



WIRC BULLETIN

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

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CMA Nanty Shah, Treasurer WIRC, CMA Vinayak Pai, Manager, ZenSar, Guest of Honour, CMA Aruna Vinayak Pai, Vice President, RtBrick India, Chief Guest, CMA (Dr) Ashish Thatte, Chairman-Training & Placement Committee, ICAI, CMA Mihir Vyas, Hon. Secretary, WIRC during Valedictory session of 12 Days Pre-Campus Orientation Programme held at WIRC.



ICMAI - WIRC has signed MOU with Curelo. CMA Chaitanya Mohrir, Chairman WIRC, CMA Nanty Shah, Treasurer WIRC, CMA Mihir Vyas, Hon. Secretary, WIRC CMA Priyank Vyas, Chairman Baroda Chapter during the occasion.

Glimpses of Felicitation Function organised by WIRC on 9th October 2023



CMA Chaitanya Mohrir, Chairman WIRC, CMA Jyotirmoy Mukhopadhyay, Chief Financial Officer(Mfg) - Accounts & Costing, KGK Diamonds (I) Pvt. Ltd, CMA Arindam Goswami, Vice Chairman WIRC, CMA Ashish Thatte, CCM-ICMAI, CMA Mihir Vyas, Hon. Secretary WIRC, CMA Nanty Shah, Treasurer WIRC



CMA Vivek Bhalariao, RCM-WIRC, CMA Mahendra Bhombe, RCM-WIRC, CMA Harshad Deshpande, CCM-ICMAI, - CMA Chaitanya Mohrir, Chairman WIRC, CMA Jyotirmoy Mukhopadhyay, Chief Financial Officer(Mfg), Accounts & Costing, KGK Diamonds (I) Pvt. Ltd, CMA Arindam Goswami, Vice Chairman WIRC, CMA Nanty Shah, Treasurer WIRC, CMA Mihir Vyas, Hon. Secretary WIRC alongwith Rank Holders

Glimpses of Felicitation Program and Members' Meet by Ahmedabad Chapter on 28.10.2023



CMA Uttam Bhandari, Chairman Ahmedabad Chapter felicitating CMA Ashwin Dalwadi, President, ICMAI



CMA Ashwin Dalwadi, President, ICMAI addressing members



CMA Uttam Bhandari, Chairman Ahmedabad Chapter felicitating CMA Bibhuti Bhusan Nayak, Vice President ICMAI



CMA Nikunj Shah - Vice Chairman of Ahmedabad Chapter felicitating CMA Chaitanya Mohrir, Chairman WIRC.



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Western India Regional Council

in association with



ICMAI-Bhilai Chapter

Announces

1st Regional Tax Conclave

Theme : Encash the Emerging Opportunities in Taxation Area

Date: Sunday, 26th November 2023 – Time: 9.00 A.M. to 6.00 P.M.

Venue : MP Hall Bhilai Niwas, Civic Center Bhilai.

For Cost Accountants	:	Rs. 350 (Incl. GST)
For Students of ICMAI	:	Rs. 250 (Incl. GST)
For Other professionals and Corporate Delegates	:	Rs. 750 (Incl. GST)

Dear Professional Colleagues,

The Western India Regional Council is glad to announce the first-ever Regional Tax Conclave on 26th Nov 2023 at Bhilai, Chhattisgarh. This landmark event promises to be a gathering of tax experts, professionals, and thought leaders from the Western Region of India, providing an invaluable platform for discussing the latest developments in the world of Direct and Indirect Taxation.

Learning, unlearning, relearning – this is an ongoing process in the GST era. It has been six years since we started benefiting from the mechanisms established under GST. In the past couple of months, the revenue department has become more active. Assessment Orders, Audit Orders and Notices have been issued to taxpayers on various issues. The conclave will bring together renowned GST experts, legal practitioners, and government officials to provide comprehensive insights into GST litigations. The Conclave will provide a thorough understanding of recent legal developments, case studies, and dispute resolution mechanisms.

The conclave will also Explore the dynamic landscape of foreign trade policy, including the latest updates, incentives, and implications for international trade. Experts will provide guidance on maximizing the benefits and compliance under the foreign trade policy.

In this conclave we will be discussing the intricacies of inventory valuation under Section 142(2)(a) of the Income Tax Act, 1962.

The first Tax Conclave of WIRC will be a resounding success, setting the stage for future endeavours in the field of taxation.

Who Should Attend the conclave

Cost Accountants, Chartered Accountants, GST Professionals, Legal Practitioners, tax Advisors, Business Owners.

Registration Details :

ICMAI – Bhilai Chapter

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ICMAI – WIRC

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***6 CEP Credit Hrs will be awarded to the members of ICMAI**

**CMA Chaitanya
Laxmanrao Mohrir**
Chairman

CMA Arindam Goswami
Convener

CMA D. N. Karan
Co-Convener

CMA Sanjay R. Bhargave
Mentor - Indirect taxes,
ICMAI-WIRC

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WIRC WELCOMES NEW ASSOCIATE MEMBERS – OCTOBER 2023

Sr.No.	Member No.	Name	City
1	54566	Anup Prakash Vajpe	Pune
2	54572	Shraddha Waman Paranjape	Panvel
3	54573	Divya Sharma	Durg
4	54574	Sufiyan Valibhai Khalifa	Vapi
5	54579	Shobha Santosh Jagtap	Pune
6	54585	Saiomkar Gopal Gaddamwar	Nagpur
7	54590	Kaushal Hitendrabhai Modi	Ahmedabad
8	54591	Prathamesh Dhondu More	Mumbai
9	54594	Madhuri Prathamesh More	Mumbai
10	54598	Rupesh Shivshankar Nagpure	Nagpur
11	54606	Zeel Rakesh Chopra	Ahmedabad
12	54608	Kunal Dhondiram Lahane	Aurangabad
13	54611	Yadav Shrikant Chandrakant	Thane
14	54612	Abhishek Kamalkishor Malani	Vadodara
15	54616	Pranjal Kumar Sahu	Bhilai
16	54621	Prabhakar Ghanshyam Kadam	Mumbai
17	54622	Seema Deoram Mahale	Aurangabad
18	54625	Sakshi Dharmendra Ramchandani	Taloja
19	54629	Prachi Vishal Kale	Pune
20	54630	Rahul Sanjaybhai Vandra	Ahmedabad
21	54636	Savita Chandrakar	Pune
22	54646	Mahek Hamidbhai Payak	Surat
23	54657	Janhavi Rakesh Wagle	Mumbai
24	54658	Amol Bhujang Mandhare	Pune
25	54659	Mitali Vijay Sudrik	Mumbai



OBITUARY

With Profound grief & sorrow, we regret to inform you the sad demise of CMA Kunal Banerjee, Former President of The Institute of Cost Accountants of India (2008-09) on 4th November 2023, Our heartfelt condolences & respected homage to the departed soul. His contribution for the development of the Institute and CMA profession shall always be remembered.

CONDOLENCE MEETING

To mourn the sad demise of CMA Kunal Banerjee, WIRC has arranged Condolence Meeting on Monday, the 6th November, 2023 at 5.00 pm via MS Teams. We pray for grant of Peace to his Soul & Strength to his family members to bear this irreparable loss.



FROM THE DESK OF CHAIRMAN

Respected seniors and dear Professional Colleagues,

Greetings!

Wish you and your family a happy and prosperous Diwali.

The month of October was full of exciting events for members and students.

To start with, WIRC felicitated rank holders and successful students for December 22 and June 23 examinations. More than 700 students attended the ceremony at Mumbai. Similar programs were conducted at Nashik and Pune. It was a great pleasure for me to be part of these events and connect with next generation CMAs and students. It is always learning experience to talk with them and understand new technologies and trends. I highly appreciate their intelligence in various areas.

I whole heartedly congratulate Pune Chapter committee to reinstate and host a grand cultural program after Students felicitation event. It made me feel nostalgic since I was active participant in my student days and organizer as a committee member.

Pre-campus placement program for successful final pass students were conducted at 3 locations, WIRC office Mumbai, at Pune Chapter and at Ahmedabad Chapter. The students got useful tips in these 12 days orientation program. Further to this, Campus placement has planned on 7th, 8th and 9th of November. I am sure the students will be benefited from the knowledge received in orientation program. Anticipating a great placement in this year!!

The month of October also observed many CEP events. To highlight a few- On occasion of Navaratri, we organized a program “Celebrating Navaratri – Nine Avatars of Maa Durga” where 9 distinguished female CMAs conducted sessions on different topics. I congratulate Members Coordination Committee for arranging such programs. Considering global focus on Carbon Credit Market WIRC conducted a session on “Carbon Market and India’s role in it”. This series was highly appreciated and welcome by members and congratulate PD committee for arranging the session. On behalf of WIRC, I promise to continue similar out of the box themes.

I am delighted to share that, on 27th October, WIRC has signed a MOU with CURELO which offers 25% discount on all lab tests. To get this benefit, members need to register on the curelo app or website and need to use code “ICMAI-WIRC25”.

Baroda Chapter also arranged “Dandiya Program” for its members. We all enjoyed this program very much. I encourage all chapters to have different cultural events and family gatherings.

On 28th October, Ahmedabad chapter hosted a full day CEP event followed by felicitation of our beloved President and elected Central and Regional council members. This was one of the benchmark event and I congratulate Ahmedabad Chapter for organizing the same.

On 3rd November, Western region Chapter’s meet was arranged which was attended by 16 chapters. This gave a platform to all the chapters to discuss their concerns and issues with headquarters. They also got resolutions on few of the issues. It is observed that at WIRC Chapters Managing committee is nicely distributed within young and experienced professionals. I believe that this combination will raise the bars for WIRC Chapters. My sincere thanks to our President CMA Ashwin Dalwadi sir, CMA P, Vinayaranjan and CMA Neeraj Joshi for supporting the Chapters meet at Goa.

On 4th November Sustainability Accounting board in association with WIRC and ICMAI Goa Chapter arranged program on Sustainability accounting. CMA Sanjay Gupta and CMA Amit Apte graced this occasion. Deliberation by the speakers on this topic was very much appreciated by the participants. Thanks CMA Ashish Thatte, CCM for giving opportunity to arrange such a wonderful program.

On 26th November, first Regional Tax Conference is being arranged at Bhilai. I appeal all the members to attend this conference in large number.

In midst of all the events, we faced sad demise of CMA Kunal Banerjee- Past president of our institute. Kunal Banerjee was an asset to the institute and his departure is a great loss for CMA profession. My homage to the departed soul.

Thanks & Regards,

CMA Chaitanya Laxmanrao Mohrir
Chairman, WIRC-ICMAI



FROM DESK OF CHIEF EDITOR

Respected Seniors and Dear professional Colleagues,

Festive Greetings!

“Festival promote diversity, they bring people into dialogue, they increase creativity, it offer opportunities for pride and Joy ”

I am happy to Inform that Institute will set up a process to shift Head office from Kolkata to Delhi. I must Congratulate President CMA Ashwin Dalwadi and whole council for this unanimous decision.

WIRC Successfully Conducted Students Felicitation Programme organised for CMA Foundation, Intermediate & Final Completed in December 2022 & July 2023 term of Examination on 9th October, 2023 at Patkar Hall, Churchgate Mumbai. I congratulate all the passed-out students for future endeavours.

As per the Headquarter guidelines, WIRC successfully conducted the 12 Days “Pre-Placement Orientation Programme” for Qualified Cost Accountants of July 2023 session from 13th October to 22nd October at WIRC Office, Mumbai. I express deep gratitude to all the faculty members for their contribution in sharpening & strengthening the Students Technical & Soft skills.

I am sure, all the students will be excited for the upcoming campus and will get an opportunity to work with dream company.

ICMAI – WIRC signed the MOU with Curelo to bring exclusive discounts on medical, pathology, and diagnostic tests, as well as health packages. For 25% discount on all lab tests, Use Code: ICMAI-WIRC25

During October Month Baroda Chapter of Cost Accountants have organised Principals and Teacher Conclave for “CMA as a Career Path” and I appreciate the Managing Committee team for this wonderful and very unique Initiative for Brand awareness of CMA Profession.

I am very proud to share that I was invited for the Felicitation Program and Members’ Meet organised by Ahmedabad Chapter on 28th October 2023. I must appreciate the efforts of Ahmedabad Chapter for organising one of the best events.

I am very glad to share that I was invited for the Felicitation function organised by Surat South Gujarat Chapter on 22nd October 2023 at Chapter, to felicitate Foundation, Intermediate, and Final Students passed in July 2023 term of examination. I appreciate the efforts of Surat South Gujarat Chapter for the wonderful events.

October was Navratri Festival month and WIRC Students Coordination Committee organised Garba Reel Competition. We have received wonderful response for the competition and I Congratulate all the winner of this garba reel Competition. Also, I congratulate Chapter Coordination Committee for organising “Nine Avatar of Maa Durga” with Nine Eminent Speakers.

Technology is very important part for communication and 1st day of Navratri Festival WIRC launch its WhatsApp channel for members and students. I request all the members kindly join the channel for professional updates.

We will be celebrating December Month “Career Awareness Month” and I request all the Chapter kindly participate in the same. Best Performer Chapter will be awarded. We will share the guideline very soon.

I urge the members to share knowledge by way of article to make WIRC Bulletins Knowledge Pack. We welcome suggestions and feedback for betterment of WIRC Bulletin

I wish all the member, Students and their family Members a very Happy Diwali!!!

CMA Mihir Vyas

Chairman, Editorial Board

Theme of December 2023 – Supply Chain and Strategic Management

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 Nov. 2023.

Introduction of Cost Audit by Unlocking its Potential: A Strategic Approach to Business Enhancement in Diverse Sectors



CMA Arunabha Saha

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Cost Accounting, is a form of managerial accounting, which is processed for tracking, capturing and analysing all minute inputs (both in quantitative and values) incurred during the production process or service rendered.

Cost accounting is important for any business as it provides managers (decision makers) with the information they require to make successful decisions about how to operate the business more efficiently and effectively. Some of the key benefits of maintaining cost accounting records includes:

1. Cost Control & Cost Reduction.
2. Pricing Decision & Product Profitability Decision.
3. Performance Evaluation & Operational Efficiency.
4. Resource Allocation & Supply Chain Management.
5. Inventory Management.
6. Utilisation of Assets and Internal Controls.
7. Risk Management & Mitigation.
8. Cash Flow Management & Liquidity Analysis.
9. Data driven decision making & Strategic Cost Management.
10. Benchmarking & Continuous Development.
11. Environment Cost Management.
12. Carbon Accounting.

From above it is pertinent that maintenance of proper Cost Accounting Records by an organisation is a value-added activity in each and every aspect of business operations irrespective of its size, type and nature.

A Cost Audit is a systematic and independent examination of an organisation's cost accounting records and cost management systems. It aims to verify and ensure the accuracy, efficiency, and compliance of an organisation's cost-related activities, including cost allocation, cost control, and financial reporting. Cost audit ensures the accuracy of cost information, by following Cost Accounting Standards (CAS) and ensures consistency and transparency in cost reporting.

Keeping proper Cost Accounting Records and its Audit should be a part and parcel of any business. Cost audit is an important and continuous process that a company has to execute properly during its entire existence in the market (life cycle). To understand in-depth what cost audit is, one has to understand its functions, importance, and advantages. The effective functions, importance and

advantages of Cost Audit can be summarised as follows:

Functions:

1. Verification of Cost Records.
2. Compliances with Cost Accounting Standards and legal requirements.
3. Determination of Cost of Production or Service.
4. Detection of error and frauds.
5. Analysis of cost control measures.
6. Assessment of efficiency.
7. Evaluation of cost allocation methods.
8. Inventory valuation.
9. Project Cost control

Importance:

1. Financial transparency & accurate reporting.
2. Cost control & optimisation.
3. Risk assessment and mitigation.
4. Performance & Quality improvement.
5. Pricing Strategy & Resource allocation.
6. Benchmarking and data driven decision making.

Advantages:

1. Improved efficiency (both in process and manpower).
2. Cost saving identification.
3. Better decision making.
4. Compliance assurance.
5. Enhanced-credibility.
6. Assess Market Competitiveness.
7. Strategic decision support.
8. Environment and sustainability focus.
9. Budgeting and forecasting.
10. Investors' confidence.
11. Cash Flow Management.
12. Quality cost analysis.
13. Profitability Analysis.
14. To point out any wastage for the company.
15. Environmental implications.

The terms: functions, importance, and advantages of cost audit are closely related concepts and can often be used interchangeably to describe the various roles and benefits of cost audit.

The above discussion is intelligible enough to view Cost audit as a valuable management tool rather than just a statutory compliance or obligation. The cost accounting and its audit have significant importance in various aspects of business management and financial reporting. The cost accounting and cost audit are vital tools in this VUCA* world. The Cost accounting and cost audit play a significant role in the context of green initiatives and sustainability efforts. However, the scope and adoption of cost accounting and cost audit in India is very limited.

*VUCA: Volatile, Uncertain, Complex, and Ambiguous

Applicability of maintenance Cost Accounting Records and Cost Audit:

According to Rule 3 of the Companies, Cost Records and Audit 2014, all cost records should be placed for the companies that produce commodities/ rendered services cited on Table A or Table B. The applicability of cost records will be considered mandatory in case of the above situation or has an aggregated turnover in the preceding year over certain threshold limit.

