duty payment is manual and there is no online payment module for EOU's. |
| 65 | HBOP | CHAPTER 6 - EXPORT ORIENTED UNITS (EOUs), ELECTRONICS HARDWARE TECHNOLOGY PARKS (EHTPs), SOFTWARE TECHNOLOGY PARKS (STPs) AND BIO-TECHNOLOGY PARKS (BTPs) | 6.08 (b) (k) | In case of new EOUs advance DTA sale will be allowed not exceeding 50% of its estimated exports for first year, except pharmaceutical products where this will be based on its estimated exports for first two years. | With the introduction of GST this clause may please be deleted and DTA sales without any permission and approval to be allowed on payment of GST and reversal of customs duties contained in the finished goods. |
| 66 | HBOP | CHAPTER 6 - EXPORT ORIENTED UNITS (EOUs), ELECTRONICS H A R D W A R E TECHNOLOGY PARKS (EHTPs), SOFTWARE TECHNOLOGY PARKS (STPs) AND BIO-TECHNOLOGY PARKS (BTPs) | 6.13 | Inter Unit Transfer - Transfer of manufactured goods from one EOU unit to another EOU unit allowed on payment of applicable GST and Compensation Cess with prior intimation to concerned development Commissioners of the transferor and transferee units as well as concerned customs authorities as per procedure for movement of goods. | The wording prior intimation to concern Development Commissioner and Customs authorities to be deleted. The movement of goods will be against GST invoice with endorsement of customs duty & applicable GST. Such Remark will be mentioned on the invoice. |
| 67 | HBOP | | | Compensation Cess with prior intimation to concerned development Commissioners of the transferor and transferee units as well as concerned customs authorities as per procedure for movement of goods. | The wording prior intimation to concerned Development Commissioner and Customs authorities to be deleted. The movement of goods will be against GST invoice with endorsement of customs duty & applicable GST. Such Remark will be mentioned on the invoice. |
| 68 | HBOP | CHAPTER 6 - EXPORT ORIENTED UNITS (EOUs), ELECTRONICS H A R D W A R E TECHNOLOGY PARKS (EHTPs), SOFTWARE TECHNOLOGY PARKS (STPs) AND BIO-TECHNOLOGY PARKS (BTPs) | 6.18 | Exit from EOU Scheme shall be subject to payment of applicable excise and customs duties and on payment of applicable IGST / CGST / SGST / UTGST and compensation cess if any and industrial policy in force. The EOU's may be permitted to convert the EOU's into Manufacturing and Other operations undertaken in Bonded Warehouses under Section 65 of the Customs Act as per EOU's into Manufacturing and Other operations undertaken in Bonded Warehouses under Section 65 of the Customs Act as per Notification No. 44/2019 Customs (N.T.) dtd 19th June 2019 | In view of dispute at the World Trade Organisation the fate of export incentive scheme is un-certain, the conversion from EOU to Manufacture and other operations in Warehouse Regulations, 2019 (MOOWR 2019) will support existing EOU's. |

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| 69 | HBOP | | | EOU scheme to be continued from 1st April, 2021 onwards. | The EOU scheme to be continued for a longer period as huge amount of investment in Plant & Machinery and infrastructure made by the Pharmaceutical Industry. In pharmaceutical industry the gestation period of commercial manufacturing is almost 2 to 3 years. The huge amount of spending made for regulatory compliance to obtain approval from overseas drug regulatory authorities. These investment and steps taken up only as the imports will be duty free under EOU scheme. |
| 70 | HBOP | CHAPTER 6 - EXPORT ORIENTED UNITS (EOUs), ELECTRONICS HARDWARE TECHNOLOGY PARKS (EHTPs), SOFTWARE TECHNOLOGY PARKS (STPs) AND BIOTECHNOLOGY PARKS (BTPs) | Chapter 6 of HBOP | Period of material returned from job worker to be extended to 365 days to raw material and inputs whereas for capital goods and tooling, should be extended to 3 years | In line with GST provisions |
| 71 | HBOP | CHAPTER 6 - EXPORT ORIENTED UNITS (EOUs), ELECTRONICS HARDWARE TECHNOLOGY PARKS (EHTPs), SOFTWARE TECHNOLOGY PARKS (STPs) AND BIOTECHNOLOGY PARKS (BTPs) | Chapter 6 of HBOP | Applicability of IGCRD Rules only limited to Rule 5 to be mentioned | Ease of Doing Business and Simplification of Procedure |
| 72 | HBOP | CHAPTER 9 - DEFINITIONS | 9.10 -Miscellaneous Matters | Time bound disposal applications for redemption of Advance authorisation and EPCG authorisation to be strictly followed | Will help to reduce the burden of interest and queries from Customs and audit dept. Smooth and Hassel free operations under Imports and exports. |

If all the suggestions as given above and the suggestions given by other trade and industry are implemented, then definitely there will be positive changes and growth of exporters. Further, the RoDTEP Scheme is made as a substitute of MEIS / SEIS and mainly to ensure no taxes to be exported in accordance with WTO agreement but today also following taxes are built up in the cost of the product / services, since there is no mechanism to get the refund or credit.

1. Central & state taxes on the fuel (Petrol, Diesel, CNG, PNG, and coal cess, etc.) used for transportation of export products.
2. The duty levied by the state on electricity used for manufacturing.
3. Mandi tax levied by APMCs.
4. Toll tax & stamp duty on the import-export documentation. Etc.
5. Ineligible ITC on GST
6. Tax involved on free samples and destruction

At present, it is not available to Advance Authorization holder as well as exports from EOU. All the exporters of goods as well as services needs to be allowed RoDTEP without any exception. ■

“Pre-packaged insolvency resolution process: Survival & Revival of Stressed MSMEs”



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Are you not able to pay your instalments on account of COVID pandemic ?

Are you MSME ? Is your default Amount is more than 10 Lakhs ?

Quicker, cost-effective and value maximising outcomes for all the stakeholders stressed MSMEs.

MSME sector has been significantly impacted by the COVID19 pandemic that had caused economic disruptions. IBBI notified the regulations for the “Pre-packaged insolvency resolution process”, which has been introduced for stressed MSMEs by way of ordinance on 4th April 2021.

Pre-packaged insolvency resolution process aim to provide an efficient alternative insolvency resolution framework for corporate persons classified as MSMEs for ensuring quicker, cost-effective and value maximising outcomes for all the stakeholders, in a manner that is least disruptive to the continuity of MSMEs businesses and which preserves jobs.

