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MANAGEMENT TECHNIQUES AND COST REDUCTION

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

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Inside Bulletin

Campus Placement: April 2022

After a gap of 2 years, The Members in Industry & Placement Committee of The Institute of Cost Accountants of India conducted Campus Placement for the December 2021 Final Passed Students by offline mode during 6th to 8th April 2022 at Aruna Manharlal Shah Institute of Management, Mumbai. Total 15 Companies participated in Campus and selected 121 students. The highest package was from Indian Oil Corporation amounting to Rs.16.00 lakh per annum.

Sr.No.	Name of the Company
1	Accenture
2	Indian Oil Corporation
3	ITC TM&D
4	L & T
5	Tata Motors
6	Vedanta
7	ICICI BANK

Sr.No.	Name of the Company
8	ITC Foods
9	HOLCIM Global Hub Business Services
10	CAPGEMINI
11	UBS
12	Capita
13	Invenio Solutions
14	Cytel
15	Deloitte

FROM THE DESK OF CHAIRMAN

Dear Professional Colleagues,

Namaste !!

Nelson Mandela : "It always seems impossible until it's done ."

The Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Bill, 2022 was passed by Lok Sabha without any amendment and got the assent of the Hon'ble President of India on 18th April 2022. The Finance Minister has during the course of debate in the Parliament recognised the importance of the three Institutes, the Cost Accountants, the Chartered Accountants, and the Company Secretaries in the corporate governance structure. She has also said that the objective of this amendment bill is to strengthen all three Institutes without affecting the autonomy that they enjoy. The main amendments are relating to the change in various Disciplinary processes such as the composition of Board of Discipline and Disciplinary Committee, fixation of timelines, power to take action against firms, formation of a Co-ordination Committee of the three professional Institutes. Another important aspect is the Act makes no mention of the Indian Institute of Accountants (IIA).

World economy is just waiting and trying to analyse the impact of Russia-Ukraine War on Europe and America as war still continues after 60 days on one side and pandemic on China's economy on the other side. The whole world economy is going slow as consumer and business spending and industries production is slow, stress on construction and property market, large drops in spending on automobiles, jewellery, and clothing. World inflation is a major concern and almost all countries are worried about the high inflation and trying to curb the same.

Inspite of all geopolitical risks and continuing fear of coronavirus, the Indian Economy is set to be in some better position with early sign of revival. The GST collections during 2021-22 was Rs. 14.83 trillion with record collections of Rs.1.40 trillion in March 2022. Even the April 2022, collection of GST has broken all the records and reached to Rs. 1.68 trillion breaking the earlier highest of March 2022. The direct tax collection has also reached to Rs.13.81 trillion during FY2022 as against the net collections of Rs.9.23 trillion in FY2021. This itself is reflecting intensified economic activities.

India is also passing through a high inflation and trying to find out the solution to this problem so that the economy which is getting on recovery path after COVID-19 will not be hit back. To protect the same, the RBI has continued to maintain the interest rate and has not increased in the same in the recent monetary policy. RBI has also announced to withdraw the excess liquidity from the system.

With start of April, Corporates have started declaring the results and it shows that the Indian economy is on the path of revival and the Government policies of Make in India, Atamnirbhar Bharat, Digital India, Start-ups etc. are ready to give the results and strengthen the Indian economy in the coming years.

The Members in Industry & Placement Committee of The Institute of Cost Accountants of India conducted Campus Placement for the December 2021 Final Passed Students by offline mode during 6th to 8th April 2022 at Aruna Manharlal Shah Institute of Management, Mumbai. Total 15 Companies participated in Campus and selected 121 students.

After successful Regional Cost Convention (RCC) held during March 2022 members now have an opportunity to witness another big event i.e., 60th National Cost Convention to be held on 27th & 28th May at Lucknow on the theme of “Self Reliance through Enlightenment”. I appeal to all the members & students to participate in large numbers & make the event successful.

The Institute has decided to celebrate International Management Accounting Day on 6th May. Accordingly the Management Accounting Committee has decided to mark the occasion by holding Seminar on Management Accounting followed by a Summit on Corporate Law by the Corporate Laws Committee in Mumbai. The program is for 2 days, 6th May 2022 & 7th May 2022. The program will be a good opportunity for the members to learn about new & emerging areas in the domain of Management Accounting and Corporate Laws.

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

- The Members in Industry and Placement Committee of the Institute conducted Campus Placement for the December 2021 Final Passed students during 6th to 8th April 2022 at Aruna Manharlal Shah Institute of Management, Mumbai. Total 14 Companies participated in Campus and selected 121 students. The highest package was from Indian Oil Corporation amounting to Rs.16.00 lakh per annum.

- WIRC jointly with Pimpri-Chinchwad-Akurdi Chapter organised a Webinar on Strategic Cost Management on 16th April 2022. CMA Dhananjay Kumar Vatsyayan, Chairman, PCA Chapter & Practicing Cost Accountant was the speaker.

- On the occasion of 5th Foundation Day of ICMAI-RVO, WIRC of ICAI in association with ICMAI-RVO organised Seminar on How to read a Valuation Report on 3rd May 2022 at Thane SMFC. CMA Deepak Ukidave was the speaker.

I wish happy Akshaya Tritiya, Eid and Parshuram Jayanti to all the Members, Students and their families.

Stay safe, Stay healthy.

With Best Wishes,

CMA Dinesh Kumar Birla
Chairman, ICAI-WIRC

FROM DESK OF CHIEF EDITOR

My dear professional colleagues,

The highest education is that which does not merely give us information but makes our life in harmony with all existence.

— -Rabindranath Tagore

May peace, health and happiness be with you in every walk of your life.

With all of yours over whelmed response and the support of our esteemed resource contributors, we are presenting WIRC Bulletin- the outer face for the stakeholder with the theme “Management Techniques and Cost Reduction” for the month of May 2022.

An effective cost-excellence drive focuses on closing gaps and eliminating shortcomings, addressing both the input (necessary resources and costs) to produce a product or service and the output (the quality that the customer requires) for which implementation of sound costing system, appropriate tool to ensure the achievements and moreover application of the management techniques.

In an Industry, Cost reduction in Project Management, Cost reduction in material management and Cost reduction in supply Chain Management should be the major focussed areas.

The cost of input materials, Depreciation, Employee Cost and utilities are the key cost drivers in a Manufacturing sector, directly affecting profitability. Like most effective business cost-cutting measures, reducing the cost of goods starts with a thorough analysis of the various direct and ancillary ways in which the base materials consume cash flow.

Similarly, managing the budget is a continuous process where project managers are always looking for innovative ways to successfully deliver the project. Improper resource allocation can blow up project costs and cause budget overrun. It adversely affects project profitability, and managers might have to seek additional approval from the project sponsor to continue their work.

Budgetary Control, Standard costing, Cost benefit analysis, Value analysis and value engineering, Contribution analysis, Job evaluation and merit rating, Resource mapping are the effective Management techniques for the Cost reduction need to be followed by the enterprise

Hope, the articles contained in this Bulletin will be of immense use of yours.

I, on behalf of the Western India Regional Council of the Institute of Cost Accountants of India, extend my gratitude to all our resource contributors and the team WIRC for release of Bulletin on time.

Truly Yours.

CMA Arindam Goswami
Chairman, Editorial Board

Systematic approach to be adopted by a CMA for Cost Reduction

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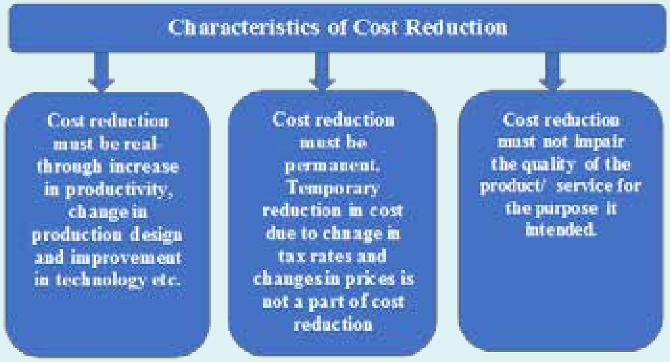
Cost competitiveness is the only mantra to sustain in today's cutthroat competition. But it is not so easy to achieve as it sounds. Unfortunately, nearly 45 percent of companies that pursue cost reduction initiatives fail to meet their targets, leaving profitability improvement on the conference table or in papers. Realized cost savings are increasingly difficult to sustain year after year, the impact of which is exacerbated by the low-growth and stagnation. The cost reduction devices should be complemented with an innovative source of measures in the existing business without impairing the quality of the product/ service for the purpose it intended. A lack of realism of the Management vision today may costs the company in its existence tomorrow.

Features of Cost Reduction:

a. Improving the present state of standards of the activities of the organisation.
b. Achieving improvements through corrective functions.
c. Always lookout for opportunities to take measures and avail alternatives to reduce cost
d. It is continuous, dynamic and innovative in nature.



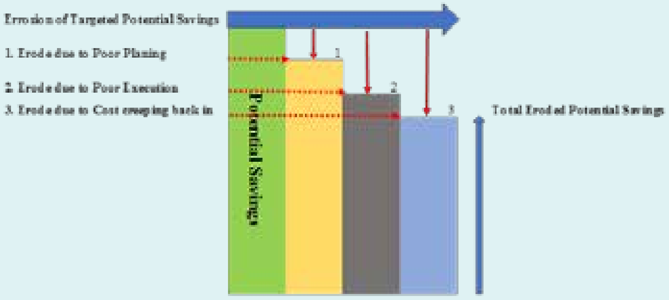
A CMA and his team should consider the above features and characteristics of cost reduction to drive Cost Reduction Programme. The team should consist of technical and non-technical person from the department on which the cost reduction programme will be applied. No one knows the ins and outs of their department better than the employees working there.

If a CMA as a Cost Controller wants to make the organization more Cost efficient, then he/she needs a strategic roadmap. Below are the five steps to focus on for optimising cost reduction rather than just random cutting of expenses.

A. Prepare a Strategy: The right cost reduction strategies keep a company competitive within its industry. Prepare a streamline strategy and ensure it is consistently understood across the organisation.
B. Align Cost to Strategy: Study each and every activity of the organisation and differentiate the strategically-critical 'good cost' from the non-essential 'bad cost'.
C. Think High to drive the strategy: Data analytics, innovative ideas, suitable application of cost reduction techniques will radically optimise the cost base.
D. Set direction: Deliver cost optimisation as a strategic business transformation programme.
E. Create a culture of cost optimisation: Embed a culture of ownership and incentivise continuous improvement.

A CMA has to decide and articulate cost reduction strategy on, what are the targeted savings, where they will come from, who is accountable for them, and how they will be achieved. Next is about putting the plan into action and committing the resources to achieve the targeted savings. A CMA has to ensure that cost reduction achieved should be permanent and does not creep back in after some time. The success of cost reduction is in not just identifying the potential savings, but making them real and adhere to it.

It is observed that expected realized savings often fall short of targets due to (i) Poor Planning, (ii) Poor execution and (iii) Cost creeping back in.



Reason for nearly 45 percent of companies that pursue cost reduction initiatives fail to meet their targets.

Elaboration of the above five steps to focus on optimising cost reduction.

A. Cost reduction Strategy - Roadmap:

1. Identification & elimination of activities which are not required.
2. Stabilizing the process to prevent defects, rework, double handling and backflow.

3. Standardising the process to get the same result every time and prevent variations between people and shifts.
4. Balancing of resources to reduce overloading and idling.
5. Simplifying the production line through modularisation and streamlining workflows by removing unnecessary steps.
6. Automation of process after cost benefit analysis.
7. Centralising activities to reduce duplication and increase accountability.

B. Align Cost Reduction Strategy into a Growth Strategy:

Most important activity for strategic cost reduction is to identify bad cost, good cost and best cost.

- Bad cost – The costs that do not align with the overall growth strategy of the company. Identify the bad cost and eliminate them.
- Good cost – The costs that support the company's overall growth goals strategy. These are based on an understanding of customer preferences and align them with the organization's operations.
- Best cost – The best cost builds and expands a company's truly transforming capabilities. These capabilities are unique being hard to copy and difficult to replicate by others.

Good and bad costs can occur across all activities of the business and also in both the micro and macro levels. Even cutting bad costs at a very micro level -- for example, reducing power usage by turning off the lights and computers when not required-- can make a significant difference to resource availability. Those resources can then be applied toward good costs, making them more productive and aligned with strategic goals. Identifying good and bad costs is not always simple. Sometimes, reduction of obscure bad cost may cause overall adverse impact on business, like generous bonuses (apparently seems to be bad cost), are actually good and cutting them will do more harm than good.

C. One of the most accessible ways to identify the area for reducing costs is by using data analytics & AI. By using data analytics and AI a CMA as a Cost Controller can achieve in:

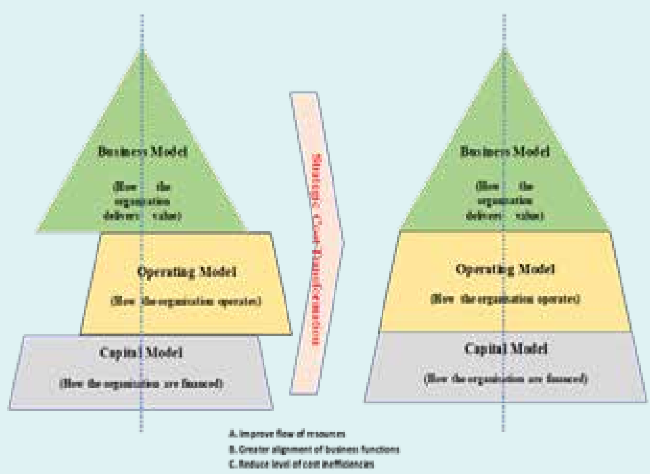
a. Identification of the areas of reduction in cost of customer service.
b. Getting ideas on product/ services configuration (mix) to maximize the turnover.
c. Understanding the most profitable customers and the product/ service attribute, that customers value the most.
d. Optimal usage of utilities.
e. Identification and reduction of the mundane and repetitive tasks and help in improving worker productivity and reduction in waste.
f. Suggesting as to how the business can become more efficient at procurement.
g. Better management of unpredictable, unplanned or breakdown maintenance.

A CMA as a Cost Controller uses conventional cost reduction techniques as:

1.Budgetary Control, 2. Inventory Control, 3. Standard Costing, 4. Job Evaluation and Merit Rating, 5. Reduction in variety of products, 6. Value Analysis, 7. Uniform Costing, 8. Intra-inter firm Comparison, 9. Operational Research, 10. Activity Based Costing, 11. Target Costing, 12. Just in Time, 13. Value Engineering, 14. Planning and control of finance, 15. Overhead control, 16. Cost benefit analysis etc. which are well proven (needs no further representation). These techniques which are a derivative of complex mathematical calculation and application of statistical data as parameters to give best suited solution to the business are the exclusive domain of a CMA.

D. Strategic cost reduction can't be delivered in a piecemeal way. Strategically critical initiative needs to be originated from the top management. Strategic Transformation delivers holistic, multi-level and comprehensive change across the enterprise. A CMA as a strategic cost management person, should first understand the desired degree of change by the management and the impact of change that would have on the organization and customers.

Strategic cost transformation is the re-alignment of the organisation to better position for higher performance. Pictorial presentation of the concept may be as follow:



E. Sustainable cost-reduction strategy must be driven by a cost-management philosophy embedded in a company's culture. Sharing of information about costs reduction throughout the organization is vital for successful implementation of cost reduction process. The communication across the organisation should be in such that everyone can understand and support the cost-saving initiatives—employees, managers, and stakeholders. A CMA as a leaders must inspire the owners of the cost centres by transforming into a new optimised cost culture. Transparent communication throughout the organization will lead to a cost-awareness mindset among the employees.

There are many ways to achieve cost reduction in an organization. Some of them can be achieved quickly, others may take time but will be more effective. The strategy, techniques to be used for cost reduction process varies from company to company. There is not standard procedure which will apply to all company. The success of Cost Reduction process depends how effective is the strategic planning and its implementation.

In the era of great uncertainty, re-evaluating spending pattern and finding areas to make cuts should be in everyone's mindset. By deep analysis on the good and bad expenses, it is required either to eliminate or convert bad to good expenses as much as possible. An organisation can maintain a streamlined, sustainable, productive business and avoid swing momentum toward the goals by adopting continuous evolving cost reduction process.

A CMA should keep in mind the words of Mr. Kahlil Gibran – "Process lies not in enhancing what is, but in advancing towards what will be". The progress refers to moving forward and achieving a better status. But without strengthening the present status to face the future adversities, with clear thinking of what is ahead, is not a progress.

Reference:

https://www2.deloitte.com / www.pwc.com

The Difference Between Capital Expenditure & Capitalized Expenditure

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A small business distinguishes between items purchased for the short term and long-term expenditures, both in accounting and in taxes. Capital expenditures are business improvements, upgrades or expansions. capitalized expenditure is primarily a tax term, reflecting depreciation for loss of value over a period of years. Confusion arises when capital expenditures become capitalized expenditures for tax purposes, as these are long-term business improvements requiring depreciation over several years.

Capitalized or Expensed

The business owner must choose to capitalize or expense business costs each tax year. "Expensing" costs allows you as owner to take the entire purchase off your current business tax return. You can claim as expenses those purchases that last only for the year or that do not improve the business for the future. The Internal Revenue Service requires you to capitalize expenditures or depreciate expenses that have business benefits for the future. Property with a useful life greater than a year is depreciated for federal tax purposes over the life expectancy of the property, with a percentage of depreciation allowed each year.

Expenses

The business owner deducts low-value items or items with a year or less of useful life as a business expense in the year of purchase. These items are "expensed" or written off in the year you incur the expense with no depreciation allowed for future years. Books updated annually are expenses; reference books usable over a period of years may be depreciated.

Capital Expenditure

A capital expenditure is money spent on buildings, machinery or equipment as an investment to increase efficiency or production. Capital expenditures are items purchased that will have future benefits for the business and that add value to the business for future years. The IRS requires that the business tax return reflect depreciation of capital expenditures, with distribution of the tax write-off over a period of years. You "capitalize" capital expenditures when you list them on your tax return and depreciate them.

Capitalized Expenditure

The IRS requires the business owner to delay the tax deduction on some items, filing for depreciation of large expenses as a capitalized expenditure. You may claim three, five or seven years and deduct 33 percent, 20 percent or 14 percent each year until your item is fully depreciated. You capitalize the expenditure in journal entries as well, and each tax year, adjust the journal entry to reflect the depreciation for the year. Repairs may be capitalized expenses in 2011 as the IRS has modified the rules for expensing and capitalizing repairs. Required capitalized expenditures for repairs now include upgrades, improvements, enhanced value, betterment or repairs that extend the useful life or adapt the property to a new use.

Cost optimization through Strategic Management

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There are Many Management Techniques for cost optimization out of which I will try to elaborate following relevant practices presently used by most of the corporates as long term sustainability tools.

1. Use of updated technology to suit present environment
2. Optimum utilization of digital platforms
3. Optimum utilization of Govt subsidies
4. Just in Time (JIT) for inventory management
5. E- commerce operation for expansion of business
6. Re-engineering of whole business as per new age business requirement.

Factual situation.

Gone are those days where the business houses could maintain the survival through the 'Traditional Cost management' but with the spinning of wheel of time, the era needs of Strategic Cost Management (SCM) where the businesses can not be left at the mercy of cost control and cost reduction.

When the consumer is the king of market, it is the need of an hour to restructure or re-engineer the businesses from customer's perspective. In the era of knowledge and awareness, the consumer thinks of quality, price and timely delivery and therefore it is apt time to ensure the cost management strategically.

One thing we need to accept that after covid business scenario has changed a lot and it has given ample opportunities to business to re-engineer their whole process using following question for each process.

Why this process is required?

Whether any alternative process can be workable?

If yes can we implement new process as pilot project?

Once pilot project is success it can be implemented for whole business.

1. Use of updated technology to suit present environment

For innovative improvement there is a need of the integration/ revisit of all the activities and processes and without use of latest technology, bringing the entire organization at a click is not workable. We need to understand a new ABCD for using the technology in the organization

A = Artificial intelligence

B = Block chain Technology

C = Cloud computing (Public as well as Private)

D = Digitalization and making Digital India possible

Few areas where cost effectiveness can be focused and understand by practical example are as below.

Example 1: Automation of repeat nature Transaction

This is the first thing, where an entity's performance can be put forward. Every entity has majority of the activities in repetitive nature. To make the life simple, one has to bring the business process automation/ robotic process automation so that zero defects compliance can be achieved with lesser manpower.

These include:

- On boarding the workers and employees: The automation may be done from CV exploration to on boarding and payroll management. These activities include: publishing the openings, CV receiving, conducting the interviews, employee information forms and collection of relevant documents, induction sessions, training sessions, setting up bank accounts, assigning the team leader, task management and payroll management.
- Streaming the purchase processes: Automation of purchase process (receiving the material requisition note to payment to vendors) may curtail the possibilities of any delay and disturbance in the production process and relationship management with vendors.
- Streamlining the production process
- Streamlining the selling process (right from filing the tenders to receiving the Purchase orders from the buyers and product delivery to payment realization and after sales service)

It indicates that mere accounting software or an ERP does not resolve the issues. Entity must have integrated platform to avoid the Manual entry of for repetitive nature activities and know the

Example 2: System based litigation management for better monitoring

Compliance and Litigation dashboard:

(a) Every organized economy has set the norms for compliances and business are supposed to furnish it timely and correctly as required by the regulators. Business entities may keep a single view dashboard to have a live status on filing and litigation issues.

(b) System based auto alert message for notices received from various Govt deptt should be appeared by using suitable API so that timely action/compliance can be ensured. Presently Income tax, GSTN, all deptt are issuing notices online so our API based system should be compatible to convert these notices on daily dash board to stakeholders.

Example 3. Material sent for job work to be returned within one year

GST law has a provision that the inputs should be returned within 1 year from the job worker.

"Where the inputs sent for job work are not received back by the principal after completion of job work or otherwise or are not supplied from the place of business of the job worker in accordance with section 143(1) within one year of being sent out, it shall be deemed that such inputs had been supplied by the principal to the job worker on the day when the said inputs were sent out"

System should throw a system generated e mail /alert message notification when the time limit of one year for return back is about to expire in next 60 days (say) to the personnel who has sent the material with copy to his Head of Department for timely compliance .

There should be a notification to alert (well before) to check whether capital goods received under EPCG license has been installed within six months from date of last import

Auto- generated message should be received to ensure the renewal of LUT and validity extension of licenses

Of late we are also observing the positive and vision based changes emerging out of Government's policies. Few of such changes are as mentioned below.

1. GST – one-nation-one-tax
2. Digital India
3. Atam Nirbhar Bharat
4. Vocal For local
5. New Education policy

In all changes the main focus of the Government is to make maximum transaction through online mode for achieving better transparency and tracking on real time basis to improve efficiency and accountability.

Latest understanding of Strategic Mgt accounting

Now Recent time Strategic Mgf accounting has Two parts.

1. Outward looking
2. Inward looking

In present environment Mgf accounting should be more outward looking & should help the enterprise to evaluated its competitive position relative to the rest of the industry by collecting data of competitor.

(A) Cost and price

(B) Sales Volume & market share

(C) Cash flow & Resources availability

Above information helpful in

(A) Protecting organization strategic position

(B) To decide strategic to improve future competitiveness

(C) Advance working for need for change in competitive strategy

Further we can understand strategic cost management by three method to achieve Sustainable Competitive advantage. they are

(1) Cost leadership

Mean an enterprise target to be the lowest cost product while in the industry. This can be achieved by using bulk quantity discount on input and increased customers base for output revenue.

Like JIO brought lowest cost product in tele communication field.

(2) Differentiation

Means and enterprise / Business desire to after some unique dynamics in the product / services that is valued by customer, and which command a premium price.

Like Maruti and Mercedes: Maruti car pricing need cost control for public at large but premium brand like Mercedes car need value addition as per customer satisfaction.

Five start hotels itself is brand for premium services with premium prices.

(3) Focus

It involves seeking advantage in narrow segment of market either by cost leadership or product differentiation.

Example : Digital marketing is focused where online customers requirement need to be fulfilled.

Rural marketing need focus on rural area need and environment.

In short, we can say strategic cost management has two pillars.

1. Analysis of competitor's cost
2. Analysis of External Environment

Cost Reduction- Tools & Techniques for Increasing Profitability

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Abstract

To earn profit is a prime aim of every business. A cost reduction program is a type of method which is to improve profitability of the organization or by expected to get a good result that flow to the bottom line of the financial statement and exempted from any serious damage to the organization itself. As this program is much more about reducing cost or reducing expenses of the organization, so a good cost reduction program is all about how to control the damage of an organization. Furthermore, a cost reduction program is said to be improve the profitability of an organization because by reducing expenses, profits are increased without making others changes.

On the other hand, if the cost reduction program can matched with a sales improvement program and perhaps, finally it will get the double profit. A cost reduction program must be a complete plan that is results-oriented. A structured cost reduction program will put the company on track to achieve maximum profitability and achieve the highest performance. Moreover, this program also implies a series of program that retain all of the essential characteristics and quality of the product and thus it must be confined to permanent and genuine savings in the costs of manufacture, administration, distribution and selling, brought about by elimination of wasteful and inessential elements form the design of the product and from the techniques and practices carried out in connection therewith. We will analyse the meaning of cost reduction, how to reduced cost without impairing quality of products and tools & techniques of cost reduction through this article.

Cost Reduction

Cost reduction is "the achievement of real and permanent reduction in the unit cost of goods manufactured or services rendered without impairing their suitability for use intended." CIMA (England).

Cost reduction may be effected in two ways-

(i) by reducing the cost per unit; and.

(ii) by increasing productivity.

There are only two ways to maximize profit of any organization: either to increase sale price of unit, or to reduce cost of that unit. Both above cases may result into gaining good profit. As we are seeing today, most of the businesses are facing tough competitive market situation where increase in sale price may result in to loss of sale. Increasing sale price is possible only in case of those products where the company is dealing in monopoly items and we all are aware that this situation cannot prolong for any company and its products. Therefore, cost reduction is only one scientific way to deal with this situation; provided it is real and permanent. Cost reduction program's goal should be realistic and achievable. Cost reduction should not be the result of any temporary decrement in cost of raw material, change in government polices etc. and most importantly, reduction of cost should not be on price of quality of that product.

Reduction of cost should be in the following manner:

- Volume of production should be same but cost of expenditure should be reduced.
- Without changing level of production there should be increase in production.

There are 6 types of cost-saving approaches:

- Adaptation: Adjusting to customer and market demands with leaner solutions.
- Combination: Bundle goods and services across an organization to reduce costs.
- Elimination: Remove unnecessary products, processes, benefits, and workflows.
- Optimization: Streamlining processes and workflows to reduce bottlenecks and redundancies.
- Substitution: Using cheaper products or services.
- Repurposing: Utilize existing tools, technology, and processes in new, unique ways that meet demands.