In respect of companies in the Regulated sectors as contained in Table A of Rule 3 of the Companies (Cost Records and Audit) Rules, 2014 shall get its cost records audited if the

1. Overall annual turnover of the company from all its products and services during the immediately preceding financial year is 50 crore or more and
2. Aggregate turnover of the individual products or service for which cost records are required to be maintained under Rule 3 is 25 crore or more.

In respect of companies in the Non-regulated sector as contained in Table B of Rule 3 of the Companies (Cost Records and Audit) Rules, 2014 shall get its cost records audited if the

1. Overall annual turnover of the company from all its products and services during the immediately preceding financial year is 100 crore or more and
2. Aggregate turnover of the individual products or service or services for which cost records are required to be maintained under Rule 3 is 35 crore or more.

The category of companies specified in rule 3 and the thresholds limits laid down, shall within one hundred and eighty days of the commencement of every financial year, appoint a cost auditor for audit of the Cost Accounting Records maintained.

For details regarding Table -A (Regulated) and Table-B (Non regulated) companies please refer <https://www.icmai.in/upload/Institute/Updates/Comparative-Statement-Revised.pdf>

A Cost Audit report is typically rule-based rather than principle-based. For detailed Formats prescribed for the cost audit please refer: <https://icmai.in/upload/pd/Form-CRA-3.pdf>.

Limiting cost audit solely on the basis of turnover may be seen from perspective of ease of doing business for organisations with lower turnovers. But it overlooks significant implications of cost-related issues, which is of immense importance in modern competitive and complex business scenarios (including SMEs). It is important to strike a balance between cost efficiency and effectiveness that will be derived through cost auditing irrespective of turn over. So, it is a request to revisit the threshold limit for both Table-A and Table-B companies with respect to cost and benefit derived out of cost audit.

Apparently looking at the formats it emerges to the management that the organisation attains no value enrichment by executing this whole exercise and considers it as a statutory requirement. But, in reality this whole exercise has a capacity to impart a tremendous value addition to any organisation, if the management takes it as an internal reporting over and above what MCA has prescribed for submission as per Formats.

The Cost Audit Report can be produced for two separate purposes:

1. For submitting to MCA as per statutory requirement.
2. For submitting to management as an Internal Costing Navigators (ICN). (Under the heading Observations & Suggestions)

It is the management discretion how much of the internal information is to be submitted to MCA.

While rule-based approaches provide clear guidelines and compliance requirements, there may be limited flexibility for auditors to adapt to unique circumstances or evolving industry practices. At the same time through ICN, a cost auditor can report under various headings as described below to the management. ICN should be the essence of a Cost Audit. This trade-off between standardization and adaptability is necessary to maintain transparency, accuracy, and consistency in cost audit reporting.

The ICN may be structured under following main heads:

- Cost Control:
- Pricing Strategies:
- Energy Efficiency- (Renewable energy adoption)
- Predictive Maintenance:
- Technological Investments:
- Resource Utilization:
- Operational Efficiency:
- Strategic Decision-Making:
- Quality Improvement:
- Product/ Service wise Profitability Analysis:
- Environmental Impact:
- Risk Management:
- Safety and Compliance:
- Fraud Prevention:
- Investment Decisions:
- Supply Chain Management:
- Customer Lifetime Value:
- Competitor Analysis:
- Customer Feedback Analysis:
- Long-Term Sustainability:
- &
- Sector Specific Cost analysis:

From above reporting under ICN - Management will receive a trustworthy data on daily activities of the business, such as price setting, control, decision-making, etc. This is the Intrinsic Value of Cost Audit. The intrinsic value of a cost audit is not limited to financial or operational

aspects but extends to the broader impact it has on the organisation's reputation, competitiveness, and its ability to meet the expectations of various stakeholders, ultimately contributing to the organisation's sustainability and success.

From the above discussion it is relevant that Cost audit, when performed effectively, not only ensures financial compliance but also enhances a company's overall financial management, efficiency, and strategic decision-making capabilities. It provides a comprehensive view of cost-related aspects of a business, which is vital for long-term success and sustainability. So, both cost accounting and cost audit are about smart financial management and staying competitive. They are key to a company's success and sustainability in a competitive business environment. Cost Accounting and its Audit is not a postmortem analysis, rather a proactive analysis, which connects to the future of a business.

In view of the above it is recommendable to include following Sectors# under the per view of maintenance of Cost Accounting Records and Cost Audit over and above the Sectors considered in Table-A & B. The points to substantiate the reason to include these vital sectors under the per view of Cost Audit, are discussed below.

Sectors chosen where Cost Records and its audit will be useful in public interest.

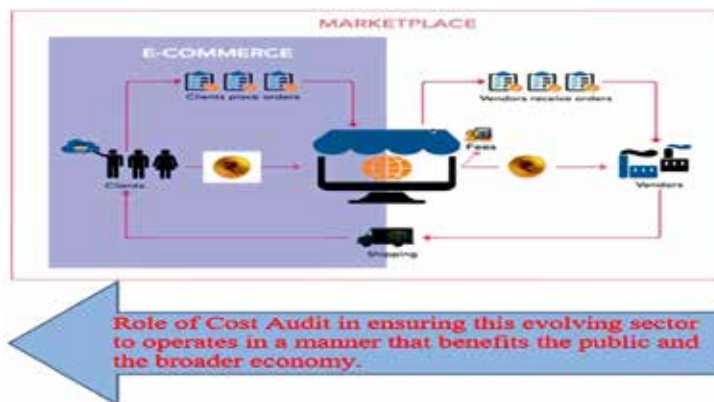
While discussing about Cost Audit of certain Sectors as mentioned below, it is a humble request to all, please come out of the present status of reporting under Cost Audit and start thinking from a different trajectory.

Sectors where Cost Audit should be Introduced:

1. Organisations in E-Commerce and Online Marketplaces.
2. Agriculture, Horticulture, Animal Husbandry, Fishery; including Sustainable Agriculture and organic Farming.
3. Transportation – Airlines, Railways (including Metro Railways & MRTS), Shipping & Logistics including Public Transport.
4. Insurance including public health insurance programs.
5. Real Estate and Property Development.
6. Smart City Initiatives.
7. Electrical Vehicle (EV) Infrastructure.
8. Retail Business.
9. Leather Industry (Including Tanneries).

1. Organisations in E-Commerce and Online Marketplaces.

Cost Audits in the fast-growing e-commerce and online marketing sectors are essential for promoting transparency, ensuring fair pricing, consumer protection and maintaining financial accountability, since the consumers select the goods based on virtual parameters. It will help businesses make data-driven decisions, remain competitive and sustain long-term growth in the rapidly evolving digital landscape.



Role of Cost Audit in ensuring this evolving sector to operate in a manner that benefits the public and the broader economy.

Reason to recommend E-Commerce and Online Marketplaces sector under cost audit:

1. *Consumer Protection:* Cost audits can protect consumers from any pricing irregularities, ensuring that consumers are not overcharged or subject to unfair pricing practices. This promotes trust and confidence in online shopping, benefiting consumers.
2. *Investor Confidence:* A well cost audited e-commerce sector will bring more transparency and can attract more investors, leading to capital inflows that can support business expansion, innovation, and job creation. Investor confidence is a critical aspect which will be derived from the intrinsic value of a cost audit, as it directly impacts a company's ability to attract and retain investment.
3. *Fair Competition:* Cost audits can help identify and rectify any unfair business practices, ensuring a level playing field for all market participants. Fair competition benefits society by encouraging innovation and quality products and services.
4. *Job Creation:* A booming e-commerce sector with efficient cost structures and its audit can lead to soaring economic growth, resulted in to job creation. Cost audits can help identify areas for operational improvement and expansion, thus contributing to job opportunities
5. *Economic Efficiency:* To promote efficient operations within the sector which is highly competitive, cost audits can contribute to overall economic efficiency by optimising cost architecture of the organisation. This can lead to lower prices, increased market competition, and higher productivity, which benefits society through improved purchasing power and economic growth.
6. *Tax Revenue:* By ensuring accurate cost reporting and tax compliance, cost audits contribute to higher tax (mainly indirect tax) revenues for governments.
7. *Environmental Impact:* Efficiency improvements in logistics and supply chain operations, identified through cost audits, can reduce the environmental impact of the e-commerce sector. This benefits society by contributing to a more sustainable and eco-friendly industry.
8. *Business Ethics:* Cost audits can help identify any unethical or fraudulent practices within the sector. Addressing these issues promotes ethical conduct and accountability, which is essential for the well-being of society.

9. *Innovation and Technology:* Cost audits can highlight areas where investment in technology and innovation is necessary for the sector to thrive. These advancements can lead to the development of new and improved products and services that benefit society.
10. *Consumer Satisfaction:* The results of the cost audit can have ripple effects that benefit consumers by helping businesses to operate efficiently, deliver quality products, and maintain competitive pricing. This leads to positive consumer experiences, long-term success for the organisation and overall societal well-being.
11. *Global Trade and Market Access:* E-commerce enables cross-border trade. Cost audits play a crucial role in improving an organisation's ability to engage in global trade and access international markets, by ensuring that businesses in this sector operate efficiently and transparently, allowing consumers to access a wider range of products and services from around the world.
12. *Small Business Growth:* Cost audits provide small e-commerce businesses (local) with the financial insights and operational improvements necessary to achieve sustainable growth. It helps small e-commerce businesses by optimising costs, improving resource allocation and enhancing financial planning resulted to improve efficiency and competitiveness. This supports entrepreneurship and the growth of small businesses, which are vital to the local economy.
13. *Social and Technological Inclusion:* Cost audits can be a tool for e-commerce sector (local) to make informed decisions about resource allocation, with a focus on fostering social and technological inclusion. It can provide opportunities for marginalized groups and regions to participate in the global economy. By ensuring efficiency and transparency, cost audits can promote social and technological inclusion, reducing economic disparities.
14. *Trust and Reputation:* When businesses undergo regular cost audits, they are more likely to maintain high ethical standards and financial transparency. This contributes to building trust among consumers and the public, which is essential for the long-term success of the sector.
15. *Quality Assurance:* By monitoring and auditing costs, businesses can better allocate resources to improve the quality of products and services. This ensures that consumers receive value for their money and benefits society by promoting quality standards.
16. *Innovation Ecosystem:* The flourishing e-commerce sector can be further stimulated by knitting the network of resources, processes, and stakeholders to work together to foster innovative ecosystem. Cost audits can help to create a favourable environment for innovation.

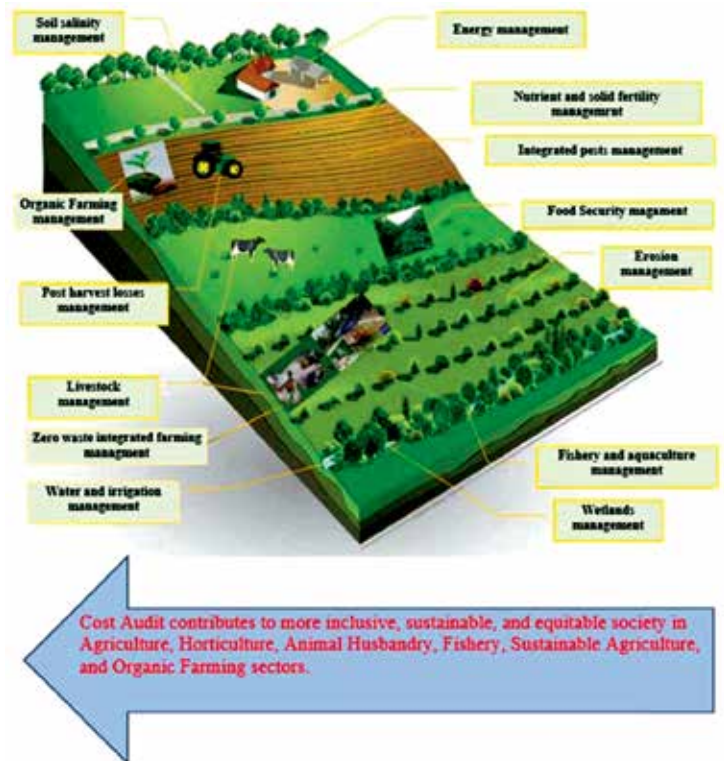
Cost audits in the E-Commerce and Online Marketplaces sector are not only beneficial to individual businesses but also contribute to the well-being of society as a whole. They promote economic efficiency, fair competition, consumer protection, and ethical conduct, which ultimately results in a healthier, more prosperous, and technologically advanced

society. It plays a crucial role in ensuring that this dynamic and rapidly evolving sector operates in a manner that benefits the public and the broader economy.

2. Agriculture, Horticulture, Animal Husbandry, Fishery; including Sustainable Agriculture and organic Farming.

Cost audits in agriculture, horticulture, animal husbandry, fishery including organic farming are essential for ensuring that the funds are used efficiently, fairly, and sustainably in support of this critical sector. This will result in improved resource allocation, environmental stewardship, economic viability, and the achievement of policy goals in this sector. Also help in determination of Minimum Support Price (MSP) and Price Control mechanism.

Reason to recommend Agriculture, Horticulture, Animal Husbandry, and Fishery; including Sustainable Agriculture and organic Farming sector under cost audit from Society as a whole.



Here are several compelling reasons to recommend these sectors for cost audits from a societal perspective:

1. *Food Security:* Cost audits play a crucial role in ensuring food security, which is the state in which all individuals have physical, social, and economic access to sufficient, safe, and nutritious food that meets their dietary needs and food preferences for an active and healthy life. Agriculture is the primary source of food production. Cost audits help ensure the cost efficiency in food cultivation and sustainability of these sectors, which are crucial for maintaining food security and preventing food shortages.
2. *Sustainable Practices:* Sustainable agriculture and organic farming practices are vital for preserving the environment and natural resources. Cost audits

can identify the cost-effectiveness of sustainable practices, encouraging their adoption and reducing the environmental impact of agriculture. By establishing sustainability practices economically viable, cost audits encourage their adoption, leading to environmentally responsible and economically sustainable agricultural operations.

3. *Economic Stability:* Agriculture is a significant contributor to many economies, particularly in rural areas. Cost audits can help improve cost-efficiency, which, in turn, enhances the financial stability of agricultural businesses and contributes to the overall economic stability of these regions.
4. *Resource Allocation:* By optimizing costs, cost audits help ensure that resources are allocated effectively in these sectors. This can lead to more productive and sustainable use of land, water, and other resources.
5. *Rural Employment:* Agriculture and related sectors are often primary sources of employment in rural areas. Efficient operations, as facilitated by cost audits, can help maintain and even create job opportunities, thereby reducing rural unemployment and improving livelihoods.
6. *Affordability of Food:* Cost audits can help control costs in the production and distribution of food, which can, in turn, lead to more affordable food prices for consumers. This is essential for ensuring that food remains accessible to all segments of society.
7. *Innovation and Technological Advancements:* Cost audits can reveal areas where investments in technology and innovation are needed to improve agricultural practices. Technological advancements enhance productivity and sustainability.
8. *Market Access and Trade:* Cost audits can help agricultural businesses identify areas for cost reduction and operational efficiency, making it easier for them to access domestic and international markets. This, in turn, contributes to economic growth and trade balance.
9. *Environmental Preservation:* By evaluating the cost-effectiveness of sustainable practices, cost audits support environmental conservation efforts, such as reducing water usage, minimizing chemical inputs, and preventing soil erosion.
10. *Food Quality and Nutrition:* Cost audits can indirectly influence the quality and nutritional value of food products. By optimising costs, businesses can invest in practices that improve food quality, benefiting consumer health.
11. *Diversification of Agricultural Practices:* Cost audits can highlight areas where diversification of agricultural practices is feasible and cost-effective. Diversification can improve food security, reduce risks, and contribute to a more balanced and resilient food supply.
12. *Biodiversity Conservation:* Sustainable farming practices supported by cost audits help preserve biodiversity by reducing the negative environmental impacts of agriculture. This is crucial for maintaining

healthy ecosystems and supporting the survival of various species.

13. *Reduction of Food Waste:* Cost audits can identify areas within the supply chain where food waste can be reduced. This contributes to societal well-being by addressing the global challenge of food waste and its environmental and social implications.
14. *Economic Inclusion:* Cost audits can help identify opportunities for economic inclusion by assessing the affordability and accessibility of resources and technology for smaller and marginalized farmers. This supports a more inclusive and equitable society.
15. *Crisis Resilience:* By optimizing costs and promoting sustainability, cost audits make agricultural systems more resilient to crises such as natural disasters or pandemics. This ensures the stability of food supply in times of crisis.
16. *Local and Rural Development:* Cost audits can support local and rural development by fostering efficient and sustainable agricultural practices. This can boost rural economies, create job opportunities, and reduce rural-to-urban migration, contributing to balanced regional development.
17. *Water Resource Management:* Cost audits can highlight areas where water resources are being used inefficiently and suggest measures for better water management. This is critical for water conservation and the protection of water supplies for future generations.

Cost audits in the Agriculture, Horticulture, Animal Husbandry, Fishery, Sustainable Agriculture, and Organic Farming sectors are integral to improving various facets of societal well-being, from economic development and job creation to public health, environmental sustainability, and ethical food production. They contribute to a more inclusive, sustainable, and equitable society.