Key Takeaways:

1. **Who can initiate?** – Stressed MSME himself who is eligible can initiate process with FC approval
2. **Moratorium** period will begin from insolvency commencement date till end of process which will prohibit the institution of suits or continuation of pending suits or proceedings against the corporate debtor or enforce any security interest
3. **Management** of the affairs of the corporate debtor shall continue to vest in the Board of Directors or the partners unless voted against by COC
4. **Base Resolution Plan** - Corporate debtor himself shall submit the base resolution plan to the resolution professional within two days
5. **Contents of resolution plan** - provides Payment for following:
 - a. Insolvency resolution process costs
 - b. debts of financial creditors
 - c. debts of operational creditors
 - d. debts of Govt & other statutory authorities
 - e. Debts of workmen & Other creditors
6. **Resolution professional shall invite prospective resolution applicants** to submit a resolution plan or plans, to compete with the base resolution plan Where -

(a) the committee of creditors does not approve the base resolution plan or

(b) the base resolution plan impairs any claims to the operational creditors,

7. **If the Adjudicating Authority (NCLT)** approve the resolution plan which shall be binding on the corporate debtor and its employees, members, creditors, [including the Central Government, any State Government or any local authority], guarantors and other stakeholders involved in the resolution plan. If not approved PPIR Process shall stand terminated.

To Conclude Pre-packaged insolvency resolution process, offer opportunity to reorganise not only financial debts but also workmen dues, operation creditor, Govt due as well all any other class of creditors. By availing this process MSMEs will be able to timebound, quicker, cost-effective mechanism which will also ensure continuity of MSMEs businesses and job creation. ■

*“Live as if you were
to die tomorrow.
Learn as if you were
to live forever”*

– Mahatma Gandhi

Corporate Social Responsibility Successfully by Brands Doing it Right Innovation



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Corporate Social Responsibility (CSR) allows businesses large and small to enact positive change. When companies choose to do what is right not only for their bottom line but also benefit financially while building trust with consumers. Consumers feel that when they use a product or service of a socially responsible company, they are doing their part.

The more socially responsible the company, the more supportive the community and consumers become. Corporate social responsibility helps build trust, raise awareness, and encourage social change. Although there are tens of thousands of companies doing their part, large global corporations' efforts have far-reaching results that can impact major world issues from hunger and health to global warming. Here are examples of how some major brands are doing CSR successfully.

Examples of Corporate Social Responsibility in Action are as follow :

Corporate social responsibility comes in many forms. Even the smallest company impacts social change by making a simple donation to a local food bank. Some of the most common examples of CSR include:

- Reducing carbon footprints
- Improving labor policies
- Participating in fairtrade
- Charitable giving
- Volunteering in the community
- Corporate policies that benefit the environment
- Socially and environmentally conscious investments

Millennials Want to See More Corporate Social Responsibility, for millennials and Generation Z, socially responsible companies are even more important. They believe companies should be invested in improving society and look for solutions that will assist in those improvements. Companies should share how they are trying to make a positive impact on the world, so the public can see the pro-social initiatives they are making. Showcasing efforts is important to target millennials because these efforts will sway the choices millennials make as consumers. Millennials would also like to take part in initiatives such as being able to participate in volunteer work or making donations towards a company's charitable efforts. As more and more companies begin to see the impact their socially and environmentally conscious efforts have on a consumer's perception, the more chance there is that they will begin initiatives of their own.

Changing Corporate Social Responsibility Trends

Activism by millennials and all generations will also influence changing trends in CSR. You can expect to see companies taking a public stand against on-the-job harassment and discrimination thanks to the #metoo movement. Diversity in the workplace will continue to expand embracing people of all races, genders, cultures, disabilities, and sexual orientations.

Companies will also find their own voices to speak out against social injustice and policy changes that will negatively impact the environment. Even policies to protect privacy can become part of the CSR trends we will see as more and more data breaches threaten personal information.

1.: Johnson & Johnson

An excellent example of CSR is global giant Johnson & Johnson. They have focused on reducing their impact on the planet for three decades. Their initiatives range from leveraging the power of the wind to providing safe water to communities around the world. Its purchase of a privately-owned energy supplier in the Texas Panhandle allowed the company to reduce pollution while providing a renewable, economical alternative to electricity. The company continues to seek out renewable energy options with the goal to procure 35% of their energy needs from renewable sources.

2. Google

Google is trusted not only for its environmentally friendly initiatives but also due to their outspoken CEO Sundar Pichai. He stands up against social issues including President Donald Trump's anti-Muslim comments. Google also earned RI's highest CSR score much in part due to their data center using 50% less energy than others in the world. They also have committed over \$1 billion to renewable energy projects and enable other businesses to reduce their environmental impact through services such as Gmail.

3. Coca-Cola

Coca-Cola's massive fleet of delivery trucks contributed 3.7 million metric tons of greenhouse gases to the world. They have made major changes to their supply chain practices including investing in new alternatively fueled trucks. Their initiatives are intended to create a 25% reduction in their carbon footprint by 2020.

4. Ford Motor Company

Ford plans to reduce their greenhouse gas emissions using their EcoBoost engine to increase fuel efficiency. It

also plans to introduce 40 electrified vehicles (electric and hybrid) by 2022, in an investment of \$11 billion. According to Ford: “We’re all in on this and we’re taking our mainstream vehicles, our most iconic vehicles, and we’re electrifying them. If we want to be successful with electrification, we have to do it with vehicles that are already popular.”

In addition, American Ford dealerships rely on wind sail and solar PV systems to power their locations greatly reducing their use of electricity.

5 & 6. Netflix & Spotify

From a social perspective, companies such as Netflix and Spotify offer benefits to support their employees and families. Netflix offers 52 weeks of paid parental leave, which can be taken at any time whether it is the first year of the child’s life or another time that suits their needs. This compares to 18 weeks at other tech companies.

Spotify offers a similar program, although for a shorter duration of 24 weeks of paid leave.

7. Pfizer

Pfizer uses the term corporate citizenship to coin their CSR initiatives and believes it is a core part of their company and ‘simply how they do business’. Across the globe, the company drives initiatives that raise awareness for non-infectious diseases as well as providing healthcare for women and children who otherwise would not have the care they need. One example of this is the reduction in the price of their Pevenar 13 vaccines (for pneumonia, ear and blood infections) for those in need and in situations such as refugees and emergency settings.

8. Wells Fargo

Wells Fargo donates up to 1.5% of its revenue to charitable causes each year. which has raised \$286.5 million in 2017 alone to more than 14,500 nonprofits through philanthropy such as food banks and incubators to hasten the speed to market for start-ups. They also provide employees two paid days off per year to volunteer and give back to the charity of their choice.

9. TOMS

TOMS’s mission is to donate a pair of shoes for every pair they sell and has resulted in the donation of over 60 million pairs of shoes to children in need. Profits are used to assist the visually-impaired by providing prescription glasses and medical treatments, provide ‘safe’ drinking water and build businesses in developing countries to create jobs. They are also strong anti-bullying advocates and work with several non-governmental organizations and nonprofits to set examples of ethical behavior.

10. Bosch

Half of Bosch’s research and development budget is invested in creating environmental protection technology. By 2021 the company will have invested €50 million to support universities and research programs that are focused on the environment, energy and mobility in Germany, India, the U.S and China through Bosch Energy Research Network, otherwise known as BERN.

11. GE

It’s been more than a decade since General Electric launched Ecomagination, its renewable business strategy with a mission to double down on clean technology and generate \$20 billion in revenue from green products. In those ten years, it has manufactured its Evolution Series Tier 4 Locomotive, which will reduce emissions by more than 70% and launched the Digital Wind Farm which can boost a wind farm’s energy production by 20%.