Cost Reduction Program

Followings are the essentials of a cost reduction program:

- Cost reduction program should be according to requirement of the company.
- Cost reduction program is a continuous activity that cannot be treated as one time or short term activity. Success of any cost reduction program may lie in only continuous improvement of efforts.
- Cost reduction program should be real and permanent.
- Example setter of cost reduction program should be top management employee. Success of this program depends on co-operation of all employees and department of an organization.
- Employees should be rewarded for their participation in cost reduction program and for giving innovative ideas related to this program.

Cost Reduction Cell and Cost Reduction Committee

Cost reduction involves real and permanent reduction in costs. It is a continuous process. Hence, it requires cooperation of people at all levels. The environment in the organisation should be made so congenial that healthy discussion can take place at all levels of management. The criticisms should be accepted in right spirit with honesty and grace by all, so that corrective action may be taken in time.

This requires the formation of a separate Cost Reduction Cell within the organisation. The Cell functions under the supervision and direction of a high-powered authority known as Cost Reduction Committee.

The committee consists of responsible executives from various functions such as purchase, planning and design, production, sales, distribution, finance, research, etc. The committee should draft a proper cost reduction programme and fix up responsibility of the executives to review the actual performance from time to time.

The functions of cost cell can be enumerated as follows:

i) It collects cost data from different departments.

ii) It invites suggestions from different executives for improvement and reduction of costs relating to their areas.

iii) It creates cost reduction environment in the organisation by emphasising and explaining to the workers the importance of cost reduction and the benefits which will accrue to them.

iv) It invites employees to participate in framing the schemes for controlling the costs at the point of their incurrence.

v) It identifies areas where cost reduction is

   (a) necessary;

   b) desirable; and

   c) possible and fixes the priorities.

vi) It frames policies, guidelines and issues directives for bringing changes in product designs, introducing new products and new designs in consultation with technocrats for reducing the cost of production without impairing the quality.

vii) It frames policies regarding reduction of costs in administrative and distribution divisions without adversely affecting their efficiency.

Cost Reduction Committee:

This is superior committee control the functions of Cost reduction Cell. To ensure that the cost reduction scheme works properly in an organization, a cost reduction committee may be formed. This committee is entrusted with the task of formulating a detailed and well-coordinated plan for cost reduction.

In a large organization, the departmental heads and top executives form such a committee, while in a small concern, any one of the executives may be entrusted with the responsibility of ascertaining the areas of cost reduction.

Areas Covered under the Cost Reduction Program-

A number of fields come under the scope of cost reduction. They are discussed below.

Product Design

Designing the product is a pre-requisite to its production. It is, therefore, necessary that proper care is given to designing the product to affect economies in the cost of materials, labour, tools and equipment. The technique of value analysis is greatly helpful in designing the product. Product should be designed in a manner that it gives the maximum value at the minimum cost.

Product designing may be required either for introducing a new design or improvement of the existing design. The introduction of a new design is advantageous but risky since the new venture may or may not be successful. Hence, a careful analysis of its cost elements (i.e., materials, labour and expenses) and its marketability is necessary.

The venture concerning improvement of the existing design is advantageous since the reputation gained by the old product is likely to be enhanced and improved further through improved design of the product. The improvement should be in the direction of making the product less costly; more utility-oriented, attractive and durable.

Material Control

Cost reduction program should be run by purchasing economical and more useful material. Economic Order Quantity (EOQ) technique should be used. Inventory should be kept low. Proper check on inward material, control over warehouse and proper issuance of material, and effective material yield should be done.

Direct Labour Cost Reduction:

Direct labour constitutes second important element of the cost of a product. Cost reduction in labour is possible through proper organisation and functioning of the personnel, works study and engineering departments. The personnel department is concerned with finding out the right man for the right job and the right job for the right man.

While the engineering and works study department is concerned with job studies, time studies and motion studies. All these functions go a long way in reducing costs and therefore all efforts should be made to discharge them with the intention to increase the productivity and reduce costs.

Factory Layout and Equipment

There should be a proper study about unused utilization of material, manpower and machines, maximum utilization of all above may reduce cost of any product effectively.

Administration

An organization should make efforts to reduce the cost of administrative expenses, as there is ample scope to do so. A company may evaluate and reduce the cost of following expenses, but not the cost of efficiency:

- Telephone expenses
- Travelling expenses
- Salary by reducing staff
- Reduction in cost of stationery
- Postage and Telegrams

Marketing

Following areas can be covered under the cost reduction program:

- Advertisement
- Warehouse
- Sales Promotion
- Distribution channel Expenses
- Research & Development Program

Any cost accountant should keep the following points in mind while focusing on cost reduction for the Marketing segment:

- Check the distribution system of an organization about the overall efficiency of the system and how economically that system is working.
- Find out the efficiency of the sales promotion system
- Find out if the costs can reduced from the sales and distribution system of an organization and whether the research and development system of market is sufficient.
- A cost accountant should also do an ABC analysis of customers in which customers may be divided into three categories. For example:

ABC ANALYSIS OF CUSTOMERS		
Category	Number of Dispatches	Volume of Sale
Customer Class A	About 10%	60% to 80%
Customer Class B	About 20%	20% to 30%
Customer Class C	About 70%	5% to 10%

After performing this analysis, the organization can focus on the customers who are covering most of the sales volume. According to it, the cost reduction program may be run successfully in the area of category B and C.

Financial Management

Attention should be given to the following areas:

- If there is any over-investment.
- How much economical is the cost of capital received?
- If the organization is getting maximum returns for the capital employed.
- If there is any over-investment that should be sold and similarly, unutilized fixed assets should be eliminated. Slow-moving or non-moving inventories should be removed and should transfer this surplus to the working capital to re-invest it in a cycle of more profitable area of business.

Personal Management

Cost reduction programs can be run using staff welfare measures and improving labour relation. Introduction of incentive schemes for labour and giving them better working conditions is very important to run an efficient cost reduction program. Employee suggestion scheme may be introduced to reward the employee who suggest cost reduction methods, as well as to boost their morale.

Production Planning:

Production planning can also greatly help in cost reduction. The location and lay-out of the factory have significant influence on cost. Of course, the factory location cannot be changed so easily but its lay-out can be organised on more scientific lines so as to reduce the cost of production.

Cost Reduction Tools & Techniques-

- Budgetary Control

  Budgetary Control is a tool for management used to plan, carry out and control the operations of business. Actual results are compared with budgeted objectives and variations between the two are noted and action is taken to eliminate or minimise the variations.

- Just-In-Time (JIT) System

  The main aim of JIT is to produce the required items, at the required quality and quantity, at the precise time they are required. JIT purchasing requires for the items where too much carrying costs associated with holding high inventory levels. Purchasing system reduces the investment in inventories because of frequent order of small quantities.

Figure- Cost reductions techniques

- Target Costing
- Target costing refers to the design of product, and the processes used to produce it, so that ultimately the product can be manufactured at a cost that will enable the firm to make profit when the product is sold at an estimated market-driven price. This estimated price is called target price.
- Activity Based Management (ABM)
- Activity based management is the use of activity based costing to improve operations and to eliminate non-value added cost. The main goal of ABM is to identify and eliminate non-value added activities and costs.

- Life Cycle Costing
- Life cycle costing estimates and accumulates costs over a product's entire life cycle in order to determine whether the profits earned during the manufacturing phase will cover the costs incurred during the pre-and-post manufacturing stage.
- Kaizen Costing
- Kaizen costing is the process of cost reduction during the manufacturing phase of an existing product. The Japanese word 'Kaizen' refers to continual and gradual improvement through small activities, rather than large or radical improvement through innovation or large investment technology.
- Business Process re-engineering

  Reengineering is a complete redesign of process with an emphasis on finding creative new ways to accomplish an objective. The aim of business process re-engineering is to improve the key business process in an organization by focusing on simplification, cost reduction, improved quality and enhanced customer satisfaction.
- Total Quality Management (TQM)

  Under the TQM approach, all business functions are involved in a process of continuous quality improvement so it will offer best quality product to customer without increasing any further cost.
- Inventory Control

  Inventory control or stock control can be broadly defined as "the activity of checking a shop's stock. It is the process of ensuring that the right amount of supply is available within a business. Inventory control system tries to reduce carrying cost, ordering cost of inventory by using EOQ model.
- Standard Costing

  Standard Costing is a technique which uses standards for costs and revenues for the purpose of control through variance analysis.

  According to CIMA, London, Standard Costing is "the preparation and use of standard costs, their comparison with actual cost and the analysis of variance to their causes and points of incidence".
- Job Evaluation and Merit Rating

  Job evaluation defines as "a practice which seeks to provide a degree of objectivity in measuring the comparative value of jobs within an organization and among similar organizations".

  While Job Evaluation constitutes a solid ground for establishing categories of wages and salaries, Merit Rating will insure control and adjustment of pay differentials within categories, according to the relative merit of employees, or will guarantee a fair distribution of bonuses.
- Value Analysis

  Value analysis is one of the important tools of modern management in the area of cost reduction. Value analysis is the process of systematic analysis and evaluation of various techniques and functions with a view to improve organisational performance.
- Uniform Costing

  Uniform Costing is the use by several undertakings of the same costing principles and/or practices. It is a written document prepared to provide instructions and guidance to the managements of member units about determination of costs, their analysis and control and reporting to be done to the Central Organisation created for introducing and applying Uniform Costing. A copy of the Uniform Cost Manual is given to each member-unit.
- Intra-inter firm Comparison

  The notion of intra-firm efficiency implies a firm that has a firm-specific production frontier and maximum output may not be always obtained due to inefficiencies in the production process. Intra-firm technical efficiency involves computing a particular firm's technical efficiency degree over time taking the firm-specific production frontier as the reference frontier.

  Inter-firm technical efficiency involves choosing the "best practice frontier" at each time period among the set of comparable firms and then evaluating each firm's technical efficiency degree relative to that frontier. Consequently, inter-firm efficiency reveals a particular firm's performance relative to the best available technology in the industry.
- Operational Research

  Defining Operations Research itself is very difficult. Like many other subjects that developed pragmatically and shade imperceptibly into adjoining subjects, it is more easily recognized than defined.Generally speaking, operations research is an approach to the analysis of operations that to a greater or lesser extent adopts:
- Scientific method (observation, hypothesis, deduction and experimentation as far as possible).
- The explicit formulation of complex relationships.
- An inter-disciplinary nature.
- A non-partisan attitude.

  Operational Research can also be regarded as a scientific approach to the analysis and solution of management problem.
- Management Audits

  Management audits, also known as performance audits, can be used to facilitate cost reduction in both profit and non-profit organizations. Management audits are intended to help management to do a better job by identifying waste and inefficiency and recommending a corrective action.
- Productivity

  Productivity may be defined as the ratio between the production of a given commodity measured by volume and one and more of the corresponding input factors also measured by volume. Productivity is a physical concept. It could be defined as the relationship between output and input resources.

Role of CMA's in Cost reduction

CMAs are the professionals having great knowledge of cost reductions tools and techniques. These professionals have huge responsibility to implement such tools by applying their professionalism and expertise to increase profitability. CMAs have to analyse each cost incurred for production, find out necessity and reasonability of such cost, try to avoid unnecessary cost also should take efforts to reduce excess cost burden using optimisation tools like as EOQ. CMAs have to play vital role in Cost reductions Cell and Cost reduction committee. So We can say that expectation from CMAs are increased day by day in this competitive era due to their professional approach in cost accounting.

Conclusion

Elimination of excess or unnecessary costs in production and operation process by applying different methods and techniques is known as cost reduction. There are several tools and techniques such as just in time system, activity based management, target costing, total quality management etc. used for the purpose of cost reduction. In Current competitive era, Cost reduction is very useful to increase profitability instead of price increase for increasing profitability. Off course it needs continuous efforts and proper planning from management also its team work. Each department has to take appropriate steps to reduce unnecessary cost which ultimately result in lower cost of production and CMAs have to play big role in the whole process because even though small saving due to cost reduction will result in increasing profitability by crores.

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Applicable Management Techniques for Cost Reduction

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Cost reduction is the process of decreasing a company's expenses to maximize profits. It involves identifying and removing expenditures that don't provide added value to customers while also optimising processes to improve efficiency. Cost reduction typically focuses on generating short term savings.

Cost reduction is also the process of identifying and implementing ways to reduce the opex and capex of a business. The firm must continuously strive to find the means of cost reduction per unit of production to remain competitive.

The following are the common type of management techniques of cost reduction:-

1. To identify waste and their elimination.
2. Increasing efficiency by modernization of equipment's.
3. Optimum usage of physical resources i.e., the findings of the means to achieve same level of output with reduced resources without compromising with quality.
4. Increase of efficiency of the operation in all facets of processing and production.
5. Improved automations to increase the productivity.
6. Outsourcing of some works which are possible to be completed at reduced price and cost by available outside experts. As financial accounting and tax preparations job can be outsourced instead of maintaining a full-fledged work-force for the same.
7. Likewise processing units can be consolidated to one to achieve economical and cheap supplies facilitated by greater volume of placing orders which may also attract wider discounts.
8. Negotiation in all fronts, which may tends to reduce the cost.
9. A bid to reduce the overhead by indepth looking into the processes, procedures, capabilities and structures, and restructuring them by shrugging off uneconomical venture, if identified.
10. Reducing expenses on perks like avoiding business class air travel, luxury hotels etc.
11. Marginal scale of operation to reach the BEP and optimum as well as reduced unit cost.
12. To detect and remove bottlenecks and exceptions by measuring the processes.
13. Improving quality can results in long term cost reduction as it will attract customers of business without much expenditure on advertisement.
14. Sincere services to the customers
15. To cut the retiring business units, products, capabilities and processes which are not working out. As running with those may incur loss on those units, consequently reducing the overall profitability.
16. Business should be tried to be carried on, at the possible locational proximity of the stakeholders
17. Finding partners, who or which are able to reduce the cost of the current business.
18. To explore, efficient and productive design in processes, services, products and practices, so that an improvement or innovation can be brought about to have favourable change in cost base.
19. Every people associated with the system may be asked to strike the possibility to cut cost in their individual work or operation centre. As the person performing any job are the best judge to ensure any improvement by elimination of a part of process which may reduce cost as well as improve profitability.

Again, cost can be analysed with the 30 concepts of cost centres as follows to trace the cost reduction possibilities:-

1. Abatement cost - to reduce the pollution by a business, to avoid State's penal action.
2. Cost of Business Equipments.
3. Capex cost.
4. Cost of goods sold.
5. Cost of revenue - direct costs associated with revenue for a financial period.
6. Distress cost - cost faced by firms that are in financial distress, such as higher cost of capital.
7. Fixed cost - not affected by sales, strategic initiatives or production volume.
8. Holding cost - cost related to goods on hold in supply chain, such as warehouses.
9. Marginal cost - it is the cost to produce one additional unit of the product or service and plays an important role in the concept in economics and in management accounting for strategic operational and manufacturing decisions.
10. Operating cost - or opex is the day to day expenses of the business.
11. Outlay cost - It is the paid out cost and relevant to the cash flow and liquidity.

12. Project cost - is the cost of process of planning, estimating, budgeting and controlling the cost of the project.
13. Shrinkage - is the theft, loss of finished product in the supply chain from the point of manufacturer or acquisition and point of sale.
14. Tangible cost - which is a quantifiable cost related to an identifiable source. These cost are such business expenditure that are possible to quantify with a value. The examples are rent, pension obligation etc.
15. Unit cost - cost per unit of production after taking all fixed and variable expenses incurred.
16. Applied cost - is the estimate of business cost that is used when actual costs seems to be unknown or partially unknown.
17. Capacity cost - cost required to be incurred for increasing the capacity to produce product of the organisation.
18. Capital improvement - expenses incurred to improve the fixed assets and it is normally capitalised.
19. Cost of capital - including both equity and debt.
20. Direct cost - directly attributable to output and directly related to the cost of a product or service, as the cost of inputs and labour.
21. Expenses - specific to the situation in contrast with the general term “cost “.
22. Friction cost - are expenditure incurred in a financial transaction beyond the value being exchanged, the commission, taxes etc. are the examples in common.
23. Intangible cost - any cost which is difficult to quantify like cost of goodwill, cost of amortization etc.
24. Operating cost - expenses to keep the operation going on. It may include selling, general, administration etc. overhead. It can also include cost of goods sold.
25. Operating expenses - or opex is an ongoing cost of business, such as sales, administration and maintenance. It is charged in the accounts of the period of use.
26. Overhead cost - are the ongoing business expenditure and not directly attributable to output/ revenue. This cost which cannot be conveniently traced to or identified with any particular revenue unit.
27. Relevant cost - future cash cost that is relevant to a particular decision.
28. Sunk cost - is a past cost that has been committed and cannot be recovered. It is usually linked with investment strategy.
29. Travel expenses - is part of business expenses, so analysis can find an economical approach.
30. Variable cost - It is the cost which changes with the business volume and is contrasted with fixed cost.

Number of other cost reduction techniques have been enumerated by different schools of opinion, at varied forums and those are also equally important and widely accepted.

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Incorporating Prudent Cost Reduction strategies into Growth Strategies

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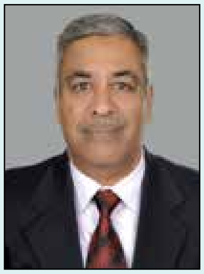

The Perspective

According to a recent McKinsey Quarterly survey, 79 percent of all companies have cut costs in response to the global economic crisis—but only 53 percent of executives think that doing so has helped their companies weather it. Yet organizations continue to cut. Cost reductions often go wrong, we believe, and experience suggests that they can be done in a better way. In the heat of a financial crisis, companies must focus on their financial viability, but they tend to cut about equally everywhere—without considering their strategic needs—because that seems more straightforward, and in some senses more fair, to all executives concerned. A second problem, with longer-term consequences, is that quick headcount reductions often come at a price: missing the opportunities that crises can create to improve business systems or to strengthen parts of an organization selectively.

Expense reduction services and cost reduction consultants have been extremely busy over the last year as organizations scrambled to overcome pandemic-related barriers and an overall downturn in the economy. Many companies that had been thriving before the pandemic saw their future success threatened and quickly froze their spending on everything from marketing to R&D. Others took a more measured approach, tightening spending across the board instead of cutting any areas altogether. And while their intentions were good, many businesses missed the mark when it came to executing cost containment strategies.

The reason too many cost reduction approaches fail is because they are predicated on the wrong assumptions. The assumption is that reducing costs will improve cash flow to allow struggling or compromised companies the breathing room needed to stay in business.

Unfortunately, the problem with simply looking for ways to reduce spending is that this strategy only focuses on elimination without a broader financial context to evaluate things like:

- How waste-related expenses differ from key business expenses
- The "softer" costs of reducing expenses that are difficult to quantify
- The long-term cost of making cuts that have a short-term benefit
- Other non-cost cutting options to improve cash flow
- Times when increased spending may help the business to rebound more quickl

Linking Cost Reduction strategies with Growth strategies

Cost reduction should be one component of an overall financial strategy to aid cash strapped or struggling businesses. Therefore, a sustainable financial strategy should aim to understand:

Where Waste is Occurring : The most effective cost containment strategy is waste reduction.

Everyone can agree that minimizing waste is the best way to get costs under control when cash flow is tight, or the future is uncertain. However, unless you can effectively distinguish between waste and operational expenses, your organization cannot successfully eliminate the frivolous expenses without risking critical processes. Sounds simple, right? As an example, documents that are printed, mailed, signed, and sent back instead of using an electronic signing service are a waste of resources in the form of paper, printer ink, postage, and time – that is easy enough to understand. Unfortunately, waste is not always so clear cut.

Waste can come in many forms, including:

- Unused space in a warehouse
- Unutilized bandwidth or cloud storage space
- Raw material scraps
- Unusable manufacturing process byproducts
- Damaged products
- Returned items
- Unnecessary utility usage
- Squandered company time
- Misused company assets (computers, phones, vehicles)

The right financial leadership can assist in not only identifying where this kind of waste is occurring, but also implement the changes needed to reduce or eliminate it.

The True Cost of Expense Elimination : Of course, every organization has plenty of areas where non-waste expenses can be eliminated as well. However, just because expenses can be cut, does not mean that they should be. Eliminating certain costs may have adverse effects like reduced employee morale that far outweigh their value. Often these types of cost-benefit analyses must be done on an individual basis while considering the specifics traits of the company involved. For example, one company may be able to successfully curtail expenses by eliminating paid educational offerings while another may need these kinds of offerings to preserve their company culture and keep their employees motivated.

When deliberating on whether to reduce or eliminate spending in a particular area, examine how the spending change may trickle down through your organization, especially in areas like:

- Compensation structures
- Employee scheduling
- Benefits and perks
- Business travel
- Team building and company culture initiatives
- Business process outsourcing and automation
- Technology solutions

Unfortunately, it may not be possible to identify the outcome of cutting an expense until it has occurred, which is why cost analysis must also include a "softer" evaluation of the effects of that spending decrease. As a result, spending changes should not simply be a dollar value conversation, but rather a broader cause-and-effect discussion that aims to anticipate adverse costs and respond appropriately to them when they cannot be foreseen.

Cost Reduction Limitations : The most damaging outcome resulting from a cost reduction strategy is inadvertently increasing future costs. The hard truth is that cutting some costs now can result in higher costs later, which is a strategic cost reduction failure if the goal is to not only keep the business afloat but to also poise it for growth later. The most common scenario where this is occurs is in staffing. When companies lay off employees to cut short-term costs and then need to hire staff back into those roles later, they are increasing their long-term costs in a way that is potentially unnecessary.

The pandemic was probably the most striking example of this cost strategy backfire. Companies that laid off or furloughed employees in droves to preserve cash flow in 2020 then needed to incur significantly higher costs to rehire staff in 2021. However, this is not simply a pandemic-related occurrence. Hiring a new employee has always more expensive than retaining existing employees, which is why downsizing your business is such a hot button issue. An experienced CFO can assist in this area, advising on what kinds of short-term and long-term cost tradeoffs exist to provide a more well-rounded long-term financial strategy.

Where Spending Should Increase : While it may seem counterintuitive, sometimes spending increases can pull an organization through tough times better than spending cutbacks. In fact, data from previous economic downturns indicates that marketing expenses have been linked stronger recovery rates during and after the recession has ended. And while this may not be the ticket for every business to pull through every hardship, it illustrates that cutting spending is not the only beneficial strategy to consider. Remember, the strongest financial plan is the one that will get your organization from where it is now to where it wants to go in the future.

Starting a cost reduction program

Organizations are faced with increased cost cutting pressures, the question becomes: Where do you start? Where and when should you cut, invest, or do both? The following discussions to provide you with answers to these questions.

- Rethinking a company's business model : The first step in improving your cost structure is to verify you have a well defined business model. Serving as the blue-print for all the future business activities, your business model should support your efforts to realign operational governance or restructure your functional service delivery mechanism.
- Cost Classification: Bad Costs, Good Costs and the Best Costs : One of the first steps to smarter, more strategic cost cutting is identifying and understanding the differences between bad costs, good costs and the best costs:
- Bad costs – These are costs that do not align with the overall growth strategy of the company. Good companies cut waste and funnel the resources to better areas, and bad costs are the first to get cut.
- Good costs – These costs drive initiatives and strategies that support the company's overall growth goals. They are based on an understanding of customer preferences and match them with the organization's operations.
- Best costs – Some of the best costs build and expand a company's truly differentiated capabilities. These are the handful of capabilities that make a company truly unique and drive its value. These capabilities stand out as true differentiators that are hard to mimic and difficult to replicate.

  Once a company's costs are classified, strategic cost cutting becomes a process of minimizing exposure to bad costs and maximizing investment in the best ones. The practice helps create a more resilient growth model, particularly important during times of uncertainty.
- **Identify Where and How to Cut Costs :** Once the reduction target is established, management can begin identifying areas that can afford to lose funding.

  If the company's reduction goal exceeds 10%, managers need to pinpoint multiple areas, as no single operation can sustain this significant reduction. When launching the program, the business must consider all stages of each department or process to determine if a cost reduction could compromise the system.

  For safety measures, management should increase the margins when trying to reach the reduction target. For example, if a business wants to reduce expenses by 10%, managers should create a program that reaches 15%. This practice ensures that even with unexpected events, inefficiencies, and interdependencies between systems, the organization will meet its goal. Management should also involve representatives from multiple departments to get their insights and inputs on favorable reduction measures. Many organizations find they can reach targets by reducing purchase orders, operating expenses, and overhead costs.

- **Define Cost Reduction Goals:** First, businesses need to specifically state their ambitions for reducing costs, meaning they must define exactly how much they want to cut. This target depends on the company's ideal profitability and will ultimately define their minimum operating margin. The cost reduction goals should be explicit and reasonable, so management can effectively define how to meet the target.
- **Aligning operational governance with the business model:** After clearly defining your business model, you should consider aligning operational governance with the company's business model to help position the company to deliver on its promise. Operational governance – not to be confused with corporate governance – addresses how a company's decisions are made and executed. Without effective operational governance, structural inefficiency can occur, which companies can ill afford, in particular an economic downturn, slow recovery or global macroeconomic challenges. Symptoms can include confusion and conflict between corporate and individual business units, turf battles, duplication of efforts, and organizational blind spots. Effective operational governance can provide the foundation for lasting improvements. Yet, it is the one step that companies are most likely to overlook in restructuring or making organizational changes.
- **Redefining functional service delivery to achieve organizational scalability and efficiency:** Since there are varied types of work and ways to perform them, a service delivery model (SDM) serves as a way to help you tell the work types apart and evaluate their ultimate impact on company performance. An SDM starts with the notion that there are four different types of work for each functional area. How that work is organized and managed will be different for each of the four types. Eliminating, or at least significantly reducing, random allocation of resources is at the heart of what an SDM is designed to help you do. This means aiding you in understanding the various ways work gets done and answering questions about what, where, who, how, and why?
- **Enterprise Cost Reduction :** Cost reduction program are commonly carried out in silos, without much more coordination than each having some portion of an overall rand target to meet. And then the task becomes so complicated and fraught with sensitivities that little happens in the way of sustainable efficiencies. But it needn't be so. If you go to the trouble of mobilizing for cost reduction, you might as well make it stick, and create some competitive advantage along the way.
- **Selling, General & Administration (SG&A) Cost Reduction Focus :** Top performers also focus across all SG&A (selling, general and administration) functions and business units, and not just functions like HR and finance, because making improvements ad hoc or in silos doesn't make a broad enough impact. The improvement levers that match the business strategy are across a set of SG&A functions, often including shared services centers, process reengineering, strategic sourcing, controllable expense reductions, ERP implementations, and quality and process management.