3. Transportation – Airlines, Railways (including Metro Railways & MRTS), Shipping & Logistics including Public Transport.

Cost Audit in the Transportation Sector can help regulate fares, prevent price gouging (overcharging) and ensure the safety and reliability of services of this sector. Cost Audit can ensure cost efficiency in public transportation services, such as buses, metros & any MRTS, which helps keep fares affordable and improve accessibility.



Connecting the World - cost audits for transportation sectors support the well-being of society by promoting safe, efficient, and accessible transportation systems .

Recommending cost audits for the transportation sectors, including Airlines, Railways (including Metro Railways & MRTS), Shipping & Logistics, and Public Transport, since cost audits can contribute to a cheaper, safer, more equitable and more connected world, enhancing the overall quality of life for people in both urban and rural areas. Here are several genuine reasons to support such audits:

1. *Affordable Access:* Cost audits help optimise operational costs, potentially leading to more affordable transportation services. This, in turn, makes public transportation accessible to a broader segment of the population, reducing reliance on unorganised transportation system and associated traffic congestion and pollution.
2. *Safety and Reliability:* Cost audits ensure that transportation providers allocate resources for safety measures, maintenance, and infrastructure upgrades. This contributes to the safety and reliability of transportation services, protecting passengers and the general public.
3. *Infrastructure Investment:* Transportation infrastructure, including airports, rail networks, and ports, is essential for economic development. Cost audits ensure that resources are allocated effectively to support infrastructure development, which contributes to job creation and economic growth.
4. *Trade and Economic Growth:* Efficient transportation networks, including railways and shipping, are essential for facilitating trade and economic growth. Cost audits help ensure the financial sustainability of these sectors, which, in turn, contributes to economic development and job creation.
5. *Global Competitiveness:* Efficient transportation is vital for the global competitiveness of a country. Cost audits help maintain competitive transportation services, supporting the growth of industries and international trade.
6. *Tourism and Commerce:* Airlines, railways, and shipping play a significant role in promoting tourism and commerce. By optimizing costs, these sectors can offer competitive rates, boosting tourism and facilitating the movement of goods and services, which contributes to economic prosperity.
7. *Government Funding Accountability:* Cost audits provide transparency in the use of public funds allocated to transportation sectors. This accountability ensures that government resources are spent efficiently, benefiting taxpayers and society as a whole.
8. *Infrastructure Maintenance:* Cost audits help ensure that transportation infrastructure, such as roads, bridges, and railways, is well-maintained. This is essential for public safety and the uninterrupted flow of goods and people.
9. *Job Creation:* Efficient and growing transportation sectors create job opportunities in various roles, from transportation workers and engineers to logistics professionals and service personnel. This contributes

to reducing unemployment and improving overall economic stability.

10. *Rural Connectivity:* Railways and public transport networks often provide essential connectivity to rural and remote areas. Cost audits help ensure that these services remain financially viable, preserving the access of rural communities to healthcare, education, and economic opportunities.
11. *Social Equity:* Public transportation can bridge the gap between urban and rural areas, making essential services, jobs, and education more accessible to underserved populations. Cost audits support the financial sustainability of these services, enhancing social equity.
12. *Economic Resilience:* Through Cost audit, transportation sectors will be more resilient to economic downturns and disruptions. This resilience ensures that transportation services continue to operate even during challenging times, contributing to economic stability.
13. *Global Connectivity:* International transportation networks foster global connectivity, trade, and cultural exchange. Cost audits support the continued expansion and sustainability of these networks, benefiting societies by enabling international cooperation and trade.
14. *Access to Markets:* The efficient transportation system resulted from cost audit ensures that the businesses have access to larger markets. This fosters entrepreneurship and economic growth.
15. *Consumer Choice:* Cost audits can help ensure a diversity of transportation options, allowing consumers to choose the most cost-effective and convenient means of travel, thereby enhancing their quality of life.
16. *Social Inclusion:* Public transportation ensures that people from all walks of life can access opportunities, services, and social connections. Cost audits support the financial sustainability of these inclusive services.
17. *Intermodal Transportation:* Cost audits can encourage the integration of various transportation modes, such as trains, buses, and ferries, allowing for seamless, sustainable, and efficient transit within and between cities.

Cost audits for transportation sectors are essential for societal well-being, as they ensure the sustainability, efficiency, and accessibility of transportation services that benefit communities, economies, and the environment. These audits contribute to a safer, more equitable, and more connected world, enhancing the overall quality of life for people in both urban and rural areas.

4. Insurance including public health insurance programs.

Cost Audit in Insurance Sector can help verifying premiums that are appropriate with respect to the coverage provided and prevent unfair practices to help Insurance Regulatory and Development Authority of India (IRDAI). Cost audits for public health insurance programs can help control healthcare costs and ensure that taxpayer funds are used effectively to provide coverage.



Recommending cost audits for the insurance sector, including public health insurance programs, from the perspective of society as a whole is essential for various reasons that encompass financial accountability, affordability, public health, and societal well-being. Here are some key reasons to support cost audits for this sector:

1. *Financial Accountability:* Cost audits ensure that insurance providers allocate premiums and funds efficiently, reducing administrative waste and ensuring that financial resources are primarily directed towards coverage and services. This accountability benefits society by keeping insurance costs in check.
2. *Affordability:* Cost audits help identify opportunities to reduce the cost of insurance premiums while maintaining adequate coverage. This affordability ensures that insurance is accessible to a broader segment of the population, protecting individuals and families from financial hardship in the event of illness or emergencies.
3. *Transparency:* Cost audits enhance transparency within the insurance sector, allowing the public to understand the financial operations of insurance providers. Transparency fosters trust and confidence in the industry, benefiting society by promoting responsible insurance practices.
4. *Healthcare Access:* Health insurance, including public health insurance programs, plays a vital role in improving access to healthcare services. Cost audits help ensure that these programs are financially efficient, supporting greater healthcare access for individuals and families, which is essential for public health.
5. *Cost-Effective Care:* Cost audits encourage insurance providers to negotiate for cost-effective healthcare services and treatments. This drives down overall healthcare costs, making medical services more affordable for everyone.
6. *Crisis Preparedness:* Public health insurance programs are essential during public health crises, such as pandemics. Cost audits ensure that these programs are financially prepared to respond to emergencies effectively, protecting the well-being of society.

7. *Pandemic Preparedness:* The financial readiness of public health insurance programs is crucial for pandemic preparedness. Cost audits can confirm that these programs have the resources necessary to respond effectively to health crises like pandemics.
8. *Inclusivity:* Public health insurance programs aim to be inclusive, covering underserved and vulnerable populations. Cost audits help maintain this inclusivity by ensuring that these programs remain financially sustainable and accessible.
9. *Public Health Promotion:* Public health insurance programs often support initiatives aimed at promoting public health, such as vaccination campaigns, disease prevention programs, and health education. Cost audits can assess the financial effectiveness of these programs in enhancing overall public health and well-being.
10. *Maternal and Child Health:* Public health insurance programs often include coverage for maternal and child health services, which are essential for the well-being of mothers and the healthy development of children. Cost audits ensure that these services are financially accessible and of high quality.
11. *Research and Innovation:* Insurance providers often support medical research and innovation. Cost audits can assess the financial commitment to research initiatives that advance medical science and benefit society as a whole.
12. *Health Equity Initiatives:* Cost audits can evaluate the impact of insurance programs' health equity initiatives, ensuring that underprivileged and marginalized populations receive the healthcare services they need to improve their health and well-being.

Cost audits for the insurance sector, particularly public health insurance programs, are essential for ensuring that healthcare services are accessible, affordable, and of high quality for the benefit of society as a whole. These audits support public health, disaster recovery, and health equity, ultimately contributing to the overall well-being of individuals and communities.



The fundamental question that arises from the above discussion so far is how to accommodate the above concepts in the present form of the Cost Audit Report Formats. The potential of cost audits, to enhance financial transparency, efficiency, and accountability, is indeed substantial. However, the effectiveness of cost audits has been restricted when they are overly focused on rigid rule-based formats for presentation. This limitation can hinder the ability of cost audits to adapt to dynamic and evolving business and societal needs. Here are some of the reasons how rule-based formats might restrict the potential of cost audits:

1. *Lack of Flexibility:* Rule-based formats are inflexible and may not easily accommodate the unique circumstances and specific requirements of different industries, organisations, or sectors. This can limit the ability of cost audits to provide customized and relevant insights.

2. *Inability to Address Emerging Issues:* In rapidly changing industries and economies, new challenges and opportunities emerge constantly. Rule-based formats may not be agile enough to adapt to these changes and address emerging issues effectively.
3. *One-Size-Fits-All Approach:* Rule-based formats often employ a one-size-fits-all approach, which can be ill-suited for industries or organisations with specific needs, leading to inefficiencies and missed opportunities for improvement.
4. *Innovation Limitation:* Rule-based formats may stifle innovation and creative thinking within the audit process, preventing auditors from exploring new approaches and solutions to complex problems.

To harness the full potential of cost audits, it is important to strike a balance between rule-based formats and principle-based presentation, which provide structure and standardisation, and a more flexible and adaptive approach.

If the question arises, whether we can implement Cost Accounting System in the above-mentioned Sectors? The answer will come loudly “YES”. So, if Cost Accounting system can be implemented then why not its Audits? Only because of the inherent limitations with the designing of its rule-based presentation, it is not fare to lock the potential of the Cost Audit.

In continuation with discussion on remaining Sectors where implementation of Cost Audit is pertinent.

5. Real Estate and Property Development.

Cost Audits in the real estate sector can help ensure fair pricing for properties and prevent speculation-driven price increases. Cost audits can ensure that the subsidies for housing and real estate development are used appropriately and promote affordable housing. It will help Real Estate Regulatory Authority (RERA) in Transparency in Project Costs, Preventing Misallocation of Funds, Data for Policy Improvement.

Recommending cost audits for the real estate and property development sector for the benefit of society as a whole is crucial due to its substantial impact on economic growth, housing availability, environmental sustainability, and community well-being. Here are some reasons to support cost audits for this sector:

1. *Economic Stimulation:* The real estate and property development sector is a significant driver of economic growth, generating employment, tax revenue, and economic opportunities. Cost audits ensure that financial resources are used efficiently to maximise economic benefits.
2. *Affordable Housing:* The availability of affordable housing is a critical societal need. Cost audits can help ensure that property development projects include affordable housing components and that resources are allocated to make housing accessible to a broad range of income levels.
3. *Urban Planning:* Property development and urban planning go hand-in-hand. Cost audits can support urban planning initiatives by ensuring that resources

are allocated efficiently to create safe, well-designed, and accessible urban spaces.

4. *Infrastructure Development:* Property development often necessitates investments in infrastructure, such as roads, utilities, and public facilities. Cost audits can assess the efficiency and cost-effectiveness of these developments, contributing to the well-being of communities.
5. *Affordable Commercial Spaces:* Cost audits can help ensure that property development includes affordable commercial spaces, which is vital for small businesses and entrepreneurs and the overall economic vibrancy of communities.
6. *Property Valuation and Taxation:* Cost audits can assist in fair property valuation and taxation, ensuring that property taxes are assessed accurately, which is essential for funding local services and infrastructure.
7. *Long-Term Investment:* The real estate sector is often seen as a long-term investment. Cost audits can ensure that financial planning for real estate projects takes into account long-term sustainability and value.
8. *Municipal Services:* Property development affects the demand for municipal services, such as water, sewage, and emergency response. Cost audits can evaluate the financial impact on municipal budgets and service delivery.
9. *Social Housing Initiatives:* Cost audits can assess the financial sustainability of social housing initiatives, which are essential for providing safe and affordable housing options for disadvantaged and vulnerable populations.
10. *Innovative Housing Models:* Property developers are increasingly exploring innovative housing models, such as co-housing and micro-housing. Cost audits can ensure that these models are financially viable and accessible to a diverse range of residents.

Cost audits for the real estate and property development sector benefit society by promoting responsible, sustainable, and inclusive development that enhances the well-being of communities. They ensure that property developments are financially sound, environmentally responsible, and focused on meeting the diverse needs of residents.

6. Smart City Initiatives.

Auditing the cost of smart city projects can ensure that technology investments in urban infrastructure deliver expected benefits efficiently. Cost Audits are a valuable tool for smart city initiatives to ensure prudent financial management, transparency, and accountability.

Recommending cost audits for Smart City initiatives is essential for the benefit of society as a whole due to the profound impact these initiatives can have on urban development, quality of life, economic growth, and sustainability. Here are some rational reasons to support cost audits for this sector:

1. *Economic Growth:* Smart City initiatives can stimulate economic growth by attracting investment,

fostering innovation, and creating job opportunities in technology-related fields. Cost audits can ensure that financial resources are allocated efficiently to maximize economic benefits.

2. *Quality of Life:* Smart Cities are designed to enhance the quality of life for residents through improved infrastructure, services, and public spaces. Cost audits can verify that these initiatives are financially sound and deliver tangible improvements in residents' daily lives.



3. *Environmental Sustainability:* Smart Cities emphasize sustainable practices such as energy efficiency, waste reduction, and green transportation. Cost audits encourage the financial viability of these sustainable initiatives, reducing the ecological footprint of urban areas.
4. *Public Services:* Smart City initiatives often involve the use of technology to enhance public services such as healthcare, education, transportation, and safety. Cost audits ensure that these services are financially efficient and accessible to all residents.
5. *Innovation and Technology:* Cost audits can support investments in innovation and technology integration, enabling the development of advanced solutions for urban challenges and fostering a culture of innovation.
6. *Urban Planning:* Smart City initiatives are closely tied to urban planning and development. Cost audits can ensure that resources are allocated efficiently for well-designed, safe, and accessible urban spaces.
7. *Affordable Housing:* Smart City initiatives often aim to provide affordable housing options within urban centres. Cost audits can ensure that these housing projects are financially sustainable and accessible.
8. *Smart Transportation:* Smart City initiatives often focus on transportation solutions, such as public transit, traffic management, and pedestrian-friendly infrastructure. Cost audits ensure that these solutions are cost-effective and accessible.
9. *Public Safety:* Smart Cities incorporate advanced safety and security systems. Cost audits can ensure that these systems are financially efficient and enhance public safety.

10. *Waste Management:* Sustainable waste management practices are a key aspect of Smart City initiatives. Cost audits can encourage cost efficient waste reduction and recycling initiatives.

11. *Emergency Preparedness:* Cost audits support the financial resilience of Smart City initiatives in the face of natural disasters and other crises, ensuring that disaster response and recovery efforts are effective.

12. *Healthcare Access:* Smart City initiatives can improve healthcare access through telemedicine and health information systems. Cost audits ensure that these services are financially efficient and accessible to residents.

13. *Clean Energy Adoption:* Encouraging the adoption of clean and renewable energy sources within Smart Cities can reduce greenhouse gas emissions and promote environmental sustainability. Cost audits can assess the financial viability of clean energy projects.

Cost audits for Smart City initiatives contribute to the well-being of society by promoting sustainable and inclusive urban development. They ensure that these initiatives are financially efficient, technologically advanced, and focused on improving the quality of life for urban residents while addressing the diverse needs of the community.

7. Electrical Vehicle (EV) Infrastructure.

Recommending cost audits for the Electrical Vehicle (EV) Infrastructure sector for the benefit of society as a whole is crucial due to the significant impact of EV adoption on environmental sustainability, energy efficiency, economic growth, and transportation accessibility. Here are some persuasive reasons to support cost audits for this sector:

1. *Environmental Sustainability:* EVs produce fewer greenhouse gas emissions compared to traditional internal combustion engine vehicles. Cost audits can encourage the development and maintenance of EV infrastructure, such as charging stations, to support the transition to cleaner and more environmentally sustainable transportation.
2. *Economic Growth:* The growth of the EV infrastructure sector can lead to economic opportunities, including job creation in manufacturing, installation, and maintenance. Cost audits support the efficient allocation of resources, fostering economic growth.
3. *Urban Planning and Smart Cities:* EV infrastructure is integral to smart city initiatives and urban planning. Cost audits ensure that resources are allocated efficiently for well-designed, safe, and accessible urban spaces that support EV adoption.
4. *Public Transportation:* Promoting EV infrastructure can improve public transportation options, including electric buses and trains. Cost audits ensure that public transportation networks are financially efficient and accessible to residents.
5. *Incentives and Affordability:* Cost audits can evaluate financial incentives and affordability measures to make EV adoption and charging accessible to a diverse range of income levels.

6. *Accessibility for All:* Cost audits can ensure that EV infrastructure, including charging stations, is accessible to all residents, regardless of physical ability, socioeconomic status, or geographic location.
7. *Carbon Emissions Reduction Goals:* Cost audits can help track progress toward carbon emissions reduction goals and ensure that EV infrastructure development is aligned with these environmental targets.
8. *Intermodal Transportation Integration:* Cost audits can encourage the integration of various transportation modes, such as EVs, public transit, and shared mobility services, providing residents with seamless and sustainable transit options.
9. *Economic Competitiveness:* Supporting the growth of the EV infrastructure sector can enhance a nation's economic competitiveness in the global market, encouraging innovation and exports.
10. *Battery Recycling and Waste Management:* Cost audits can assess the financial sustainability of battery recycling and waste management programs, reducing the environmental impact of EV batteries at the end of their life cycle.
11. *Electric Public Transportation Hubs:* Cost audits can support the development of hubs for electric public transportation, making it easier for residents to access EV transit options.
12. *Transportation Equity:* Cost audits can evaluate the financial feasibility of initiatives that promote transportation equity, ensuring that EV infrastructure serves all communities, including underserved areas.