12. Starbucks

With an eye to hiring, Starbucks is looking to diversify their workforce and provide opportunities for certain cohorts. By 2025 it has pledged to hire 25,000 veterans by 2025 as part of their socially responsible efforts. This hiring initiative will also look to hire more younger people with the aim of “helping jump-start careers by giving them their first job”. While globally the company has joined with the UN Refugee Agency to scale up the company’s support and efforts to reach refugee candidates to hire 10,000 refugees by 2022.

RANK HOLDERS FROM WIRC - DECEMBER 2020

| FINAL | | |
|--------|------------------------------|------|
| Sr.No. | Name | Rank |
| 1 | Tarun Rupeshbhai Shah | 19 |
| 2 | Sonali Agrawal | 22 |
| 3 | Parth Maheshwari | 30 |
| 4 | Devansh Vedprakash Chandna | 35 |
| 5 | Ankita Sharma | 37 |
| 6 | Rajeev Prasad Ranjan | 37 |
| 7 | Kuntuprakash Harish Katariya | 40 |
| 8 | Khushboo Rajeshkumar Jain | 47 |

| INTERMEDIATE | | |
|--------------|------------------------|------|
| Sr.No. | Name | Rank |
| 1 | Shrish Kulshrestha | 5 |
| 2 | Aadil Irfan Shaikh | 22 |
| 3 | Mansi Agrawal | 22 |
| 4 | Sandeep Kumar | 34 |
| 5 | Ayush Shekhar Agarwal | 35 |
| 6 | Aakash Soni | 41 |
| 7 | Dhruvil Sanjay Dave | 44 |
| 8 | Hardik Vimalkumar Garg | 50 |

Need of Voluntary Certification of GSTR-9C (by Cost Accountant / Chartered Accountant)



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The Finance Bill 2021 has substituted the Section 44 of CGST Act, 2017, where annual return (GSTR-9) is required to be submitted along with self-certified reconciliation statement (GSTR-9C), earlier GSTR-9C was required to be certified by the Chartered Accountant or Cost Accountant. So there is no change in process of annual audit except for certification.

Now, insulation by way of certification by independent chartered accountant or cost accountant has been dispensed with and more responsibility has been casted on the self-certified person i.e. authorised signatory as well as Board of Directors. During GSTR-9C Certification, we have noticed excess availment of ITC, short payment of tax on RCM basis, short payment of outward tax liability as well as non-payment of taxes on certain taxable supplies, non-reversal of ITC under Rule 42 & 43 of CGST Rules 2017, non-maintenance of books of accounts as mentioned in Section 35 of CGST Act 2017 read with Rule 56 of CGST Rules 2017 and many more and correct liability is discharged, which is considered as voluntary payment, then there is no penalty applicable.

However, if such self-certification is done without fully scrutinizing all aspects as mentioned above, it will get detected by the during the Departmental Audit or CERA Audit or CAG Audit. Generally, such audits are conducted after end of three financial years. Once it is detected by the department, then demand can be raised under Section 73 / 74 of CGST Act 2017 and larger period is extended, since it was mis-declared in self-certified GSTR-9C.

Therefore, penalty as mentioned in Section 122 of CGST Act 2017 will be applicable. The same is reproduced below:

Quote

122. Penalty for certain offences.

(1) Where a taxable person who

- i. supplies any goods or services or both without issue of any invoice or issues an incorrect or false invoice with regard to any such supply;
- ii. issues any invoice or bill without supply of goods or services or both in violation of the provisions of this Act or the rules made thereunder;
- iii. collects any amount as tax but fails to pay the same to the Government beyond a period of three months from the date on which such payment becomes due;
- iv. collects any tax in contravention of the provisions of this Act but fails to pay the same to the Government beyond a period of three months from the date on which such payment becomes due;
- v. fails to deduct the tax in accordance with the provisions of sub-section (1) of section 51, or deducts an amount which is less than the amount required to be deducted under the said sub-section, or where he fails to pay to the Government under sub-section (2) thereof, the amount deducted as tax;
- vi. fails to collect tax in accordance with the provisions of sub-

section (1) of section 52, or collects an amount which is less than the amount required to be collected under the said sub-section or where he fails to pay to the Government the amount collected as tax under sub-section (3) of section 52;

- vii. takes or utilises input tax credit without actual receipt of goods or services or both either fully or partially, in contravention of the provisions of this Act or the rules made thereunder;
 - viii. fraudulently obtains refund of tax under this Act;
 - ix. takes or distributes input tax credit in contravention of section 20, or the rules made thereunder;
 - x. falsifies or substitutes financial records or produces fake accounts or documents or furnishes any false information or return with an intention to evade payment of tax due under this Act;
 - xi. is liable to be registered under this Act but fails to obtain registration;
 - xii. furnishes any false information with regard to registration particulars, either at the time of applying for registration, or subsequently;
 - xiii. obstructs or prevents any officer in discharge of his duties under this Act;
 - xiv. transports any taxable goods without the cover of documents as may be specified in this behalf;
 - xv. suppresses his turnover leading to evasion of tax under this Act;
 - xvi. fails to keep, maintain or retain books of account and other documents in accordance with the provisions of this Act or the rules made thereunder;
 - xvii. fails to furnish information or documents called for by an officer in accordance with the provisions of this Act or the rules made thereunder or furnishes false information or documents during any proceedings under this Act;
 - xviii. supplies, transports or stores any goods which he has reasons to believe are liable to confiscation under this Act;
 - xix. issues any invoice or document by using the registration number of another registered person;
 - xx. tampers with, or destroys any material evidence or document;
 - xxi. disposes off or tampers with any goods that have been detained, seized, or attached under this Act, he shall be liable to pay a penalty of ten thousand rupees or an amount equivalent to the tax evaded or the tax not deducted under section 51 or short deducted or deducted but not paid to the Government or tax not collected under section 52 or short collected or collected but not paid to the Government or input tax credit availed of or passed on or distributed irregularly, or the refund claimed fraudulently, whichever is higher.
- (2) Any registered person who supplies any goods or services or both on which any tax has not been paid or short-paid or

erroneously refunded, or where the input tax credit has been wrongly availed or utilised,

- a. for any reason, other than the reason of fraud or any wilful misstatement or suppression of facts to evade tax, shall be liable to a penalty of ten thousand rupees or ten per cent. of the tax due from such person, whichever is higher;
- b. for reason of fraud or any wilful misstatement or suppression of facts to evade tax, shall be liable to a penalty equal to ten thousand rupees or the tax due from such person, whichever is higher.

(3) Any person who

- a) aids or abets any of the offences specified in clauses (i) to (xxi) of sub-section (1);
- b) acquires possession of, or in any way concerns himself in transporting, removing, depositing, keeping, concealing, supplying, or purchasing or in any other manner deals with any goods which he knows or has reasons to believe are liable to confiscation under this Act or the rules made thereunder;
- c) receives or is in any way concerned with the supply of, or in any other manner deals with any supply of services which he knows or has reasons to believe are in contravention of any provisions of this Act or the rules made thereunder;
- d) fails to appear before the officer of central tax, when issued with a summon for appearance to give evidence or produce a document in an inquiry;
- e) fails to issue invoice in accordance with the provisions of this Act or the rules made thereunder or fails to account for an invoice in his books of account, shall be liable to a penalty which may extend to twenty-five thousand rupees.