Another major component of building a scalable SG&A base is to eliminate processes that don't add value and streamline those that do as much as possible. The following questions can help determine whether an activity adds value:

- Could this activity be eliminated if some prior activity were done differently?
- Could this activity be eliminated without compromising the quality of our product or service?
- Is this activity required by a customer, and will that customer pay for it?
- **Save-to-transform as a catalyst for embracing digital disruption :** Cost-management remains a strong imperative around the world. Companies continue to have positive expectations for revenue growth, with many reducing costs to allow for necessary growth. However, in today's increasingly digital world, businesses also recognize the need to transform their operations and capabilities with infrastructure investments in key digital innovations—shifting from a save-to-grow to a save-to-transform mindset.
- **Be Mindful of Geography and Understand the Customer:** How are forward-thinking companies applying this process in today's environment? We're seeing a number of companies focus in on two areas – geography and customer experience. Many multi-nationals have expanded heavily and are now looking for ways to be smarter, leaner and more fit . Overall, companies are evaluating their geographic footprint and looking for new ways to address complexities. Equally important to where companies operate is how they do it. Customers look for value not only in the product or service itself but in how easily they are able to understand a company's offerings, how easy it is to purchase the product or service and how easily that product or service can be maintained over its lifecycle. More and more companies are looking at global trends while simultaneously addressing the regional differences.

Conclusion

Instead of focusing on the tools and processes for cost reduction, focusing on the how and why will prove more successful. The how in this thought refers to the leaders of business. By focusing on the leaders, your cost reduction strategy will become more well-rounded and effective. When these facets are explored, it helps achieve the intent of the change, sustain and continue the progress that was started, execute the change effectively, build resiliency to what doesn't work, and communicate distinct key messages. So, what can you do to reduce costs or, more importantly, what's the first step? First, it's smart to assess and possibly change leadership behavior. There must be a willingness from leadership to change, innovate, and improve. Without any of these motivators, your cost reduction strategy will flop; no one will see the need for it. However, if others can be convinced of its benefits, you'll have a team behind you supporting your cause.

Cost Reduction – Meaning & Techniques

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- **Meaning of Cost Reduction**
- A cost reduction program is a type of method which is to improve profitability of the organization or by expected to get a good result that flow to the bottom line of the financial statement and exempted from any serious damage to the organization itself. As this program is much more about reducing cost or reducing expenses of the organization, so a good cost reduction program is all about how to control the damage of an organization. Furthermore, a cost reduction program is said to be improve the profitability of an organization because by reducing expenses, profits are increased without making other changes.
- On the other hand, if the cost reduction program can match with a sales improvement program and, finally it will get the double profit. A cost reduction program must be a complete plan that is results oriented. A structured cost reduction program will put the company on track to achieve maximum profitability and achieve the highest performance. Moreover, this program also implies a series of program that retain all of the essential characteristics and quality of the product and thus it must be confined to permanent and genuine savings in the costs of manufacture, administration, distribution and selling, brought about by elimination of wasteful and inessential elements form the design of the product and from the techniques and practices carried out in connection therewith.
- What is the difference between cost control and cost reduction? The difference between both of it can be summarized as cost control ensuring the costs is in accordance with established standards whereas cost reduction is concerned with try to improve the cost by continuous and without accordance with any of the standard.
- The main benefits of cost reduction programs are it can enhance profitability and enhance cash flow of the organization. It presents the key elements and factors to consider in program design and implementation. Cost reduction program is also can ensure the results will match with the goals or objective and the values of the organization. It is a widely acknowledged fact that cost reduction program is one of the most challenging responsibilities or tasks that a company needs to undertake, especially when there are so many ways open to cost-conscious managers. Finally, an integrated tax reduction program can reduce the onerous financial burdens that can stable a company's development and can free up precious capital that can be result to the firm's long-term benefit.
- **Cost Reduction Techniques**
- There are five main cost reduction methods are employed by businesses. The methods including Target Costing (TC), Activity-Based Costing (ABC), Just in Time (JIT), Enterprise Resource Planning (ERP), and Value Engineering (VE).

1. **Target Costing**

- Target costing also called product costing method in which an attempt at the planning and development phase of a product life cycle to attain a specified cost that is decided by management. This approach is to seek the lower costs by designing a quality product that reduces costs in the production phase. It can be described as a systematic process of cost management and profit planning.
- **Case study:**
- In 1993, Toyota uses target costing approach to reduce costs at the design stage. By using this approach, Toyota sets goals for cost reduction and then tries to achieve these new targets through design changes that will accomplish the cost reduction goal. Toyota was comparing the costs of the new design with the old design in order to guarantee a cost reduction after implementation of the new technique. This is the main idea that Toyota uses to achieve their company-wide goals. There are several steps in the sequence of price, production, and cost decisions.
- First, Toyota decides what the new retail price of the automobile by taking the old price and adding the value of any new functions. The sales division produces the suggestion for the production volume by taking past numbers and indexing them to market trends and the state of competitors.
- Second, Toyota is focus on cost planning. This cost planning is based on the product plan and targets for retail price and production volume. The purpose of using cost planning by Toyota is for determine the amount by which costs can be reduced through better design of the new model. Toyota establishes a profit target that is subtracted to determine their target cost. These cost planning decisions are made for three years before they release the model.
- Toyota estimates the approximate costs of a new model by sums of the cost variations of the new model and

the old model. This technique is very beneficial to Toyota, because it tends to be less work and provides more accurate results. In addition, it also helps the specific divisions understand the cost fluctuations. Besides that, Toyota removes variable costs both models incur such as wages and indirect costs by using this approach. Meanwhile, they use their decisions on costs that change between the two models in design and production volume.

- The main point in this case study is to show how cost planning at Toyota is focused on the design phase. Toyota does this by setting goals for cost reductions through design changes. Toyota takes these goals and then assesses them to different divisions to make the necessary changes. Toyota believes that by changing product design to produce lower price to achieve a higher level of profitability.

2. Activity-based Costing

- Activity-Based Costing is a costing model that identifies the cost pools, or activity centers, in an organization and assigns costs to products and services (cost drivers) based on the number of events or transactions involved in the process of providing a product or service. The concept of Activity-Based Costing has been considered a sophisticated method of cost calculation since the early 1980s.
- In addition, Activity-Based Costing (ABC) assigns manufacturing overhead costs to products in a more logical manner than the traditional approach of simply allocating costs based on machine hours. Activity-Based Costing first assigns costs to the activities that are the real cause of the overhead. It then assigns the cost of those activities only to the products that are demanding the activities.
- **Case study:**
- Boeing Commercial Airplane Group (BCAG) is the world's largest manufacturer of commercial airplanes. It comprises approximately 60% of Boeing's total revenues. BCAG Wichita is a cost center manufacturing plant producing fuselages, noses, struts, nacelles, and thrust reversers for 737, 747, 757, 767, and 777 airplane models. In May 1999, the plant employed approximately 16,835 employees directly, and was responsible for indirect employment of 53,100 workers within the state of Kansas. As part of its overall drive to gain and retain world-class aerospace manufacturing status, BCAG Wichita is focused on developing a lean, efficient design and production system supported by an effective cost management strategy.
- The cost management strategy supports initiatives designed to link the manufacturing process and support activities to simplify the whole production process, while maximizing benefits from the use of lean business practices. Cost management strategy initiatives include simplifying production, shortening flow and cycle times, increasing quality and inventory turnover, identifying core products and processes, and linking the design and manufacturing process to decrease product time-to-market. Activity-Based Costing links and supports the manufacturing process. It provides information to tailor business streams and material management, costs of activity and processes, value added versus non-value-added analysis and profitability analysis used to improve the make versus buy decision-making process. ABC also provides analysis of set-up and run costs, costs of scheduled and unscheduled maintenance, costs of asset failure, and costs of manufacturing capacity, thereby allowing manufacturing managers to manage the assets under their control more effectively. Finally, ABC provides analysis on the costs of design changes in configuration as impacted on the manufacturing floor, costs of incorporating complexity into a configuration design, and the costs of quality.
- The highest hurdle in achieving this type of cost management architecture lies in moving the corporate financial department from its classic accounting role as scorekeeper or police officer to the role of business partner. In a business partner role, the corporate financial department can support strategic decisions relevant to the company's continued competitive advantage by providing financial data that highlights the impact of these decisions. BCAG Wichita views a successful implementation of ABC as one that fulfills three major roles:
- Addresses the size, complexity, and diversity of the manufacturing process,
- Facilitates the integration of financial decision makers into a more supportive business partnership role, and
- Implements effective cost management strategy initiatives.

3. Just in Time

- Just-in-time (JIT) production also known as lean production, it is a 'pull' system of production, means the actual orders provide a signal for when a product should be manufactured. When there is Demand-pull, it enables a company to produce only what is required, with the correct quantity and correct time. These features of Just-in-time production system accomplish close organization among work- stations. Therefore, its objective can be defined as producing the right part in the right place at the right time (in other words, "just in time").
- **Case study:**
- From July 1990, top managers of Daioku have begun completing the Kanban production system-moving from the traditional push-type production management to pull-type production management. This type of system produces only quantities necessary to fulfill the demands of the next operation. The quantity is pulled when it is needed, where it is needed, and in the exact quantity which is needed.
- For instead, since beginning the implementation of Just-In-Time, many difficulties have occurred. The difficulties include:
- Combining the data and material flows instead of classifying them.

- Post the products, its store and manufacturing process instead of a flow without any post.
- Changing from L-shape assembly line into V-shape assembly line. This requires a set of new equipment's and techniques.
- Problems exist between Daioku and supplier (subcontractors), for instance, traditional ways of shipping material based on the pre-determined plan is now being eliminated and every supplier are now required to collect the "Kanban" back from the order-post and ship their material based on the information in the Kanban.
- Everyone in the firm required to participate in Just-In-Time. They need to determine how to make the shop floor operations become easier and efficient.
- Daioku carried out discussions and meetings to find solutions to the problems in the year of 1992. Therefore, Daioku sent their experts to help suppliers to solve their problems gradually. In Daioku, the inventory part was reduced the dramatically in this year.
- By using Just-In-Time method, the stock levels of raw materials, work in progress, components and finished goods can keep in a minimum. However, this requires a carefully planned scheduling and flow of resources through the production process. Just-in-time method promotes continuous enhances on the products. At the same time, this method can eliminate waste. Waste results from any activity that adds cost without adding value. For example, the unnecessary moving of materials, the accumulation of excess inventory, or the use of faulty production methods that create products requiring subsequent rework. Just-In-Time should enhance the profits and return on investment by reducing inventory levels (rising the inventory turnover rate), reducing variability, improving product quality, reducing production and delivery lead times, and reducing other costs (like those associated with machine setup and equipment breakdown). In conclusion, Just-In-Time production system aims to (1) meet customer demand in a timely manner (2) at the lowest possible total cost and (3) with high-quality products.

4. Enterprise Resource Planning

- Enterprise Resource Planning (ERP) is a computerized inventory control and production system that was born from Material Requirements Planning systems (MRP). It is a system that organizes functions of an institution. It assists in account, finance, human resources, and e-commerce applications through creation of databases and graphical user interfaces. It unifies the tasks of institutions like corporations, government agencies, non-profit organizations, powerful institutions and industries and businesses establishments. There are some businesses start to compete on a global scale, it is critical to streamline operations and processes in business to reach a higher level of productivity and efficiency in information exchange and supports e-commerce applications, for example supply chain management (SCM) and customer relationship management (CRM). On the other hand, software that produces functionality to various systems that will coincide with one another is required to combine all the information or operations of a company into a single unit. Central database is one of the most outstanding parts of the ERP system.

- **Case Study:**
- By October 1997, a group of fifty top business executives and ten senior IT professionals had been congregated to device the SAP project to come up with a set of best practices that would become common work procedures for every Nestle division which are manufacturing, purchasing, accounting and sales by adopted new pan-Nestle' way.
- Firstly, to implement the technical side, a common structure across the company, the vanilla would be code 1234 in every division. The SAP system customize around the uniform affair procedure. The group decided that they are not to use SAP in supply chain because the ERP supply chain module adopted was brand-new and therefore risky. Furthermore, Manugistics' supply chain module followed all the SAP standards and could easily be integrated.
- Nestle implement five SAP modules which are purchasing, financials, sales and distribution, accounts payable and accounts receivable and the Manugistics' supply chain module which deployed across every Nestle division, by March 1998. Besides that, the purchasing company for confections pursues the identical best practices and information as the purchasing company for beverages.
- To beat the Y2K deadline, the best project group had overlooked the integration points between the modules. All purchasing departments now used general names and systems, and followed a general process, but their system was not integrated with the financial, planning or sales groups. A salesperson may have given a valuable customer a discount rate and entered it into the new system, however the accounts receivable department would not know about it. Hence, it would appear to the accounts receivable operative as though the invoice were only partially paid as customer paid the discounted rate. The project team had essentially replaced divisional silos with process silos to unify the company's separate brands.
- The time constraints necessitated by Y2K had put too much pressure on the people in charge of executing the changes. The project team had lost the big picture of how the various components would work together. Hence, the existing modules had to be integrated and the team still needed to roll out another two more SAP modules which are sales and distribution on the domestic side, and accounts receivable as well as a new module for the supply chain. Since Dunn had rejected the SAP supply chain module two years before, therefore, it leads to decision to replace all but a couple of parts of the Manugistics system with APO.
- The last state of design was completed in April 2001

and giving the project teams a highly detailed road map to follow. One month later, Tom James came on board as director of process change for the best project with the responsibility as a connection between the divisions and the project team. He was so surprised by the poor relationship between divisions and project team. They conducted surveys that were involved of how the workers affected by the new systems were dealing with the changes and the feedback was the users were not prepared to make process alter.

- ERP projects are famous and need a long period and a lot of money to done it. Dunn maintains the slow and steady wins the race. Nestle United State accomplishes the significant ROI with the greatest bulk of savings from better demand forecasting.
- The old process included a salesperson giving a number to those men and demand planner do not know what they are talking about then the factory changes the number again.
- With SAP in place, general databases and business processes lead to more trustworthy demand forecasts for the various Nestle products. Furthermore, because all Nestle United State also using the same data then Nestle can forecast down to the distribution center level to diminish the inventory and the redistribution expenses that occur when too much of a product is sent to one place and not enough to another. The supply chain improvements accounted for a major chunk of the $325 million has saved from SAP.

5. Value Engineering (VE)

- Value engineering (VE) is a systematic method to improve the "value" of goods or products and services by using an examination of function. Value, as defined, is the ratio of function to cost. Value can therefore be increased by either improving the function or reducing the cost. It is a primary tenet of value engineering that basic functions be preserved and not be reduced because of pursuing value improvements.
- Value engineering is sometimes taught within the project management or industrial engineering body of knowledge as a technique in which the value of a system's outputs is optimized by crafting a mix of performance (function) and costs. In most cases this practice identifies and removes unnecessary expenditures, thereby increasing the value for the manufacturer and/or their customers.
- Case Study:
- This project was for an underground car park beneath a new shopping center in Three Waters, Madrid. A fully ducted ventilation system was the approved design contained with the Spanish Building Regulations. However, this would be costly to install and would impact on the development programmed. Therefore, the purpose of the simulation was to demonstrate that a non-ducted, mechanical system would also meet the Spanish Building Regulations. The planning requirements often mean extensive car parks to proposed offices, residential and retail developments. The ventilation of these car parks can present a significant cost to the developer in terms of capital expenditure for plant, energy consumption and maintenance, as well as the implications for the programmed if extensive ductwork and plant must be installed. The use of Computational Fluid Dynamics (CFD) is most effectively used at early design stage, also can be used as a tool for solving existing problems. The specific objectives of a project can vary considerably. The key objectives of the simulations are normally to ensure that the distribution and concentration of carbon monoxide (CO), is in accordance with Building Regulations. The Building Regulations comprise a number of Approved Documents. These Approved Documents contain design options which if adopted, the scheme is 'deemed' to comply.
- Applying Value Engineering can identify potential savings in capital, maintenance, and energy costs without any adverse effect on performance. Computer simulation is therefore, becoming an essential value engineering design tool. For example, a designer may question why six air changes per hour (ACH) should be provided when 4 ACH will accomplish the desired result. The benefits of simulation are that the proposed designs can be tested against the acceptance criteria contained within the Building Regulations before any financial commitment is made.
- In conclusion, Three Waters using of Computational Fluid Dynamics (CFD) as a tool for value engineering can significantly benefit new and existing developments by avoiding unnecessary capital expenditure, reducing construction time, and providing reductions in energy consumption, CO_2 emissions and maintenance.

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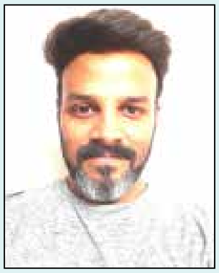
With regards,

CMA Arindam Goswami,
Chief Editor - WIRC Bulletin

Cost reduction techniques in Mutual Fund Industry



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What is cost reduction:

Cost reduction is achievement of real and permanent reduction in unit cost of products manufactured. Cost reduction does not accept any standard or budget but continuously challenges the set standards with an objective to excavate savings buried in standards.

When does cost reduction become necessary in financial services industry?

Cost reduction becomes necessary when the business is not able to pass on the rise in input costs to end consumers. Below are some of the factors:

- Increase in competition leading to competitive pricing: Once a product is launched successfully and it is able to demonstrate a healthy demand within market, few other players try to participate in the product pie by either tapping into untapped markets of by trying to offer competitive rates in case the there is further scope for adding more customers.
- Inflationary pressures leading to increase in material and labour costs: Inflationary pressures due to supply chain disruptions may lead to increase in input cost of material/ labour. In case where market of a product is saturated or in case where the end prices of products are capped by governments/ regulators, passing on the rise in input costs to end consumers is not an option.

Cost reduction techniques used in mutual fund industry:

In mutual fund industry most products provided by different service providers are by and large comparable. Taking an example of a mutual fund administration outsourcing, services will be largely bucketed between trade booking, reconciliation, valuation, NAV calculation and dissemination and last regulatory reporting (which would include various set of reports mandated by regulators from investor education and disclosure perspective like monthly portfolios and financial statements).

Most of the industry participants have strategically been aiming to reduce their manual touches in the NAV life cycle by having clients to provide various inputs like trades and capital subscription/redemption in a straight through manner. For smaller mutual funds many of the input channels prescribed by their fund administrators, translates into significant technology investments and as a result, for want of right kind of capital the ideal product designs never see light of the day and the administrators are left with no other choice but to develop some tactical automations in order to manage the non-standard client inputs. Cost reduction techniques used by the service providers include some of the following:

1) Tactical automation tools – Use of macros and user defined tools to process repetitive steps. Management of some of the bigger organisations has started emphasizing on learning and using some of the digital operations tools like Alteryx and Xceptor to name a few.
2) Time and motions study – Middle management is expected to measure the actual production hours and study the variances with standards. Various tools like time sheets (automated or manual) are used across various organisations to track the actual production time of resources.
3) Activity based modelling – Products are broken down into smaller pieces in order to achieve optimum resource allocation. Within the product chain, easier activities are given to lesser tenured resources and complex are given to tenured resources. This way management is able to ensure that they have right talent to complexity matching and as resources gain in experience, they are moved to higher complexity products.
4) Focus on locational advantage – Many organizations have a global foot print and use lower cost locations to source voluminous transactions that aren't discretionary in nature.

Areas of focus

1) Role of regulators: While some of these techniques have now been around for a quite some time and the incremental yield of these techniques is diminishing, organizations will have to find some out of box solutions to manage the pressure on cost that is exerted by receding top line. Regulators will have to play a lead role in ensuring that the fund administration and fund management industry remains healthy as the globe stairs at once crisis after another (COVID, war etc). Regulators typically define minimum disclosures needed for investor protection but rarely we see regulators assume a role of bringing together all the industry participants to define requirements that are standard in nature which can help make the product design optimum. Also, the penalties imposed on players for not following regulations should be ploughed back to the players who are ensuring adherence to regulations by helping set a pot that can contribute to the overall technology investments required for making the product flow more straight through. There is a need for regulators to analyse the key administration cost and re-evaluate if some of the mandated disclosures are adding value to investor education. Redundant disclosures can be identified and done away with there by further helping improve the product design.
2) Creating culture of cost optimisation: Management needs to create a system of identifying good versus bad costs and go after bad costs with incentives tagged to reduction and elimination of bad costs. One will have to be less reliant on pricing to be able to stay profitable and hence businesses will need to have a clear sense of which costs to keep and which ones to eliminate in order to stay in the race.

Comprehending Cost Reduction

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1. **Introduction :** Maximising profit is aim of almost all business entities. There are various possible ways through which profit can be increased. Marketing, increasing sales price etc are other ways of increasing profits but they are highly dependent on external factors which is beyond the control of an organization. Reducing production cost is the most feasible approach of an enterprise. Again, Cost reduction and Cost Control are two ways of reducing cost.
2. **Definition1,2 :** Cost Reduction is a process, which aims to lower the unit cost of a product manufactured or service rendered without affecting its quality. It can be done by using new and improved methods and techniques. It ascertains substitute ways to reduce the production cost of a unit. Cost reduction is a planned positive approach to reduce expenditure. It is a corrective function by continuous process of analysis of costs, functions, etc. for further economy in application of factors of production1.

Thus, cost reduction ensures savings in per unit cost and maximization of profits of the enterprise. Cost Reduction aims at cutting off the unnecessary expenses which occur during the production Process, storage, selling and distribution of the product1.

In other words, Cost reduction is a management strategy in which the cost of an object is always thought to have room for further reduction. No cost is referred to as the lowest cost, and therefore, every possibility to cut costs is evaluated. But while looking for ways to achieve a real and permanent reduction in the unit cost of goods produced or services rendered, it is assured that the quality of products or suitability of services remains intact2.

Therefore, the term 'cost reduction' may be summarized in the following three points:

- There is a saving in the unit cost of goods produced or services rendered.
- Cost reduction is of permanent nature.
- The quality of products or the utility of services remains unaffected, if not enhanced.

From the above points, it is clear that reductions due to unexpected transactions, fortunate collections, changes in government/tax policies, or temporary measures intended to overcome financial difficulties do not fall under the ambit of cost reduction. Cost reduction deals with savings in costs that are real and permanent2.

With such an approach, continuous efforts can be made to achieve genuine savings in the costs of manufacture, administration, selling, and distribution. This could be done by concentrating on areas such as product design (around 80% of production cost is committed at the design phase only), organizational structure, factory layout and equipment, production process, and more. For example, when examining a production process for any potential cost reduction, a business should check the following2:

- Whether wastage of manpower and materials is kept to the minimum
- Whether there is any scope for reducing idle capacity
- Whether there is any wastage of time and money owing to delay in the movement of resources from one production activity to another
- Whether stores and maintenance services are efficient or not

3. **Assumptions of Cost Reduction 3**: Assumptions of Cost Reduction

The three-fold assumptions of cost reduction are described below:

- Savings in per unit cost
- Savings is long lasting in nature.
- Quality and utility of the products and services remain uninfluenced.

Cost reduction is possible by identifying and removing wasteful, unwarranted and unnecessary elements from the design and manufacturing techniques. It results in the maximisation of profit, as the overall cost of production is reduced.

4. Features of Cost Reduction 4:

These are Features of Cost Reduction given below:

4.1. Cost reduction is not concerned with setting targets and standards. Cost reduction is the final result in the cost control process.

4.2. Cost reduction aims at improving the standards.

4.3. It is continuous, dynamic, and innovative in nature, looking always for measures and alternatives to reduce costs.

4.4. It is a corrective function.

4.5. This is applicable to every activity of the business.

4.6. It adds thinking and analysis to action at all levels of management.

5. Areas of Cost Reduction are 5:

Cost Reduction may be implemented in the following areas:

- Design
- Marketing
- Finance
- Factory organization and production methods
- Factory labour and equipment and
- Utility services

5.1. **Design :** Product design has the greatest scope for cost reduction, for a manufactured article must be functionally useful and at the same time satisfy the customer. While introducing a new design there must be a close co-operation between the designers and cost estimators to consider the influence of design upon:

- Material cost including material specification in relation to substitutes, the yield factor, storage and purchasing problems.
- Labour cost affected by the manufacturing process, tolerances and performance standards.
- Direct expenses such as tools, jigs and fixtures.
- Cost savings due to mechanisation, standardisation, and work simplification.
- Increase in use and esteem values and reduction in after-sales service costs.

Improvement of existing design must be a constant quest and the aim must be to save material cost by establishing standards of materials, reducing labour cost and overhead by reducing time taken for manufacture through improved design and methods.

Too much variety of the same product will probably add to cost. A reduction in variety means longer production runs, more mechanisation, higher productivity and lower cost per unit. There should be a proper value analysis, budgetary control and standard costing to increase use value, esteem value, and exchange value and finally to keep costs within reasonable limits.

5.2. **Marketing :** Cost reduction in the field of marketing includes representation, advertising, market research, sales office and administration, after sales service, packing, transport and warehousing, Collection and suitable analysis of these services may lead to the introduction of the most economic services in conformity with the present activities of the business.

5.3. **Finance:** Cost reduction in the field of finance is an important aspect because on account of a slight negligence on the part of management, capital may be tied up in fixed on current assets associated with risks of obsolescence, bad debts, bank charges, loss of discount, etc. The return on capital employed must be continually watched as a suitable cost reduction programme will ensure the maximum return possible.

5.4. **Factory Organization and Production Methods :** Cost reduction in this field includes correct assignment of authority and responsibility, an exhaustive planning for production and production services such as purchasing and material control, a balanced wage structure, institution of suitable working conditions and suitable works services such as maintenance, inspection and clerical services, adequate work measurement and system analysis, operation research and linear programming applied in the field of the above production services. In practice, the layout of factory, production scheduling, labour and machine utilisation, service planning, maintenance, inspection and quality control should be given due consideration before establishing a co-ordinated organisation and production methods.

5.5. **Factory Labour and Equipment :** The influence of factory layout and equipment on cost may be substantial. The cost reduction programme may include replacement of obsolete, outmoded, inefficient plant and equipment. A proper work study may enable labour efficiency to be improved. A productivity deal with the employees may reduce unit labour cost and consequently unit overhead cost. The substitution of labour by automatic plant and machinery may substantially reduce total cost.

5.6. **Utility services:** Utility services include labour, steam, air-conditioning, water, and other services. Due to the under-utilization of utility services costs may increase to a great extent. So, utmost care is necessary to see that the utility services are efficiently utilised.