Cost audits for the EV Infrastructure sector benefit society by promoting environmental sustainability, energy efficiency, economic growth, and transportation accessibility. They ensure that EV infrastructure is financially efficient and responsive to the evolving needs of transportation in an environmentally sustainable and energy-efficient manner.

Similarly, some more Sectors should be covered under Cost audit as below: (Reason to bring those under Cost Audit preview has been explained in brief)

8. Retail Business.

Cost audits help retailers analyse their cost structures, including procurement, inventory management, and operational costs. By identifying areas of inefficiency, retailers can take steps to reduce costs and improve profitability. Cost audit is crucial for promoting retail business growth and profitability in today's cutthroat business environment.

9. Leather Industry (Including Tanneries).

Cost audits will provide valuable insights into the true cost of producing leather products, enabling businesses to set competitive prices by allowing leather industry to examine their cost structures, such as raw materials, labour, and overhead costs. The raw material used in leather industry is derived from the waste product from meat processing market. This waste product is converted into desirable and useful leather products.

Since the waste disposal system in this type of industry plays a vital role in determining the efficiency at which the industry functions, identifying inefficiencies and cost-saving opportunities helps improve profitability through cost audit.

Special emphasize on - Small and Medium-sized Enterprises (SMEs):

The requirement of cost audit in the Small, and Medium Enterprises (SMEs) sector is vital, irrespective of the size and nature of the business. It is essential for SMEs to understand the specific cost audit requirements applicable in their region and industry. Cost Audit can help SMEs maintain transparency, accountability, and cost control, ultimately supporting their growth and sustainability in the competitive market.

Similarly, we can bring the industries like (i) Hospitality & Tourism, (ii) IT and (iii) Jewellery in the ambit of cost audit.

Introducing a cost audit is indeed a crucial practice for products and services where subsidies or incentives are provided by the government. Cost audits play a significant role in ensuring transparency, accountability, and the efficient use of public funds. Here are some key reasons why cost audits are essential in such activities:

1. Preventing Misuse of Subsidies/Incentives.
2. Ensuring Cost Accuracy.
3. Detecting Overcharging or Fraud.
4. Promoting Fair Competition.
5. Improving Efficiency.
6. Standardization and Benchmarking.
7. Resource Allocation.
8. Capacity Building.
9. Adaptation to Changing Circumstances.
10. Sustainability and Environmental Impact.
11. Stakeholder Confidence.

Production Linked Incentives (PLI) Schemes are a cornerstone of the Government's push for achieving an Atmanirbhar Bharat. The objective is to make domestic manufacturing globally competitive and create global manufacturing champions. The strategy behind the scheme is to offer companies incentives on incremental sales of products/services manufactured/ service rendered in India, over the base year. They have been specifically designed to boost domestic manufacturing in sunrise and strategic sectors, curb costly imports and reduce import bills, improve the cost competitiveness of domestically manufactured goods, and enhance domestic capacity and exports.

A cost audit is essential for gaining valuable insights into products, services, and schemes that receive government incentives through PLI. Cost audits provide comprehensive financial information and a deeper understanding of the cost structures and efficiency of businesses participating in PLI schemes. Reasons for introducing cost audit in the sector where Govt. provides incentives through Production Linked Incentives (PLI) are as follows:

1. Verification of Incremental Sales.
2. Evaluation of Investment Efficiency.
3. Strategic Resource Allocation.
4. Supply Chain Efficiency.
5. Benchmarking for Excellence.
6. Assessment of Sales Impact on the Economy.
7. Transparency in Technology Investment & its ROI.
8. Impact on Employment.
9. Promotion of Technology Transfer.
10. Verification of Technology Import Costs.
11. Analysis of Comparative Costs.
12. Tracking the Impact on Local Talent.
13. Market Diversification.

The Term- “True Cost Accounting” – is a holistic practice that accounts not just the usual financial values within an organisation but also includes external costs like environmental, social and economic, generated simultaneously by the creation of a product or service. These impacts are calculated in monetary terms based on various parameters available, so the amounts can be incorporated in the True Cost Books. These hidden costs of production or service, which were externalised in the present cost audit system can be made visible and internalised.

Below are some sectors where cost audits can be used as an Astra to ensure that companies are complying with SDG regulations. To assess the impact and cost involved in attaining those as mentioned below:

1. Environmental Compliance
2. Waste Management and Recycling
3. Forestry and Timber Industry
4. Supply Chain Management
5. Social Services and Welfare Programs
6. Scientific Research and Clinical Trials & Technology Research and Development
7. Waste-to-Energy Facilities
8. Climate Change Mitigation and Adaptation Programs

Cost audit can play a critical role in the proper accounting and marketing of carbon credits. It helps ensure the accuracy of cost data associated with emission reduction projects, which, in turn, contributes to the credibility and marketability of these credits in the carbon market. It also helps prevent fraud and maintain the integrity of the carbon credit system.

In conclusion, the introduction of cost audits in above mentioned specific sectors are much appreciated because it serves as a critical tool for promoting financial transparency, encourages accountability, cost viability, sustainability, supports efficient resource management and ultimately brings far-reaching impact on society at large. It also serves as a safeguard against fraudulent practices, enhances stakeholder confidence, and helps businesses and

policymakers to be well-informed in costing decisions. It also plays a pivotal role in upholding regulatory compliance, enhancing the efficiency of government incentive programs, and evaluating the sector’s economic impact including SMEs, particularly in terms of job creation and regional development.

*Respected CMAs – last but not least on my view - **Principle-based cost audit** focuses on overarching financial/costing principles and objectives, allowing for flexibility and judgment in application, contrary to rigid, rule-based approaches and **unlock the potential of Cost Audit** to reveal valuable insights for optimising expenses, enhancing profitability, and ensuring financial sustainability for the benefit of the People and the Planet Earth.*

Readers are requested to conduct further research on the same line and seek additional perspectives to form their own informed understanding.

- **“Cost accounting and its audit is the hidden power behind any financial success. It is the key to achieving more with less.”.....**

Disclaimer: The views and opinions expressed in this article are solely of my personal and do not necessarily reflect the official policy, position, or views of any organisation, institution, or entity. This article is intended to provide information and insights on an individual concept or perspective.



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Cost Saving Ideas from Para 2B- Details of Utilities Consumed

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In a manufacturing Company, Utilities Cost is a significant Cost of the total cost. Various types of utilities are consumed in companies e.g. Power, Water, Steam, Hydrogen Gas (H₂), Nitrogen Gas (N₂) and Effluent treatment etc. Some of the Utilities are purchased, Some are produced and Same utility may be purchased as well as produced. At one location company may be producing and at another location it may be purchasing.

Para 2B of Annexure to the Cost Audit Report gives Details of Utilities Consumed for each Product having distinct CTA heading. It gives Quantity, Rate and Amount for each Utility separately for Current Year as well as Previous Year. Detailed analysis of the Cost Records maintained by the company related to Utilities can provide the ideas where company can save cost. In the following paras, how to analyze the data and few ideas which can be generated have been discussed.

1. Consumption per Unit of Production

Consumption of each major utility consumed (Quantity) per unit of Production of current year compared with last two years can point out the areas where consumption is more. This is quantity to quantity ratio and price impact is not included.

2. Purchase Cost of Utility Versus Own cost of producing utility

Company may be purchasing as well as producing the same utility. Cost comparison can help in generating cost saving ideas.

3. Utilities Purchase price trend report

Purchase Price trend report indicate the direction of prices. It may be stable, Declining or Increasing. If price trend report is showing continuous increase in the purchase price of utility, company may decide to use some other utility in its place if there is no other impact on production.

Example If Company is using Liquefied Natural Gas (LNG) and Prices of LNG are rising continuously. Company can start using Liquefied Petroleum Gas (LPG) in its place if there is no other impact on production. By doing so, Company can save cost.

4. Input substitution impact on cost

If Company is producing steam by two boilers. One boiler is Coal fired and another boiler uses furnace oil. If Furnace oil prices are increasing, Cost of Steam produced may be higher, company can think of using

Coal fired boiler. Further Coal of different Calorific Value may give different efficiency. Similarly, LSHS may be used in place of Furnace Oil, if it has cost advantage. Proper study can help in cost saving.

5. Production Versus Consumption of Utility

Production and Consumption comparison can show the wastage or transmission losses. Example If Company is producing steam. Company has installed the flow meters at each consumption point. Total Production of Steam compared with total consumption on daily basis can show the steam wastage. If wastage is more, it could be due to leakage in pipes through which steam passes. Plugging those leakage can result in cost saving.

6. Cost Centerwise Utilities Consumption

Cost centerwise consumption of each utility for current year and comparison with previous two years may point out the areas of abnormal consumption. Increase in consumption may not be justifiable with increase in production.

7. Power Purchase Cost Analysis

Power purchase cost can be analyzed under the following heads and periodic comparison can be made.

Demand Charges

Wheeling Charges

Energy Charges

FAC Charges

Electricity Duty

Total Cost

8. Random Power Bill Checking

- Is Company availing eligible prompt payment discounts
- Have DPC Charges been paid during the year and how many times.
- Is Company availing eligible bulk consumption rebates
- Is Company availing eligible incremental Consumption rebates
- Is Company availing other eligible exemptions like Electricity Duty Exemption.

9. Load factor incentive

MSED gives Load factor incentive to HT-Industrial

Category companies subject to few conditions as given below.

- Consumers having Load Factor above 75% and upto 85% will be entitled to an incentive in the form of a rebate of 0.75% on the Energy Charges for every percentage point increase in Load Factor from 75% to 85%.
- Consumers having a Load Factor above 85% will be entitled to a rebate of 1% on the Energy Charges for every percentage point increase in Load Factor from 85%.
- Total rebate will be subject to a ceiling of 15% of the Energy Charges as applicable to the Consumer.

There may be possibility of availing load factor incentive by taking the help of experts and it may result into savings in energy cost.

10. Alternative Energy Sources

Many Companies have started using Solar Power, Hydro Power etc. Cost Comparison of these utilities with conventional forms of Utilities need to be done.

Conclusions

Para 2B of the Annexure to the Cost Audit Report by itself cannot indicate the areas of cost saving. It contains Amount, Rate and Quantity and comparison with Previous year which may indicate broad areas of cost movement. Cost records maintained by the company as per CRA 1 and internal MIS Reports prepared by the company related to Utilities Cost can point out areas of cost savings. Analysis done on the above lines can throw few ideas of cost savings. The above points are only few illustrative points. Many more points may emerge as Professional does the analysis of data.

Webinar organised by Professional Development Committee of WIRC

NO.	DATE	SUBJECT	SPEAKERS
1	08-10-2023	Series on Tally Prime	Dr. Amar Nath Das
2	11-10-2023	Series on Tally Prime	Dr. Amar Nath Das
3	11-10-2023	Capacity Determination	CMA Neeraj Joshi
4	12-10-2023	Introduction to Social Auditor and How to prepare for Social Auditor exams	CMA Raghvendra S Chilveri,
5	15-10-2023	Series on Tally Prime	Dr. Amar Nath Das
6	16-10-2023	Webinar on “Information System Security Audit”	Mr. Subhojit Roy
7	18-10-2023	What are carbon markets and how do they operate? India’s Evolving Carbon Credit Market.	CMA (Dr.) V V L N Sastry
8	25-10-2023	Carbon markets - world scenario and Carbon Credits: How They Work & Credits vs. Offsets	CMA (Dr.) V V L N Sastry
9	26-10-2023	Role of CMA in Carbon Markets	CMA (Dr.) V V L N Sastry
10	27-10-2023	Series on CSR Initiatives	CMA (Dr.) V V L N Sastry
11	30-10-2023	Series on CSR Initiatives	CMA (Dr.) V V L N Sastry
12	31-10-2023	Series on CSR Initiatives	CMA (Dr.) V V L N Sastry
13	06-11-2023	Webinar on “Sensitization of companies regarding provisions of Section 90 of the Companies Act, 2013 read with Companies (Significant Beneficial Owners) Rules, 2018”	CMA (Dr.) V.V.L.N Sastry

Usefulness of Cost Audit Annexures

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There are eight main annexures to cost audit report with their respective explanations.

The annexures are: 1. General 2. Cost Accounting System 3. Process of Manufacture 4. Quantitative Details 5. Break-Up of Cost of Input Materials Imported during the Year 6. Power, Fuel and Utilities 7. Salaries and Wages 8. Repairs and Maintenance.

Annexure # 1. General:

The name and address of registered office of the company, and that of the Cost Auditor; Reference No. and date of the Government's Cost Audit Order; Reference No. and date of Government's letter approving the appointment of the Cost Auditor; Company's financial year under audit; Location of factory/factories; Location where accounts are maintained; Date of first commencement of commercial production (particulars of all factories, if more than one); the number of Audit Committee meetings held and the number attended by the cost auditor; Note on the nature of other activities besides the manufacture of the product under reference (if any); Copy of the Annual Report along with the audited Profit and Loss Account and Balance Sheet and Auditor's Report for the company's financial year under audit to be enclosed.

This Annexure also requires furnishing the following information:

- i) Date of Board of Directors' meeting wherein the Annexure and Proforma to the cost audit report were approved.
- ii) Name, qualification, and designation of the officer heading the cost accounting section or department.
- iii) In case of loan license / job work assignment by the company, the name of the third party and location of the factory, where the product has been produced / manufactured; and
- iv) If there is any foreign technical collaboration, the particulars of – name and address of the foreign collaborators, the main terms of agreement, amount of royalty / lump-sum payment / technical aid fee payable and the basis of calculation, and the technical collaborators' contribution (if any) to the share capital and the amount of paid-up share capital so held by each of them.

In this Annexure, the expression 'other activities' means any activity other than the manufacture and sales of the product under reference.

Examples of 'other activities' are:

- (a) Manufacture of products not covered by the Cost Accounting Records Rules,

- (b) Job work or process work undertaken on the materials owned and supplied by other companies for eventual return to the latter,

- (c) Packaging of bulk quantities of 'product under reference' belonging to the other companies, etc.

Usefulness of this annexure is to understand.

- This annexure gives an overview of various critical summary about the company, product, its adherence to Cost accounting records and general compliance perspective laws and will be like a dashboard to senior management.

Annexure # 2. Cost Accounting System:

Description and the adequacy or otherwise of the system (in a 'Comment' form) to correctly determine the cost of production of the product, including the procedures for accounting of materials, labour depreciation, overheads, treatment of by-products/joint-products/scrap, etc. and inventory valuation.

While reporting under this Para, a Cost Auditor of a company should bear in mind that mere description of the system and its sub-systems will not be sufficient, although such description needs mention.

To confirm whether the Cost System is adequate or not for the correct ascertainment/determination of the cost of the product, it is expected of him that he would critically examine the system, appraise, and evaluate its adequacy, and then offer his comments.

System:

The Cost Auditor broadly follow the requirements of the Cost Accounting Records Rules for the Products (s) under reference.

- i) The type of costing adopted, i.e., Process Costing, Unit or Job or Batch Costing or a combination thereof.
- ii) Raw Materials.
- iii) Process Materials.
- iv) Consumable stores, tools, machinery spares, etc.
- v) Salaries and wages, including basis of differentiation of Direct and Indirect Labour.
- vi) Depreciation.
- vii) Overheads including classification procedure.
- viii) Departmentalisation — Production and Service department expenses; system of apportionment, reapportionment of services' expenses to production.
- ix) Method of recovery of costs to the products.

- x) Valuation of work-in-progress inventories.
- xi) Valuation of items captivity consumed.
- xii) System of preparation of different Cost Statements as required under the relevant Cost Accounting Record Rules.
- xiii) System followed for the reconciliation of Cost Accounts Records with the Financial Books of Account.
- xiv) The determination of value of joint-products, by-products, own manufactured components.
- xv) System of Standard costing, if any, in operation and a reference as to whether the cost accounting is done on a historical basis.

Adequacy or Otherwise of the System:

The Cost Auditor should critically analyse and evaluate the following to draw conclusions for offering his comments:

- i) Type of costing adopted by the company is appropriate to the industry.
- ii) Standards — physical and monetary — fixed by company are reasonable.
- iii) distinction made between direct and indirect labour is reasonable to meet the requirements of the costing system.
- iv) allocation of salaries and wages is appropriately made. What could be the possible limitations in the system?
- v) Whether the classification and codification of materials facilitate easy identification. Are these adequate?
- vi) Whether the system is flexible for collection of significant data on wastages, spoilages, defectives, rejections, etc. Whether it provides for generation of data on non-moving, slow-moving, and obsolete items. How are the fast-moving items and sundry materials treated?
- vii) How is the system of overheads classification? Is the classification procedure understood and applied consistently? Is there any Standard Chart of Accounts? Is it rational under the present set-up? Is the system of Standing Order Numbers adequate and appropriate?
- viii) How are the different overhead rates (i.e., Machine hour rate, Labour hour rate, Prime cost percentage rate, Direct wages rate, etc.) determined?
- ix) Is the basis of apportionment of overheads to the various production and service departments properly determined with reference to technical factors and followed consistently?
- x) In the system of Reconciliation of the books of Cost Accounts with the Financial books adequate? Does it need any improvement?