Un-Quote

Further, it will be treated as offence in accordance with the clause (f) of Section 132(1) of CGST Act 2017, which is reproduced below:

Quote

132. Punishment for certain offences.

(1) Whoever commits any of the following offences, namely:

- a) supplies any goods or services or both without issue of any invoice, in violation of the provisions of this Act or the rules made thereunder, with the intention to evade tax;
- b) issues any invoice or bill without supply of goods or services or both in violation of the provisions of this Act, or the rules made thereunder leading to wrongful availment or utilisation of input tax credit or refund of tax;
- c) avails input tax credit using such invoice or bill referred to in clause (b);
- d) collects any amount as tax but fails to pay the same to the Government beyond a period of three months from the date on which such payment becomes due;
- e) evades tax, fraudulently avails input tax credit or fraudulently obtains refund and where such offence is not covered under clauses (a) to (d);
- f) falsifies or substitutes financial records or produces fake accounts or documents or furnishes any false information with an intention to evade payment of tax due under this Act;
- g) obstructs or prevents any officer in the discharge of his duties under this Act;

- h) acquires possession of, or in any way concerns himself in transporting, removing, depositing, keeping, concealing, supplying, or purchasing or in any other manner deals with, any goods which he knows or has reasons to believe are liable to confiscation under this Act or the rules made thereunder;
- i) receives or is in any way concerned with the supply of, or in any other manner deals with any supply of services which he knows or has reasons to believe are in contravention of any provisions of this Act or the rules made thereunder;
- j) tampers with or destroys any material evidence or documents;
- k) fails to supply any information which he is required to supply under this Act or the rules made thereunder or (unless with a reasonable belief, the burden of proving which shall be upon him, that the information supplied by him is true) supplies false information; or
- l) attempts to commit, or abets the commission of any of the offences mentioned in clauses (a) to (k) of this section, shall be punishable
 - i. in cases where the amount of tax evaded or the amount of input tax credit wrongly availed or utilised or the amount of refund wrongly taken exceeds five hundred lakh rupees, with imprisonment for a term which may extend to five years and with fine;
 - ii. in cases where the amount of tax evaded or the amount of input tax credit wrongly availed or utilised or the amount of refund wrongly taken exceeds two hundred lakh rupees but does not exceed five hundred lakh rupees, with imprisonment for a term which may extend to three years and with fine;
 - iii. in the case of any other offence where the amount of tax evaded or the amount of input tax credit wrongly availed or utilised or the amount of refund wrongly taken exceeds one hundred lakh rupees but does not exceed two hundred lakh rupees, with imprisonment for a term which may extend to one year and with fine;
 - iv. in cases where he commits or abets the commission of an offence specified in clause (f) or clause (g) or clause (j), he shall be punishable with imprisonment for a term which may extend to six months or with fine or with both.

Un-Quote

Further, certification from chartered accountant or cost accountant will insulate you from penalty and fine, since no willful or malafied intention can be proven. However, after the certification of Chartered Accountant or Cost Accountant, any issue raised by the department during their audit can be only w.r.t. interpretation and not of any errors and omission.

Conclusion:

It has been also observed that during the process of certification of GSTR-9C and while doing the reconciliation with books of accounts, Chartered Accountant and Cost Accountants also advise lot of internal control system and timely determination of correct tax amount payable and reversal of ineligible credit under Section 17 of CGST Act 2017 and also the reversal of common credit under Rule 42 & 43 of CGST Rules 2017.

Further, on determination of liabilities, if liability and interest is paid voluntary then the question of penalty do not arise. Therefore, in the interest of the taxpayer and to safeguard to the authorised signatory and directors, it is advisable to conduct GST audit through Chartered Accountant / Cost Accountant before the filing of annual return and self-certified GSTR-9C.

Value Addition Through Cost Accounting Records



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Product Cost Sheet is one of the significant outputs that may be drawn from the Cost Accounting Records.

And Product Cost Sheet facilitates preparation of MIS Report as mentioned in ANNEXURE 1 which in turn facilitates Optimisation of Productwise Gross Margin / Contribution / Net Margin.

This Report shows :

- 1) Margin after Raw Material Cost – Gross Margin
- 2) Margin after Variable Cost – Contribution
- 3) Margin after Fixed Cost – Net Margin

Some times there may be instances that Selling Price of the Product is less than Its Raw Material Cost.

This calls for strategic decision on the part of the management

This may be due to following reasons :

- 1) When there is a committed contract of supply for given quantity for given period. There is sudden rise in Raw Material Price due to national / international factors. But company is unable to get corresponding rise in Selling Price to offset the impact
- 2) Company does not want to loose its Market Share of the given product
- 3) Customers need few Products in Bunch, and there may be 1 product falling in this category.

Here Company may look for overall Gross Margin / Contribution / Net Margin from all the Products.

For Optimisation of Productwise Gross Margin / Contribution / Net Margin, Management may explore the following Options.

Improve / Optimise Sales Revenue :

Following Actions are recommended to improve & optimise both Sales Quantity and Sales Realisation

- 1) Increasing selling price without affecting the sales volume
- 2) Reducing selling price where such action will substantially increase the volume of sales
- 3) Improving the Product Design, quality, reliability and service to command better prices
- 4) Developing New Markets
- 5) Expanding sales areas
- 6) Better Publicity
- 7) Better After Sales Services

Improvement / Optimisation of Sales Quantity / Sales Realisation offers following advantages, inter alia, others :

- 1) Improvement in Productwise Contribution
- 2) Improvement in Productwise Profitability
- 3) Improvement in Company's Top Line
- 4) Improvement in Company's Bottom Line

In most of the mfg. companies / industries, it will be observed that usually Product Cost is dominated by Raw Material Cost, followed by Utilities Cost including Electricity, followed by Fixed Cost.

For monitoring, controlling & reducing Raw Material Cost, Management should focus on A Category of Raw Materials.

For this, following steps can be taken:

- (1) Any excess usage of A category of Raw Materials requires attention of the management.
- (2) Analysis of excess consumption by production cost centres enables fixation of responsibility.
- (3) Usage of A category of Raw Materials can be brought down with the help of R & D Dept which can suggest suitable modification in the existing process.
- (4) Usage of A category of Raw Materials per MT of Finished Product can also be brought down by purchasing the same Raw Materials of Superior Quality at higher price whereby gain to the company by reducing usage of A category of Raw Materials far exceeds the higher price paid for it.
- (5) Any excess price of A category of Raw Materials over Previous Year requires attention of the management.
- (6) For Controlling price of A category of Raw Materials, any emergency purchase should be avoided. This may require proper coordination between Sales Department, Production Department & Purchase Department.
- (7) Company may explore the possibility of putting up its own Mfg. Facility for A category of Raw Materials after carrying out proper Cost Benefit Analysis. This will ensure uninterrupted supply of A category of Raw Materials at reduced rate (i.e. at mfg. cost).