6. **Difference Between Cost Reduction and Cost Control6:** Cost Control and Cost Reduction are often used as same but they are not so. Cost reduction is an extension of cost control. Cost reduction is a much wider concept than cost control. Cost control is essentially a short-term programme in as much as it relates to objective and standards. But cost reduction could have both short-term and long-term programmes. Major Differences are listed below:

Basis of difference	Cost control	Cost reduction
Meaning	Comparison of actual costs with budgeted figures to regulate costs	Achievement of a real and permanent reduction in the unit cost of goods produced
Aim	To maintain costs within established standards	To make efforts to reduce costs on a continuous basis
Approach	Standard costing and variance analysis	Improvisation in existing conditions of producing a product or rendering a service
Emphasis	Past and present	Present and future
Nature	Preventive function	Corrective function
End	Ends when targets are achieved	Ongoing process
Savings in cost	Could be temporary savings in cost	Realistic and permanent savings in cost
Quality maintenance	Quality maintenance is not guaranteed	Quality and utility of products is maintained

Setting of Budget	Sets up targets, investigates variances, and takes remedial steps	Does not use a budget as a yardstick
Dynamic	Relatively less dynamic approach than cost reduction	Fully dynamic
Applicability	Applicability is limited only to those items for which targets can be fixed	Universally applicable to all areas of operations

7. **Tools and Techniques of Cost Reduction7:** The various techniques and tools used for achieving cost reduction are practically the same which have been suggested for cost control. Some of these are:

i) Budgetary control,

ii) Standard costing,

iii) Standardisation of products and tools and equipment's,

iv) Simplification and variety reduction,

v) Improvement in design,

vi) Material control,

vii) Labour control,

viii) Overhead control,

ix) Production planning and control,

x) Automation,

xi) Operation research,

xii) Market research,

xiii) Planning and control of finance,

xiv) Value analysis,

xv) Quality measurement and research,

xvi) Cost benefits analysis.

xvii) Contribution Analysis

xviii) PERT

xix) Job Evaluation and Merit Rating etc.

7a) Some techniques in details8:

- **Just-In-Time (JIT) System :** The main aim of JIT is to produce the required items, at the required quality and quantity, at the precise time they are required. JIT purchasing requires for the items where too much carrying costs associated with holding high inventory levels. purchasing system reduces the investment in inventories because of frequent order of small quantities.
- **Target Costing :** Target costing refers to the design of product, and the processes used to produce it, so that ultimately the product can be manufactured at a cost that will enable the firm to make profit when the product is sold at an estimated market-driven price. This estimated price is called target price.
- **Activity Based Management (ABM):** Activity based management is the use of activity based costing to improve operations and to eliminate non-value added cost. The main goal of ABM is to identify and eliminate non-value added activities and costs.
- **Life Cycle Costing :** Life cycle costing estimates and accumulates costs over a product's entire life cycle in order to determine whether the profits earned during the manufacturing phase will cover the costs incurred during the pre-and-post manufacturing stage.
- **Kaizen Costing :** Kaizen costing is the process of cost reduction during the manufacturing phase of an existing product. The Japanese word 'Kaizen' refers to continual and gradual improvement through small activities, rather than large or radical improvement through innovation or large investment technology.
- **Business Precess-re-engineering :** Re-engineering is a complete redesign of process with an emphasis on finding creative new ways to accomplish an objective. The aim of business process re-engineering is to improve the key business process in an organization by focusing on simplification, cost reduction, improved quality and enhanced customer satisfaction.
- **Total Quality Management(TQM) :** Under the TQM approach, all business functions are involved in a process of continuous quality improvement.
- **Value chain:** Value chain analysis is a means of achieving higher customer satisfaction and managing costs more effectively. The value chain is the linked set of value creating activities all the way from basic raw materials' sources, component suppliers, to the ultimate end-use product or service delivered to the customer.
- **Bench Marketing:** Bench marketing is a continual search for the most effective method of accomplishing a task by comparing the existing methods and performance levels with those of other organizations or other sub-units within the same organization.
- **Management Audits :** Management audits, also known as performance audits, can be used to facilitate cost reduction in both profit and non-profit organizations. Management audits are intended to help management to do a better job by identifying waste and inefficiency and recommending a corrective action.

8. **Advantages of Cost Reduction7:** Cost reduction causes a definite increase in margins. The saving in cost may also be passed to consumers in the form of lower prices or more quantity in the same price. This will create more demand for the products, economies of large scale production, more employment through industrialisation and all-round improvement in the standard of living.

According to G. Kantharaj, "In the particular context of a developing economy, it becomes predominantly important to emphasize on Cost Reduction in agriculture, industry, public administration, etc. Cost Reduction cannot be ushered in by a magic wand. Cost reduction is everybody's concern. ……. The motto of every industry and every organisation should be to produce more goods and to render efficient services. Spiraling up of prices and inflationary trends seem to have reached a Point of No Return in the country. The situation cannot be salvaged, unless every responsible individual wages a war vehemently to curtail the wastages and delays in his own jurisdiction."

Government may also stand to gain by way of higher tax revenues. Increased competitive strength to the industry stimulates more exports. Thus, profit is increased by reducing the costs, it can be utilized for expansion of the organisation which will create more employment and overall industrial prosperity.

Cost reduction is essential of a product has to withstand its global market. Brand loyalty is fading away fast. Now-a-days consumers have become price and quality conscious. Hence cost reduction is the key for global competitiveness.

There are many advantages of cost reduction. Some of these are:

a. Cost reduction increases profit. It provides a basis for more dividends to the shareholders, more bonuses to the staff and more retention of profit for expansion of the business which will create more employment and overall industrial prospects.

b. Cost reduction will provide more money for labour welfare schemes and thus improve men- management relationship.

c. Cost reduction will help in making goods available to the consumers at cheaper rates. This will create more demand for the products, economies of large scale production, more employment through industrialisation and all-round improvement in the standard of living.

d. Cost reductions will be helpful in meeting competition effectively.

e. Higher profit will provide more revenue to the government by way of taxation.

f. As a result of reduction in cost, export price may be lowered which may increase total exports.

g. Cost reduction is obtained by increasing productivity. Therefore, a developing country, like India, which suffers from shortage of resources, can develop faster if it makes the best use of resources by increasing productivity.

h. Cost reduction lays emphasis on a continuous search for improvement which will improve the image of the firm for long-term benefits.

9. **Disadvantages of Cost Reduction7:** The possible dangers of any cost reduction plan may be as follows:

a. Quality may be sacrificed at the cost of reduction in cost. To reduce cost, quality may be reduced gradually and it may not be detected till it has assumed alarming proportion. Quality may be reduced to such an extent that it may not be accepted in the market and the business may be lost to the competitors.

b. In the beginning cost reduction programme may not be liked by the employees and danger may be poised to the programme because success of any cost reduction plan depends upon the willing cooperation and active participation of the employees.

c. It is possible that reduction in cost may not be real and permanent. It may not be based on sound reasons and may be short lived and cost may come back to the original cost level when temporary conditions (i.e. fall in prices of materials) due to which cost has reduced disappear.

d. There may be a conflict between individual objective and organisational objective. It is possible that a head of a particular department may follow activities which may reduce the cost of his department but may lead to increase in cost for the organisation as a whole.

10. **Examples of Cost Reduction Strategy9:** Managing intangible assets via one-off methods and tribal knowledge drains value from the business and shareholders in three different ways:

10.1. **Cost reduction strategies example 1:** The overstaffing drain: It takes more people to get things done in the absence of standardization, simplification, and the division of labor. And the facts bear this out as a cost reduction strategy. The Lab's examination of tens of thousands of similar work activities reveals excessive variation in duration and output. It shines a spotlight on needless customization. Ambiguous decision rights. Undocumented processes. And thus, surplus headcount. For the Fortune 500 in 2017, this translates to about 20 percent in wasted earnings—and over $3.6 trillion in lost shareholder value.

10.2. **Cost reduction strategies example 2:** The no experience curve—or benefits therefrom drain : Think of a factory. Every bit of knowledge that's gained through painful trial and error is documented as part of a cost reduction strategy. It's stored. It's mined. It's exploited. It's used to improve routines, assembly lines, and products. One can't even imagine a factory where the learning curve isn't being leveraged every day.

Contrast that to the state of today's knowledge workers. They perceive their efforts as inherently unique. Impervious to standardizing or simplifying. Yet studies have shown that roughly two-thirds of knowledge work is highly repetitive and ripe for standardization and cost reduction. The cost cutting potential is staggering: Nearly 67 percent of knowledge work could conceivably be standardized with lean transformation!

10.3. **Cost reduction strategies example 3:** The wasted capital investment drain: Knowledge workers' methods often lead to needless spending. For example, the processes used to design the characteristics of operational statistics (a.k.a. "data elements") are often poorly documented. And they're loosely enforced.This saps the value of any operating data that are captured. What good are data elements to management, after all, if they are weak or inconsistent—deficient?

It's easy to blame these deficiencies on existing IT systems. This leads to—little surprise—more spending on system upgrades. But the deficient data elements simply get imported into the new system. The one-off knowledge-work methods that created the unhelpful data elements in the first place remain. The cycle continues. The costs spiral. Nothing improves if process standardization is not part of a cost reduction strategy.

Cost cutting in the Fortune 1000 by reducing the drains on value: There's a value-migration strategy trend at play here. Back in 1975, only 17 percent of the S&P firms' assets were intangible. By 2015, that number had grown to 84 percent. Yet their ability to manage these intangible assets (still required to be listed as "expenses"!) lags far behind.

This explains the "productivity paradox" which was first noted decades ago: Investment in computers failed to increase the productivity of office workers. That's because computers automate knowledge work, but they don't industrialize it. That can only be accomplished via deliberate, engineering-style effort – and a process standardization strategy to reduce cost.

10.4 Some other examples10 :

- Modernisation
- Dematerilization
- Productivity
- Efficiency
- Sourcing
- Consolidation
- Negotiation
- Overhead
- Perks
- Cut and Run
- Proximity etc.

11. **Conclusion:** "Cost reduction" is a continuous process of critical cost examination, analysis and challenge of standards. In this each aspect of businesses such as products, process, procedures, methods, organization, personnel etc., are critically examined and reviewed with a view of improving efficiency and effectiveness and reducing the costs11. Cost reduction is an eminent tool of increasing profit and revenue of the business. But sole concentration in cost reduction may result adversely if quality of product is compromised. So strategic decisions about reduction in Cost of Production should be considering all factors and effects of reducing cost.

There are few ground rules in Cost Reduction which are12 :

- Cost Reduction should involve reducing and not cutting entirely the costs
- The reduction should not affect the processes and product quality
- The process of manufacturing may be improvised without affecting the product quality or nature
- Features of the product or service may be modified without affecting the quality of the product.
- Cost reduction should never be applied as a short-term process and it should rather be implemented as a long-term solution.

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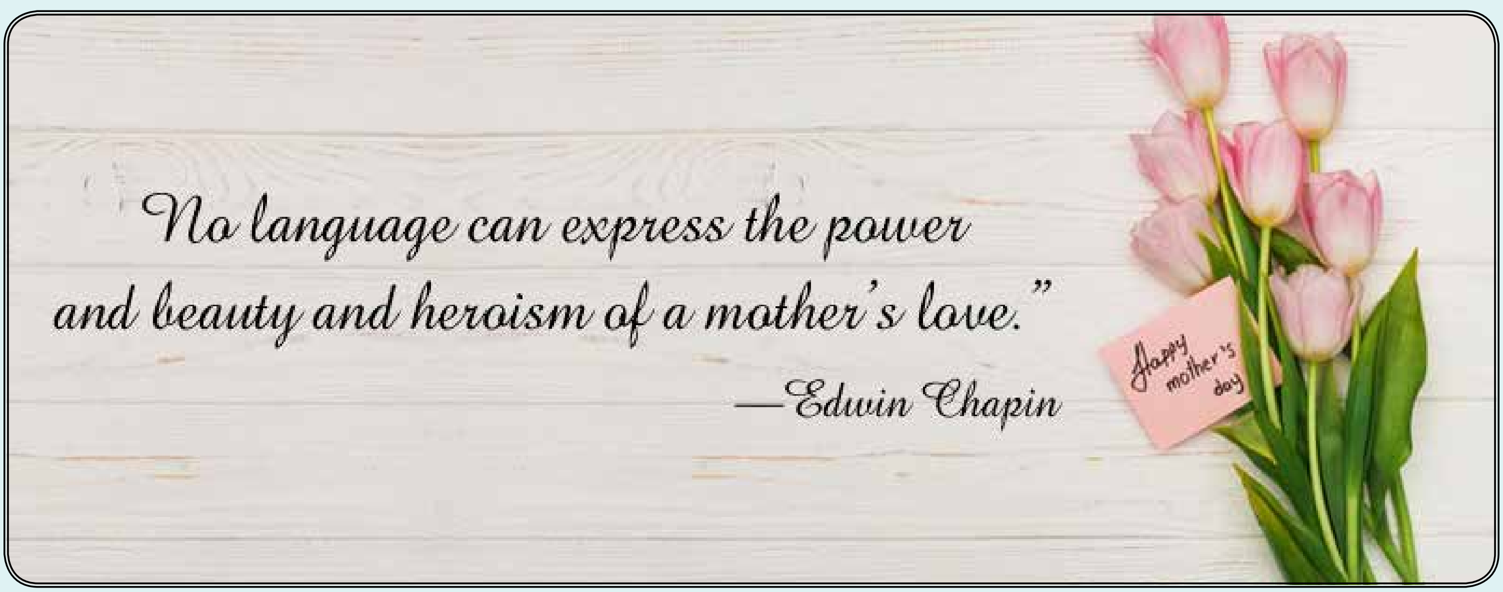

My Lavasa Story

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"Nothing is more satisfying than feeling of doing something for common man."

My journey with #Lavasa Corporation Ltd (Debt size appx 9500 Cr) started around 6 months back when I was appointed as Authorised Representative for home buyers (appx 1200 home buyers) by #NCLT, Mumbai.

Till that time water had already flown a lot, CIRP almost nearing 3 years. Financial creditors, OC, RP team all trying sort the mess. Home buyers literally lost patience for paying up EMI for home they never got. Repeated attempt by RP team to find Resolution not yielding desired results. Hope was going down with everyday.

Once I took over my mail box was flooded with emails with all sorts of complaints. Could feel the restlessness in whole process. Gradually started talks with members to understand the concerns and points of view. The story began to unfold with every interaction had with different stakeholder.

RP invited again for round of EOI and we could get some Ray of hope in form of finding Prospective Resolution Applicants. Then began the rounds of meetings formal COC as well as informal. Each COC member, RP team negotiating hard in order to get best for all stakeholders. Understanding every word written in Resolution plan, understanding the implications and trying to reorganise in order to protect stake of home buyers. Pending litigations and few for applications in NCLT made the situation even more dynamic as well as complex. Nevertheless, there was always hanging sword of adhering to timelines given by Hon NCLT.

After ensuring necessary compliances, the Resolution Plan were put to vote. More than 30 COC members with single digit voting share with mix of PSU Banks, Private Banks, NBFC, ARC & homebuyers, it was task to achieve requisite 67% majority for approval of Resolution Plan. Moreover, there was huge risk of liquidation if desired voting is not achieved.

Round of meetings happened again, It was quite experience in making common home buyer understand the IBC framework. Many could not understand why their contracts are not getting fulfilled. Pic is from one such meeting with homebuyers who welcomed me even at difficult juncture.

Finally the news came and the Resolution Plan is approved by COC. Now the Plan will be put forth for approval by NCLT and then implementation will happen in due course.

Nothing can satisfy homebuyers except their HOME. Realising the hard reality haircut was inevitable. We could do what maximum we could have.

Takeaways for all those people who put their life savings for buying a HOME:

1. Precautions to be taken while buying home
2. Avoiding FOMO
3. IBC is fundamental law which all citizens should know just like Income Tax, Act or GST

Types of Fintechs and How Fintech Earn Money?

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Here we are discussing how FinTech earn money. They are taking place over the established banking and finance companies.

We are heading towards a cashless economy with a swifter speed of financial innovation. In their struggle to survive, existing Banking and financial institutions more and more are applying data analytics to digitize operational processes. Also, the consumers are preferring digital facilities in place of existing financial services. The innovative ideas by new startups Fintech are attracting more venture capitalists over the world. In current year(2021), more innovative ideas are converting startups to billion-dollar companies. They are mostly, in US. They are path breakers in innovations. Some examples are Stripe ($95 Billions), SoFi ($8.65 B),Chime, Robinhood, Addepar etc.

9. Most Innovative Types of FinTech Business Models

Since more venture capitalists are investing into the FinTech companies, they are challenging existing banking and financial service companies. They feel they are on the way out soon swifter than Blackberry and Nokia which were wiped out of the cellular phone market.

The following are the innovative FinTech business models that are extending loan the digital transformation into the banking and finance industry.

1. Alternative Credit Rating Sourcing

Though having the liberal-banking infrastructure built, banking and financial institutions still obstacles quality of credit score assessments. As a result, numerous self-employed with a stable income source have been deprived to loans.

New method of assessment of credit score includes combing numerous customer credit score data points like social signals and percentile scoring amongst identical browser clusters. As a result, by consolidating such qualitative elements coupled with AI-powered self-learning software algorithms, Fintech companies will produce a better credit score (compared to existing traditional banks) when prospective lenders can conclude with a wise decision. On the basis of social preference, banks will not lend money to such persons to avoid future Not Performing Assets (NPA).

2. Insurance Underwriting

At present, two persons with the replica bodily measurements, less or more smoking and alcohol habits will be categorized in the same bracket of insurance premium. If, one person may be physically fit over the years, while the other person continues to be lethargic, the latter person will have the bigger probability to die of diseases like diabetes and stroke. However, both are charged with same premium.

Such unscientific premium calculations is the based on approach from averaging out (known as Normalization) of risk assessment that does not count for unquantifiable elements. Similar to other option of credit scoring, many FinTech companies concentrate on developing computing mechanisms that uses other options data points such as social signals, medical history, and lifestyle. When coupled with machine learning algorithms, these InsurTech companies can support insurance companies to correctly calculate insurance premiums and eligibility.

3. Personal Finance Management

'Data is the new oil' is the mantra behind these types of FinTech companies. As result, they have created software solutions like expense manager apps. These apps assemble customer data and blends with the assembled data with remainder data sets to navigate the customer's buying capacity to invest in real estate and also in other financial assets. Many of the FinTechs developed this business model to earn on commission or on selling third-party financial products.

4. P2P and P2B Lending

Peer-to-peer (P2P) lending is the (individual to individual) FinTech business model, where individuals fund individuals. On the other hand, the P2B model is about individuals extending loan to businesses. These loan platforms are enabling investors to get higher returns on their investments.

Many Fintech Companies are filling the gap between borrowers and lenders to make lending a reality. These platforms earn commission from the lenders.

5. Small-Scale Loan Lending

Many traditional banks usually do not like to lend money small-scale because the amount is small with low margins. It is also along with high processing fee coupled with loan initiation and recovery. To fill this loan gap and eliminate this tendency by established banks from the market, FinTech companies are proposing impulse buy mechanisms, which persuade consumers to go for small overdrafts or loans, without any hassle and swift process for sanction of loans.

These loans are generally provided at a low interest rate and borrowers are insisted to purchase almost anything. Buyers are also offered to pay instalments. In such situation, how Fintech companies make money?

These loan platforms charge the original equipment manufacturer (OEM) for the sale of their product with options like no-cost EMIs. In such situations, the manufacturer will offer the big discount in lieu of interest to the lending institution. As a result, the end customers can buy the product at the market price and pay in installments without having to pay any interest.

6. Payment Gateways

With so many payment methods (credit cards, debit cards, e-wallets, etc.) available in 2021, there is a requirement for additional payment gateways which are cost-efficient and effective.

Payment gateways give opportunity to consumers to disburse for any commodity or make money transfers online. Usually, banks charge exorbitant fees to facilitate online transactions via all the aforementioned payment modes. On the other hand, many FinTech companies are making it easy and at lower cost for online companies to combine online payment options to their websites.

7. E-Wallets

E-wallets are a combination of a basic banking services (no-frills bank account) and a payment gateway. This business model permits users to pre-load virtual money into their e-wallets and then use it to pay for buy (goods or services). E-wallets are in trend and increasing customers use this method for digital payments from the start of the COVID. This method provides consumers to make contactless payments for pity fee which is charged to concerned businessman as a merchant discount rate. These platforms make money by selling 3rd party financial services to their clients. In this business model, series of innovations are evolving at a hectic pace in the e-wallet app development. The cashless payment looks to be future. Some of the popular include in market Google Wallets, Samsung Pay, Venmo, Square Cash and the like.

8. Investment Platforms

We know that there are online investment platforms that permit prospective investors to purchase shares or mutual funds with no commission. Some Fintech Companies use their business models for purchase the shares, mutual funds, derivatives, fixed income securities etc. (known as financial asset). With the high volume transactions, these Fintech companies make differences in price performance data in their favour.

Investors like investing online platforms since they need not to pay any trading fee. Though the price investors pay for stocks are slightly upper side than the actual price, the amount of economy in money is substantially higher than the trading fee they would pay through routine channel.

9. InsurTech

FinTech companies working in the insurance sector are disrupting age old system of providing insurance services. These InsurTech companies can vary their premiums depending to the customers' background. As a result, they can offer more attractively insurance policies than age old insurance players.

With the capacity of providing tailor-made insurance plans, these InsurTech companies can bring about more business attainable that were not thought of with traditional system. Many InsurTechs are already reaping such benefits.

How Do FinTechs Earn Money?

Most FinTechs earn via subscriptions, third-party financial services, and advertising. Unfortunately, most FinTech startups are not making break even. Companies like Monzo and N26, which have valuation at $1.6 billion and $3.5 billion, are still in loss.

1. Data and Information

FinTechs are flourising is that they can assemble customer data and provide more tailor-made services. FinTech organizations have knowledge where their customers are disbursing their money, how they get salaries, and who are their treasured dealer/trader. Under NO OPTION, FinTechs companies are using data to make money. These data are valuable for third-parties including credit score companies, loan lenders, and others.

2. Subscription Fee and Freemium Packages

With this business model, the money comes directly from the end-beneficiaries. Subscription fee is charged a regular amount by Fintech company through bills periodically (monthly/quarterly/annually) to end-consumers. This app monetization model is very fruitful for FinTechs since as free trials permit users to use this product/service prior to paying a premium to judge whether they like or not.

Other strategy is 'Freemium,' where the FinTechs enable users with selected characteristics access to the FinTech apps for an unlimited period. However, for features which allow a greater amount of value, the users have to disburse a subscription fee.

Some FinTechs have an alternative to bill a uniform fee. With this method, the FinTech company makes money every time when the user makes a transaction. The fees vary between 1% to 4% per transaction.

3. **Third-Parties**

This is among the most moneymaking and potent revenue strategies for FinTech companies. With this mode, the FinTech companies collaborate with other third-party companies to provide value through other ways. For example, a FinTech solution can also offer health insurance, credit scoring, accounting services, and others.

This business model is simple. The FinTech advises the customers to third-party services. As a result, the third-party service companies provide a certain percentage to the FinTech.

As per a survey by Oliver Wyman, only 26% of FinTechs depend on third-party services. However, 43% of the FinTechs for the mass market utilise third-parties to make money.

4. **APIs**

API (Application Programming Interfaces) is a very innovative model of making money that has emerged in recent time. In open banking environment, API provide FinTech organizations opportunities to collaborate with other companies for sharing required data. For instance, if FinTech company X structure a cool feature, it can share that characteristics with FinTech Y via APIs.

A research from FIS Global advocates that API sharing is a very good ground for FinTechs to boost productivity. Though open banking is very fresh to the FinTechs, this model is to prove its feasiability. However, experts feel that this revenue model is very conservative and also practical.

5. **Robo-Advisors**

Robo-advisors are platforms that neutralise the requirement for investment advisors. The platforms utilize latest technologies like AI and ML, to structure algorithms that will be potent to optimize allocation of portfolios for a better result. In US, Companies like Robinhood, Moneyfarm and Betterment support these capabilities to their customers.

The users do not have to shell significant amounts for the robo insurance advisory. They disburse some percentage of their financial assets as a fee. However, the fee is in lower side. For instance, the investment managers charge 1% or more for advisory, whereas company like Betterment has a fixed fee of 0.25%.

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Trends of Production, Consumption, Import and Export of Cotton – Indian Scenario

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In the previous Article on Indian Cotton Sector published in WIRC Monthly Journal, March 2022, Issue, an Overview of India Cotton was discussed. In the present Article, exclusively the data relating to production, consumption, import and export of cotton during the last two decades period have been presented. The source of data for all the above items are Government's published figures of formerly Cotton Advisory Board (CAB), till 2019-20 and subsequently the data recommended by the New Committee on Cotton Production and Consumption (COCPC), formed by the Government in September, 2020, replacing the CAB.

It may be relevant to mention that the composition of the above two Committees is comprehensive, considering that every aspect of cotton sector is represented in the above two Committees, viz. cotton crop forecast Agencies, representatives of all cotton producing States, Ministries/ Departments representing Agriculture crops, Important Cotton Trade Bodies, Central Institutes for Cotton Technology and Cotton Research, Cotton Ginning and Pressing Sector and Government Departments concerned with regular maintenance of statistics relating to production, consumption, import and export of cotton, viz. Office of the Textile Commissioner, Ministry of Textiles, Government of India, Mumbai.

Attributes of Cotton

Rightly called the queen of fibres, cotton is one of the most significant cash crop in India. It has been grown from time immemorial to clothe the people of the country and is also the mainstay of textile and other related industries, world-wide. On account of its agricultural and industrial importance, it is also called as "white gold". Cotton is also dual purpose crop, that is source of fibre and edible oil. It also supports the livelihood of about 60 million people engaged from cotton cultivation to cotton trade, processing, textile manufacture and other related activities.

It's importance as a significant natural fibre crop of global importance can be gauged simply from the fact that it is commercially grown in about 110-111 countries with a global area of 34.50 million hectares, accounting for 26.13 million tonnes of cotton production with a productivity of 757.6 kg/ha, as per latest report of International Cotton Advisory Committee, ICAC (March, 2022)

Production of Cotton:

In India, cotton is presently grown in an area of about 130 lakh hectares (though during the current year i.e. 2021-22, the area estimated is lower at 123.50 lakh hectares), India stood at about 3rd position in the production of cotton till the year 2006-07/2007-2008 i.e. behind China and U.S.A. However, from the year 2010-11, especially after the commercialization of Bt. cotton hybrids in the year 2002 and the launching of Technology Mission on Cotton (TMC) in the year 2000, the position dramatically changed and India jumped to the top position in cotton production from the year 2013-14, over taking China and U.S.A. Nevertheless, the production of cotton in the country could not make much headway, as more than 65% of the area of cotton is under rainfed cultivation in India. The same is reflected from the production data of last 20 years period given in Table – 1

Table 1 – Production of Cotton

(In lakh bales of 170 kgs each)

Years	Production
2000-2001	140.00
2005-2006	241.00
2010-2011	339.00
2011-2012	355.00
2012-2013	365.00
2013-2014	398.00
2014-2015	386.00
2015-2016	332.00
2016-2017	345.00
2017-2018	370.00
2018-2019	361.18
2019-2020	365.00
2020-2021	352.48
2021-2022	340.62 (P)

P = Provisional Source: COCPC

According to the "Handbook of Cotton in India", published by the 'Indian Society for Cotton Improvement' (ISCI), Mumbai in the year 2000.