Usefulness of this annexure is to understand.

- i) Adequacy or otherwise of the system to correctly determine the cost of production/ sales, sales realisation, and margin of the product.
- ii) Inventory valuation policies and systems for raw materials, work-in-progress, and finished products by

highlighting the distinguishing features and consistency in practices; and

- iii) Changes that might have been made in the systems of costing, overheads allocation/ apportionment/ absorption during the year under audit compared to the previous year as also their quantification in terms of value and effects on cost.

Annexure # 3. Process of Manufacture:

- a) Obtain a write-up on the manufacturing process and a production-process flow chart from a competent technical person.
- b) Visit the plant, discuss with key technical people, understand the material flow from the input (or throughput) to the various manufacturing stages to the output and quality control unit reaching the stockyard or warehouse; and
- c) Ascertain the flow of operations, input-output relationship, product-wise norms, key plants and their efficiency, critical factors involved in loading and off-loading and the interaction or inter linkages between the 'Product' producing plants and plants meant for other activities.

The note on the manufacturing process should be drafted in a simple language and without the use of unfamiliar technical terms.

Usefulness of this annexure is to understand.

- 1. The nature of industry — Engineering, chemical or mining; and the types — job orders or process industries.
- 2. The methods of production and processing, and their sub-systems.
- 3. The state of automation and mechanisation of the processes or operations.
- 4. Whether the industry is labour-intensive or machine-intensive, and if both, which of the production and service departments fall under these categories.
- 5. The systems of production planning and controls, viz., process layout, product layout, production plans and scheduling and important stages of production where the raw materials are converted to semi-finished or finished products, or where the components and parts are sub- assembled and/or assembled to the products.
- 6. The reports of Industrial Engineering Department relating to rated capacity, time, and motion study, etc., to ascertain
 - i) Scope of optimising facilities of men, materials, and machines,
 - ii) Imbalances in capacities, and
 - iii) Bottlenecks in workflow, if any; and the licensed and installed capacities of the various plants in the process.
- 7. The systems of recovery of process materials/chemicals, defectives, rejection, and spoilages in the production and assembly departments, and of reckoning these arising at the important stages during manufacture.

8. The 'production process flow chart' showing the input of materials, process materials stocks at the beginning and at the end, output of materials at various stages of operation.
9. The existence of process-related service departments, viz., Quality control, Effluent treatment, Water treatment, Steam, Power, Compressed Air, Heat treatment, etc., and their relationship with the identifiable processes of manufacture.

Cost Annexure # 4. Quantitative Details:

- (a) Installed capacity, to consider following points for this:
 - i) Rated capacity available from the manufacturers' catalogue.
 - ii) Technical certification as well as age of the plant.
 - iii) Additions or renovation made to increase the original capacity.
 - iv) Number of shifts working — single, double, or triple; and
 - v) Technical estimate of hourly production, particularly when diverse types or sizes are manufactured in different plants [Hourly production should be multiplied by normal working hours based on total days available less weekly off days, statutory holidays and normal shut-down for repairs and maintenance.]

In case of continuous plant, annual capacity should be computed for 365 days less normal shut-down period for plant overhauling.

In case of different plants having different capacities for different operations or processes, the lowest capacity of the series becomes the capacity of the plant.

In case of multi-product industrial unit, the installed capacity should be computed in terms of standard hours, machine hours, equipment, or vessel occupancy hours, crushing hours, spindle/loom shifts, etc.

In case of certain products requiring different operation time (i.e., speed), the capacity should relate to that speed.

In case of non-availability of technical data regarding installed capacity, maximum production achieved on any one day in a particular year may be considered for calculating the installed capacity.

Capacity and various states:

Capacity is the rate of output at which there is no incentive to alter the size of the plant if that rate of output is expected to be permanent.

The need to optimize between the existing facilities and market demand of products gives rise to various states of capacity production.

These are as follows:

Practical capacity:

Practical capacity represents the installed or rated capacity less normal capacity losses due to repairs, maintenance, breakdowns, etc. It is also called operating capacity.

Normal capacity:

"The normal capacity basis is the total possible time (that means, any kind of work, machine or otherwise) less reasonable allowances for breakdowns, repairs, inefficiency, reasonable lack of operators and all other regular normal delays outside lack of orders to run on."

Idle capacity is a part of the productive capacity of a plant lost because of repairing, oiling, overhauling, maintenance, job-setting, absenteeism, bottlenecks, or unavoidable machine idleness.

Average capacity refers to the average of the capacities achieved and utilised in the past over a period. It, therefore, concerns itself to realised conditions.

Limiting capacity (or Critical capacity) under which the 'key factor' limiting the flow of production is considered. This 'key factor' relates to the least capacity in the production process flowline. For example, if a production flowline requires two plants A and B, and the capacity of A is not adequate to cope with B, it will be necessary to take the least capacity as the controlling Critical capacity.

The overall net capacity of a unit is thus determined by considering the corresponding matching capacities of other plants.

(b) Production capacity enhanced by leasing and all details of added capacities and other utilizations. The cost auditor must report all details of production capacity; that is, capacity owned, capacity increased by leasing of plants, capacity increased by adding new plants or altered by replacement, etc.

(c) The information under this Para may be given either product group-wise or in totality, e.g., tablets, capsules, liquids, etc.

SI. no. 2. Capacity enhanced.... If some plants have been taken on lease, its capacity should be shown here. Similarly, where some of the plants have been given on lease, their capacities should be reduced from installed capacity to arrive at available capacity.

SI. no. 4(b). Third party on job work: It means the company has manufactured goods for others.

SI. No. 4(c). The term 'Loan license Basis' means that the company gets manufactured goods from outside parties.

In the case of plants operating at varying speeds (time factor) producing different thicknesses/gauges of products, installed capacity in terms of M.T. etc. may not be comparable with actual production in M.T. for arriving at capacity utilisation. Therefore, it would be better to calculate capacity utilisation in terms of machine hours, etc. as per Note (2) of this Para. In such cases, installed capacity and actual production should also be expressed in terms of machine hours etc.

SI. No. 10. Quantity captively consumed:

This should include quantity transferred for subsequent product/process and/or for samples.

Here, the term 'production capacity' must be distinguished from 'productive capacity' this is defined as the industrial unit's ability to produce within its present facilities saleable goods and to accumulate saleable inventories.

The production capacities of various utilities like water, steam, power etc. should also be stated. The additions to capacity that have not contributed to the production of products or utilities should also be considered for the computation of production capacity.

Where the products are of varied sizes, grades, gauges, etc. having different production capacities then all items should be converted to a particular size, etc. to determine the equivalent production capacity.

The above data can be collected from the statistical records maintained by a company.

(d) Actual Production:

'Production Records' should be shown under: (a) Self-manufactured, (b) Job work and (c) Loan license.

In case of widely varying opening/closing WIP stocks, equivalent production should be computed to obtain the actual production.

In case of products of many sizes/shapes/dimensions, etc. itemized actual production should be converted to equivalent production in a standard unit to make it comparable with that of installed capacity as required under sub-Para (5) below.

The cost auditor should cross-check the actual production figures with those of excise records and returns to DGTD, Directorate of Industries, National sample Survey, etc. SI. no. 6 of this Annexure requires indication of 'Production as per Excise Records'.

Production awaiting testing, quality control and final inspection should not be considered. The production quantities shown in the Annual Accounts (financial) may not serve the purpose adequately.

(e) Percentage of Production to Installed Capacity:

The cost auditor must indicate the percentage only, but he must ensure that both production and installed capacity are expressed in the same unit. For this the figure under SI. no. 3 should be compared with the figures under SI. no. 4(a) plus 4(b) only.

If there is shortfall in production of the product as compared to the installed capacity, the cost auditor should give brief comments as to the reasons for such shortfall clearly stating the extent to which they are controllable both in short term as well as long term.

(f) SI. no. 11: Quantity sold:

This needs to be shown under the following break-ups.

- Domestic at controlled price,
- Domestic at market price,
- Export under advance licence,
- Export under other obligation, and
- Export at market price.
- (f). Major input materials/Components consumed.
- (g). Standard/Actual consumption of input materials per unit.

Usefulness of this annexure is to understand the reasons for shortfall in production may be on account of:

- (a) Internal factors such as faulty production planning/programming/scheduling, imbalance in production facilities causing bottlenecks in production flow line, lack of harmony in the production units, lack of technical knowledge on the part of the operation personnel, poor quality or deficiencies in the raw materials, deficiencies in the plant design and layout, frequent plant break-downs, excessive absenteeism of operatives, absence or ineffectiveness of production incentive plans, improper maintenance of productive plants, failure to keep the plant staff contented, etc.; and
- (a) External factors such as absence of market, fall in the market demand, restrictions as to the availability of raw materials, sudden scarcity of raw material inputs, acute power shortage, seasonality of the products, lock out, poor order book position, non-availability of imported materials when needed, high rate of skilled labour turnover owing to attractive terms offered by the competitors, product substitutes appearing in the market, product life cycle approaching the stage of obsolescence, change in fashion and technology forcing cuts in production, etc.

Annexure # 5. Break-Up of Cost of Input Materials Imported during the Year:

Information must be given for three years — current year and two preceding years.

Important points in the requirements are:

- (a) Details should be furnished in respect of major input materials each constituting at least 2% of total raw material cost.
- (b) For imported raw materials — FOB value, ocean freight, insurance, customs duty, and inland freight, clearing charges should be separately indicated.
- (c) The consumption figures of raw materials separately for Indigenous and imported categories should be shown so that percentage mix of consumption both in quantity and value may be ascertained to report under Para 5 of the main certificates if deemed necessary.
- (d) Quantity of consumption per unit of production and against standard requirement/ theoretical norm together with the reasons for variations should be ascertained to give observation/suggestion under Para 5 of the main certificate if deemed necessary.
- (e) Value of raw materials, components, finished and semi-finished parts not moving for more than 12 months should be identified and its proportion to the value of stock at the end of the year should be ascertained for reporting under Proforma 18(A): Non-Moving Stock.

The cost auditor must ensure that the item-wise raw materials consumption both in quantity and value shown in his Statements tally with relevant details of the relevant Cost Proforma and with the information contained in the Annexure to Schedule VI of the profit and loss account.

The consumption of process materials, process chemicals and dyes or agents which are incidental or extra to the

production of the product should not be considered for reporting, but materials which get converted into the product during the manufacturing process should be considered.

Semi-finished components purchased from outside require further processing before use in the sub-assembly/final assembly of an engineering product and the cost of processing should be considered in the computation of 'value.' In case of raw materials imported against the export commitment of the 'product under reference', import duty not paid and export profits earned should also be ascertained.

Usefulness of this annexure is to

- Understand the mix of Imported and indigenously sourced and used RM, its impact on cost which trigger them guidance to management from a control perspective.
- Help in understanding the make or buy decisions for the sourced semifinished /bought out components.
- tracing out slow-moving items, contributes towards better inventory control, and reduces the cost of inventory carrying.

Annexure # 6. Power, Fuel and Utilities:

To report and offer comments in respect of (a) details of quantity, rate per unit and total cost of each major form of power (e.g., solar power, atomic power, electricity, etc.) and fuel (e.g., coal, furnace oil, diesel oil, etc.) used in the production of product and other utilities like water, steam, etc., separately for purchased, self-generated and imported categories; and (b) differences noticed by having comparison between the actual consumption and standard consumption per unit of production of the product and with the preceding two years.

The cost auditor should also consider the following:

- (a) Statements of 'power' and other 'utilities' as per the Proforma 'A' of the cost accounting records rules give the desired information.
- (b) Basis adopted for inter-unit transfer charge in case of power supplied from another unit or transferred to another unit.
- (c) Special features as to the costs common to utility centres like power, steam, water, etc. and their allocation bases.
- (d) Characteristics of input materials like ash content in coal, efficiency of fuel gas and furnace oil, etc.

Usefulness of this annexure is to understand.

The impact on the unit product cost on account of measures taken for the conservation of energy. This is to advocate 'Energy Audit'.by energy specialist with emphasis on:

- i) Identifying the quantity and cost of various forms of energy,
- ii) Identifying energy consumption at various levels, and
- iii) Highlighting wastages by relating energy input and production output. This aspect would assist him to give his observation under Para 5 of the main certificate, if deemed necessary.

The diagnostic audit profile may concentrate on:

- i) Technical analysis of processes,
- ii) Quantum of energy spent, and
- iii) Evaluation of managerial and technical devices for energy conservation programme.

This Annexure useful for:

- i) Monitoring energy consumption factors,
- ii) Identifying possibilities of savings,
- iii) Recommending policies for bringing about savings in energy consumption; and
- iv) Possibility of avoiding losses thereby — conserving energy.

Annexure # 7. Salaries and Wages:

- 1) All information is factual and can be collected from the concerned records and account heads. Other fringe benefits like contribution to PF, FPF, ESI, LTC and group insurance should be included but not the amounts of annual bonus and gratuity paid-under B: Cost detail.

Direct labour cost on production refers to the labour costs of all production centres including packing departments.

Other employee cost refers to the salaries and wages paid for departments other than those indicated in (1) to (4) (e.g., payments to contract labour).

Indirect employee cost on production refers to the salaries and wages of all service and utility centres arrived at after apportionment.

Attendance records for both regular and casual workers give clues to this information. There should be a proper reconciliation of person-days available and worked with consideration of person-days lost due to absenteeism, idle time, lay-off, leave, raw materials shortage, power shortage/failures, etc.

Idle person-days:

In the normal working situation, a factory may not have idle work force, since in case of any unexpected temporary idleness the same worker is provided with alternate work or used for maintenance work.

There may be two approaches to determine the average number of direct or indirect workers employed:

- i) Dividing the total person-days of direct or indirect workers available by the number of days worked during the year, and
- ii) Aggregating the strength of direct or indirect workers at each month-end for the year and dividing the same by 12.

Direct labour cost per unit of output which is referred as SI. no. 4: Direct wages and salaries as per Proforma showing the 'cost of production' should be computed. In case of several processes involved, such labour costs are to be grouped together making adjustment for the quantities processed in different centres to obtain one unit product.

If standard costing system is adopted the cost variances are required to be adjusted to obtain actual costs.

Year to year variations in the direct labour costs (i.e., SI. no. 4: Direct wages and salaries) per unit should be properly ascertained with causes. Reasons for variations may be rise or fall in the working-class cost of living index, wage revisions by union-management agreement or wage board, rationalisation of labour, mechanisation, productivity changes, etc.

Usefulness of this annexure is to

- give management as to how direct resources are used with a focus on productivity.
- understand and guide the impact of Indirect resource.
- Make management aware that how efficiencies in this area can bring improvement to product cost with a focus on yield.
- Bring a coherence between direct and indirect labour force in terms of their contribution is value adding to the product produced and identify areas of improvement.

Annexure # 8. Repairs and Maintenance:

(1) cost auditor should refer to the proforma of 'Cost of Production' wherein this figure is available, and the records under this head maintained by the company as per the cost accounting record rules.

The proforma shows the total of 'repairs and maintenance' and the records provide for the expenses for each item, namely, stores and spares, labour charges, and outside

contract repair charges, and so there should be a reconciliation between them.

The job cards and outside contract cards for maintenance and major repairs for the production centres (excluding the works of capital nature) should be sorted out and a summary sheet obtained for data collection as follows.

Repairs and maintenance expenses on staff-quarters and colony are included in administrative overheads and will therefore appear as an item in the break-up for administrative overheads also. Amount capitalized will not be forming part of the expenditure.

Usefulness of this annexure is to

- Understand to what extent that the machines of production centres are healthy to support the productivity and efficiencies and trigger time to replace the asset when Repairs and maintenance cost are showing a progressive upward trend.
- Help in more monitoring the machine health through Job cards/outside contract cards to understand the cause and costs attributable to each of event/activity of such repair and guide in readily support management for quick addressal of the problems supported by history of logged data inputs.

Overall, usefulness of the Cost audit with its annexures is aimed sustainable value creation, value enhancement and value sustenance of the organisation by timely triggering the management for timely decisions.

12 Days Pre-Campus Orientation Programme

The Members in Industry and Placement Committee of the Institute in association with Western India Regional Council (WIRC) organized a 12 days Pre-Campus Orientation Programme for June 2023 qualified Cost Accountants during 13th October, 2023 to 23rd October 2023 at WIRC office, Mumbai. Around 68 Students from all over the Region participated in the orientation programme.

There were many eminent faculties who gave detailed presentations 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 October 2023 at WIRC Office, Mumbai.

CMA Aruna Vinayak Pai, Vice President, RtBrick India was the Chief Guest and CMA Vinayak Pai, Manager, ZenSar was Guest of Honour.