For monitoring, controlling & reducing Utilities Cost, Management may explore the following options:

- (1) Input / Output ratio of each of the Utilities for Current Year should be compared with that of Previous Year. Any adverse variance of more than 5 % should be addressed by taking timely corrective actions.
- (2) Input / Output ratio can be improved by operating all the utilities at optimum capacity.
- (3) If electricity is a major cost element of product then company can explore the possibility of putting up wind mills to reduce electricity cost.

- (4) If electricity is a major cost element of product then company can also explore the possibility of putting up own power generating plant.
- (5) If electricity is a major cost component, then management should focus on A Category of Cost Centres which may account for atleast 70 % of total electricity consumption.
- (6) Any increase in consumption of electricity Per Unit of Output requires the focus and attention of the management.
- (7) Any increase in consumption utilities without any corresponding increase in output requires focus and attention of the management.
- (8) For controlling & reducing Steam Cost,
- line losses should be brought down to the minimum possible,
 - Input / Output ratio of Steam can be improved either by :
 - substituting one fuel by another fuel or by
 - adding suitable additives to fuels.
- (9) Proper Cost Centrewise Metering should be done for each of the utilities to monitor Cost Centrewise Consumption.
- For monitoring, controlling & reducing Fixed Cost, Management may explore the following options:
- It can be controlled & reduced per MT of Finished Product by operating the Plant at the optimum level.
 - Any adverse variance of more than 5 % as compared to Previous Year should invite the attention of the management.
 - For any substantial increase in Stores Expenses & Repairs Expenses, cost centrewise analysis is required to be done to fix up the responsibility and for taking corrective action.
 - Expenses with respect to Stationery for Computer & Stationery for other Office use can be controlled by entering into Annual Rate Contract with concerned suppliers which can be either for a given period or for a given quantity.

ANNEXURE 1 – MIS Report showing Productwise Gross Margin, Contribution and Net Margin

| PRODUCTS | SALES VALUE | RAW MATERIALS COST | GROSS MARGIN | OTHER VARIABLE COST | CONTRIBUTION | FIXED COST | NET MARGIN |
|-----------|-------------|--------------------|--------------|---------------------|--------------|------------|------------|
| | RS MT | RS MT | RS MT | RS MT | RS MT | RS MT | RS MT |
| 1 | 2 | 3 | 4=2-3 | 5 | 6=4-5 | 7 | 8=6-7 |
| PRODUCT 1 | | | | | | | |
| PRODUCT 2 | | | | | | | |
| PRODUCT 3 | | | | | | | |
| PRODUCT 4 | | | | | | | |
| PRODUCT 5 | | | | | | | |
| PRODUCT 6 | | | | | | | |
| PRODUCT 7 | | | | | | | |

NOTE : VIEWS EXPRESSED ARE THE PERSONAL VIEWS OF THE AUTHOR

CMA's - careers in employment and industry - for experienced, freshers and semi-qualified Webinar series by WIRC of ICAI – For recording of the sessions please refer below links

- Jobs help for CMA finalist - CMA Rammohan Bhavé – 19th April 2021 <https://youtu.be/LDq19r3tmH0> -
- CMA which skill sets are in demand in Jobs - CMA Jayant Manmadkar – 20th April 2021 <https://youtu.be/PZYvFSq3nf4> -
- Interview skills for CMA - CMA Jaideep Dasgupta – 21st April 2021 <https://youtu.be/V7cszsWu2JE> -
- Existing vacancies with guidance on how to apply for CMA Vacancies - CMA Rammohan Bhavé – 22nd April 2021 <https://youtu.be/wYFlkJo790o> -
- How to find job vacancies - CMA Ajay Mohan – 23rd April 2021 <https://youtu.be/gzJZFeSACrs> -
- Job help for CMA inter - CMA Dilip Raut – 24th April 2021 <https://youtu.be/p74daF06mGo> -
- How to negotiate salary for CMA Jobs- CMA Sanjay Parnerkar – 25th April 2021 https://youtu.be/mN6anBUK2_E -
- CV preparation skills for CMA's - CMA Vinod Agrwal – 26th April 2021 <https://youtu.be/IITBxf9fAyQ> -

GST Corner

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1. Notification No. 7/2021-CT dated April 27, 2021

Vide the captioned notification, the CBIC has amended Rule 26 of the CGST Rules, 2017 to provide the facility of filing GSTR-3B and GSTR-1 or invoice furnishing facility using EVC instead of DSC, for the Companies for the period from April 27, 2021 to May 31, 2021.

2. Notification No. 06/2021 – Central Tax dated March 30, 2021

The captioned notification has amended the notification

Notification No. 89/2020 – Central Tax dated November 29, 2020 to extend the waiver of penalty leviable under Section 125 of the CGST Act, 2017 (i.e. general penalty) for non-compliance of provisions of Notification No. 14/2020–Central Tax dated March 21, 2020 (i.e. provisions of Capturing of Dynamic QR Code in GST Invoices) between the period from December 1, 2020 to June 30, 2021, subject to the condition that the said person complies with the provisions of the said notification from July 1, 2021.

Compliance Calendar:

| Period | Due date | Return | Who should file? |
|--------------------------|---------------|-------------------|--|
| April 2021 | 10th May 2021 | GSTR 7 | To be filed by the persons who is required to deduct TDS (Tax deducted at source) under GST |
| April 2021 | 10th May 2021 | GSTR 8 | To be filed by the e-commerce operators who are required to deduct TCS (Tax collected at source) under GST |
| April 2021 | 11th May 2021 | GSTR 1 | Taxpayers having an aggregate turnover of more than Rs. 1.50 Crores or opted to file Monthly Return |
| April 2021 | 13th May 2021 | GSTR 1 IFF (QRMP) | For the taxpayers who opted for QRMP scheme (Optional) |
| April 2021 | 13th May 2021 | GSTR 6 | Input Service Distributors |
| April 2021 | 20th May 2021 | GSTR 5 & 5A | Non-Resident Taxpayers and ODIAR services provider |
| April 2021 | 20th May 2021 | GSTR 3B | The due date for GSTR-3B |
| For all Quarterly filers | 25th May 2021 | GST Challan | GST Challan Payment if no sufficient ITC for April (for all Quarterly Filers) |

CMAs - careers in employment and industry - for experienced, freshers and semi-qualified Webinar series by WIRC of ICAI – 19th to 26th April 2021

ICAI - WIRC has organised Webinar series for CMAs for careers in employment and industry - for experienced, freshers and semi-qualified from 19th April 2021 to 26th April, 2021. The series has got overwhelming response to a record participant of full capacity of 250 in many sessions and scheduled time of 2 hours extended by half an hour to one hour at many occasions.