"The Production of cotton rose six folds from 2.3 million bales of lint in 1947-48 to an all-time high of 17.8 million bales during 1996-97. The productivity also rose significantly from 90 kg to 330 kg of lint per hectare. These gains in production and productivity were possible due to adoption of high yielding varieties and hybrids (40% area under hybrids and an increase in irrigated area from 8% to 36%."

Declining Output: Yield Needs Improvement:

The highest production of cotton in India of 398 lakh bales was achieved in the year 2013-14. But thereafter, there has been a fluctuating trend in production of cotton from year to year and now 340.62 lakh bales production in 2021-22 is almost the lowest crop since the last two decades. Since the area under cultivation has been more or less steady year after year at about 120 lakh to 125 lakh hectares implies that the resultant decline has been on account of extremely low productivity. Further, the attack of insect pest also contribute to the low productivity more often than not.

The major hurdle in cotton production in India is its low productivity which is not all encouraging when compared to either developed economies or even the neighbouring Pakistan.

Incidentally, if this declining situation continues for 2-3 years, India may again become a net importer of cotton, as against its present status of a major exporter of cotton.

Consumption of Cotton:

According to a recent Report of Cotton Association of India, (a Body of leading cotton traders) India being the second largest consumer and the second largest exporter of cotton, enjoys a predominant position in the world cotton market.

The data on consumption of cotton in India from the year 2000-2001 to 2021-2022 are presented in Table 2 below. It will be seen there from that cotton consumption in India has been growing from year to year, though modestly. In spite of an increase regularly taking place in the consumption of man-made fibres like Viscose and Polyester, cotton still contributes more than 70% to the over-all consumption of all textile fibres in the country.

The present consumption of cotton in India (both mills and non-mill taken together) is 345 lakh bales, as per the latest estimates of the Committee on Cotton Production and Consumption (COCPC), in their meeting held on 22nd March, 2022. The lower consumption in the current cotton year i.e. 2021-22 is on account of trend of consumption of cotton witnessed in the initial five-six months of the cotton season 2021-22 (October-September) and also due to the fact that many of the mills in Southern Zone are diverting to the use of Viscose and Polyester fibre as against cotton.

Table 2 – Consumption of Cotton

(Combined for Mills and Non Mills)

Years	**Consumption**
2000-2001	160.33
2005-2006	219.00
2010-2011	275.00
2011-2012	254.18
2012-2013	283.16
2013-2014	298.88
2014-2015	320.00
2015-2016	315.28
2016-2017	310.40
2017-2018	315.00
2018-2019	315.50
2019-2020	315.00
2020-2021	335.00
2021-2022	345.00 (P)

P = Provisional

Import of Cotton – Why Cotton Imports?

Even after being the largest producer of cotton in the World, India continues to import about 20 lakh to 30 lakh bale of cotton annually mainly from countries like USA, Australia, Brazil, Egypt and African countries. However, the imports are mostly of specific varieties and Extra Long Staple (ELS) variety to meet the deficit of such varieties of cotton due to lower production in the country and increase in domestic demand of such varieties from year to year. Further, at times it is economically viable to import (ELS) cotton instead of sourcing it domestically.

(With regard to ELS variety, there has been a qualitative and quantitative gap in this category)

The import of cotton by India during the period 2000-2001 to 2021-22 is given in Table 3 below.

Table 3 – Import of Cotton

(In lakh bales of 170 kgs each)

Years	Import
2000-2001	25.00
2005-2006	4.00
2010-2011	5.00
2011-2012	12.00
2012-2013	14.59
2013-2014	10.80
2014-2015	8.00
2015-2016	22.79
2016-2017	30.94
2017-2018	31.00
2018-2019	15.50
2019-2020	11.00
2020-2021	11.00
2021-2022	18.00 (E)

E = Estimated

It will be seen from the data given above that cotton import was highest in the year 2017-18 of 31 lakh bales.

Export of Cotton:

India became a net exporter of cotton from an importer of cotton after the year 2003-2004. The increased production after meeting domestic consumption opened the opportunities of export of raw cotton by India.

The export of cotton from India for two decades period may be seen from the data presented in Table – 4.

Table 4 – Export of Cotton

(In lakh bales of 170 kgs each)

Years	Import
2000-2001	1.00
2005-2006	43.00
2010-2011	55.00
2011-2012	129.59
2012-2013	101.93
2013-2014	117.92
2014-2015	70.00
2015-2016	69.07
2016-2017	58.21
2017-2018	44.00
2018-2019	47.04
2019-2020	65.00
2020-2021	77.59
2021-2022	40.00 (E)

E = Estimated

In the publication brought out by the Cotton Association of India (CAI), at the time of hosting the Cotton India 2019, International conference in March, 2019 it is worth recalling the observations in one of the leading Article, with regard to export of cotton from India:

"It may be recalled that India had stunned observers by exporting 12.9 million bales of cotton in the year 2011-12. The trend of India exporting more than 10 million bales of cotton continued for the next two years also that is 2012-13 and 2013-14.

In the year 2013-14, we exported 11.7 million bales. However, thereafter that is from the year 2014-15, there has been a downward trend in export of cotton from India, that is only about 7 million bales. Nevertheless, India's export prospects appeared to be favourable but steady even during that period.

From the details presented in the foregoing pages, it will be seen that Indian Cotton has come a long way since the year 2000. There has been good progress in terms of production, yield, quality etc. with the introduction of Bt. seed technology and the launching of the Technology Mission on Cotton. The textile industry has been pressing the Government from time to time to launch the 2nd Technology Mission on Cotton to make further progress in the cotton sector.

Corrigendum to Internal Circular 2A of 2022 to include the Cost Accountant by Commissioner of State Tax, Maharashtra

Representation was given by President, ICMAI & Chairman TRD to include CMA in MH internal circular for scrutiny.

Upon regular follow up by WIRC, Pleased to inform that Commissioner office, issued Corrigendum to internal circular 2A to include Cost Accountants (CMA) for certification. Certificate issued by the Cost Accountant shall contain UDIN.

STUDENTS CORNER

How to Face the Interview

– CMA Mehul Kumar Rana
ETP - Analyst (Oracle)
Deloitte touche tohmatsu India LLP (Pune)

CMA is a name that takes a lot of effort and hard work for sure, but definitely, the value that it gives and the level of respect is worth for every effort. It's not very easy but it's achievable and if u want to achieve something big u should not focus on the easy things that I always think. After completing all the exams in a very first attempt, it was the time for placement .Here I am sharing my experiences regarding campus placement and job interviews:

1- It will be a completely new experience and u never know what exactly is going to happen and what kind of questions you can be asked and the most important is how to answer all those query in a unique way.

2- Be confident it's the main thing u should focus on, yes fear will be there but it is normal ,you can over come this fear with Research. Yes research is a good anxiety-reliever. Every bit of preparation that you can do will help to increase your comfort level and make you feel more confident and capable in the interview.

3- Be Crisp ,Clear and Confident focus on these 3c's as your content should be clear and precise and ur confidence will represent it in the best way.Have faith on you and keep this in your head that "I am fully ready for this" or "I can do this brilliantly".This helps alot.

4- Always keep a smile on your face that gives a positive impact on the interviewer.

5- Talking about the technical part u should mainly focus on the basics of all the main areas like cost, fm, and accounts. Yes u know it all as u are already cleared this exams, you just need to revise the basics and prepare yourself for case-based scenarios,as they want to test u on the way u represent and think about, not just what you had studied in your course.

6 - The power of the mind is quite considerable and it really helps to think positively before an interview and to reaffirm your self-belief. Do not allow yourself to dwell on doubts about your ability to do the job or to get through the interview. During your interview, sit or stand with confidence. Your physical stance can affect your mind and have a calming effect. Smiling can also trick your mind into feeling happy, which will allow you to relax a little more.

7- You should give proper time to your resume as every single thing tells about your candidate skills, strengths and experience. Your resume should reflect achievements, awards, education, experience and any other outstanding accomplishments that align with your career path and goals. you should be ready to handle questions regarding that.A good resume will immediately display to employers about the proper candidature of yours or you can say it's your very first impression on them .

8- Take a brief knowledge of the company vision,mission and its growth you are giving an interview for, about the top level management, how they work, their work history and a bit of financial will add an extra point as we are from the same field.

9- Focus on the job description so u should have clarity for what positions they are hiring,and what are the skills they are looking for so that you can try to match up their needs and requirements that a position requires.

At last, it will be a new experience, don't take it as an examination, it is just about representing your own candidature in the best way. The knowledge of the company, basics of the subject, resume and all the parts that can make you unique focus on that.

At lasts just be positive u know all the things and u should not panic as it can affect you being yourself. After the interviews for Vedanta, Accenture, Societe general and Deloitte. I can say that they will not judge u just on your marks they will judge you on what u are and how u are representing yourself to them.

Just be confident and keep calm .u will surely be able to achieve it

Wishing everyone best of luck.

Students Glossary

Abenomics

Abenomics is the nickname for the economic policies set out for Japan in 2012 when prime ministerShinzo Abe came into power for a second time. Abenomics involved increasing the nation's money supply, boosting government spending, and enacting reforms to make the Japanese economy more competitive. The Economist outlined the program as a "mix of reflation, government spending, and a growth strategy designed to jolt the economy out of suspended animation that has gripped it for more than two decades."

Ability-To-Pay Taxation

The ability-to-pay philosophy of taxation maintains that taxes should be levied according to a taxpayer's ability to pay. The idea is that people, businesses, and corporations with higher incomes can and should pay more in taxes.

Abnormal Return

An abnormal return describes the unusually large profits or losses generated by a given investment or portfolio over a specified period. The performance diverges from the investments' expected, or anticipated, rate of return (RoR)—the estimated risk-adjusted return based on an asset pricing model, or using a long-run historical average or multiple valuation techniques.

Absolute Advantage

Absolute advantage is the ability of an individual, company, region, or country to produce a greater quantity of a good or service with the same quantity of inputs per unit of time, or to produce the same quantity of a good or service per unit of time using a lesser quantity of inputs, than its competitors.

Absolute Return

Absolute return is the return that an asset achieves over a specified period. This measure looks at the appreciation or depreciation, expressed as a percentage, that an asset, such as a stock or a mutual fund, achieves over a given period.

Back-End Ratio Definition

The back-end ratio, also known as the debt-to-income ratio, is a ratio that indicates what portion of a person's monthly income goes toward paying debts. Total monthly debt includes expenses, such as mortgage payments (principal, interest, taxes, and insurance), credit card payments, child support, and other loan payments.

Back Office

The back office is the portion of a company made up of administration and support personnel who are not client-facing. Back-office functions include settlements, clearances, record maintenance, regulatory compliance, accounting, and IT services. For example, a financial services firm is segmented into three parts: the front office (e.g., sales, marketing, and customer support), the middle office (risk management), and the back office (administrative and support services).

Back-to-Back Letters of Credit

Back-to-back letters of credit consist of two letters of credit (LoCs) used together to finance a transaction. A back-to-back letter of credit is usually used in a transaction involving an intermediary between the buyer and seller, such as a broker, or when a seller must purchase the goods it will sell from a supplier as part of the sale to his buyer.

Backflush Costing

Backflush costing is a product costing system generally used in a just-in-time (JIT) inventory system. In short, it is an accounting method that records the costs associated with producing a good or service only after they are produced, completed, or sold. Backflush costing is also commonly referred to as backflush accounting.

Backlog

A backlog is a buildup of work that needs to be completed. The term "backlog" has a number of uses in accounting and finance. It may, for example, refer to a company's sales orders waiting to be filled or a stack of financial paperwork, such as loan applications, that needs to be processed.

C Corporation

A C corporation (or C-corp) is a legal structure for a corporation in which the owners, or shareholders, are taxed separately from the entity. C corporations, the most prevalent of corporations, are also subject to corporate income taxation. The taxing of profits from the business is at both corporate and personal levels, creating a double taxation situation.

Call Option Definition

Call options are financial contracts that give the option buyer the right but not the obligation to buy a stock, bond, commodity, or other asset or instrument at a specified price within a specific time period. The stock, bond, or commodity is called the underlying asset. A call buyer profits when the underlying asset increases in price.

Callable Bond

A callable bond, also known as a redeemable bond, is a bond that the issuer may redeem before it reaches the stated maturity date. A callable bond allows the issuing company to pay off their debt early. A business may choose to call their bond if market interest rates move lower, which will allow them to re-borrow at a more beneficial rate. Callable bonds thus compensate investors for that potentiality as they typically offer a more attractive interest rate or coupon rate due to their callable nature.

Canceled Check

A canceled check is a check that has been paid or cleared by the bank it was drawn on after it has been deposited or cashed. The check is "canceled" after it's been used or paid so that the check cannot be used again.

Candlestick Definition

A candlestick is a type of price chart used in technical analysis that displays the high, low, open, and closing prices of a security for a specific period. It originated from Japanese rice merchants and traders to track market prices and daily momentum hundreds of years before becoming popularized in the United States. The wide part of the candlestick is called the “real body” and tells investors whether the closing price was higher or lower than the opening price (black/red if the stock closed lower, white/ green if the stock closed higher).

Dark Cloud Cover

Dark Cloud Cover is a bearish reversal candlestick pattern where a down candle (typically black or red) opens above the close of the prior up candle (typically white or green), and then closes below the midpoint of the up candle.

Dark Pool

A dark pool is a privately organized financial forum or exchange for trading securities. Dark pools allow institutional investors to trade without exposure until after the trade has been executed and reported. Dark pools are a type of alternative trading system (ATS) that give certain investors the opportunity to place large orders and make trades without publicly revealing their intentions during the search for a buyer or seller.

Dark Web

The term dark web refers to encrypted online content that is not indexed by conventional search engines. Accessing the dark web can only be done using specific browsers, such as TOR Browser. There is a great deal of privacy and anonymity that comes with using the dark web compared to traditional websites.

Darvas Box Theory

Darvas box theory is a trading strategy developed by Nicolas Darvas that targets stocks using highs and volume as key indicators.

Data Analytics

Data analytics is the science of analyzing raw data to make conclusions about that information. Many of the techniques and processes of data analytics have been automated into mechanical processes and algorithms that work over raw data for human consumption.

E-Mini

An E-mini is an electronically traded futures contract that is a fraction of the value of a corresponding standard futures contract. E-minis are predominantly traded on the Chicago Mercantile Exchange (CME) and are available on a wide range of indexes, such as the NASDAQ 100, S&P 500, S&P MidCap 400, and Russell 2000, commodities, and currencies.

EAFE Index

The EAFE Index is a stock index offered by MSCI that covers non-U.S. and Canadian equity markets. It serves as a performance benchmark for the major international equity markets as represented by 21 major MSCI indices from Europe, Australasia, and the Middle East.

Earmarking

Earmarking is the practice of setting particular money aside for a specific purpose. The term can be used in several contexts, such as in congressional appropriations of taxpayer funds to individual practices like mental accounting.

Earned Income

Earned income is money received as pay for work performed, such as wages, salaries, bonuses, commissions, tips, and net earnings from self-employment. It can also include long-term disability, union strike benefits, and, in some cases, payments from certain deferred retirement compensation arrangements.12

Earned Income Tax Credit (EITC)

The earned income tax credit (EITC) is a refundable tax credit that helps certain U.S. taxpayers with low earnings by reducing the amount of tax owed on a dollar-for-dollar basis. Taxpayers may be eligible for refunds if their tax credit exceeds their tax liability for the year.

Fund Manager

A fund manager is responsible for implementing a fund’s investing strategy and managing its portfolio trading activities. The fund can be managed by one person, by two people as co-managers, or by a team of three or more people.

Fund of Funds (FOF)

A fund of funds (FOF)—also known as a multi-manager investment—is a pooled investment fund that invests in other types of funds. In other words, its portfolio contains different underlying portfolios of other funds. These holdings replace any investing directly in bonds, stocks, and other types of securities.

Fundamental Analysis

Fundamental analysis (FA) is a method of measuring a security’s intrinsic value by examining related economic and financial factors. Fundamental analysts study anything that can affect the security’s value, from macroeconomic factors such as the state of the economy and industry conditions to microeconomic factors like the effectiveness of the company’s management.

Fundamentals

Fundamentals include the basic qualitative and quantitative information that contributes to the financial or economic well-being of a company, security, or currency, and their subsequent financial valuation. Where qualitative information includes elements that cannot be directly measured, such as management experience, quantitative analysis (QA) uses mathematics and statistics to understand the asset and predict its movements.

Funded Debt

Funded debt is a company’s debt that matures in more than one year or one business cycle. This type of debt is classified as such because it is funded by interest payments made by the borrowing firm over the term of the loan.

Funds From Operations (FFO)

Funds from operations (FFO) refers to the figure used by real estate investment trusts (REITs) to define the cash flow from their operations. Real estate companies use FFO as a measurement of operating performance.

Funds Transfer Pricing (FTP)

Funds transfer pricing (FTP) is a system used to estimate how funding is adding to the overall profitability of a company. FTP sees its most significant use in the banking industry where financial institutions use FTP as a way to analyze the strengths and failings of the firm within the institution. Funds transfer pricing may also help with determining the profitability of various product lines the bank offers, the performance of branch outlets, and judge the effectiveness of processes.

Fungibility

Fungibility is the ability of a good or asset to be interchanged with other individual goods or assets of the same type. Fungible assets simplify the exchange and trade processes, as fungibility implies equal value between the assets.

Furniture, Fixtures, and Equipment (FF&E)

Furniture, fixtures, and equipment (abbreviated as FF&E or FFE) refers to movable furniture, fixtures, or other equipment that have no permanent connection to the structure of a building. These items, which include desks, chairs, computers, electronic equipment, tables, bookcases, and partitions, typically depreciate substantially over their long-term use but are nevertheless important costs to consider when valuing a company, especially during liquidation events.1

Future Value (FV)

Future value (FV) is the value of a current asset at a future date based on an assumed rate of growth. The future value is important to investors and financial planners, as they use it to estimate how much an investment made today will be worth in the future. Knowing the future value enables investors to make sound investment decisions based on their anticipated needs. However, external economic factors, such as inflation, can adversely affect the future value of the asset by eroding its value.

Future Value of an Annuity

The future value of an annuity is the value of a group of recurring payments at a certain date in the future, assuming a particular rate of return, or discount rate. The higher the discount rate, the greater the annuity's future value.

Futures

Futures are derivative financial contracts that obligate the parties to transact an asset at a predetermined future date and price. The buyer must purchase or the seller must sell the underlying asset at the set price, regardless of the current market price at the expiration date.

Futures Commission Merchant - FCM

A futures commission merchant (FCM) plays an essential role in enabling customers to participate in the futures markets. An FCM is an individual or organization involved in the solicitation or acceptance of buy or sell orders for futures or options on futures in exchange for payment of money (commission) or other assets from customers. An FCM has the responsibility of collecting margins from customers. The FCM is also responsible for ensuring asset delivery after the futures contract has expired.1

Futures Contract

A futures contract is a legal agreement to buy or sell a particular commodity asset, or security at a predetermined price at a specified time in the future. Futures contracts are standardized for quality and quantity to facilitate trading on a futures exchange.

Futures Market Definition

A futures market is an auction market in which participants buy and sell commodity and futures contracts for delivery on a specified future date. Futures are exchange-traded derivatives contracts that lock in future delivery of a commodity or security at a price set today.

Guaranteed Investment Fund (GIF)

Guaranteed investment income is a type of investment product offered by insurance companies that allow clients to invest in equity, bond, and/or index fund while providing a promise of a predefined minimum value of the fund (usually, the initial investment amount) will be available at the fund's maturity or when the client dies.

Guaranteed Issue Life Insurance

Guaranteed issue life insurance, or guaranteed acceptance life insurance, is a type of whole life insurance policy that does not require you to answer health questions, undergo a medical exam, or allow an insurance company to review your medical and prescription records. You may also see it referred to as "no questions life insurance" or "no questions final expense insurance."

Guaranteed Lifetime Withdrawal Benefit (GLWB)

A Guaranteed Lifetime Withdrawal Benefit (GLWB) is a rider to a variable annuity contract that allows for withdrawals, either regular or occasional, to be made from an annuity during the accumulation phase without penalty. The annuitant pays for the GLWB rider with additional fees that are added to the total value of the annuity contract. The amount of money that is allowed to be withdrawn is a percentage of the total value of the annuity.

Guaranteed Loan

A guaranteed loan is a loan that a third party guarantees—or assumes the debt obligation for—in the event that the borrower defaults. Sometimes, a guaranteed loan is guaranteed by a government agency, which will purchase the debt from the lending financial institution and take on responsibility for the loan.

Guaranteed Minimum Accumulation Benefit (GMAB)

The guaranteed minimum accumulation benefit (GMAB) is a variable annuity rider that guarantees a minimum value to the annuitant after the accumulation period or another set period, usually somewhere close to 10 years. The GMAB rider protects the value of the annuity from market fluctuations. This optional benefit is available for an additional cost, which varies per insurance provider.

Guaranteed Minimum Income Benefit (GMIB)

A guaranteed minimum income benefit (GMIB) is an optional rider that annuitants can purchase for their retirement annuities. When the annuity has been annuitized, this specific option guarantees that the annuitant will receive a minimum value of payments on a regular basis, regardless of other circumstances.

Guaranteed Minimum Withdrawal Benefit (GMWB)

A guaranteed minimum withdrawal benefit (GMWB) is a type of rider or contract attached to some annuity insurance policies. It guarantees the policyholder a steady stream of annual withdrawals via the return of all premiums paid into the contract, regardless of an investment's performance, through a series of annual withdrawals. A GMWB is unlike a guaranteed minimum income benefit (GMIB), where the latter offers a payout of specified minimum periodic income after a waiting period, regardless of the variable annuity's investment performance.

Guaranteed Payments to Partners

Guaranteed payments to partners are payments meant to compensate a partner for services rendered or use of capital. Essentially, they are the equivalent of a salary for partners or limited liability company (LLC) members. These kinds of payments eliminate the risk of a partner making personal contributions of time or property and then never getting compensated if the partnership does not prove to be successful.

Guaranteed Renewable Policy

A guaranteed renewable policy is an insurance policy feature that ensures that an insurer is obligated to continue coverage as long as premiums are paid on the policy. While re-insurability is guaranteed, premiums can rise based on the filing of a claim, injury, or other factors that could increase the risk of future claims.

Guerrilla Marketing

Guerrilla marketing is a marketing tactic in which a company uses surprise and/or unconventional interactions in order to promote a product or service. Guerrilla marketing is different than traditional marketing in that it often relies on personal interaction, has a smaller budget, and focuses on smaller groups of promoters that are responsible for getting the word out in a particular location rather than through widespread media campaigns.

Company Guidance

Guidance is an informal report a public company issues to shareholders detailing the earnings it expects to achieve in the upcoming fiscal quarter or year ahead. Guidance, also referred to as forward earnings guidance or a forward-looking statement, typically includes internal projections for revenue, earnings, and capital spending and is subject to revision in the interim.

Guideline Premium and Corridor Test (GPT)

The guideline premium and corridor test (GPT) is used to determine whether an insurance product can be taxed as insurance rather than as an investment. GPT limits the amount of premiums that can be paid into an insurance policy relative to the policy's death benefit.

Guilder Share (New York Share)

A Guilder share was an ownership stake in a Dutch company that could be traded in the United States because it represented shares that had been canceled in Dutch stock markets.

Guinea Franc (GNF)

GNF is the currency abbreviation for the Guinea franc, the national currency of the Republic of Guinea, a country in West Africa.

Gun-Jumping

Gun jumping, or more commonly "jumping the gun," refers to selectively using financial information that has not been publicly announced. At least two illegal methods of jumping the gun can be identified:

Gunnar Myrdal

Gunnar Myrdal was a Swedish Keynesian economist and sociologist who won the 1974 Nobel Memorial Prize in Economics alongside conservative, Austrian economist Friedrich Hayek—despite both men being on opposite ends of the political spectrum. Myrdal was best known for his work in international development and trade economics, as well as for his activism promoting racial equality and opposing American foreign policy.

Guns-and-Butter Curve

The guns-and-butter curve is the classic economic example of the production possibility curve, which demonstrates the idea of opportunity cost. In a theoretical economy with only two goods, a choice must be made between how much of each good to produce. As an economy produces more guns (military spending) it must reduce its production of butter (food), and vice versa.

Guppy Multiple Moving Average (GMMA)

The Guppy Multiple Moving Average (GMMA) is a technical indicator that aims to anticipate a potential breakout in the price of an asset. The term gets its name from Daryl Guppy, an Australian financial columnist and book author who developed the concept in his book, "Trading Tactics."

Gwei

Gwei is a portmanteau (a blend of words) of giga and wei. Gwei is a denomination of the cryptocurrency ether (ETH), the digital coin used on the Ethereum network. Ethereum is a blockchain platform, like Bitcoin, where users transact to buy and sell goods and services without a middle man or interference from a third party.

What's New

GOODS & SERVICE TAX

NOTIFICATIONS

- The Rajasthan State GST department has provided a circular for the correct submission of GST returns with following observations:
  - The department noticed that the assessee has not revealed the ineligible ITC in GSTR-3B on account of IGST furnished on inward inter-state supply and import supplies which might have topped in a short transfer of IGST funds to the state. The assessee is needed to show the ITC correctly in the monthly return GSTR-3B. The qualified ITC is auto-populated in Table 4 of GSTR-3B which would be modified by the assessee.
  - Further in case of the provision of rule 42 or the concern might be rule 43 in which the assessee needs to notify the ITC reversal in Table 4(B)(1) and any additional reversal or reversal under the provisions of rule 37 will be notified in Table 4(13)(2). Also, the ineligible ITC under the provisions of Section 17(5) has to be notified in Table 4(D)(1) and the Table 4(D)(2) would come in the ineligible/blocked credit under the provisions of Section 17(4) of the CGST/RGST Act read with Rule 38 and will indeed comprise of other ineligible ITC as ITC claimed wrongly in the earlier period, etc.
  - In view of aforesaid observations, all the assessee who has not filed the information of the ineligible ITC or filed the information of the ineligible Input tax credit partially or does not notify the reversal of ITC fully or partially in their returns furnished towards the FY 2021-22 will notify this in the yearly return to be furnished in GSTR-9 while for the FY 2022-23 onwards, the information of ineligible ITC or partial information of the ineligible ITC or reversal of ITC which does not notify fully or partially will be notified in the next GSTR-3B to be furnished through net effect in that return.
  - Thus, the assessee should ensure that they comply with the rules of the circular and furnish the next periodic returns in GSTR-3B without any error.