CMA (Dr) Ashish Thatte, Chairman-Training & Placement Committee of ICMAI, CMA Mihir Vyas, Hon. Secretary, WIRC and CMA Nanty Shah, treasurer WIRC were also present on the occasion. The Certificates were distributed to the participants at the hands of Chief Guest and Guest of Honour

Concise Concept of Cost Audit

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SYNOPSIS:

- WHAT IS COST AUDIT?
- FEATURES OF COST AUDIT,
- TYPES OF COST AUDIT
- SCOPE AND FUNCTIONS OF COST AUDIT,
- OBJECTIVE
- APPLICABILITY
- ADVANTAGES
- DISADVANTAGES
- PROCESS,
- COST RECORDS AND AUDIT RULES AND FORMS,
- COST ACCOUNTING STANDARDS:
- COST AUDITING STANDARDS
- HOW TO MAKE EFFECTIVE
- PROVISIONS GOVERNING COST AUDIT:
- DOCUMENTS AND DATA NEEDED
- TIME LINE
- PENALTY
- JUDICIAL PRONOUNCEMENTS
- COST AUDIT VERSUS OTHER AUDITS
- COST AUDITOR
- CONCLUSION

1. WHAT IS COST AUDIT:

Cost Audit is thorough examination of Cost Accounting Records and adherence to Cost Accounting Plan. It is an effective tool of control in the hands of management it provides reliable Cost data which can be used by management for decision making. The Institute of Cost and Management Accountants (ICMA), U.K. defines cost audit as “the verification of cost accounts and a check on the adherence to the cost accounting plan”. It comprises of 1. Verification of the cost accounting records 2. To ensure whether cost accounting principles, plans, procedures and objectives have been adhered to by the organization.

Cost Audit represents the verification of cost accounts and checking on the adherence to cost accounting plan of a company. Cost audit ascertains the accuracy of cost accounting records to ensure that the cost accounting records maintained are in conformity with cost accounting principles, plans, procedures and objectives.

A cost audit comprises of:-

- Verification: Verification of the cost accounting records such as the accuracy of the cost accounts, cost data, cost reports, cost statements and costing techniques adopted by a company.
- Reviewing: Examination of these records to ensure that they adhere to the cost accounting principles, plans, procedures and objectives.
- Reporting: To report to the Government on optimum utilization of national resources.

2. FEATURES OF COST AUDIT:

The following are the main features of a cost audit system:

- 2.1. Examination of the operation of the system, to discover where it is being handled differently from the way originally intended.
- 2.2. Verification of fixed charges, as equipment may have been added or disposed of without charging depreciation; insurance or tax rates or amounts may have charged; or depreciation rates may not be correct.
- 2.3. Study of distribution of expenses to departments and of apportionments of service departments cost to producing departments to discover errors in principle of methods.
- 2.4. Examination of payrolls, time reports, clock cards, and methods of posting labour cost to orders.
- 2.5. Investigation of the classification of departments to find whether departments have been consolidated or subdivided in such manner as to distort costs.
- 2.6. Examination of purchasing, receiving, storing, and issuing of materials, to see that the necessary routine is followed correctly.
- 2.7. Tests of the method of costing used to discover variations from correct methods.

3. TYPES OF COST AUDIT

There are mainly five types of Cost Audit- for Managerial Purposes, for Individual Customers, for Government, as required by a Statute and as required by Trade Association.

Cost audit is not always conducted at the instance of management or at the initiative of Government. Taking, therefore, the person or persons at whose instance cost audit is taken up, we may distinguish the following types of cost audit.

- 3.1. **Cost Audit for Managerial Purposes:** This type of cost audit is conducted for and on behalf of managerial personnel of a particular undertaking. Like financial audit, the objective is to ensure that cost accounting records are maintained according to the existing procedures. Besides, the objective is also to satisfy management whether the accounting records reflect a true and fair view of cost which is so important for price fixation, policy formulation and decision making by management.
- 3.2. **Cost Audit for Individual Customers:** Cost audit maybe conducted on behalf of a customer also. This happens when price is to be fixed on cost-plus contract basis. In cost-plus contracts, the customer may insist on cost audit for the purpose of ascertaining the actual cost for fixation of price. If a clause to that effect is inserted in the contract itself, the contractor has to get his cost accounting records audited so that the agreed margin of profit may be added to the cost ascertained by cost audit.
- 3.3. **Cost Audit for Government:** Sometimes, the Government may insist on cost audit for satisfying itself that the undertaking which has approached it for financial assistance is really in need of it and, in fact, deserves it. This happens when the Government whether, Central or State, encourages industrial development by providing financial assistance of the nature of bounties and subsidies to individual units.
- 3.4. **Cost Audit as required by a Statute:** In some countries as in India, for instance, the law may require a particular class of undertakings to maintain the requisite cost accounting records and get the same audited year after year. The Central Government in India is empowered by the Companies Act, to order audit of cost records of only certain classes of companies for which maintenance of cost accounts has been prescribed.
- 3.5. **Cost Audit for a Trade Association:** One of the objects of a trade association is the regulation of price of the product produced by its members. Should that be so, cost audit may be conducted at the instance of such a trade association also. The association may require its members to see that the cost accounting records of its members are audited to ensure accuracy of cost data and information pooled by them.

4. SCOPE AND FUNCTIONS OF COST AUDIT:

The scope of audit has two important aspects viz. - Propriety Audit and Efficiency Audit.

- 4.1. **Propriety Audit:** This aspect of audit is concerned with actions and plans of management which affect the finance and expenditure of the business concern. Under this aspect, the cost auditor is required to ensure that an item of expenditure is sanctioned or approved by the proper authority. It is done with the help of documents and vouchers. In addition, the cost auditor has to ensure that the item of expenditure is proper and reasonable on the grounds of propriety.
- Thus, the cost auditor has to report:
- 4.1.1. Whether or not the planned expenditure could give optimum results.

- 4.1.2. Whether or not the size or channels of investment were designed to produce the best results.
- 4.1.3. Whether the return from investment in certain channels could be bettered by some alternative plan of action.
- 4.2. **Efficiency Audit:** This aspect of cost audit is concerned with the evaluation of performances. It covers the verification of the facts that the expenditure has been incurred according to the plan and the results obtained have also been according to the plan. It covers the examination of the plan prepared in the form of budgets (financial and functional) and the comparison of the actual performance with the budgeted performance and analysing the reasons for variances.

Thus, efficiency audit ensures that:

- 4.2.1. Every rupee invested in capital or in other fields gives the optimum return; and
- 4.2.2. Investment in different spheres of the business has been so balanced that it gives maximum results.

Therefore, the cost auditor plays the role both as consultant and financial advisor. He assists the Chief Executive of the business concern in judging the soundness of the financial plans and performances by coordinating the results of actions of heads of various departments.

5. OBJECTIVE

The key objectives of conducting a cost audit are:

- 5.1. To ensure the accuracy and reliability of cost accounting records,
- 5.2. To identify areas of inefficiency and wastage,
- 5.3. To improve cost control and management,
- 5.4. To enhance decision-making

6. APPLICABILITY:

- 6.1. **Mandatory (Rule 4):** The Companies Act, Section 148 states that there are two tables on which the applicability of the audit depends on. These are tables A and B. the details of Table A and Table B goods are as follows.

Table A Goods: Total turnover greater than 50 crores and aggregate turnover over 25 crores in case of commodities and services.

Table B Goods: Total turnover of goods over 100 crores and aggregate turnover over 35 crores for commodities and services.

- 6.1.1. List of Regulated Goods

TABLE (A) Regulated Sectors	
S1. No	Industry/ Sector/ Product/ Service
1	Telecommunication services made available to users by means of any transmission or reception of signs, signals, writing, images and sounds or intelligence of any nature and regulated by the Telecom Regulatory Authority of India under the Telecom Regulatory

	Authority of India Act, 1997 (24 of 1997); including activities that requires authorization or license issued by the Department of Telecommunications, Government of India under Indian Telegraph Act, 1885 (13 of 1885);
2	Generation, transmission, distribution and supply of electricity regulated by the relevant regulatory body or authority under the Electricity Act, 2003 (36 of 2003);
3	Petroleum products regulated by the Petroleum and Natural Gas Regulatory Board under the Petroleum and Natural Gas Regulatory Board Act, 2006 (19 of 2006);
4	Drugs and pharmaceuticals;
5	Fertilizers;
6	Sugar and industrial alcohol
(B) Non-regulated Sectors	
Sl No	Industry/ Sector/ Product/ Service
1	Machinery and mechanical appliances used in defense, space and atomic energy sectors excluding any ancillary item or items; Explanation. - For the purposes of this sub-clause, any company which is engaged in any item or items supplied exclusively for use under this clause shall be deemed to be covered under these rules.
2	Turbo jets and turbo propellers;
3	Arms and ammunitions and Explosives
4	Propellant powders; prepared explosives (other than propellant powders); safety fuses; detonating fuses; percussion or detonating caps; igniters; electric detonators;
5	Radar apparatus, radio navigational aid apparatus and radio remote control apparatus;
6	Tanks and other armoured fighting vehicles, motorised, whether or not fitted with weapons and parts of such vehicles, that are funded (investment made in the company) to the extent of ninety per cent or more by the Government or Government agencies
7	Port services of stevedoring, pilotage, hauling, mooring, re-mooring, hooking, measuring, loading and unloading services rendered by a Port in relation to a vessel or goods regulated by the Tariff Authority for Major Ports;
8	Aeronautical services of air traffic management, aircraft operations, ground safety services, ground handling, cargo facilities and supplying fuel rendered by airports and regulated by the Airports Economic Regulatory Authority under the Airports Economic Regulatory Authority of India Act, 2008 (27 of 2008);
9	Iron and Steel
10	Roads and other infrastructure projects corresponding to para No. (1) (a) as specified in Schedule VI of the Companies Act, 2013; (18 of 2013)
11	Rubber and allied products being regulated by the Rubber Board constituted under the Rubber Act, 1947 (XXIV of 1947).

12	Coffee and tea;
13	Railway or tramway locomotives, rolling stock, railway or tramway fixtures and fittings, mechanical (including electro mechanical) traffic signalling equipment's of all kind;
14	Cement;
15	Ores and Mineral products;
16	Mineral fuels (other than Petroleum), mineral oils etc.;
17	Base metals;
18	Inorganic chemicals, organic or inorganic compounds of precious metals, rare-earth metals of radioactive elements or isotopes, and Organic Chemicals;
19	Jute and Jute Products
20	Edible Oil;
21	Construction Industry as per para No. (5) (a) as specified in Schedule VI of the Companies Act, 2013 (18 of 2013)
22	Health services, namely functioning as or running hospitals, diagnostic centres, clinical centres or test laboratories;
23	Education services, other than such similar services falling under philanthropy or as part of social spend which do not form part of any business.
24	Milk powder;
25	Insecticides;
26	Plastics and polymers;
27	Tyres and tubes;
28	Paper;
29	Textiles;
30	Glass;
31	Other machinery;
32	Electricals or electronic machinery;
33	Production, import and supply or trading of following medical devices, namely:- (i) Cardiac stents; (ii) Drug eluting stents; (iii) Catheters; (iv) Intra ocular lenses; (v) Bone cements; (vi) Heart valves; (vii) Orthopaedic implants; (viii) Internal prosthetic replacements; (ix) Scalp vein set; (x) Deep brain stimulator; (xi) Ventricular peripheral shud; (xii) Spinal implants; (xiii) Automatic impalpable cardiac deflobillator; (xiv) Pacemaker (temporary and permanent); (xv) Patent ductus arteriosus, atrial septal defect and ventricular septal defect closure device; (xvi) Cardiac re-synchronize therapy ;

- | |
|---|
| <ul style="list-style-type: none"> (xvii) Urethra spincture devices; (xviii) Sling male or female; (xix) Prostate occlusion device; and (xx) Urethral stents: |
|---|

6.2. Government Instructed: The government of India may also notify certain businesses on a case-by-case basis. Foreign businesses that produce goods and services in India. These companies are required to do a cost audit irrespective of their turnover.

6.3. Voluntarily Adopted: businesses can perform a voluntary cost assessment to pinpoint potential cost-cutting opportunities and enhance their cost management procedures.

6.3.1. Circumstances Under Which Cost Audit is Desirable:

The following are the circumstances under which a cost audit is ordered:

- Price Fixation.
- Cost variation within the industry.
- Inefficient Management.
- Tax Assessment.
- Trade Disputes.

6.4. Exempt: The following circumstances exempt the businesses covered by Rule 3 from having their expense records audited:

- 6.4.1. More than 75% of the company's overall income comes from exports. The export income must be received in foreign currency.
- 6.4.2. The business must be in a special economic zone.
- 6.4.3. The business is producing energy for captive use through a captive generating plant.

7. Advantages of Cost Audit:

The important advantages of cost audit are briefly discussed as follows:

- Advantages of Cost Audit to the Management
- Advantages of Cost Audit to the Shareholders
- Advantages of Cost Audit to the Society
- Advantages of Cost Audit to the Government

7.1. Advantages of Cost Audit to the Management:

- 7.1.1. It provides necessary information for prompt decision decisions.
- 7.1.2. It helps management to regulate production.
- 7.1.3. Errors, omissions, fraud, and mistakes can be detected and prevented due to the effective auditing of cost accounts.
- 7.1.4. It reduces the cost of production by plugging loopholes relating to wastage of material, labour, and overheads.
- 7.1.5. It can fix the responsibility of an individual wherever irregularities or wastage are found.
- 7.1.6. It improves the organization's efficiency and the

costing system by constantly reviewing, revising, and checking routine procedures and methods.

- 7.1.7. It helps compare actual results with budgeted results and points out the areas where management action is more needed.
 - 7.1.8. It also enables comparison among different factory units to determine the profitability of the different units.
 - 7.1.9. It exercises a moral influence on employees, which keeps them efficient and alert.
 - 7.1.10. It ensures that the cost accounts have been maintained under the costing principles employed in the industry concerned.
 - 7.1.11. It ensures effective internal control.
 - 7.1.12. It helps to increase the overall efficiency of productivity.
 - 7.1.13. Suitable corrective actions can eliminate inefficiency.
 - 7.1.14. It facilitates cost control and cost reduction.
 - 7.1.15. It assists in the valuation of stock of materials, works in progress, and finished goods.
 - 7.1.16. It ensures maximum utilization of available resources,
 - 7.1.17. It enables the management to choose economic methods of operations and thus earn profits to satisfy the shareholders and the investing public.
 - 7.1.18. It enables the management to chalk out the future policy based on the report by the cost auditor, especially regarding labor, raw material, plant, etc., to maximize production and reduce the cost of production.
 - 7.1.19. It tests the effectiveness of cost control techniques and evaluates their advantages to the enterprise.
- 7.2. Advantages of Cost Audit to the Shareholders:**
- 7.2.1. It ensures that proper records are maintained as to purchases, utilization of materials, and expenses incurred on various items, i.e., wages and overheads, etc. It also ensures that the industrial unit has been working efficiently and economically.
 - 7.2.2. It enables shareholders to determine whether or not they are getting a fair return on their investments. It reflects managerial efficiency or inefficiency.
 - 7.2.3. It ensures a true picture of the company's state of affairs. It reveals whether resources like plants and machinery are properly utilized or not.
 - 7.2.4. It creates an image of the creditworthiness of the concern.
- 7.3. Advantages of Cost Audit to the Society:**
- 7.3.1. It tells the true cost of production. From this, the consumer may know whether the market price of the article is fair or not. The consumer is saved from exploitation.

7.3.2. It improves the efficiency of industrial units and thereby assists the nation's economic progress.

7.3.3. Since the price increase by the industry is not allowed without justification as to an increase in the cost of production, consumers can maintain their standard of living.

7.4. **Advantages of Cost Audit to the Government:**

7.4.1. It assists the tariff board in deciding whether tariff protection should be extended to a particular industry or not.

7.4.2. It helps to ascertain whether any particular industry should be given any subsidy to develop that industry.

7.4.3. It provides reliable data to the government to fix the selling prices of various commodities.

7.4.4. It helps in fixing contract prices in a cost-plus contract.

7.4.5. It determines whether differential pricing within the industry is desirable.

7.5.5. It helps the government to take necessary measures to improve the efficiency of sick industrial units.

7.5.6. It can reveal the fraudulent intentions of the management.

7.5.7. Cost statements may be helpful to authorities in imposing taxes or duties at the cost of finished products.

7.5.8. It facilitates the settlement of trade disputes among the companies.

7.5.9. It imposes an automatic check on inflation.

7.5.10. It assists the Tariff Board in considering the extension or removal of protection.

7.5.11. Cost audits verify expense records and accounts. The audit also ensures that accounts and bookkeepers comply with ethical practices.

7.5.12. Effective cost audits provide a complete breakdown of expenses, giving a company financial clarity about accounts. Although they provide such transparency, there are many disadvantages to conducting cost audits.

8. **Disadvantages of Cost Audit:**

8.1. **Expensive:** One primary disadvantage associated with cost audits is the excessive fees. Auditors are typically independent contractors who can charge relatively high prices for services rendered. In addition to initial charges, auditors may increase fees in the middle of the project if companies fail to prohibit such action in the contract. A person or corporation can go from paying \$4,000 to \$6,000 for an audit.

8.2. **Lengthy:** Cost audits are also lengthy processes that require employee devotion. Although the auditor may be an outside contractor, employees must provide requested information and be accessible if further explanation of documents is necessary.

8.3. **Lost Time:** Although thorough, an auditor's report is usually given three to five weeks after the balance sheet is released. This means people stealing from an establishment have nearly a month to form an excuse or leave the company.