CMA Rammohan N. Bhave (Limca Record Holder & Asia Pacific Record Winner on biggest webinar CA, CMA, CS, LL.B. (G.), IFRS– ICAI, Six sigma green belt, Dip IFR, ACCA, London) has identified the need of core guidance on many aspects of the Job Help for CMAs. The idea was very well upheld by CMA Harshad Deshpande - Chairman - WIRC and CMA Mahendra Bhombe - Chairman - PD Committee – WIRC.

The sessions have included Jobs help for CMA finalist - CMA Rammohan Bhave, CMA which skill sets are in demand in Jobs - CMA Jayant B Manmadkar, Interview skills for CMA - CMA Joydeep Dasgupta, Existing vacancies with guidance on how to apply for CMA Vacancies - CMA Rammohan Bhave, How to find job vacancies - CMA Ajay Mohan, Job help for CMA inter - CMA Dilip Raut, How to negotiate salary for CMA Jobs- CMA Sanjay Parnerkar and CV preparation skills for CMAs - CMA Vinod Agrwal.

The recordings of the sessions have been uploaded on WIRC - ICAI official YouTube channel - ICAI-WIRC CMA.

DIRECT TAX CORNER

Compiled by
CMA Harshesh Pandya

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In the second wave of Covid-19 our country has been suffering from extreme level of pain and stress. No one could imagine this situation. I wish the situation becomes normal as early as possible.

Many representations are being presented by different bodies of tax practitioners for extending the due dates of various compliances for the month of April-2021 and the has given the extension demanded. The CBDT has issued circular number 08/2021 dated 30/04/2021, extending the various due dates for various compliances as follows.

- a) Appeal to Commissioner (Appeals) under Chapter XX of the Act, for which the last date of filing under that Section is 1st April, 2021 or thereafter, may be filed within the time provided under that Section or by 31st May, 2021, whichever is later;
- b) Objections to Dispute Resolution Panel (DRP) under Section 144C of the Act, for which the last date of filing under that Section is 1st April, 2021 or thereafter, may be filed within the time provided under that Section or by 31st May, 2021, whichever is later;
- c) Income-tax return in response to notice under Section 148 of the Act, for which the last date of filing of return of income under the said notice is 1st April, 2021 or thereafter, may be filed within the time allowed under that notice or by 31st May, 2021, whichever is later;
- d) Filing of belated return under sub-section (4) and revised return under sub-section (5) of Section 139 of the Act, for Assessment Year 2020-21, which was required to be filed on or before 31st March, 2021, may be filed on or before 31st May, 2021;
- e) Payment of tax deducted under Section 194-IA, Section 194-IB and Section 194M of the Act, and filing of challan-cum-statement for such tax deducted, which are required to be paid and furnished by 30th April, 2021(respectively) under Rule 30 of the Income-tax Rules, 1962, may be paid and furnished on or before 31st May, 2021;
- f) Statement in Form No. 61, containing particulars of declarations received in Form No.60, which is due to be furnished on or before 30th April, 2021, may be furnished on or before 31st May, 2021.

The CBDT has clarified with Circular Number 2 of 2021 dated 03/03/2021 regarding the Residential Status of and Individual for the PY-2019-20 and 2020-21.

Residential status of certain individuals under Income-tax Act, 1961:

As per Section 6 of the Income-tax Act, 1961 (the Act)

contains provisions relating to determination of residency of a person. The status of an individual, as to whether he is resident in India or a non-resident or not ordinarily resident, is dependent, inter-alia, on the period for which the person is in India during a previous year or years preceding the previous year.

Relaxation for Previous Year 2019-20

Considering the COVID-19 pandemic and the resultant overstay of an individual who had come to India on a visit before 22nd March 2020, circular no 11 of 2020 dated 8th May 2020 was issued by the Central Board of Direct Taxes (the Board) under section 119 of the Act to avoid genuine hardship in such cases. It was clarified that for the purpose of determining the residential status under section 6 of the Act during the previous year 2019-20 in respect of an individual who has come to India on a visit before 22nd March 2020 and:

- a) has been unable to leave India on or before 31st March 2020, his period of stay in India from 22nd March 2020 to 31st March, 2020 shall not be taken into account; or
- b) has been quarantined in India on account of Novel Corona Virus (Covid-19) on or after 1st March, 2020 and has departed on an evacuation flight before 31st March 2020 or has been unable to leave India on or before 31st March 2020, his period of stay from the beginning of his quarantine to his date of departure or 31st March, 2020, as the case may be, shall not be taken into account; or
- c) has departed on an evacuation flight before 31st March 2020, his period of stay in India from 22nd March 2020 to his date of departure shall not be taken into account.

Residential Status for Previous year 2020-21

The Board has received various representations requesting for relaxation in determination of residential status for previous year 2020-21 from individuals who had come on a visit to India during the previous year 2019-20 and intended to leave India but could not do so due to suspension of international flights. The matter has been examined by the Board and following facts have emerged:

1. Short stay will not result in Indian residency

There may be a situation where a person, who was a non-resident during the previous year 2019-20, gets stranded in India by reason of the COVID-19 pandemic for some time during the previous year 2020-21 ('PY 2020-21'). In such situations, there are less chances that the person would acquire residence status in India during the PY 2020-21 only for this reason as explained below:

A. A citizen of India or a person of Indian origin

may become resident in India only in one of the following situations:

- (i) if his total income from Indian sources (i.e., other than the income from foreign sources) does not exceed fifteen lakh rupees in PY 2020-21 and he stays in India for 182 days or more during the PY 2020-21; or
- (ii) if his total income from Indian sources (i.e., other than the income from foreign sources) exceed fifteen lakh rupees in PY 2020-21
 - (a) he stays during PY 2020-21 for 182 days or more; or
 - (b) he stays during the PY 2020-21 for 120, days or more and also stays for 365 days or more in preceding four previous years.

Thus, generally, a person will become resident in India for the PY 2020-21 only if he stayed in India for 182 days or more unless he is covered by the exceptions discussed above.

2. Possibilities of dual non-residency in case of general relaxation:

Most of the countries have the condition of stay for 182 days or more for determining residency. Thus, a person in most situations will be resident in only one country since there are 365 days in a year. In fact, if general relaxation for the stay period of 182 days is provided, there may be cases of double non-residency. In such situation, a person may not become a tax resident in any country in PY 2020-21 even after staying for more than 182 days or more in India resulting in double non-taxation and end up not paying tax in any country.

3. Tie breaker rule as per Double Taxation Avoidance Agreement (DTAA):

A person may become resident in India in some cases even if he stays for less than 182 days in India. In that situation, there may be a case of dual residency. However, due to applicability of Double Taxation Avoidance Agreement (DTAA), such person will become resident of only one country as per the “tiebreaker rule” in the DTAA. For example, the Indo-USA DTAA contains following tiebreaker rule in Article 4(2):

“Where by reason of the provisions of paragraph I, an individual is a resident of both Contracting States., then his status’ shall be determined as follows:

- a) he shall be deemed to be a resident of the State in which he has a permanent home available to him; if he has a permanent home available to him in both States, he shall be deemed to be a resident of the State with which his personal and economic relations are closer (centre of vital interests);
- b) if the State in which he has his centre of vital interests cannot be determined, or if he does not have a permanent home available to him in either State, he shall be deemed to be a resident of the State in which he has an habitual abode;
- c) if he has an habitual abode in both States or in neither of them, he shall be deemed to be a resident of the State of which he is a national.