  [Rajasthan State GST Circular No. 1/2022dtd 5th April 2022]

MAHAGST

- Salient features of Maharashtra Settlement of Arrears of Tax, Interest, Penalty or Late Fee Act, 2022:
- Scope of the Settlement Act, 2022

  This Settlement Act shall be applicable for the settlement of arrears of tax, interest, penalty and late fee under the various Acts administered by the Department as under for the periods ending up to June 30, 2017 are eligible for settlement:

  i) the Central Sales Tax Act, 1956:

  ii) the Bombay Sales of Motor Spirit Taxation Act, 1958;

  iii) the Bombay Sales Tax Act, 1959;

  iv) the Maharashtra Purchase Tax on Sugarcane Act, 1962;

  v) the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975;

  vi) the Maharashtra Sales Tax on the Transfer of Right to use any Goods for any Purpose Act. 1985;

  vii) the Maharashtra Tax on Entry of Motor Vehicles into Local Areas Act, 1987;

  viii) the Maharashtra Tax on Luxuries Act, 1987;

  ix) the Maharashtra Sales Tax on the Transfer of Property in Goods involved in the Execution of Works Contract (Re-enacted) Act, 1989;

  x) the Maharashtra Tax on the Entry of Goods into Local Areas Act; 2002; and

  xi) the Maharashtra Value Added Tax Act, 2002;
- Objective of the Settlement Act: It mainly aims for settling arrears as per statutory orders. Hence, in case any proceedings of assessment, re-assessment, rectification, revision, review or appeal are pending.
- Arrears eligible for settlement under the Settlement Act:

  The outstanding dues under the Relevant Acts have been defined as "arrears" as under-

"arrears" means the outstanding amount of tax, interest, penalty or late fee, as the case may be,-

i) payable by an assessee as per any statutory order under the Relevant Act; or

ii) admitted in the return or, as the case may be, the revised return filed under the Relevant Act and which has not been paid either wholly or partly; or

iii) determined and recommended to be payable by the auditor, in the audit report submitted as per section 61 of the Value Added Tax Act, whether the notice under section 32 or 32A of the Value Added Tax Act has been issued or not and such arrears of tax, interest, penalty or late fee, pertains to specified period and it also includes the interest payable on the admitted tax under the Relevant Act for the specified period;

Thus, arrears mean outstanding dues on account of tax, interest, penalty and late fee. Tax includes turnover tax, surcharge, additional tax, resale sales tax or by whatever name tax is referred in the respective Act covered under this Act.

- Arrears outstanding as on 1st April 2022 as per any statutory order for the periods ending on 30 June 2017 or arrears as per any statutory order passed during the period from 1 April 2022 to 30 September 2022 for the periods ending on 30th June 2017 shall be eligible for settlement.
- Arrears as per any statutory order containing any period after 30th June 2017 shall not be eligible for settlement under this Act.
- Statutory order means any order passed under the Relevant Act, raising the demand of tax, interest, penalty or late fee payable by the applicant. Such statutory order may be an order of assessment, re-assessment, rectification, revision, review or appeal.
- Where the assessment and penalty orders are passed separately, the applicant shall not be eligible to opt to settle only the penalty amount as per the order imposing penalty as penalty is associated with levy of tax or disallowance of certain claims. In such cases, it is mandatorily required to opt for settlement of both arrears as per assessment order and penalty order.
- Return dues outstanding as on 1st April 2022 for the periods ending on 30th June 2017 shall be eligible for settlement. These return dues include the tax, interest or late fee, admitted in the return or the revised return filed before 1st April 2022 and outstanding as on 1st April 2022.
- Under the Value Added Tax Act, section 61 arrears outstanding as per any recommendation by the auditor in the audit report of department audit for the periods ending on 30th June 2017 shall be eligible for settlement.
- Sequence for adjustments under settlement: While determining outstanding arrears for settlement, any payment made in respect of any statutory order on or before 31st Mar 2022 shall be
  - undisputed tax
  - disputed tax
  - interest and
  - penalty and the late fee

  Even where the dealer has shown amount paid as tax or interest or penalty or late fee, it would be adjusted in the above sequence only.

  Cases litigated by the State – eligible for settlement
- Where the Department has filed reference / appeals before the Hon. Maharashtra Sales Tax Tribunal or the Hon. Courts, the demands disputed by the Department are eligible for the settlement of arrears. The applicant can apply for the settlement of the tax, interest, penalty or late fee disputed by the Department even though there are no outstanding dues as per any statutory order made by the Tribunal or the Hon'ble Court for such demand disputed by the Department.
- Persons eligible to settle dues under the Relevant Acts
  - An applicant who is liable to pay the arrears under the Relevant Act or any other person including financial institution who desires to avail the benefit of settlement by complying with the conditions
  - Any person whether or not registered, including a person whose registration is cancelled, under the Relevant Act is eligible to apply for settlement of arrears.
  - Unregistered person, however where the liability to pay tax is continued, such unregistered person would be required to obtain the registration under the Relevant Act.
  - The persons who have already availed the benefits under any of the Amnesty / Settlement schemes declared so far by the Government for the Relevant Act are also eligible to settle their arrears under this Settlement Act.
  - In cases where partial benefits have been availed under any of the earlier schemes for any period, the dealer can avail the benefits under this Settlement Act for the balance outstanding arrears.
- Facility to Write-off of dues up to Rs.10,000/- per financial year provided under this Settlement Act.
- The extent of undisputed tax, disputed tax, interest, penalty and late fee to be paid and waiver thereof under the Relevant Acts provided in Annexure-A and Annexure-B as under. Applicability of Annexure-A and Annexure-B is explained as under-

  Annexure-A is applicable for the arrears in respect of the periods starting from the 1st April 2005 and ending on or before the 30th June 2017. These arrears can be settled by making the payment of requisite amount as per Annexure-A. The quantum of undisputed tax, disputed tax, interest, penalty and late fee to be paid as requisite amount and the extent of waiver is as follows-

Annexure-A					
Sr. No.	Amount	One-time Payment option		Instalment option for dues above rupees 50 lakhs	
		Amount to be aid	Amount of waiver	Amount to be aid	Amount of waiver
(a)	(b)	(c)	(d)	(e)	(f)
(1)	Un-disputed Tax Amount	100 per cent. of the amount in column b	NIL	100 per cent. of the amount in column b	NIL
(2)	Disputed Tax Amount	50 per cent. of the amount in column b	50 per cent. of the amount in column b	56 per cent. of the amount in column b)	44 per cent. of the amount in column b)
(3)	Amount of interest payable as per any statutory order or returns or revised returns	15 per cent. of the amount in column (b)	85 per cent. of the amount in column (b)	15 per cent. of the amount in column (b)	85 per cent. of the amount in column (b)
(4)	Outstanding penalty amount as er any statutory order	5 per cent. of the amount in column b	95 per cent. of the amount in column (b	5 per cent. of the amount in column (b	95 per cent. of the amount in column b
(5)	Amount of post assessment interest or penalty or both leviable but not levied up to the date of application under Relevant Act	0 per cent. of the amount in column (b)	100 per cent. of the amount in column (b)	0 per cent. of the amount in column (b)	100 per cent. of the amount in column (b)
(6)	Late fee payable in respect of returns	5 per cent. of the amount in column (b)	95 per cent. of the amount in column (b)	5 per cent. of the amount in column (b)	95 per cent. of the amount in column (b)

***Annexure-B** is applicable for the arrears in respect of the periods ending on or before the 31st March 2005. These arrears can be settled by making the payment of requisite amount as per Annexure-B. The quantum of undisputed tax, disputed tax, interest and penalty to be paid as requisite amount and the extent of waiver is as follows-*

Annexure-B					
Sr. No.	Amount	One Time Payment Option		Instalment Option (for dues above rupees 50 lakhs)	
		Amount to be paid	Amount of waiver	Amount to be paid	Amount of waiver
(a)	(b)	(c)	(d)	(e)	(f)
(7)	Un-disputed Tax Amount	100 per cent. of the amount in column (b)	NIL	100 per cent. of the amount in column (b)	NIL
(8)	Disputed Tax Amount	30 per cent. of the amount in column (b)	70 per cent. of the amount in column (b)	34 per cent. of the amount in column (b)	66 per cent. of the amount in column (b)
(9)	Amount of interest payable as per any statutory order or returns or revised returns.	10 per cent. of the amount in column (b)	90 per cent. of the amount in column (b)	10 per cent. of the amount in column (b)	90 per cent. of the amount in column (b)
(10)	Outstanding penalty amount as per any statutory order	5 per cent. of the amount in column (b)	95 per cent. of the amount in column (b)	5 per cent. of the amount in column (b)	95 per cent. of the amount in column (b)
(11)	Amount of post assessment interest or penalty or both leviable but not levied up to the date of application under Relevant Act.	0 per cent. of the amount in column (b)	100 per cent. of the amount in column (b)	0 per cent. of the amount in column (b)	100 per cent% of the amount in column (b)

- **Duration for submission of application:** An application to avail the benefit under this Act shall be submitted electronically during the period commencing on 1 April 2022 and ending on the 14 October 2022, under both the options i.e. One Time Payment option including lump sum option and Instalment option provided that the payment of requisite amount is made within the stipulated time period.

- **Condonation of Delay in application:** In case an applicant has paid the requisite amount within the prescribed time but could not apply within the said prescribed time then the delay up to 30 days i.e., up to 13th November 2022 may be condoned by the designated authority to whom the application is to he made, after recording the reasons for delay.
- **Forms to be used for the Settlement:**
  - i) Form I – Application for settlement of arrears as per the statutory order
  - ii) Form IA – Application for settlement of arrears other than the statutory orders like return/revised return dues, dues as per recommendations in audit report etc.
  - iii) Form TT – Application for withdrawal of appeal.
  - iv) Form HI – Order of Settlement or Order of rejection
  - v) Form TV – Notice for Rectification of Mistakes
  - vi) Form V – Application for Rectification of Mistakes
  - vii) Form VI – Notice for review
  - viii) Form VII – Furnishing of details of amounts paid by way of instalments under Instalment option
  - ix) Form VIII – Notice for revocation

  Procedure for submitting application for settlement: The application shall be made to the designated authority in Form I or Form IA, as the case may be, and is to be submitted electronically on the MGSTD portal www.mahagst.gov.in. The list of TIN to desk of Nodal officers is available on the 'What's New' section of the website. ***[Trade Circular No. 01T of 2022 dated 20/04/2022]***
- GSTR-1/IFF enhancements deployed on GST Portal:
  - i. **Removal of 'Submit' button before filing:** The present two-step filing of GSTR-1/IFF involving 'Submit' and 'File' buttons will be replaced with a simpler single-step filing process. The upcoming 'File Statement' button will replace the present two-step filing process and will provide taxpayers with the flexibility to add or modify records till the filing is completed by pressing the 'File Statement' button.
  - ii. **Consolidated Summary:** Taxpayers will now be shown a table-wise consolidated summary before actual filing of GSTR-1/IFF. This consolidated summary will have a detailed & table-wise summary of the records added by the taxpayers. This will provide a complete overview of the records added in GSTR-1/IFF before actual filing.
  - iii. **Recipient wise summary:** The consolidated summary page will also provide recipient-wise summary, containing the total value of the supplies & the total tax involved in such supplies for each recipient. The recipient-wise summary will be made available with respect to the following tables of GSTR-1/IFF, which have counter-party recipients:
    - Table 4A : B2B supplies –
    - Table 4B : Supplies attracting reverse charge
    - Table 6B : SEZ supplies Report this ad
    - Table 6C : Deemed exports
    - Table 9B : Credit/Debit notes

  It was previously intimated that this enhancement would be made available on the Portal shortly. It is to inform that these changes have now been implemented, and are available on the Portal ***[GST Press Release dtd 27th April 2022]***

CUSTOMS

NOTIFICATION:

TARIFF

- Exemption from BCD and AIDC (Agriculture Infrastructure and Development Cess) has been declared on import of Raw Cotton falling under chapter heading 5201 for the period of 14th April 2022 to 30th Sept 2022. ***[Notification No.21/2022 - Customs dated the 13thApril 2022]***
- BCD exemption / concessional rate of BCD available to certain specified products when imported into Republic of India from The United Arab Emirates, Provided that the exemption shall be available only if importer proves to the satisfaction of the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be, that the goods in respect of which the benefit of this exemption is claimed are of the origin of The United Arab Emirates, in terms of rules as may be notified in this regard by the Central Government by publication in the Official Gazetteof Indiaread with Customs (Administration of Rules of Origin under Trade Agreements) Rules, 2020. ***[Notification No.22/2022 - Customs dated the 30thApril 2022]***
- Amendment of the various Customs Tariff notifications in order to align the HS Codes of the said notifications with the Finance Act, 2022, w.e.f. 01.05.2022. ***[Notification No. 23/2022 - Customs dated the 30thApril 2022]***
- Now Social Welfare Surcharge exemption will be applicable to HSN 6204 44 10 & 6204 44 90 instead of HSN 6204 44 00 and 6211 43 10 & 6211 43 90 instead of HSN 6211 43 00, these HSN amendments done to align the HS Codes with the Finance Act, 2022, w.e.f. 01.05.2022 ***[Notification No.24/2022 - Customs dated the 30th April 2022]***

NON-TARIFF

- "Balli" in the state of Goa declared as Customs Port Station for Unloading of imported goods and loading of export goods. *[Notification No.35/2022 - Customs dated* ***the 26th April 2022]***

- The Customs Tariff (Determination of Origin of Goods under the Comprehensive Economic Partnership Agreement between India and the United Arab Emirates) Rules, 2022 issued and notified. ***[Notification No.39/2022 - Customs dated the 30th April 2022]***

  Tariff value of Edible Oils, Brass Scrap, Areca Nut, Gold and Silver has been fixed as under w.e.f. 12th Aug 2021:

TABLE-1

Sl. No.	Chapter/ heading/ sub-heading/tariff item	Description of goods	Tariff value (US $ Per Metric Tonne)
(1)	(2)	(3)	(4)
1	1511 10 00	Crude Palm Oil	1652
2	1511 90 10	RBD Palm Oil	1714
3	1511 90 90	Others – Palm Oil	1683
4	1511 10 00	Crude Palmolein	1720
5	1511 90 20	RBD Palmolein	1723
6	1511 90 90	Others – Palmolein	1722
7	1507 10 00	Crude Soya bean Oil	1750
8	7404 00 22	Brass Scrap (all grades)	6065

Table-2

Sl. No.	Chapter/ heading/ sub-heading/tariff item	Description of goods	Tariff value (US $)
(1)	(2)	(3)	(4)
1	71 or 98	Gold, in any form, in respect of which the benefit of entries at serial number 356 and 358 of the Notification No. 50/2017-Customs dated 30.06.2017 is availed	608 per 10 grams
2	71 or 98	Silver, in any form, in respect of which the benefit of entries at serial number 357 and 359 of the Notification No. 50/2017-Customs dated 30.06.2017 is availed	757 per kilogram
3	71	(i) Silver, in any form, other than medallions and silver coins having silver content not below 99.9%or semi-manufactured forms of silver falling under sub-heading 7106 92; (ii) Medallions and silver coins having silver content not below 99.9% or semi-manufactured forms of silver falling under sub-heading 7106 92, other than imports of such goods through post, courier or baggage. Explanation. -For the purposes of this entry, silver in any form shall not include foreign currency coins, jewellery made of silver or articles made of silver.	757 per kilogram
4	71	(i) Gold bars, other than tola bars, bearing manufacturer's or refiner's engraved serial number and weight expressed in metric units; (ii)Gold coins having gold content not below99.5% and gold findings, other than imports of such goods through post, courier or baggage. Explanation.- For the purposes of this entry, "gold findings" means as mall component such as hook, clasp, clamp, pin, catch, screw back used to hold the whole or a part of a piece of Jewellery in place.	608 per 10 grams

TABLE-3

Sl. No.	Chapter/ heading/ sub-heading / tariff item	Description of goods	Tariff value (US $ Per Metric Tonne)
(1)	(2)	(3)	(4)
1	080280	Areca nuts	5477

[Notification No. 37/2022-Customs (NT) dated 29th April 2022]

ANTI DUMPING DUTY

- Anti-dumping duty on /"N, N-Dicyclohexyl Carbodiimide (DCC)"/ originating in or exported from China PR for a period of 5 years from the date of 28th April 2022. ***[Notification No. 12/2022-Customs (ADD) dated 28th April 2022]***

COUNTERVEILING DUTY

- Countervailing duty on imports of Copper Tubes and Pipes originating in or exported from Malaysia, Thailand and Vietnam for the period of 5 years from the date of 28th April 2022. ***[Notification No. 2/2022-Customs (CVD) dated 28th April 2022]***

INSTRUCTIONS

- Constitution of National Risk Management Committee for Customs and GST: The DGARM (Directorate General of Analytics and Risk Management), Delhi will be the nodal agency responsible for convening the NRMC meeting to review the functioning of the NCTC-Cargo, NCTC(Pax) and the GST Business Analytics Wing. These wings under the DGARM will supervise the implementation and enhancement of RMS, APIS and the DGARM applications and provide feedback for improving the effectiveness of risk management and all related aspects. The NRMC will be a Standing Committee with the Member (Investigation), CBIC, as Chairman and Additional Director General, DGARM Hars, Delhi will the Member Secretary of the NRMC. The NRMC shall be convened once every year and will have the following main (but not limited to) functions:

1. Review the effectiveness of existing Risk Parameters employed in various modules namely Import, Export, Container Scanning, Express Cargo Clearance System (ECCS), Post Clearance Audit (PCA), Protection and enforcement of Intellectual Property Rights (IPR) etc., and Risks posed by changes in Modus Operandi, new exemption notifications and new CCR's.
2. Review existing parameters and suggest new parameters to address concerns on border and port security.
3. Once NCTC(Pax) is operationalized, the NRMC shall look at incremental improvements to be made in the Automated Targeting System.
4. The Business Analytics wing of GST implements various modules e.g., Risky Exporters, Risky Taxpayers, Scrutiny of Returns, Audit, Analytical reports etc. The NRMC will advise on changes, if any, to be made in the various risk criteria that define the Risk in these modules.
5. Deliberate and advise on new and emerging risks and suggest ways to address systemic risks, having cross-cutting implications. Discuss new initiatives and projects for stepping up risk management strategy and associated processes, including the development of new modules and deployment of new technologies. Be the Forum for giving feedback and suggestions on improving the efficacy of risk management.
6. Discuss and recommend measures for timely and effective risk mitigation by field formations. Deliberate on economic trends, changes in policies, duty rates and exemptions, etc., that could be exploited by the trade to evade Duties and Prohibitions and suggest remedial action for the same.
7. Discuss the efficacy of the Examination orders that would be made available shortly through the ICETAB, obviating the need for printing in the paper. Have an oversight on the generation of the centralized examination orders based on various parameters and its rollout in phases to enhance uniformity.
8. To discuss and advise on enhanced use of technology, data sources and analytics capabilities to discern Security related Risks. Deliberate on use of Al/ML, Image analytics, geospatial analysis etc.
9. To address security vulnerabilities in the International Supply Chain through entity profiling of stakeholders, leveraging information in databases about movement of vessels and containers etc.
10. Any other matter that DGARM may consider for seeking the views of Local Risk Management Committee (LRMC) shall be constituted in each Custom Zone and CGST zone and it shall be headed by an officer not below the rank of Pr. Commissioner /Commissioner. ***[Instruction No.3 Customs dated 23rd April 2022]***

- The benefit of the exemption notification may not be denied: In view of peculiar circumstance of the COVID-19 wave, exemption from the whole of customs duty and health cess to the parts of specified medical oxygen related equipment provided that importers follow the procedure set out in Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017 (IGCR), accordingly parts of medical oxygen related equipment were imported on emergency requirements, however considering the medical national emergency faced by the nation, these very exceptional circumstances may have led to the importers not being able to adhere to certain procedural aspects of the IGCR. Considering the circumstances in which such imports were undertaken, the benefit of the exemption notification may not be denied, merely on the issue of not observing the procedure, provided that the goods so imported have been put to the intended use, i.e., in the manufacture of specified equipment related to the production, transportation, distribution or storage of Oxygen, which if required, is verifiable from invoices and other documents showing supply of such manufactured goods by the importer.5.These instructions would apply only in respect to the imports made under the notification No. 28/2021-Customs dated 24thApril, 2021 owing to the peculiar circumstances of the Covid-19 pandemic. [Instruction No.4 Customs dated 23rd April 2022]

FOREIGN TRADE POLICY:

NOTIFICATION:

- Import of items of Gold, Silver, Platinum, Precious Metals falling under ITCHS Codes, 71123000, 71129100, 71129200, 71129910, 71129920 & 71129990 are restricted with immediate effect. ***[Notification No.01/2015-2020 dated 29th April 2022]***

PUBLIC NOTICE:

- Due date for implementation of Track & Trace System for export of drug formulations with respect to maintaining the Parent-Child relationship in packaging levels and its uploading on Central Portal has been extended to 31st Mar 2023 for SSI and Non-SSI manufactured drugs. ***[Public Notice No.01/2015-2020 dated 4th April 2022]***
- Name of 'Ernakulam Chamber of Commerce' has been amended as 'Kerala Chamber of Commerce & Industry' along with the contact details of Chamber. ***[Public Notice No.02/2015-2020 dated 7th April 2022]***
- List of authorized agencies allowed to issue Certificate of Origin (Preferential) for India-UAE CEPA is notified. ***[Public Notice No.05/2015-2020 dated 20th April 2022]***

TRADE NOTICE

- Re-operationalization of Scrip Transfer recording Module: online scrip transfer guidelines issues, the original duty scrip holder is required to register the duty credit scrip at the port of registration with Customs and the transfer of scrip from one IEC to another IEC holder will be as per negotiated terms and conditions between the buyer and the seller. DGFT / Customs shall not be responsible for any lapse between transferor and transferee (old or new owner of scrip) or any dispute in this regard. ***[Trade Notice No.01/2022-23 dated 11th April 2022]***

- DGFT Helpdesk support now available on 24x7 basis: In order to facilitate trade and extend more proactive helpdesk support to the exporting community, it is informed that the services of DGFT Helpdesk will now be available on a 24x7 basis. Stakeholders may use any of the below channels to flag any issues, suggestions or feedback on matters related to DGFT as follows –

  i. Call the Helpdesk support on Toll Free numbers 1800-572-1550 or 1800-11-1550

  ii. Raise a Helpdesk ticket by navigating to DGFT website (https://dgft.gov.in) → Services → DGFT Helpdesk Service. Users may also see their earlier ticket(s) status on real-time basis or search previously filed requests.

  iii. Write an email to dgftedi@nic.in

  iv. Trade Community may also refer to the Help manuals, FAQs and educational videos for suitable guidance. The same is available on the DGFT Website → Learn → 'Application Help & FAQs' for perusal of the trade community. ***[Trade Notice No. 02/2022-23 dated 22nd April 2022]***

- As a part of IT Revamp, this Directorate proposes a new online module for filing of application for recognition as Pre-Shipment Inspection Agency (PSIA), electronic issuance of Pre-shipment Inspection Certificates (PSICs) and electronic verification of authenticity of the PSICs with effect from 1st May 2022. ***[Trade Notice No. 03/2022-23 dated 26th April 2022]***

- The transition period for mandatory filing of applications for Non-Preferential Certificate of Origin through the e-CoO Platform has been further extended till 01st August 2022. ***[Trade Notice No. 04/2022-23 dated 26th April 2022]***

- The electronic platform for Preferential Certificate of Origin (CoO) is being expanded further to facilitate electronic application of Preferential Certificates of Origin under the India-UAE Comprehensive Economic Partnership Agreement. the electronic platform for Preferential Certificate of Origin (CoO) is being expanded further to facilitate electronic application of Preferential Certificates of Origin under the India-UAE Comprehensive Economic Partnership Agreement. ***[Trade Notice No. 05/2022-23 dated 26th April 2022]***

INCOME TAX

NOTIFICATIONS

- The Central Government hereby notifies the infrastructure debt fund namely, the 'The Kotak Infrastructure Debt Fund Limited (PAN: AAACK5920G) for the assessment year 2018-19 and subsequent years subject to the following conditions, namely: -

  (i) that the infrastructure debt fund shall conform to and comply with the provisions of the Income-tax Act, 1961, Rule 2F of the Income-tax Rules, 1962 and the conditions provided by the Reserve Bank of India in the regard, and

  (ii) that the infrastructure debt fund shall file its return of income as required by the sub-section (4C) of section 139 of the Income-tax Act, 1961 on or before the due date.

  [Notification No. 22/2022 [F. No.178/27/2017-ITA-I] / SO 1536(E) dated 31st March 2022]

- Income-tax (5th Amendment) Rules, 2022 issued for substitution of ITR Form -ITR-7. [Notification No. 23/2022 [***F. No. 370142/8/2022-TPL-Pt.VII] / GSR 252(E) dated 01st April 2022]***

- Provisions w.r.t. Taxation of income from retirement benefit account maintained in a notified country has been issued. ***[Notification No. 24/2022 F. No. 370142/7/2022-TPL] / GSR 256(E) dated 04th April 2022]***

- CBDT notifies 4 countries viz. Canada, United Kingdom of Great Britain, Northern Ireland & United States of America in view of provisions of Section 89A w.r.t. Taxation of income from retirement benefit account maintained in a notified country. ***[Notification No. 25/2022/F. No. 370142/7/2022-TPL dated 4th April 2022]***

- Provisions for Constitution, functionality of Dispute Resolution Committee has been issued as under:

  (1) The Central Government shall constitute a Dispute Resolution Committee for every region of Principal Chief Commissioner of Income-tax for dispute resolution.

  (2) Each Dispute Resolution Committee shall consist of three members, as under:

    (a) two members shall be retired officers from the Indian Revenue Service (Income-tax), who have held the post of Commissioner of Income-tax or any equivalent or higher post for five years or more; and

    (b) one serving officer not below the rank of Principal Commissioner of Income-tax or Commissioner of Income-tax as specified by the Board.

  (3) The members shall be appointed by the Central Government for a period of three years.

  (4) The Central Government may fix a sum to be paid as fee to a member, who is retired officer, on a per

case basis, along with a sitting fee, so decided by the Board.

(5) The decision of the Dispute Resolution Committee shall be by majority.

(6) The Central Government may, by recording reasons in writing and after giving an opportunity of being heard, remove any member from the Dispute Resolution Committee.

(7) An application to the Dispute Resolution Committee shall be made in Form No. 34BC by the person, who opts for dispute resolution in respect of dispute arising from any variation in the specified order in his case and who fulfills the specified conditions.