8.4. **Uncertainty:** Because a major part of the process involves estimating, numerical figures can be wrong. Besides, if receipts and other record-keeping forms are skewed, an auditor relying on such documents may produce an inaccurate report.

9. **PROCESS:**

When it is process of cost audit then we consider process to be followed by the cost auditor. But appointment of a cost auditor also involves certain process to be followed by the appointing company and the appointed auditor. So the process can be categories in two parts- process of appointing cost auditor and performing cost audit.

9.1. Cost Auditor appointment procedure is as follow:

9.1.1. Company needs to check Cost Audit applicability.

9.1.2. Then the Company should appoint within 180 days from the starting of the financial year. Means for the year 2016-17 it should be before 30th Sep'16.

9.1.3. If Company could not appoint within time limit the company is liable for penalty which is not very huge amount.

9.1.4. For appointing Cost Auditor company need to appoint practicing Cost auditor.

9.1.5. Then company issue a requisition letter to cost auditor for showing its willing to appoint him as a cost auditor in company.

9.1.6. After getting requisition letter cost auditor will sent his consent letter as per companies act. Cost Auditor to provide a certificate under Section 224 (IB) of The Companies Act.

9.1.7. After getting consent letter company will call a board meeting and put consent letter in board meeting and pass a resolution for appointing cost auditor. As per provisions of section 233B (2), the Board of Directors of a Company can appoint a cost auditor after obtaining prior approval of the Central Government.

9.1.8. The company shall notify the cost auditor concerning his appointment and shall file a notice of such appointment with the Central Government within 30 days of the board meeting in which such appointment is made or within 180 days of the beginning of the financial year, whichever is earlier, in Form CRA-2, via electronic mode. (Before the Companies Act 2013, Form 23-C was to be filed by the Company, with Cost Audit Branch, Ministry of Corporate Affairs)

9.1.9. Then Company Secretary of the company will file CRA-2 with the attachment of Resolution and consent letter.

9.2. Cost Audit Process for cost auditor is as follows:

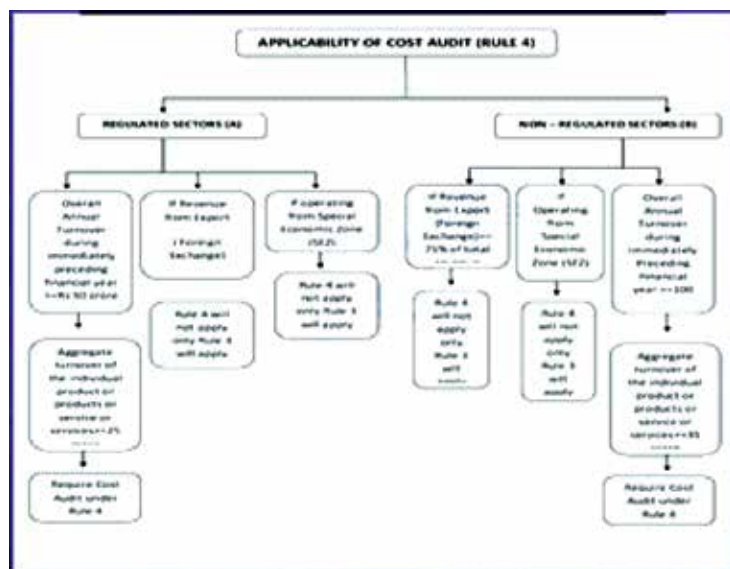
9.2.1. Planning and preparation,

- 9.2.2. Review of cost accounting records,
- 9.2.3. Verification of cost accounting records including reconciliation with Financial Data,
- 9.2.4. Reporting and communication of findings,
- 9.2.5. Follow-up and implementation of recommendations,

10. COST RECORDED AND AUDIT RULES AND FORMS :

10.1. RULES: There are mainly six parts in the rules:

- 10.1.1. Rule 1 : this defines short title and commencements.
- 10.1.2. Rule 2 : This part defines Act, Central Excise Act Heading, Cost Accountant in Practice, Cost Auditor, Cost Audit Report, Cost Records, Form, Institute etc.
- 10.1.3. Rule 3 : This is related to application of Cost records. As per Rule 3, for the purposes of Section 148(1) of the Act, the class of companies, including foreign companies engaged in the production of the goods or in rendering services, having an overall turnover from all its products and services of Rs 35 crores or more during the immediately preceding financial year, shall include cost records for such products or services in their books of account. Regulated and unregulated industries are listed in this part of rules (Refer to part 6)



10.1.5. Rule 5: This rule deals in Maintenance of Records. It says that, every company under these rules including all units and branches thereof, shall, in respect of each of its financial year commencing on or after the 1st day of April, 2014, maintain cost records in form CRA-1. Provided that in case of company covered in serial number 12 and serial numbers 24 to 32 of item (B) of rule 3, the requirement under this rule shall apply in respect of each of its financial year commencing on or after 1st Day of April,2015. Further it says that, The cost records referred to in sub-rule (1) shall be maintained on regular basis in such manner as to facilitate calculation of per unit cost of production or cost of operations, cost of sales and margin for each of its products and activities for every financial year on monthly or quarterly or

half-yearly or annual basis. The cost records shall be maintained in such manner so as to enable the company to exercise, as far as possible, control over the various operations and costs to achieve optimum economies in utilisation of resources and these records shall also provide necessary data which is required to be furnished under these rules.

10.1.6. Rule 6: This Rules deals in Cost Audit:

10.2 FORMS:

There are four CRA (Cost Records and Audit Rules):

- CRA-1 particulars of cost to be included,
- CRA-2 Form of intimation of appointment of cost auditor by the company to Central Government
- CRA-3 Form of Cost Audit Report
- CRA4 Form for filing Cost Audit Report with the Central Government

10.3 ELEMENTS OF COST AS PER CRA-1:

Sr.No.	Cost Element
1	Material Cost
2	Employee Cost
3	Utilities
4	Direct Expenses
5	Repairs and Maintenance
6	Fixed Assets and Depreciation
7	Overheads
8	Administrative Overheads
9	Transportation Cost
10	Royalty and Technical Know-how
11	Research and Development
12	Quality Control Expenses
13	Polution Control Expenses
14	Service Department Expenses
15	Packing Expenses
16	Interest and Financing Charges
17	Any other item of cost
18	Capacity Determnation
19	WIP and FG
20	Captive Consumption
21	By-Product and Joint Product
22	Adjustment of Cost Variance
23	Reconciliation of Cost and Financial Accoutns
24	Related Party Transaction
25	Expenses or Incentives on Exports
26	Production Records
27	Sales Records
28	Cost Statement
29	Statistical Records
30	Records of Physical Verification

11. COST ACCOUNTING STANDARDS:

There are 24 Cost Accounting Standards listed below:

CAS No.	Title
CAS-1	Classification of Cost
CAS-2	Capacit Determination
CAS-3	Product and Operation Overheads
CAS-4	Cost of Production for Captive Consumption
CAS-5	Average(Equalised) cost of transportation
CAS-6	Material Cost
CAS-7	Employee Cost
CAS-8	Cost of Utilities
CAS-9	Packing Material Cost
CAS-10	Direct Expenses
CAS-11	Administrative Overheads
CAS-12	Repairs and Maintenance
CAS-13	Cost of Sservice Cost Centre
CAS-14	Pollution Control Cost
CAS-15	Selling and Distribution Overheads
CAS-16	Depreciation and Amortisation
CAS-17	Interest and Finance Charges
CAS-18	Research and Development Cost
CAS-19	Joint Cost
CAS-20	Royalty and Technical Knowhow Fee
CAS-21	Quality Control
CAS-22	Manufacturing Cost
CAS-23	Overburden Removal Cost
CAS-24	Treatment of Revenue in Cost Statement

12. COST AUDITING STANDARDS:

Government approves 4 Cost Auditing Standards:

Cost Auditing Standard	Title	Download Counter
101	Planning an audit of Cost Statements	13521
102	Cost Audit Documentation	7011
103	Overall objectives of the independent cost auditor and the Conduct of an Audit in Accordance with Cost Auditing Standards	6055
104	Knowledge of business, its processes and the business environment	3762

13. CHALLENGES :

- Conducting a cost audit can be costly and time-consuming, particularly for smaller businesses with fewer resources.
- Businesses might not have the knowledge or resources necessary to complete a comprehensive

cost audit, which could produce inaccurate or insufficient results.

- Employee resistance to change could make executing the changes the cost auditor recommends difficult.
- Inadequate record-keeping can make it challenging to perform a cost audit and lead to incomplete or inaccurate data.
- The cost audit may not fully represent the company's expenses if the cost accounting system is inaccurate or incomplete.
- Businesses may find it difficult to follow all relevant laws and regulations regarding cost audits.
- Companies often face challenges such as lack of expertise, resistance from employees and inadequate documentation when conducting a cost audit. They can overcome these challenges by hiring external experts, providing training to employees and improving documentation practices.

14. HOW TO MAKE EFFECTIVE:

- Selecting an experienced and knowledgeable cost auditor is the most important stage. The auditing process will likely go smoothly if you can find a good cost auditor.
- Companies should make sure that the cost auditor receives accurate and full data, including details on all cost centres and allocation strategies.
- Businesses should regularly perform internal audits to find potential problems with their cost accounting procedures and fix them before the cost auditor shows up.
- To guarantee the precision and dependability of their cost accounting data, businesses should put in place quality control measures.
- Companies must adhere to all relevant laws and regulations and keep up with the most recent cost audit regulations.
- Companies must act to address any problems found during the cost audit, including adopting any changes suggested by the auditor.

15. PROVISIONS GOVERNING COST AUDIT:

The Section 148 of The Companies Act, 2013 read with The Companies (Cost Records and Audit) Rules, 2014 and Cost and Works Accountants Act, 1959.

16. DOCUMENTS AND DATA NEEDED:

- Audited Financial Statements
- Cost Statements
- Details of Meeting and resolution regarding any changes in accounting policies.
- Current Stock records on a particular day approved by authorised person in the company so that it can be verified by the actual physical stock.

17. TIME LINE:

- A Cost auditor has to be appointed within one hundred and eighty (180) days from the starting of Financial Year by every company on whom these provisions are applicable.
- For appointment of cost auditor, only two E-forms are required i.e. MGT-14 and CRA-2. Both forms have to be filled within thirty days (30) from date of respective meetings.
- Rule 6 (3) provides that the cost auditor so appointed for a financial year shall continue till 180 days from the closure of financial year or till submission of cost audit report for that year.
- The form CRA-3 provides a format in which the Cost auditor has to submit his cost audit report to Company. The Ministry of Corporate Affairs (MCA) has extended the due date for filing of Cost Audit Report for F.Y. 2020-21 with Central Govt. As a result, the Companies can file a Cost Audit report by Nov 30, 2021, instead of Oct 31, 2021. However, as per rule 6(5), every cost auditor shall forward his duly signed report to the Board of Directors of the company within a period of 180 days from the closure of the financial year.
- On the receipt of the Cost audit report from Cost auditors, the company need to submit the same to Central Government in form CRA-4 within 30 days from obtaining the audit report.

18. PENALTY FOR NON-COMPLIANCES:

Penal provisions for non-compliance of the Cost Audit Report under Section 148 of the Companies Act, 2013 are as follows: As mentioned above, the legal provisions regarding the cost audit are laid down in Section 148 of the Act, read with the Companies (Cost Records and Audit) Rules, 2014 (Cost Audit Rules).

- 18.1. For the company and its officers: According to Section 147(1), the firm is penalised with a fine of not less than Rs. 25 thousand but not more than Rs. 5 lakhs, and each officer of the company who is in default is obliged to pay Rs. 10 thousand but can be extended up to Rs. 1 lakhs. Before the modification, the company's officers were subject to imprisonment. According to the most recent revision, officers can now only be fined for any infringement.
- 18.2. For the cost auditor of the company: As per Section 147(2) to (4), the cost auditor shall be punishable with a fine not less than Rs. 25 thousand but which may be extended to four times the remuneration of the auditor, whichever is less. It is provided in the section that if the auditor has the intention, whether knowingly or willingly, to deceive the company, its shareholders or the creditor, shall be punishable with imprisonment of one year and a fine which shall not be less than Rs. 50 thousand but which may be extended up to Rs. 25 lakhs or eight times the remuneration of the auditor, whichever is less. Further, in addition, the auditor who has been

convicted shall be additionally liable to i) refund the remuneration of the company and ii) to pay for the damages to the company, statutory bodies, or the authorities for the loss arising out of the misleading statement of the particulars made in his audit.

19. JUDICIAL PRONOUNCEMENTS:

- 19.1. M/S.Jindal Steel & Power Ltd v. Commissioner of Central Excise, Raipur (2013) : It was held in this case that if the company has not been determined as per the CAS-4 (Cost Accounting Standards) method of valuation, the respondent should have fulfilled the condition for claiming the excise duty exemption. However, it was subsequently corrected, and differential duty was paid by way of issuing supplementary invoices to the recipients.
- 19.2. RAD-MRO Manufacturing Pvt. Ltd v. Commer. Of C.Ex., Bangalore (2009): In this case, it was held that the related party's transaction was intended to evade excise duty payment, as the price declared for the sale was mutually agreed upon and was lower than the CAS-4 (Cost Accounting Standard) for a particular portion of the time. Since it is revenue-neutral, the buyers can take cenvat credit, and no evidence is brought out for evasion of duty, the decision was set aside.

20. COST AUDIT VERSUS OTHER AUDITS:

There are mainly four types of Audit provisions are available in Companies Act, 2013 :

- Statutory Audit as per section 139,
- Internal Audit as per section 138,
- Secretarial Audit as per Section 204, and
- Cost Audit as per section 148.

Financial Audit verifies financial records and statements of the company, Internal Audit verifies activities of the company and Secretarial Audit checks compliances of Secretarial standards. Whereas, Cost Audit verifies cost records of the company.

Other three audits identify potential fraud or mismanagement whereas Cost Audit identifies areas of cost reduction and efficiency improvement.

A financial audit is concerned with the past and history Cost Audit in concerned with Forward-looking approach.

Scope of cost audit is wide independently as well as associated with other three types of the audits especially with internal audit and secretarial audit.

The statutory auditor cannot be appointed as the cost auditor of the company, whereas the cost auditor will be appointed by the board, and in the case of such companies' audit committees, the appointment and remuneration will be recommended by the audit committee.

21. COST AUDITOR:

A cost auditor is responsible for the execution of cost auditing.

A Cost Accountant as defined in clause (b) of sub-section (1) of section 2 of the Cost and Works Accountants Act, 1959 (23 of 1959) and who holds a valid certificate of practice under sub-section (1) of section 6 of that Act and including a Firm of Cost Accountants can be appointed by a Company as Cost Auditor.

The cost accountant or partners of a firm of cost accountants should be in whole-time practice and should not be holding any other employment.

As per provisions of section 233 B(2), the Board of Directors of a Company can appoint a cost auditor after obtaining prior approval of the Central Government (India).

The functions of a cost auditor includes:

- Making clear cost audit reports with all the facts and data intact.
- Making qualifiable reports.
- Helping the central government with the cost auditing report in case of an investigation.

22. CONCLUSION:

When it is to conclude such a vast and versatile topic I express key points in two jokes:

A politician went to visit some farmers to see the status of their crops. He started his conversation while walking by the fields “This is really giant grass. Where have you imported from?” Farmers replied “No Sir, this is our domestic sugarcane”. “Oh Sugarcane, one that gives jaggery”, politician cheers. The farmers confirmed by saying “yes Sir”. The next question from the politician

was “Hasn’t jiggery started fruiting”. He was not aware that the jaggery doesn’t grow in a plant like mangoes or bananas or any other similar fruits but it is produced by extracting and processing the sugarcane juice. The bottom line is that the auditor should be aware of the process of manufacturing and activities of the company he is auditing. When I visited ONGC in Baroda and Ankaleshwar while working in a Cost Accountants Firm named M/s Rohit Vora and Associates, I was given technical information of oil mining by their Engineer staff. But research and homework before commencing audit is really important.

Another joke I like to say is, one Politian visits farmers to see their crop with her newly graduated son. While she was visiting the fields the farmers preferred to spend time with her son. After having a few words with her son the farmers told her, “Madam, you should also get compensation as your cultivation is also ruined.” This is regarding Government grant. I personally couldn’t know when a company gets grant and how to monitor that but there is standards for accounting of Government Grants.

Finally, as we know sea depth is still not completely explored by scientists and space is infinite and lots to be explored, likewise, there is a huge scope of Cost Audit. Professionals needs to be focussed.

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WIRC Bulletin Advertisement Tariff

No. of Insertions	Full Page		Half page		Quarter Page	
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Taxability & Valuation of Personal & Corporate Guarantee under GST

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Introduction

There exists a conflict as to whether the activity of extending corporate and personal guarantees for extending loans or limits, constitutes a supply or not. The Supreme Court, in the case of Edelweiss Financial Services Limited, [2022 (2) TMI 1359] has held that corporate guarantee services are not liable to service tax in the absence of consideration.

However, the GST Law provides that where a supply is made to the related parties, the same would be treated as a supply even if made without consideration. Due to this provision, the settled position on the taxability of corporate guaranteed by the Hon'ble Supreme Court may not apply under the GST regime in case of related party transactions.