- d) if he is a national of both States or of neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement.”

Thus, as per the provisions of the Indo-USA DTAA, a person can become resident of two countries only in the following case:

- a) he has a permanent home available to him in both countries or in none of the two countries; and
- b) centre of vital interests cannot be determined; and
- c) he has a habitual abode in both States or in neither of them; and
- d) he is a national of both States or of neither of them.

Even in such situations when all the above (a) to (d) are applicable (which may be a very rare situation), the Indo-USA DTAA provides a resolution mechanism through Mutual Agreement Procedure.

It is also relevant to note that even in cases where an individual became resident in India due to exceptional circumstances, he would most likely become not ordinarily resident in India and hence his foreign sourced income shall not be taxable in India unless it is derived from business controlled in or profession set up in India.

4. Employment income taxable only subject to conditions as per DTAA:

Further, Article related to employment income in the DTAA with different countries governs the taxation of employment income. For example, Article 16 of the Indo-USA DTAA provides following for taxation of employment income:

“DEPENDENT PERSONAL SERVICES

1. Subject to the provisions of Articles 17 (Directors’ Fees), 18 (Income Earned by Entertainers and Athletes), 19 (Remuneration and Pensions in respect of Government Service), 20 (Private Pensions, Annuities, Alimony and Child Support), 21 (Payments received by Students and Apprentices,) and 22 (Payments received by Professors, Teachers and Research Scholars) salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other State.
2. Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of a Contracting State in respect of an employment exercised in the other Contracting State shall be taxable only in the first-mentioned State, if
 - a) the recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days in the relevant taxable year;
 - b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State; and

- c) the remuneration is not borne by a permanent establishment or a fixed base or a trade or business which the employer has in the other State.
3. Notwithstanding the preceding provisions of this Article, remuneration derived in respect of an employment exercised aboard a ship or aircraft operating in international traffic by an enterprise of a Contracting State may be taxed in that State.”

The DTAA distributes the taxation rights between the employee’s jurisdiction of residence and the place where the employment is exercised. Salaries, wages and other similar remuneration are taxable only in the country in which the employee is resident unless the employment is exercised in the other country. Generally, as per the DTAA, such other country (the source jurisdiction) has taxation rights only if the employee is present in that country for more than 183 days or the employer is a resident of the source jurisdiction, or the employer has a permanent establishment in the source jurisdiction that bears the remuneration. Accordingly, if a USA resident under employment of a USA corporation has got stranded in India and performs employment from India, its salary will not be taxable in India unless he is present in India for 183 days or more during the PY 2020-21 or if the salary is borne by Indian permanent establishment of such USA corporation.

5. Credit for the taxes paid in other country:

Further, a resident person in India shall be entitled to claim credit of the taxes paid in any other country in accordance with the rule 128 of the Income-tax Rules, 1962.

6. International Experience

A. The Organisation for Economic Co-operation and Development (OECD)

The Organisation for Economic Co-operation and Development (OECD) in its OECD Policy Responses to Coronavirus (COVID-19), [OECD Secretariat analysis of tax treaties and the impact of the COVID-19 crisis, Version 3 April 2020 available at <https://www.oecd.org/coronavirus/policy-responses/oecd-secretariat-analysis-of-tax-treaties-and-the-impact-of-the-covid-19-crisis-947dcb01/> has provided following guidance on this matter:

“28. Despite the complexity of the rules, and their application to a wide range of potentially affected individuals, it is unlikely that the COY:ID-19 situation will affect the treaty residence position.

30. Two main situations could be imagined:

1. A person is temporarily away from their home (perhaps on holiday, perhaps to work for few weeks) and gets stranded in the host country by reason of the COVID-19 crisis and attains domestic law residence there,
2. A person is working in a country (the “current home country”) and has acquired residence status there, but they temporarily return to their “previous home country” because of the COVID-19 situation. They may either never have lost their status as resident of their

previous home country under its domestic legislation, or they may regain residence status on their return.

31. In the, first scenario, it is unlikely that the person would acquire residence status in the country where the person is temporarily because of extraordinary circumstances, There are however rules in domestic legislation deeming a person to be a resident if he or she is present in the country, for a certain number of days, But even if the person becomes a resident under such rules, if a tax treaty is applicable, the person would not be a resident of that country for purposes of the tax treaty. Such a temporary dislocation should therefore have no tax implications.
32. In the second scenario, it is again unlikely that the person would regain residence status fin’ being temporarily and exceptionally in the previous home country, But even if the person is or becomes a resident under such rules, if a tax treaty is applicable, the person would not become a resident of that country under the tax treaty due to such temporary dislocation.”

Thus, it has been recognised by the OECD that DTAA’s contain the necessary provisions to deal with the cases of dual residency arising due to COVID-19 situations.

B. Relief by other countries:

A study of the measures taken by different countries reveals that there is mix response some of the countries have provided relief for certain number of days subject to the satisfaction of prescribed conditions whereas some of the countries have not provided any relief. For example, USA have provided relief up to a maximum of 60 days subject to the satisfaction of certain conditions and furnishing of information in specified Form. Similarly, UK has provided relief of 60 days in exceptional circumstances depending on fact and circumstances of each case. Similarly, Australia issued guidelines for allowing relief by examining facts and circumstances. Germany has clarified that in the absence of a risk of double taxation, there is basically no factual inequity if the right to tax is transferred from one contracting state to another due to changed facts.

Circular can be viewed with following link

<https://www.incometaxindia.gov.in/communications/circular/residency-circular-02-of-2021.pdf>

https://www.incometaxindia.gov.in/communications/circular/circular_no_8_2021.pdf



Due dates for the month of May-2021:

1. 15-05-2021 - Quarterly statement of TCS deposited for the quarter ending March 31, 2021
2. 31-05-2021 - Quarterly statement of TDS deposited for the quarter ending March 31, 2021
3. 31-05-2021 - Due date for furnishing of statement of financial transaction u/s 285BA in respect of FY 2020-21

CHAPTER NEWS

AHMEDABAD

Felicitations of Mrs. Alpa A Dagli on her retirement

A felicitation program for Mrs. Alpa A Dagli was organized on 31st March 2021. Mrs. Alpa A Dagli retired on 31st March 2021 and was felicitated by bouquet and a Letter of Appreciation. CMA Ashwin Dalwadi-CCM, CMA Ashish Bhavsar, Secretary, WIRC and Managing Committee members of Ahmedabad Chapter were present for the program. CMA Ashwin Dalwadi-CCM gave farewell speech on her retirement and wished all the best for happy & healthy life. CMA Ashish Bhavsar, Secretary, WIRC also recalled memories spent with her on Chapter's activities. Mrs. Alpa A Dagli reciprocated with thanks to all Past and Present Committee members, Members and her subordinate staff.