(8) Every application in connection with resolution of dispute shall be accompanied by a fee of Rs.1000/-

[Notification No. 26/2022 [F. No. 370142/05/2022-TPL-Part 1(Part1)] / GSR 274(E) dated 05th April 2022]

- e-Dispute Resolution Scheme, 2022 issued with following provisions and guidelines:

- Scope: The dispute resolution under this Scheme shall be made by the Dispute Resolution Committee on applications made for dispute resolution in respect of dispute arising from any variation in the specified order by such persons or class of persons, as may be specified by the Board.
- Procedure in dispute resolution to follow
- Application & Screening of application
- Powers of the Dispute Resolution Committee
- Waiver of the penalty imposable & Immunity from prosecution
- Appeal / Revision
- Authorization to be filed
- Exchange of communication exclusively by electronic mode
- Authentication and Delivery of electronic records
- No personal appearance before the Dispute Resolution Committee
- Proceedings do not open to the public
- The language of the Dispute Resolution Committee shall be Hindi or English, at the option of the assessee.
- Power to specify format, mode, procedure and processes.

[Notification No. 27/2022 [F. No. 370142/05/2022-TPL-Part 1(Part1)] / GSR 274(E) dated 05th April 2022]

- The Infrastructure Debt Fund provisions are issued vide amendment rules, The Infrastructure Debt Fund shall issue as:

(i) rupee denominated bonds or foreign currency bonds in accordance with the directions of Reserve Bank of India and the relevant regulations under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, as amended from time to time; or

(ii) zero coupon bonds in accordance with rule 8B.

[NotificationNo.28/2022[F.No.370142/05/2022-TPL-Part 1(Part1)] / GSR 274(E) dated 06th April 2022]

- The Central Government hereby notifies "The Somnath Temple managed by Shree Somnath Trust (PAN: AAATS9555Q)" to be place of historic importance and a place of public worship of renown for the purposes of deductions under Section 80G. ***[Notification No. 29/2022/F. No.176/2/2022-ITA-I dated 11th April 2022]***

- The Central Government hereby notifies for the purpose of EXEMPTIONS provided to STATUTORY BODY/ AUTHORITY/BOARD/COMMISSION as a NOTIFIED BODY OR AUTHORITY, to 'Rajasthan Electricity Regulatory Commission' (PAN AAABR0296D), a Commission constituted by the state Government of Rajasthan, in respect of the following specified income arising to that Commission, namely: -

  (a) Petition filing fees,

  (b) License fees; and

  (c) Interest earned on investment.

  This notification shall be effective subject to the conditions that Rajasthan Electricity Regulatory Commission, -

  (a) shall not engage in any commercial activity.

  (b) activities and the nature of the specified income shall remain unchanged throughout the financial years; and

  (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

  This notification shall be deemed to have been applied for the period from 01.06.2020 to 31.03.2021 for the financial year 2020-2021 and 2021-2022 and shall apply with respect to the financial years 2022-2023, 2023-2024 and 2024-2025.

  [Notification No. 30/2022/F.No.300196/27/2016-ITA-I (Pt.-1) dated 11th April 2022]

- The National Bank for Financing Infrastructure and Development, established under section 3 of the National Bank for Financing Infrastructure and Development Act, 2021, notified for the purposes of clause (48D) of section 10 of the Income tax Act, 1961 which allows the computation of specific incomes as tax-free for a period of 10 consecutive assessment years beginning from the assessment year 2022-2023. ***[Notification No. 31/2022/F. No. 370142/17/2022-TPL dated 18th April 2022]***

- 'Sri Sharada Institute of Indian Management Research Foundation Trust, New Delhi, (PAN: AAJTS0088H)' notified as 'other Institution' under the category of 'University, College or other institution' for research in social science or statistical research for the purposes of clause (iii) of sub-section (1) of section 35 of the Income-tax Act, 1961 read with rules 5C and 5E of the Income-tax Rules, 1962. ***[Notification No. 33 /2022/F. No. 203/06/2021/ITA-II dated 19th April 2022]***

- For the purpose of EXEMPTIONS provided to STATUTORY BODY / AUTHORITY / BOARD / COMMISSION as a NOTIFIED BODY OR AUTHORITY notified to 'Gujarat Real Estate Regulatory Authority' (PAN AAAGG1260R), an Authority constituted by the State Government of Gujarat, in respect of the following specified income arising to that Authority, namely: -

  (a) Amount received as Grant-in-aid or loan/advance from Government.

  (b) Fee/penalty received from builders/developers, agents or any other stakeholders as per the provisions of the Real Estate (Regulation and Development) Act, 2016; and

  (c) Interest earned on (a) & (b) above.

  This notification shall be effective subject to the conditions that Gujarat Real Estate Regulatory Authority,-

  (a) shall not engage in any commercial activity;

  (b) activities and the nature of the specified income shall remain unchanged throughout the financial years; and

  (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

  This notification shall be applicable for the financial years 2022-2023, 2023-2024, 2024-2025, 2025-2026 and 2026-2027.

  [Notification No. 35/2022/F. No. 300196/7/2022-ITA-I dated 20th April 2022]

- For the purpose of EXEMPTIONS provided to STATUTORY BODY / AUTHORITY / BOARD / COMMISSION as a NOTIFIED BODY OR AUTHORITY to 'SEEPZ Special Economic Zone Authority' (PAN AAALS4995G), an Authority constituted under the Special Economic Zone Act, 2005 by the Government of India, in respect of the following specified income arising to that Authority, namely:-

  (a) Lease rentals/Service charges from various units operating in the SEZ;

  (b) Income by way of Gate Pass Entry Fees, Fine & Penalties from various units and other misc. income (Fire cess income, sale of garbage, contribution for crèch facilities); and

  (c) Interest on Bank Deposits and Investments.

  Subject to following conditions as:

  (a) shall not engage in any commercial activity;

  (b) activities and the nature of the specified income shall remain unchanged throughout the financial years; and

  (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

  This notification shall be deemed to have been applied for the financial years 2020-2021 and 2021- 2022 and shall be applicable with respect to the financial years 2022-2023, 2023-2024 and 2024-2025.

  [Notification No. 36/2022/F. No. 300196 / 12 / 2022-ITA-I dated 20th April 2022]

- Conditions for furnishing return of income by persons referred to in section 139 (1) (b)

  (i) if his total sales, turnover or gross receipts, as the case may be, in the business exceeds sixty lakh rupees during the previous year: or

  (ii) if his total gross receipts in profession exceeds ten lakh rupees during the previous year; or

  (iii) if the aggregate of tax deducted at source and tax collected at source during the previous year, in the case of the person, is 25000 rupees or more (50000 rupees in case of an individual resident in India who is of the age of 60 years or more, at any time during the relevant previous year); or

  (iv) the deposit in one or more savings bank account of the person, in aggregate, is rupees fifty lakh or more during the previous year:

  [Notification No. 37/2022 [F.No. 370142 / 01 / 2020-TPL (Part1)] / GSR 307(E) dated April 21, 2022]

- The following Court in the State of Rajasthan designated as Special Courts:-

TABLE

Serial Number	Court	Area
(1)	(2)	(3)
1	Additional Chief	Banswara, Chittorgarh, Dungarpur, Udaipur, Jodhpur,
	Metropolitan Magistrate	Barmer, Sirohi, Jalore, Bikaner, Churu, Hanumangarh,
	(Economic Offence),	Nagaur, Rajsamand, Jaisalmer, Sriganganagar, Bhilwara,
	Jodhpur Metropolitan	Pratapgarh and Pali districts.
2	Additional Chief	Jaipur, Baran, Bharatpur, Bundi, Dausa, Dholpur,
	Metropolitan Magistrate Jhalawar, Jhunjhunu, Tonk, Sawaimadhopur, Karauli, (Economic Offence), Jaipur	Alwar, Ajmer, Kota and Sikar districts.

[Notification No. 38/2022 [F.No. 285 / 32 / 2021- IT (Inv.V)/CBDT] / SO 1908(E) dated April 21, 2022]

- The Court of Additional Chief Metropolitan Magistrate (Special Acts), Central, Tis Hazari Courts, Delhi designated as the Special Court for the purposes of section 280A of the Income-tax Act, 1961 and section 84 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 for the entire

National Capital Territory of Delhi. [Notification No. 39/2022 ***[F. No. 285/40/2021-IT (Inv.V)/CBDT] / SO 1909(E) dated April 21,2022]***

- Special Court of Economic Offences at Patna designated as Special Court for the purposes of section 280A of the Income-tax Act, 1961 and section 84 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, within its respective territorial jurisdiction. ***[Notification No. 40/2022 [F. No. 285/04/2021-IT (Inv.V)/CBDT] / SO 1910(E) dated April 21,2022]***
- Investment made by a person, authorised under section 4 of the Payment and Settlement Systems Act, 2007 (51 of 2007), in the equity share capital or bonds or debentures of Open Network for Digital Commerce Ltd, being a company incorporated under section 7 (2) read with section 8 (1) of the Companies Act, 2013 (18 of 2013), for participating in network based open protocol models which enable digital commerce and interoperable digital payments in India. ***[Notification No. 42/2022/ F. No. 370142/10/2022-TPL dated April 22, 2022]***
- Tamilnadu Construction Workers Welfare Board (PAN AAATT9440P), a Board constituted by the state Government of Tamil Nadu, notified for exemptions, in respect of the following specified income arising to that Board, namely:-

  (a) Contribution to Fund for benefit of manual workers in the employment in construction or maintenance of dams, bridges, etc.;

  (b) Fee collection; and

  (c) Interest earned on (a) and (b) above.

  This notification shall be effective subject to the conditions that Tamilnadu Construction Workers Welfare Board,-

  (a) shall not engage in any commercial activity;

  (b) activities and the nature of the specified income shall remain unchanged throughout the financial years; and

  (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961. 3. This notification shall be deemed to have been applied for the financial year 2020-2021 (for period from 01-06-2020 to 31-03-2021) and for the financial year 2021-2022 and shall be applicable with respect to the financial years 2022-2023, 2023-2024 and 2024-2025.

  [Notification No. 47/2022/ F. No. 370142/10/2022-TPL dated 28th April 2022]
- ITR Form for Updated Return as per new section 139(8A) & New Rule 12AC has been notified, now updated return can be filed for AY 2020-21 onwards. Provision of Rule 12AC is reproduced:

  12AC. Updated return of income. - (1) The return of income to be furnished by any person, eligible to file such return under the sub-section (8A) of section 139, relating to the assessment year commencing on the 1st day of April, 2020 and subsequent assessment years, shall be in the Form ITR-U and be verified in the manner indicated therein.

  [Notification No. 48/2022/F. No. 370142/18/2022-TPL (Part-1) dated 29th April 2022]

COMPANY LAW

NOTIFICATIONS:

- It is clarified that following particulars of the Register / Index/ Return in respect of members of a company shall not be available for any inspection or taking extracts or copies:

  i. Address or registered address (in case of a body corporate)

  ii. Email id

  iii. Unique Identification Number

  iv. PAN Number

  [Notification No. G.S.R (E) dated 06th April 2022]
- Proviso to Rule 12 of The Companies (Incorporation) Rules, 2014 is substituted as "Provided further that in case of a Company being incorporated as a Nidhi, the declaration by the Central Government under section 406 of the Act shall be obtained by the Nidhi before commencing the business and a declaration in this behalf shall be submitted at the stage of incorporation by the company". Further Form No. INC.20A w.r.t. 'Declaration for commencement of Company' is substituted accordingly. ***[Notification No. G.S.R. 291(E) dated 8th April 2022]***
- Report of the Company Law Committee 2022 has been presented to make recommendations to the Government inter alia on changes aimed at facilitating and promoting greater ease of doing business in India and effective implementation of the Companies Act, 2013, the Limited Liability Partnership Act, 2008 and the Rules made thereunder with following recommendations bifurcated in Chapter I & II:

  1. Allowing certain companies to revert to the financial year followed in India;
  2. Facilitating certain companies to communicate with their members in only electronic form;
  3. Recognizing issuance and holding of fractional shares, Restricted Stock Units and Stock Appreciation Rights;
  4. Easing the requirement of raising capital in distressed companies;
  5. Replacing the requirement of furnishing affidavits with the filing of self-certification/ declaration;
  6. Clarifying the inclusion of 'free reserves' while determining the limit for buying back of a company's equity shares;
  7. Prohibiting companies from recording trusts on their register of members;

8. Allowing companies to hold general meetings in virtual, physical or hybrid modes;
9. Creating an electronic platform for maintenance of statutory registers by companies;
10. Clarifying provisions relating to Investor Education and Protection Fund;
11. Strengthening the National Financial Reporting Authority;
12. Reviewing and strengthening the audit framework and introducing mechanisms to ensure the independence of auditors;
13. Standardizing the manner for auditors to provide qualifications;
14. Recognizing and providing an enabling framework for the constitution of Risk Management Committees;
15. Clarifying the tenure of independent directors;
16. Revising provisions relating to the disqualification and vacation of the office of directors;
17. Clarifying the procedure for the resignation of key managerial personnel;
18. Strengthening the provisions relating to mergers and amalgamations;
19. Easing the restoration of struck off companies by enabling the Regional Director to allow restoration of names of companies in certain instances;
20. Recognizing Special Purpose Acquisition Companies and allowing such companies, which are incorporated in India, to list on permitted exchanges;
21. Prohibiting the conversion of co-operative societies into a company;
22. Modernizing enforcement and adjudication activities through electronic mode;
23. Strengthening the incorporation and governance framework for Nidhis;
24. Removing ambiguities from present provisions under the Companies Act, 2013 through changes of drafting & consequential nature.

In addition to the above, Chapter II of the Report recommends enabling the incorporation of Producer Limited Liability Partnerships under the Limited Liability Partnership Act, 2008 to ease incorporation and compliance requirements for producer organizations.

[Report dated 21st Mar 2022]

- Notice has been issued by MCA to invite comments/ suggestions on the said Report from all the stakeholders through e-Consultation Platform on the MCA website. It is requested that comments/suggestions on the Report may be provided through such facility by 6 th May, 2022. Comments/suggestions should be with specific reference to one or more paragraphs of the Report of the CLC and should be submitted through the online facility only. Suggestions not related to the paragraphs will not be taken on record. In order to avoid repetition/duplication of comments/suggestions, the members/ patrons of the Professional Institutes/ Councils/ Industry Chambers should route their comments/ suggestions through respective Institute/ Council/ Chamber. ***[Notice dated 12th April 2022]***
- Last date for filling up of the posts in the NCLAT (National Company Law Appellate Tribunal) on deputation basis has been extended till 17th May 2022. ***[Office Memorandum F. No. 2/1/2022-Estt /NCALT dated 12th April 2022]***
- The Nidhi (Amendment) Rules, 2022: The Ministry of Corporate Affairs (MCA) vide its Notification dated April 19, 2022, has notified the Nidhi (Amendment) Rules, 2022 as under:
- **Insertion:** Fourth and Fifth Proviso to Rule 3A: Nidhi company will not be allowed to raise any deposit / loan from its members, if they are not compliant. However, they will be allowed only when they are compliant in terms of Rule 3A and file the Form NDH-4.
- New Rule 3B inserted: Public company desirous to be declared as a Nidhi shall apply, in Form NDH-4, within a period of one hundred twenty days of its incorporation for declaration as Nidhi, if it fulfils the following conditions, namely:-(I) it has not less than two hundred members; and (II) it has Net Owned Funds of twenty lakh rupees or more etc.
- Rule 4(1) substitution: A Nidhi shall be a public company and shall have a minimum paid up equity share capital of ten lakh rupees and shall comply with this requirement within a period of eighteen months of commencement of amendment rules.
- Rule 6(d) substitution: Under General Restrictions and Prohibitions- no Nidhi shall acquire or purchase securities of any other company or control the composition of the Board of Directors of any other company in any manner whatsoever or enter into any arrangement for the change of its management.
- Rule 9 substitution: Every Nidhi shall maintain Net Owned Funds of not less than twenty lakh rupees or such higher amount as the Central Government may specify from time to time and shall comply with this requirement within a period of eighteen months of commencement of amendment rules.

  [MCA Notification G.S.R. 301(E). dtd 19th April 2022]

IBBI:

- Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) (Amendment) Regulations, 2022 is notified making important changes in regulations as under:
  - The liquidator shall endeavor to complete the liquidation process of the corporate person and submit the Final Report under regulation 38 within:
    (a) 270 days from the liquidation commencement date where the creditors have approved the resolution under clause (c) of sub-section (3) of

section 59 or clause (c) of sub-regulation (1) of regulation 3 and

(b) 90 days from the liquidation commencement date in all other cases.

– The liquidator shall submit the Final Report and the compliance certificate in Form-H along with the application under sub-section (7) of section 59 to the Adjudicating Authority.

– The amended form-H (Compliance Certificate) is also notified by the Board.

[Notification No. F. No. IBBI/2022-23/GN/REG.081 dtd 5th April 2022]

- Clarifications with respect to Temporary Surrender of Professional Membership: In view of the provisions relating to 'temporary surrender of professional membership' contained in clause 26 of the Schedule to the IBBI (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) Regulations, 2016, have been substituted vide Notification No. IBBI/2019-20/GN/REG043, dated 23rd July, 2019 (w.e.f. 23-07-2019) and in pursuant to the introduction of provision of 'Authorisation for Assignment', it is clarified that the process of 'Temporary Surrender of Professional Membership,' ceases to exist with issuance of above mentioned notification. ***[Circular No. IBBI/IP/2022 dated 11th April 2022]***

SEBI (SECURITITES & EXCHANGE BOARD OF INDIA)

CIRCULARS

- Standardization of industry classification-Applicability to credit rating agencies: The standardized framework with the view to help and bring about uniformity in the classifications being used across sectors and in securities market, Credit Rating Agencies are advised to use this standardized industry classification for the purpose of rating exercise, peer benchmarking, research activities including research for Economy, Industries and Companies etc. This industry classification will be applicable to Credit Rating Agencies w.e.f. October 01, 2022. ***[Circular No. SEBI/HO/MIRSD/CRADT/CIR/P/2022/42 dated 01st April 2022]***
- Standardisation of Ratings Scales Used by Credit Rating Agencies Section B compliance applicability extended till 30th June 2022. ***[Circular No.: SEBI/HO/MIRSD/MIRSD_CRADT/P/CIR/2022/43 dated 01st April 2022]***
- Execution of 'Demat Debit and Pledge Instruction' (DDPI) for transfer of securities towards deliveries / settlement obligations and pledging / repledging of securities: To curb possible misuse of Power of Attorney (PoA) given by clients to stock brokers and depository participant, SEBI vide this circular has provided that the execution of DDPI will be made compulsory under which the clients shall explicitly agree to authorize the stock broker and depository participant to access their BO account for the limited purpose of meeting pay-in obligations for settlement of trades executed by them. The DDPI shall serve the same purpose of PoA and significantly mitigate the misuse of PoA. Provisions of this circular shall be applicable with effect from July 01, 2022. ***[Circular No. SEBI/HO/MIRSD/DoP/P/CIR/2022/44 dated 04th April 2022]***
- Revision of UPI limits in Public Issue of Equity Shares and convertibles: It has been decided that all Individual Investors applying in Public Issues where the application amount is up to 5 Lakhs shall use UPI and shall also provide their UPI ID in the bid-cum-application Form to be submitted. ***[Circular No.: SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated 05th April 2022]***
- KRAs (KYC Registration Agency) shall continue to act as repository of KYC data in the securities market and shall be responsible for storing, safeguarding and retrieving the KYC documents and submit to the Board or any other statutory authority as and when required in accordance with the ***[Circular No. EBI/HO/MIRSD/DoP/P/CIR/2022/46 dated April 06, 2022]***
- Clarification on applicability of Regulation 23(4) read with Regulation 23(3)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in relation to Related Party Transactions: In order to facilitate listed entities to align their processes to conduct AGMs and obtain omnibus shareholders' approval for material related party transactions (RPTs), it has been specified that the shareholders' approval of omnibus RPTs approved in an AGM shall be valid up to the date of the next AGM for a period not exceeding fifteen months. In case of omnibus approvals for material RPTs, obtained from shareholders in general meetings other than AGMs, the validity of such omnibus approvals shall not exceed one year. ***[Circular No. SEBI/HO/CFD/CMD1/CIR/P/2022/47 dated 8th April 2022]***
- Standard Operating Procedures (SOP) for dispute resolution available under the stock exchange arbitration mechanism for disputes between a listed company and its shareholder(s)/ investor(s): SEBI advised stock exchanges to put in place, Standard Operating Procedures (SOP) by June 01, 2022, for operationalizing the resolution of all disputes pertaining to or emanating from investor services such as transfer/transmission of shares, demat/remat, issue of duplicate shares, transposition of holders, etc. and investor entitlements like corporate benefits, dividend, bonus shares, rights entitlements, credit of securities in public issue, interest /coupon payments on securities, etc. Further, in respect of disputes in above matters where Registrar and Share Transfer Agents (RTA) are offering services to shareholder(s)/ investor(s) on behalf of listed companies, the RTAs shall continue to be subjected to the stock exchange arbitration mechanism. ***[Circular No. SEBI/HO/CFD/SSEP/CIR/P/2022/48 dated April 08, 2022]***
- Risk value of commodities for risk-o-meter: SEBI has prescribed a new framework for evaluating risk value of commodities - gold and gold related instruments in which

mutual funds are permitted to invest. It is provided that investment in commodities by mutual fund schemes shall be assigned a risk score corresponding to the annualized volatility of the price of the said commodity. The annualized volatility shall be computed quarterly based on past 15 years' prices of benchmark index of the said commodity and risk score for the commodity will be categorized in four levels ranging from "moderate" to "very high". ***[Circular No. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2022/49 dated April 11, 2022]***

- Comprehensive Risk Management Framework for Electronic Gold Receipts (EGR) segment: SEBI has prescribed the risk management framework applicable to the EGR segment on the recognized Stock Exchange in Annexure A to this circular. Government of India vide Gazette notification S.O. 5401 (E) dated December 24, 2021, has notified "electronic gold receipts" as 'securities' under Section 2(h) (iia) of the Securities Contracts (Regulation) Act 1956, and vide Gazette notification dated December 31, 2021, SEBI (Vault Managers) Regulations, 2021, have been notified, paving the way for operationalization of Gold Exchange. ***[Circular No. SEBI/HO/CDMRD/CDMRD_DRM/P/CIR/2022/50 dated April 11, 2022]***
- Updated Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper - Modifications in Chapters I, II and XIV, Introduction of Chapter XIX on Investor Charter and Introduction of Chapter XX on payment of fees. This operational circular provides a chapter-wise framework for the issuance, listing and trading of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities or Commercial Paper. ***[Circular No.: SEBI/HO/DDHS/P/CIR/2021/613 dated April 13, 2022]***
- Streamlining the Process of Public Issues and redressal of Investor grievances: SEBI had put in place measures to have a uniform policy to further streamline the processing of the ASBA applications through UPI process among intermediaries/ Self Certified Syndicate Banks (SCSBs). Also The Circular provided a mechanism of compensation to investors for delay in unblocking of application amounts by SCSBs and has prescribed certain compliance and reporting standards to be adopted by SCSBs. ***[Circular No.: SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022]***
- To streamline the process of public issue of units of Real Estate Investment Trust (REIT), it has been decided to reduce the time taken for allotment and listing after the closure of issue to six working days as against the present requirement of within twelve working days. The provisions of this circular shall be applicable to a public issue of units of REIT under the SEBI (Real Estate Investment Trusts) Regulations, 2014 which opens on or after June 01, 2022. ***[Circular No.: SEBI/HO/DDHS/DDHS_Div3/P/CIR/2022/54 dated April 28,2022]***
- To streamline the process of public issue of units of Infrastructure Investment Trust (InvIT), it has been decided to reduce the time taken for allotment and listing after the closure of issue to six working days as against the present requirement of within twelve working days. The provisions of this circular shall be applicable to a public issue of units of REIT under the SEBI (Real Estate Investment Trusts) Regulations, 2014 which opens on or after June 01, 2022. ***[Circular No.: SEBI/HO/DDHS/DDHS_Div3/P/CIR/2022/55 dated April 28,2022]***

NOTIFICATIONS

- SEBI (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2022, SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2022, SEBI (Debenture Trustees) (Amendment) Regulations, 2022 SEBI, vide its notifications, has amended the provisions of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI (Debenture Trustee) Regulations, 1993, to align the framework and terminology with respect to 'security cover' wherein the term 'asset cover' has been substituted with term 'security cover' in SEBI(Debenture Trustee) Regulations, 1993, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, it is prescribed that the maintenance of security cover is sufficient to discharge both principal and interest thereon in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Furthermore, references with respect to disclosure of credit ratings have been rationalized and due diligence certificate for unsecured debt securities has been prescribed in SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021. ***[SEBI Notification dated 11th April 2022]***
- The amended regulations require the listed entity to comply with the procedural requirements as specified in Schedule VII with respect to the transmission of securities also. The extant Regulations requires the listed entity to comply with procedural requirements as specified in Schedule VII with respect to transfer of securities. As per the amended norms the following documents are required to be submitted in case of transmission of securities –
  1. Where the securities are held in single name with nomination – The documents are as under
     a) Transmission request form duly signed by nominee
     b) Original death certificate or copy of death certificate attested by the nominee subject to verification by a notary public or by a Gazetted Officer
     c) Self-attested copy of PAN card of the nominee, issued by Income Tax Department
  2. Where the securities are held in single name without nomination – The documents are as under –

a) A notarized affidavit from all legal heirs made on non-judicial stamp paper of appropriate value, to the effect of identification and claim of legal ownership to the securities. Where the legal heir is named in the Succession Certificate, an affidavit from such legal heir alone is sufficient.

b) Transmission request form duly signed by the legal heirs/claimants

c) Original death certificate or copy of death certificate attested by the legal heirs/ claimants subject to verification by a notary public or by a Gazetted Officer.

d) Self-attested copy of the PAN card of the legal heirs/ claimants, issued by the Income Tax Department.

e) A copy of Succession Certificate or Legal Heirship Certificate or its equivalent certificate issued by a competent government authority, attested by legal heirs/claimants subject to verification by a notary public or by a Gazetted Officer.

The following documents may be submitted by the legal heirs/claimants in case, where a copy of Succession Certificate or Legal Heirship Certificate or its equivalent certificate is not available and for cases where the value of securities for listed entity is up to Rs. 5 lakhs in case of securities held in physical mode and for securities held in dematerialized mode, value of securities per beneficial owner is up to 15 lakhs –

a) No objection certificate from all legal heirs stating that they do not object to transmission of securities duly attested by a notary public or by a Gazetted Officer,

b) A notarized indemnity bond made on a non-judicial stamp paper of relevant value, indemnifying the Share Transfer Agent/listed entity, in the format as specified by the Board.