Book Release Function

A Book "Pharmaceuticals Pricing – The Drugs [Prices Control] Order 2013, A Practical Approach" written by CMA Vivek Agrawal was released on 3rd April 2021 at the hands of CMA Ashwin Dalwadi-CCM, CMA Ashish Bhavsar, Secretary, WIRC and Managing Committee members of Ahmedabad. CMA Haren Bhatt-Chairman of Chapter welcomed the author CMA Vivek Agrawal & his family members. CMA Vivek Agrawal briefed the content.

Vaccination Camp

Chapter jointly with Ahmedabad Municipal Corporation organized a Covid Vaccination Camp at Orient Club, Ellisbridge, Ahmedabad on 9th April 2021 for the benefit of the members, students and their families of Ahmedabad Chapter of Cost Accountants. Members, students and their families participated enthusiastically in the Vaccination Camp.

BHARUCH-ANKLESHWAR

Chapter organised a Felicitations Programme for December-2020 Foundation, Intermediate & Final Course Passed students on 31st March 2021 at Chapter office by taking all necessary safety precautions & following the Govt. Guidelines.

CMA Panchal, Member of Bharuch-Ankleshwar Chapter welcome the dignitaries & students.

CMA Harshad Deshpande, Chairman WIRC and CMA Bhanvarlal ji (Joint Secretary of Surat Chapter of ICMAI) were the Chief Guest for the Programme.

CMA Rajendra Mehta, Chairmen of Bharuch-Ankleshwar Chapter & CMA Azhar Patel, Member & Teaching Faculty of Bharuch-Ankleshwar Chapter were also present during the function.

All the students present were felicitated at the hands of Chief Guests & Present Member of Bharuch-Ankleshwar Chapter of ICMAI with a Gift of Wall Clock having printed Logo of Bharuch-Ankleshwar Chapter.

NASIK-OJHAR

Webinar on "Coping strategy with new normal" for students

Chapter conducted webinar on "Coping strategy with new normal" for CMA session during this pandemic COVID-19 situations through Google meet platform. The speaker for said webinar was Ms. Ruby Uniyal, MA (Industrial Psychology), B.Ed., a renowned professor in KTHM College, Nashik.

She explained students how to cope up with new challenges that everybody is facing during this pandemic situation.

Welcome speech was delivered by CMA Maithili Malpure and vote of thanks delivered by Managing Committee Member CMA Nikhil Pawar.

NAVI MUMBAI

Webinar on Corporate Governance in Central PSU

Chapter conducted a Webinar on "Corporate Governance in Central PSU" on 18th April 2021 via Google Meet. The speaker for this event was CMA Debashish Mitra G.M.- Finance, Konkan Railway Corporation and was welcomed by CMA Sirish Vasant Mohite Chairman of the Chapter.

CMA Vivek Bhalerao-PD Chairman of the Chapter welcomed the participants. The participants consisted of Cost Accountants in Employment as well as in Practice and it was a very good interactive session.

The presentation & the interactive workshop came to an end with the Past Chairman of the Chapter CMA L. Prakash providing the concluding remarks along with the Vote of Thanks.

PIMPRI-CHINCHWAD-AKURDI

Webinar on "Strategy of CMAs for revival of MSMEs (Post COVID-19)"

Chapter conducted webinar on 'Strategy of CMAs for revival of MSMEs (Post COVID-19)' on 17th April 2021 through Google Digital platform. CMA Sagar Malpure, Member of the Managing Committee of PCA Chapter welcomed all the participants and introduced the speaker CMA Amar Kakaria, Investment Banker and CMA Mandar Zalkikar, Debt. Syndication Specialist.

CMA Mandar Zalkikar in his speech started with categorization of SMEs and MSMEs. He said, MSMEs was categorized into two parts, one is Manufacturing and second is Service. These two parts were also categorized into three sub-parts; Micro Enterprises, Small Enterprises & Medium Enterprises. Accordingly, he focused on old norms and new norms of MSMEs. He said, MSMEs is a Heart of our Economy. Over 6.5 crore enterprises are operating across the country. It's almost equal distribution in Manufacturing, Services and Trading. Only 1.35 crore MSMEs are registered under MSMEDA, 2006 with Udyog Aadhar. Around 30 lakhs MSMEs are registered with Udyam.

CMA Amar Kakaria in continuation with the session explained that CMAs must have Focus on Revenue Maximisation, Cost Reduction is Mandatory, Employee Management, Receivable and Payable Management. CMAs have a great role to play by capitalising on their financial domain expertise, legal acumen and business knowledge. The session was well interactive. The seminar was attended by Members in practice, Professionals, Members from industries and Students in large numbers.

Webinar on "Boiler and Turbine Performance Analysis"

Chapter conducted webinar on 'Boiler and Turbine Performance Analysis' on 24th April 2021 through Google Digital platform.

CMA Pradeep Deshpande, Secretary of PCA Chapter welcomed all the participants and introduced the speaker CMA Dhananjay Kumar Vatsyayan, Vice-Chairman & PD Committee Chairman of PCA Chapter. CMA Dhananjay Kumar Vatsyayan in his speech started with what is Steam and How it's creates. He also focused on Latent Heat and Steam Cycle.

The session was well interactive. CMA Ashish Deshmukh, Past Chairman of PCA Chapter proposed a vote of thanks.



CMA Harshad Deshpande, Chairman WIRC seen with Panelist during Valedictory Session of Series of webinar on CMAs - Careers in Employment and industry organized by WIRC from 19th to 26th April 2021.



CMA Harshad Deshpande, Chairman WIRC addressing students during Inauguration of Online classes for Final Students organized by WIRC on 3rd May 2021.



Managing Committee members of Ahmedabad Chapter releasing Book written by CMA Vivek Agrawal on 3rd April 2021



CMA Ashwin Dalwadi, CCM-ICAI felicitating Mrs. Alpa A Dagli, Staff member Ahmedabad Chapter on her retirement



CMA Harshad Deshpande, Chairman WIRC, CMA Bhanwar Lal Gurjar Joint Secretary of Surat Chapter, CMA Rajendra Mehta, Chairmen of Bharuch Ankleshwar Chapter and other Committee members of Bharuch Ankleshwar Chapter alongwith successful Students of December 2020 examination during Felicitation function organized by Bharuch Ankleshwar Chapter on 31st March 2021.



Caption - Covid Vaccination Camp jointly organised by Ahmedabad Municipal Corporation and Ahmedabad Chapter of Cost Accountants on 9th April 2021

WIRC BULLETIN ADVERTISEMENT TARIFF

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Rs. 1000/- for Quarter Page advt from PCMA or PCMA firms for CMA Trainees requirement.

Theme for June 2021

Theme for June month is **Artificial Intelligence and Machine learning – New Age Tools**

Sub Theme:

- Artificial Intelligence
- Python for Data Science
- Machine learning
- Deep Learning with Tensorflow and Keras
- Artificial Intelligence & Machine Learning – Impact on Human Life
- AI & ML – use as Audit Tool
- AI & ML – Tool for Cost Control & Cost Reduction

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 May 2021.

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

To,



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