[Notification No. SEBI/LAD-NRO/GN/2022/80, Dated 25.04.2022]

- Amendments to SEBI (Custodian) (Amendment) Regulations, 2022. Amendments has been made in regulation 2, 6, 8 and 15, as per the amended regulation, a custodian has to comply with these regulations to provide the custodial services with respect to silver and silver related instruments. Under the extant norms only gold or gold related instruments were covered. Further, the SEBI has provided that a custodian holding a certificate of registration as on the date of commencement of the Securities and Exchange Board of India (Custodian) (Amendment) Regulations, 2022, may provide custodial services in respect of silver or silver related instruments held by a mutual fund only after taking prior approval of the Board. ***[Notification No. F. No. SEBI/LAD-NRO/GN/2022/81 dtd 25th April 2022]***

PRESS RELEASE

- SEBI constitutes committee on Strengthening of Governance of Market Infrastructure Institutions: SEBI has constituted an ad-hoc committee on April 04, 2022, for reviewing and making recommendations for further strengthening of governance norms at Market Infrastructure Institutions (MIIs). The terms of reference of the Committee include making recommendations on measures for strengthening the role played by the Governing Board and Committees of MIIs, reviewing the requirements related to appointment and role & responsibility of Directors on the Board and Key Managerial Persons (KMPs), developing effective metrics for monitoring various aspects of the functioning of MIIs and KMPs, enhancing accountability and transparency, reviewing the policy on safekeeping and sharing of information held by MIIs, revisiting the Code of Conduct and Code of Ethics for Directors of the Governing Board and KMPs and any other measures that the committee may consider appropriate. ***[SEBI Press Release dated 4th April 2022]***
- SEBI Constitutes Working Groups for Mutual Funds: SEBI has constituted a Working Group under the Chairmanship of Mr. A. Balasubramanian, Managing Director & Chief Executive Officer of Aditya Birla Sun Life AMC Limited and Chairman, AMFI. The terms of reference of the Working Group, interalia, are to recommend an alternative set of eligibility criteria for entities to act as Sponsor; to review the existing eligibility requirements for being a Sponsor; to recommend mechanisms for addressing conflict of interest that may arise if pooled investment vehicles/ private equity act as Sponsor; and to examine the need for sponsor to dilute its stake in asset management company from the existing requirement of holding at least 40% of the net worth and the alternative pathways that may be adopted by the sponsors in this regard. ***[SEBI Press Release dated 8th April 2022]***

RBI (RESERVE BANK OF INDIA)

NOTIFICATIONS

- **RBI Circulars April – 2022**

Circular Number	Date of Issue	Department	Subject	Meant For
RBI/2022-2023/19 DOR.AUT. REC.12/22.01.001/2022-23	07.4.2022	Department of Regulation	Establishment of Digital Banking Units (DBUs)	All Scheduled Commercial Banks (excluding Regional Rural Banks, Local Area Banks & Payments Banks)

RBI/2022-2023/18 DOR.AML. REC.11/14.06.001/2022-23	04.4.2022	Department of Regulation	Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendment in two entries	The Chairpersons/ CEOs of all the Regulated Entities
RBI/2022-2023/23 DOR.RET. REC.15/12.01.001/2022-23	08.4.2022	Department of Regulation	Section 24 and Section 56 of the Banking Regulation Act, 1949 – Maintenance of Statutory Liquidity Ratio (SLR)	All Scheduled Commercial Banks (including Regional Rural Banks) Local Area Banks, Small Finance Banks, Payments Banks Primary (Urban) Co-operative Banks (UCBs) State and Central Co-operative Banks (StCBs / CCBs)
RBI/2022-2023/22 DOR. CRE. REC.No.17/13.05.000/2022-23	08.4.2022	Department of Regulation	Master Circular - Management of Advances - UCBs	All Primary (Urban) Co-operative Banks
RBI/2022-2023/21 DOR.MRG. REC.14/21.04.141/2022-23	08.4.2022	Department of Regulation	Review of SLR holdings in HTM category	All Commercial Banks
RBI/2022-2023/20 DOR.CRE. REC.13/08.12.015/2022-23	08.4.2022	Department of Regulation	Individual Housing Loans – Rationalization of Risk Weights	All Scheduled Commercial Banks (Excluding Local Area Banks and Regional Rural Banks)
RBI/2022-2023/34 DOR.CRE. REC.28/21.04.048/2022-23	21.4.2022	Department of Regulation	Legal Entity Identifier (LEI) for Borrowers	All Scheduled Commercial Banks (Excluding Regional Rural Banks), All India Financial Institutions, Small Finance Banks, Local Area Banks, Primary (Urban) Co-operative Banks, and Non-Banking Financial Companies (including Housing Finance Companies)
RBI/2022-2023/33 DOR.GOV. REC.No.26/18.10.004/2022-23	21.4.2022	Department of Regulation	Creation of Honorary Designations at Board level in Urban Co-operative Banks	The Chairman / Managing Director / Chief Executive Officer All Primary (Urban) Co-operative Banks
RBI/2022-2023/32 DOR.CRE. REC.24/21.01.003/2022-23	19.4.2022	Department of Regulation	Large Exposures Framework for Non-Banking Financial Company - Upper Layer (NBFC-UL)	All Non-Banking Financial Companies
RBI/2022-2023/31 DOR.CAP. REC.22/09.18.201/2022-23	19.4.2022	Department of Regulation	Issue and regulation of share capital and securities - State Co-operative Banks and District Central Co-operative Banks	The Chief Executive Officer All State and Central Co-operative Banks
RBI/2022-2023/30 DOR.CAP. REC.No.21/21.06.201/2022-23	19.4.2022	Department of Regulation	Scale Based Regulation (SBR) for NBFCs: Capital requirements for Non-Banking Finance Companies – Upper Layer (NBFC-UL)	All NBFCs identified as NBFC-UL, except Core Investment Companies (CICs)

RBI/2022-2023/29 DOR.CRE.REC. No.25/03.10.001/2022-23	19.4.2022	Department of Regulation	Loans and Advances – Regulatory Restrictions - NBFCs	All Non-Banking Financial Companies
RBI/2022-2023/28 A.P.(DIR Series) Circular No.01	19.4.2022	Financial Markets Regulation Department	Limits for investment in debt and sale of Credit Default Swaps by Foreign Portfolio Investors (FPIs)	All Authorized Persons
RBI/2022-2023/27 DOR.CRE. REC.23/21.08.008/2022-23	19.4.2022	Department of Regulation	Consolidated Circular on Opening of Current Accounts and CC/OD Accounts by Banks	All Scheduled Commercial Banks All Payments Banks
RBI/2022-2023/26 DOR.ACC.REC. No.20/21.04.018/2022-23	19.4.2022	Department of Regulation	Disclosures in Financial Statements- Notes to Accounts of NBFCs	All NBFCs
RBI/2022-2023/25 DOR.LRG. REC.19/21.04.098/2022-23	18.4.2022	Department of Regulation	Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR)	All Commercial Banks other than Regional Rural Banks, Local Area Banks and Payments Banks

- Compliance Function and Role of Chief Compliance Officer (CCO) – NBFCs: The Reserve Bank issued the guidelines on 'Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs' on October 22, 2021. As per these guidelines, Non-Banking Financial Companies in the Upper Layer (NBFC-UL) and Middle Layer (NBFC-ML) would be required, inter alia, to have an independent Compliance Function and a Chief Compliance Officer (CCO). As part of the overall structure for Corporate Governance, Compliance Function serves a critical role. Accordingly, it has been decided to introduce certain principles, standards and procedures for Compliance Function in NBFC-UL and NBFC-ML, keeping in view the principles of proportionality. NBFC-UL and NBFC-ML shall put in place a Board approved policy and a Compliance Function, including the appointment of a Chief Compliance Officer (CCO), based on the specified Framework latest by April 01, 2023, and October 01, 2023, respectively. [Notification No. RBI/2022-23/24

  Ref. No. DoS. CO. PPG. /SEC.01/11.01.005/2022-23 dated 11th April 2022]

- Modified Interest Subvention Scheme for Short Term Loans for Agriculture and Allied Activities availed through Kisan Credit Card (KCC) during the financial year 2021-22:

  In order to provide short term crop loans and short term loans up to an overall limit of Rs.3 lakh to farmers through KCC at concessional interest rate during the year 2021-22, it has been decided to provide interest subvention of 2% per annum to lending institutions viz. Public Sector Banks (PSBs) and Private Sector Banks Small Finance Banks (SFBs) and computerized Primary Agriculture Cooperative Societies (PACS) which have been ceded with Scheduled Commercial Banks (SCBs), on use of their own resources. The applicable lending rate to farmers and the rate of interest subvention for the financial year 2021-22 will be as follows:

Financial Year	Lending rate to farmers	Rate for Interest Subvention
2021-22	7%	2%

  An additional interest subvention of 3% per annum will be provided to such of those farmers repaying in time, i.e., from the date of disbursement of the loan/s upto the actual date of repayment or upto the due date fixed by the banks for repayment of such loan/s, whichever is earlier, subject to a maximum period of one year from the date of disbursement. This also implies that the farmers repaying promptly as above would get short term crop loans and / or short-term loans for allied activities including animal husbandry, dairy, fisheries, bee keeping etc. @ 4% per annum during the financial year 2021-22.

  [Notification No. RBI/2022-23/35 FIDD.CO.FSD. BC.No.3/05.02.001/2022-23 dated 28th April 2022]

- **MahaRERA:**

  In view of Writ Petition (L) Nos. 8713 to 8717 of 2022 the Hon'ble High Court was of the view that in regulatory matters that take the form of adversarial litigation, use of nomenclature "suo moto" is not appropriate. Accordingly, it is therefore necessary to alter the practice of giving the nomenclature "suo motu" to the regulatory matters adversarial in nature and accordingly the following directions are issued: -.

  a) Regulatory matters that that take the form of adversarial litigation shall be filed in the manner as detailed out in Annexure- A.

  b) The statement of facts contained in any filing shall be supported by a duly notarized affidavit which affidavit shall be in Form-I annexed hereto.

  c) The letter notifying defects if any in the filing of the regulatory matters shall be in Form -II annexed hereto.

  d) Until a digital module is made available for the purpose of filing such regulatory matters, hard copies in the manner as stated above shall be accepted by MahaRERA.

e) These directions shall not apply to complaints filed under Section 31 of the Act.

f) Regulatory matters which are not adversarial in nature, the practice of using the nomenclature “suo moto” shall continue. The above directions will come into force with immediate effect.

[Order No. 29/2022 Date 25/04/2022]

SEZ:

- SEZ Rules, 2006 have been amended for incorporating some amendments w.r.t. gems and jewellery under Rule 41(1)(a) and Rule 42(1)(ii)(h) with insertion of following proviso specifying sub-contracting of studding activity:

  “Provided further that in case of gems and jewellery unit, the semi-finished goods, precious metals and any other raw material (excluding diamonds or precious and semi-precious stones or lab grown diamonds) taken outside the Special Economic Zone for sub-contracting of studding by the unit shall be brought back into the unit within 45 days.”

  [SEZ Notification No. GSR 288(E) dated 8th April 2022

OTHERS:

- The Ministry of Consumer Affairs, Food and Public Distribution, has notified the Legal Metrology (Packed Commodities) Amendment Rules, 2022. Through this amendment apart from extension of date of implementation, Extension Notification has brought in following clarifications / amendments:
  - No requirement to mention Unit Sale Price (as required vide amended LMPC Rules) when Unit Sale Price equals to Retail Sale Price
  - No prosecution against manufacturer or packer or importer of pre-packaged commodities even if they use amended labels from April 1, 2022
  - Packages containing alcoholic beverages or spirituous liquor, the State Excise Laws and the rules made thereunder shall be applicable within the State in which it is manufactured
  - Removal of Second Schedule which lists commodities required to be packed in standard quantities under Rule 5 of the LMPC Rules (Rule 5 was omitted vide amended LMPC Rules).

  [Notification No. GSR 226(E) dtd 28th March 2022]

- Nomination by pensioners under Payment of Arrears of Pension (Nomination) Rules, 1983: Payment of Arrears in respect of deceased pensioner, in whose case; a valid nomination exists with the Pension Disbursing Authority/Bank. In this connection, attention is invited to para 21.5.1 of the new Scheme Booklet, (5th Edition, July 2021) which is reproduced below:

  Para 21.5.1- Cases where valid nomination exists: The CPPC will enter the date of death of the pensioner in the disburser’s portion of the PPO and will retain this information on its database with suitable audit trail and in the register maintained in their software in the form as Annexure-IX. An entry for date of death of the pensioner will be made in pensioner’s half by PAHB. The pensioner’s half of PPO will then be returned to the nominee if family pension stands authorised through the same PPO; otherwise, it will be returned by CPPC to CPAO along with the disburser’s half. The CPAO will up-date its record and transmit both halves of the PPO after keeping necessary note in their records to the PAO/AG who had issued the PPO for similar action and record. For payment of arrears to the nominee, he/she will be asked to apply for the same to the PAHB along with the pensioner’s half of the PPO showing the period of arrears. The PAHB, after verifying the fact that the payment is actually due to the deceased pensioner, and also the particulars of the nominee as given in the nomination, will intimate the CPPC along with pensioners portion of PPO for making payment by crediting the account of the claimant. The provision of this rule will apply mutatis mutandis to cases where the family pension ceases to be payable either due to death of the family pensioner, his/her remarriage/marriage or on the pensioner attaining the maximum age prescribed in the rules.

  Para 21.5.2- Cases where valid nomination does not exist: In the absence of any nomination made by the pensioner, the arrear of his/her pension are paid as per procedure prescribed in the Government of India, Ministry of PPG & Pensions, Department of Pension & Pensioners Welfare New Delhi OM No. 1/22/2012-P&PW (E) dated 10.07.2013.

  [Notification No. No. 1/2(40)/2022-P&PW (E) dtd 6th April 2022]

- CA, CMA and CS (Amendment) Act, 2022 assented by President ***[Ministry of Law & Justice Notification dtd 18th April 2022]***

- Constitution (Scheduled Tribes) Order (Amendment) Act, 2022 amends the Constitution (Scheduled Tribes) Order, 1950 for inclusion of certain community in the list of Scheduled Tribes in relation to the State of Tripura. ***[Ministry of Law & Justice Notification dtd 18th April 2022]***

- Process flow for opening Atal Pension Yojana (APY) account through online & Offline Aadhaar for a pension inclusive society, wherein every Indian Citizen who belong to the unorganized sector can secure their old age Income. ***[Circular No. PFRDA/2022/08/SUP-CRA/02 dtd 21st April 2022]***

- The timeline to update UDIN is extended till 31st May 2022 from 30th April 2022 to give more time to CAs to correctly verify and upload UDINs.

- CBEC Notified Exchange Rate for Conversion of Foreign Currency w. e. f. 22nd April 2022 ***[Notification No.34/2022 - Customs (N.T.) dated the 21st April, 2022 as amended by 36/2022 & 38/2022]***

- **CBEC Notified Exchange Rate for Conversion of Foreign Currency w. e. f. 22nd April 2022 [Notification No.34/2022 - Customs (N.T.) dated the 21st April, 2022 as amended by 36/2022 & 38/2022]**

SCHEDULE-I			
Sl. No.	**Foreign Currency**	**Rate of exchange of one unit of foreign currency equivalent to Indian rupees**	
		[a]	[b]
		[For Imports]	**[For Exports]**
1.	Australian Dollar	57.95	55.50
2.	Bahraini Dinar	208.85	196.15
3.	Canadian Dollar	62.15	60.00
4.	Chinese Yuan	12.05	11.70
5.	Danish Kroner	11.30	10.90
6.	EURO	84.15	81.10
7.	Hong Kong Dollar	9.90	9.55
8.	Kuwaiti Dinar	258.10	242.00
9.	New Zealand Dollar	53.10	50.75
10.	Norwegian Kroner	8.35	8.05
11.	Pound Sterling	101.25	97.80
12.	Qatari Riyal	21.55	20.25
13.	Saudi Arabian Riyal	21.00	19.70
14.	Singapore Dollar	56.85	54.95
15.	South African Rand	4.95	4.65
16.	Swedish Kroner	8.20	7.90
17.	Swiss Franc	81.80	78.65
18.	Turkish Lira	5.35	5.05
19.	UAE Dirham	21.45	20.15
20.	US Dollar	77.15	75.45

SCHEDULE-II			
Sl. No.	**Foreign Currency**	**Rate of Exchange of one unit of foreign currency equivalent to Indian rupees**	
(1)	**(2)**	**(3)**	
		(a)	**(b)**
		(For Imports)	**(For Exports)**
1	Japanese Yen	60.40	58.35
2	Korean Won	6.35	6.00

CHAPTER NEWS

AHMEDABAD

11 Days Orientation program for December 21 qualified CMAs

Chapter organized 11 days Pre-placement Orientation Program for December 21 qualified CMAs during 13th March'2022 to 23rd March'2022. In an inaugural function of the Orientation program on 13th March'2022, CMA H C Shah was the chief guest. CMA Debasish Mitra, Chairman-Training & Placement Committee of Institute and CMA Dr. Debaprosanna Nandy, Senior Director of Training & Placement Committee of the Institute have joined the inaugural session through Video Conference and addressed the participants. CMA Malhar Dalwadi, Chairman of the chapter gave welcome speech and introduced the dignitaries on dais. He also felicitates Chief Guest CMA H C Shah by offering memento and bouquet. CMA H C Shah gave inspiration speech to the participants and inform about the CMAs in corporate world. CMA Dakshesh Choksi, Vice Chairman of Chapter also brief about the importance of CMAs in professional life. There were many eminent faculties gave detailed presentation on various topics during the scheduled days, which are useful to the participants in their professional career.

A valedictory session of the Orientation Program was organized on 23rd March 2022. RCM CMA Ashish Bhavsar, CMA Malhar Dalwadi, Chairman of Chapter, CMA Mitesh Prajapati, Secretary of the Chapter and CMA Aparna Bhonde, Treasurer of the chapter were also present in the valedictory session. RCM CMA Ashish Bhavsar gave speech on the importance of this program. The participants were felicitated with "Certificate of Participation" by the dignitaries.

CEP on Crypto Currency: A bright future or just a Fad?

ICAI-CMA Ahmedabad, Vapi, Kutch-Gandhidham, Nasik-Ojhar & Solapur Chapter jointly organized webinar on "Crypto Currency: A bright future or just a fad?" on 23rd April 2022. CMA Malhar Dalwadi, Chairman of Chapter welcomed the members. CMA Ashish Bhavsar, RCM-WIRC and Program Coordinator welcomed & introduced speakers CMA Kailash Gandhi & CMA Veerral Patail. Both the Speakers gave detailed presentation. There was detailed and healthy discussion between all the participants on the subjected topic. More than 95 participants were present in the webinar. CMA Amol Kshirsagar proposed vote of thanks.

Campus placement for Qualified CMAs of December 21

Chapter organized campus placement for qualified CMAs of December 21 exam on 21st & 22nd April 2022. Leading corporates of Ahmedabad participated in Campus placement. 6 candidates were selected in various organizations with lucrative packages as follows:

- Evosys Global selected 2 Candidates with 5.5 Lakhs & 6 Lakhs package
- Intas Pharmaceuticals Ltd selected 3 Candidates with 4 Lakhs package
- Navkar Consultancy selected 2 Candidates with 4 Lakhs package

Care Rating Ltd, Khimji Ramdas India Pvt. Ltd., Accelerated Growth Research & Delivery Center Pvt. Ltd. & Astral Limited has shortlisted candidates and pending for further round of interviews with top management.

AURANGABAD

Workshop on Corporate Laws

For celebrating National Corporate Law Month-March-2022, Chapter conducted a one day Workshop on "Corporate Laws", on 12th March, 2022.

Adv. CS. Shriniwas Kulkarni – Official Liquidator- Govt. of Maharashtra, Independent Director CMA CS Dr. Sanvedi Rane, Practicing Company Secretary CMA CS A.R. Joshi and Practicing Company Secretary CS. P.C. Agrawal were the Chief Speakers.

CMA Suresh Pimple, P.D. Committee Chairman of the Chapter briefed about the workshop theme. Chairman CMA Kiran Kulkarni gave information about the Chapter activities. On the occasion the speakers shared valuable inputs through their experience on NCLT & Role of CMA, Role of Independent Director, SEBI – Recent Development & CSR & Companies Act-2013 Amendments.

CMA Akshay Dande coordinated the program and Secretary CMA Parag Rane proposed vote of thanks.

BARODA

MOU Signing Ceremony

Chapter arranged MOU Signing Ceremony for Academic Collaboration between Faculty of Commerce, The Maharaja Sayajirao University of Baroda & The Institute of Cost Accountants of India on 30th March 2022.

CMA P.Raju Iyer President, ICAI was the Guest of Honour. CMA Kartik Vasavada Chairman Baroda Chapter welcomed and introduced the Chief Guest & Prof.V K Srivastava, Hon'ble Vice Chancellor, Dr..K. M. Chudasama Registrar, Prof. Ketan Upadhyay, Dean of The Maharaja Sayajirao University of Baroda & Facilitated by Office of Corporate Affairs Dr. Nandini Kanan, Director OCA, The Maharaja Sayajirao University of Baroda. CMA Hardik Diwanji, Committee Member, CMA Mihir Vyas, Vice Chairman of Baroda Chapter present on the occasion

CMA Darshana Oza, Students Committee Member guided students about CMA Course. Large number of members attended the session.

CMA Priyank Vyas of Baroda Chapter proposed vote of Thanks.

Seminar on "Vision: New India and Road to $5 Trillion Economy"

Chapter jointly with Vadodara Branch of WICASA of ICAI

& Vadodara chapter of WIRC of ICSI arranged Seminar on “Vision: New India and Road to $5 Trillion Economy at ICAI Bhawan, Vadodara on 2nd April 2022.

CEP on “Stress Management +Power of Mind”

Chapter jointly with Vadodara Chapter of WIRC of ICSI organized webinar on “Stress Management + Power of Mind “on 23rd April 2022.

CMA Prerna Mali was the speaker for the program.

NAVI MUMBAI

Webinar on Practice of DPCO, 2013

Chapter conducted a Webinar CEP programme on “Practice of DPCO, 2013” on 24th April 2022. The speaker for this event was CMA Sukrut Mehta, Managing Partner Kirit Mehta & Co. CMA Vivek Bhalerao, PD Committee Chairman of the Chapter welcomed the audience and introduced the speaker and emphasized on the importance of DPCO in the pharmaceuticals sector.

The speaker explained the Drug Price Control Order (DPCO) right from its inception covering Basics of DPCO 2013, Practice of DPCO 2013, Amendments in National List of Essential Medicines (NLEM), Special one-time settlement Scheme 2022.

The speaker summarized all the points and underlined the role of CMAs in the various areas providing ample opportunities for CMAs. The lucid presentation & the interactive workshop came to an end with the vote of thanks being proposed by CMA Vaidyanathan Iyer, Chairman of the Chapter.

PUNE

Condolence Meet

On 29th March 2022, Chapter organized a condolence meeting in the memory of CMA Rakesh Singh, Former President of the Institute who passed on 28th March 2022. CMA (Dr) Dhananjay Joshi, CMA Amit Apte, Past Presidents-ICAI,CMA ,(Dr) Sanjay Bhargave, CMA Meena Vaidya, Advisors, Pune Chapter, CMA Nagesh Bhagane, Secretary, CMA Nilesh Kekan, Treasurer and staff members of Pune Chapter paid the homage to Late CMA Rakesh Singh

Panel discussion on CA, CWA, CS (Amendment) Bill 2021

Chapter arranged Panel discussion on CA, CWA, CS Amendment) Bill 2021 on 8th April 2022 at Chapter Premises.

CMA Neeraj Joshi, Central Council Member-ICAI, CMA Ashish Thatte, Central Council Member-ICAI, CMA (Dr) Sanjay R.Bhargave, Advisor, Pune Chapter were speakers/ Panel members for the programme.

CMA Shrikant Ippalpalli, Chairman, P D Committee, ICAI-Pune Chapter welcomed the participants and introduced the Speakers and CMA Rahul Chincholkar, Member Pune Chapter felicitated Panel members.

Panel members discussed on CA, CWA, CS (Amendment) Bill 2021.The session was very excellent and most informative and presentation was very helpful for members. Large number of members attended the session. CMA Rahul Chincholkar proposed vote of thanks.

SURAT SOUTH GUJARAT

The Managing Committee of Chapter was invited for “Meeting with LEADERS of WIRC of The Institute of Chartered Accountants of India” held on 29 March, 2022 at ICAI Bhawan, Surat. Main aim of the meeting was for discussions regarding the innovative ideas / suggestions to grow together and to organize various innovative programs jointly for the benefits of each other’s professions. CMA Nanty Shah, Chairman, CMA Kishor Vaghela, Treasurer, CMA K.C. Gupta and CMA Pankaj Kannaujiya, Managing Committee Members, from Surat South Gujarat Chapter-ICAI represented at the meeting. CMA Nanty Shah, Chairman, felicitated Mr. Murtuza Kachwala- Chairman, WIRC of ICAI.

Commissioner of GST organised online Lecture for guidance and interaction with resolution professional (IRP) on “The Insolvency and Bankruptcy Code, 2016 and interplay with GST”. CMA Harshad Deshpande, Chairman P.D. Committee WIRC and Insolvency Professional & Registered Valuer address GST officers. More than 250 GST officers across the Maharashtra state attended the lecture.

CMA Malhar Dalwadi, Chairman of Ahmedabad Chapter felicitating Chief Guest CMA H C Shah during 11 Days Orientation program organized by Ahmedabad Chapter.

CMA Rahul Chincholkar felicitating Panel member CMA (Dr) Sanjay R. Bhargave, during CEP organized by Pune Chapter on 8th April 2022.

CMA Dr. Sanvedi Rane, CS P.C. Agrawal, Speakers, CMA Parag Rane, Secretary, Aurangabad Chapter, CMA Kiran Kulkarni, Chairman, Aurangabad Chapter, CMA Suresh Pimple, Chairman –PD Committee- Aurangabad Chapter, CMA CS A.R. Joshi, Adv. CS Shriniwas Kulkarni, Speaker during Workshop organized by Aurangabad Chapter on 12th March 2022

CMA Nanty Shah, Chairman of Surat South Gujarat Chapter felicitating Mr. Murtuza Kachwala- Chairman, WIRC of The Institute of Chartered Accountants of India. Also seen CMA Kishor Vaghela, Treasurer, CMA K.C. Gupta, Managing Committee Member, and CMA Pankaj Kannaujiya, Managing Committee Member of Chairman of Surat South Gujarat Chapter

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Theme for June 2022

Theme for June 2022 is **Transfer pricing**

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 2022.

To,

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