Further, it is pertinent to note that the term "Personal Guarantee" ('PG') is not defined under the GST Act. However, the activity of providing a personal guarantee by the Director of a company to the financial institutions for sanctioning credit facilities or extending loans to the said company is without any consideration.

Also, the word "Corporate Guarantee" ('CG') is a widespread expression in the corporate world and it is also not defined under the GST Act. It is an arrangement between the holding company and the subsidiary company or among the group companies, wherein the holding company acts as a Guarantor for any banking/financial transactions that the subsidiary company will execute. This means that one corporate entity will be a guarantor for another corporate entity and the holding company will not recover any fees/consideration from their subsidiary.

Given the above, the 52nd GST council meeting was held on October 7, 2023, and the council has recommended the taxability of personal and corporate guarantees along with the valuation. And pursuant to it Circular No. 204/16/2023-GST dated October 27, 2023 has been issued by the CBIC.

Personal Guarantee:

As per Explanation (a) to section 15 of the CGST Act, 2017 ('CGST Act') the director and the company are related persons. Also, as per clause (c) of sub-section (1) of section 7 of the CGST Act, read with S. No. 2 of Schedule I of CGST Act, supply of goods or services or both between related persons, when made in the course or furtherance of business, shall be treated as supply even if made without consideration.

Accordingly, the activity of providing personal guarantees by the Director to the banks/ financial institutions for securing credit facilities for their companies is to be treated as a supply of service, even when made without consideration.

Later, the Department issued Circular No. 204/16/2023-GST dated October 27, 2023 which provides the following:

- a. A personal guarantee is provided by the Director under the personal capacity without any consideration, the same shall be qualified as a supply of service.
- b. The circular refers to the guidelines issued by the Reserve Bank of India ('RBI') which provides that the guarantee provided by the directors is not to be made for consideration. Therefore, it has also clarified that the market value for such transactions will be zero. Correspondingly, the value of the supply may be treated as zero as well.
- c. The circular also refers to the RBI guidelines which mandate that promoters, directors and other managerial personnel should provide guarantees in certain scenarios and note the scenario of guarantees being provided for consideration. Further, it has clarified that the valuation in such case shall be the remuneration/consideration provided to such a person/ guarantor by the company, directly or indirectly.

Corporate Guarantee:

In the case where the corporate guarantee is provided by a person on behalf of another related person, or by the holding company for sanction of credit facilities to its subsidiary company, to the bank/ financial institutions, even when made without any consideration will be treated as a taxable supply as per schedule I of the CGST Act read with explanation (a) to section 15 of the CGST Act.

Now, the Department has issued a Circular No. 204/16/2023-GST to clarify the valuation aspect and the same is as under:

- a. The circular clarifies that the valuation of the corporate guarantee provided by a related party without consideration will be determined based on the newly inserted sub-rule (2) to Rule 28 of the Central Goods and Services Tax Rules, 2017 ('CGST Rules') [inserted vide Notification No. 52/2023 dated 26.10.2023].
- b. The said rule provides that the value will be 1% of the amount of the guarantee offered OR the actual consideration, whichever is higher.
- c. Please note that the new Rule provides for a valuation mechanism of corporate guarantee provided by a supplier to any banking company or financial institution on behalf of the related party recipient for the purpose of levy of GST irrespective of whether full input tax credit is available to the recipient of services or not.

d. The new sub-rule (2) shall not be applicable for transactions of personal guarantee by directors.

The said notification has been effective prospectively. However, clarity for the valuation pertaining to past periods is awaited.

Summary:

Scenarios	Valuation	Taxability
Personal Guarantee provided by the director of the company to the Bank or Financial Institute on behalf of the company without any consideration.	Nil	Not Taxable
Personal Guarantee provided by the director of the company to the Bank or Financial Institute on behalf of the company with consideration (as per RBI circular)	The value of consideration/remuneration provided to such a person/guarantor by the company	Taxable@18%
Corporate Guarantee provided between related parties	Actual value of the consideration provided to the related party OR 1% of the amount of the Guarantee offered, whichever is higher, irrespective of whether the service recipient is eligible for full ITC.	Taxable@18%
[The views expressed are strictly personal.]		

Nine Avatars of MAA Durga - Webinar Series

Members & Chapter Coordination Committee of Western India Regional Council organized series of Webinar on the auspicious occasion of Navratri to pay Tribute to Divine Power of Women from 15th October to 23rd October 2023.

CMA Chaitanya Mohrir, Chairman WIRC, CMA Mihir Vyas, Hon. Secretary WIRC ad CMA Nanty Shah, Treasure WIRC were present during Inaugural session. CMA (Dr.) Sanvedi Rane co-ordinated the entire programme.

Date	Speaker	Topic
15th October 2023	CMA Harshada Prabhune	Spectrum of Women empowerment - Solo traveller
17th October 2023	CMA Pradnya Chandorkar	Journey in CMA Practice - Opportunities & Challenges
18th October 2023	CMA Deepali Darshak Lakdawala	Work Life Balance
19th October 2023	CMA Madalsa Naidu	Womens Empowerment & Legal Right
20th October 2023	CMA Anuradha Dhavalikar	Celebrating Katyayani
21st October 2023	CMA (Dr.) Sanvedi Rane	Women in Leadership: Overcoming gender bias and stereotypes
22nd October 2023	CMA (Dr.) Meghna Dangi	Emotional and Social intelligence
23rd October 2023	CMA Smriti Nagar	The blend of Corporate & Life Skills

GST: Critical Changes from 1st Oct 2023 & Impact on Business

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Through the Finance Act, 2023, the government has made a number of substantial amendments to the Goods and Services Tax (GST), which are set to take effect on October 1, 2023. These changes will affect several provisions of the CGST (Central Goods and Services Tax) Act and the IGST (Integrated Goods and Services Tax) Act.

E-WAY BILL:

According to Notification No. 78/2020, issued October 15, 2020, taxpayers with an aggregate yearly turnover (AATO) of more than Rs 5 crore must use a minimum 6-digit HSN number in their e-invoices and e-waybills, while all other taxpayers must use a minimum 4-digit HSN code. From October 1, 2023, this will be mandatory for e-Waybill and e-Invoice systems.

ITC (Input Tax Credit) on CSR activities:

You are not eligible to claim Input Tax Credit (ITC) for goods or services received, even if they are used or intended to be used for activities related to fulfilling your corporate social responsibility (CSR) obligations.

Composition levy:

Composition levy extended to suppliers of goods under ecommerce model: The advantage of the composition scheme, previously unavailable to registered individuals involved in goods supply via E-commerce platforms, will now be expanded to encompass them. Nevertheless, limitations will persist for registered individuals engaged in providing services through E-commerce operators.

Section 16 of CGST: Eligibility and conditions for taking input tax credit.

Section 16 of CGST clarifies that if a beneficiary does not pay the supplier the value and tax of the supply within 180 days of the date of the invoice, the beneficiary must pay an amount equal to the amount of the input tax credit claimed and the interest payable in accordance with the provisions of Section 50. The provision before the amendment required that the input tax credit be added to an individual's output tax liability; however, after the amendment, the beneficiary must either pay or reverse the ITC, and the interest liability of such reversals is calculated on the basis of Section 50 (3) instead of Section 50 (1). The second proviso states that "(i) for the words "added to its output tax liability and interest thereon" and the words "paid by him" after the words "made by him" are replaced by "to the supplier".

Apportionment of credit and blocked credits. (Sec 17(3) of CGST)

According to 17(3) of CGST which deals with how credits and blocked credits are distributed. It also states that if you sell goods before filing a BOE, the value of that sale must be included in the value of the exempt supply for reversing the common ITC. This is in conjunction with Article 42/43, which deals with the value of the transactions listed in Paragraph 8(a).

Revocation of Cancelled Registration:

Earlier time limit of 30 days prescribed under Section 30 has been omitted. Instead, the time period is now prescribed under Rule 23 and has been extended to 90 days from the date of the order of cancellation. Furthermore, the Commissioner has the authority to allow further extensions, not exceeding 180 days.

Filing Returns under Section 37, 39, 44, 52 of CGST ACT:

After three years from the due date of the relevant return, registered people would be restricted from filing GSTR-1, GSTR-3B, GSTR-9, GSTR-9C, and GSTR-8 returns.

Place of Supply:

Sections 12(8) and 13(9) of the IGST: Place of Supply in Relation to Goods Transportation: Location of supply of goods transported, including by mail or courier (Section 12(8) of the IGST Act): remove the proviso to Section 12(8) in order to identify the location of supply, irrespective of the destination of the products, where both the service provider and the recipient are in India. In such circumstances, the registered recipient's location will be the Place of Supply (POS). This change implies that half of the tax would be allocated to the state in where the beneficiary is registered, as opposed to the previous arrangement, in which the full tax was allocated to the Union in the case of products bound for areas outside India.

Place of supply of goods transportation other than by mail or courier (Section 13 of the IGST Act): Section 13(9) of the IGST Act, 2017, has been removed. This revision establishes that the default provision in Section 13(2) of the IGST Act shall regulate the location of supply of services relating to the transportation of goods, except postal or courier services. If either the service provider or the service receiver is situated outside of India, the place of supply will be the service recipient's location. As a result, regardless of the destination of the products involved, services delivered to receivers outside India will be classified as exports, and services received from providers outside India would be classified as imports of services.

Zero-rated supplies to SEZ:

IGST Section 16(1) (b): Zero-rated supplies to SEZ for authorised operations: The words "for authorised operations" have been added to clause (b) of Section 16(1) to clarify that only supplies provided to SEZ units or developers for allowed operations qualify as zero-rated supplies.

RCM on Ocean Freight:

5% GST exempted under RCM for ocean freight vide notification 11/2023.

Conclusion

Companies take the necessary steps to ensure compliance and reduce the associated costs !!!!!

OIDAR Services and its Taxability

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OIDAR services

Section 2(17) of Integrated Goods and Services (IGST) Act, 2017 defines OIDAR (Online Information Database Access and Retrieval) as services whose delivery is mediated by information technology over the internet or an electronic network and the nature of which renders their supply essentially automated involving minimal human intervention. It include electronic services, such as advertising on the internet, providing cloud services, online supplies of digital content, Website supply, website hosting, distance maintenance of programs and equipment, Supply of music, films, and games, Supply of distance teaching etc



GST Applicability Before 1st of OCT 23

Foreign OIDAR service providers like Facebook Inc, Twitter Inc, Google, Netflix, Inc and others has a significant user presence in India and earn substantial revenue from their Indian customer base. Until now OIDAR service providers located abroad in non-taxable territories were exempt from taxation when received by the central government, state government, government authorities, or individuals for non-business purposes. The liability to remit the tax to the government was on the consumer if he was a GST registered person importing the service for business purposes, the GST would need to be paid under reverse charge mechanism



GST amendment w.e.f 1 October 23

Effective October 1, 2023, GST exemption enjoyed by for overseas OIDAR service providers has been abolished. Now these foreign companies providing OIDAR to all individuals and government will have to pay goods and services tax. Regardless of whether the services are used for personal or business purposes, would be chargeable to GST

Earlier It was difficult for the tax authorities to figure out who is importing these services for personal use and who is using it for business purposes but now after New amendments OIDAR services taxable whether provided personal use or business use.

New Source of revenue to Govt

The move will open new source of revenue for the government as social media platforms, online search engines and other digital economy firms rendering services to Indian customers in a big way from their offshore subsidiaries are covered by this change. As per amended such service provider has to provide the detail of all supplies made. This will help Dept in tracking due payment of tax on reverse charge basis by such registered persons in India in respect of supplies received from OIDAR service providers.



Impact of Price of OIDAR Services

18% GST would be levied on OIDAR Services. Its impact may be felt by individual and corporate users after some time. After covid era where individuals users are more dependent and addicted of OIDAR Services Corporate users are more dependent of these services. In and after covid era there was a surge in OIDAR Services. Online education, live streaming of events and classes providing access to the library or recorded videos, Download of an e-book online etc were not taxable for individual user but now it would be subject to GST and it will increase the cost as such service provider will recover the said GST Cost from enduser only.



Challenges from recent GST Amendments

Compulsory GST Registration,

Foreign firms providing OIDAR services are subject to GST on the supply of OIDAR Services to unregistered individuals, necessitating comprehensive registration and compliance with GST

Compliance burden

Compliance burden will drastically increase for such OIDAR service providers as they would have to register under GST, remit taxes and file returns. As these company has to charge IGST on sales to unregistered individuals, It will require to make comprehensive record-keeping.

As per amended Rule 64 such service provider has to provide the detail of all supplies made in FORM GSTR-5A of CGST Rules, 2017. The supplier of OIDAR service should comply with GST as follows

- a. The Supplier (or intermediary) of OIDAR services should take single GST registration for payment of IGST

- b. If there is a person representing overseas supplier in taxable territory for any purpose, then such representative in India should pay IGST on behalf of overseas supplier
- c. If the overseas supplier has no physical presence or representative in the taxable territory, then he may appoint a person in the taxable territory for the purpose of payment of IGST.



Place of supply of OIDAR Service

The GST applicability on OIDAR services depends on the location of the recipient of the service. Under Section 13 of the IGST Act 2017, where the location of the supplier or location of the recipient is outside India – the place of supply of OIDAR services shall be the location of the recipient of services.

Thus, under this Section, any recipient of OIDAR services is deemed to be in the taxable territory – if any two of the following non-contradictory conditions are satisfied:

- The Recipient gives an Indian address through Internet.
- The payment is settled by an Indian credit card /debit card/other card.
- The recipient has Indian billing address.
- The computer used by the recipient has Indian IP address.
- The recipient uses an Indian bank account for payment.
- The country code of the subscriber identity module card used by the recipient of service is of India.
- The recipient receives the service through an Indian fixed land line.



GST applicability on OIDAR services

The taxability of OIDAR services is dependent on the location of the recipient and GST liability is determined accordingly:

1. If both the supplier, as well as the recipient, are in India, then GST will be applicable and will be charged on the basis of forward charges.
2. If the supplier is outside the taxable territory, and the recipient located in India is registered under GST, then GST will be applicable and payment of GST will be on reverse charge basis.
3. If the recipient is residing in India, but is not registered under GST, and the supplier is outside the boundaries of India, then GST will be applicable, and payment for goods and service tax will be on forward charge basis.



Registration process for OIDAR service providers

The application for GST registration must be submitted at

least five days prior to the commencement of business in India. Where OIDAR service providers located in India can obtain GST Registration through the normal procedure by applying through the GST portal. In other case foreign companies can appoint a representative in India for obtaining GST registration, filing GST returns and paying GST payments on behalf of the foreign entity

All OIDAR service providers supplying services to residents in India and not located in India are also required to comply with GST regulations. Any OIDAR service provider supplying services from a location outside India to a non-taxable online recipient is required to obtain GST registration by filing GST REG-10. The application for GST Registration for OIDAR service providers can be submitted electronically with a self-attested copy of valid passport of the promoters and tax identification number or unique identification number issued by the foreign Government or PAN.



Conclusion

After covid era there is huge usage of OIDAR Service where other Entertainment users have increased, users of online Education has been increased multiple times . Where These GST amendments will increase the revenue of the Government, it will impact the cost of living for end users specially students. Where the public is already worried about inflation, said amendment will increase the cost of the public as such service provider will recover the increased tax cost from end users . These amendment will expand the horizon of GST and making all such foreign service providers to take registration in India and pay GST with due compliance as per the GST law and increase compliance burden on OIDAR Service provider Meanwhile it will open new scope for GST Practitioner.

Dear CMA Colleagues,

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

With regards,

CMA Mihir Vyas,
Chief Editor - WIRC Bulletin

India Economy and Market Outlook



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Subject

As we step into the festive season, there is a palpable sense of optimism and positivity in the air. The Indian economy continues to shine as one of the world's fastest-growing major economies, and our financial markets are flourishing with the Nifty index surging past the remarkable 20,000 milestone. Furthermore, India's presidency of the G20 forum is not just a feather in our cap but a testament to our country's growing influence on the global stage. The start of the festive season brings with it the promise of stronger consumption, driving demand and fuelling our economic growth. Despite near-term headwinds, especially the upcoming state and general elections, I believe that the 'India story' remains intact for the long run. The nation is steadfastly moving towards becoming a \$7 trillion economy by 2030,

The Indian markets are near all-time highs led by strong inflows, robust GDP numbers, expectations of good festive season and push for capex, both by states and corporates. The rally has shown great depth across sectors and market cap segments.

While India is well-placed in the overall global scenario with highest GDP growth, favourable demographics, and large domestic demand base, we believe repeating the momentum of the last 6 months is likely to be a challenging task. I am not negative on the markets, but my caution against blindly chasing momentum. Investors should avoid small caps and companies with weak fundamentals.

In this backdrop, I am optimistic on sectors such as Auto, Banks, Capital Goods, Hospitals, Real Estate, Discretionary Consumption and Building Materials.

Positives:

- 6.5-6.6% GDP forecast for FY24 (highest globally)
- Softening inflation, particularly in food
- Revival in industrial capex
- Strong infrastructural push by the govt.
- Steady double-digit credit growth
- Strong bank balance sheets
- 16000+ Cr. SIP Book (Domestic Investments Every month)

Headwinds:

- Rising crude prices (now above \$95/ barrel)
- EL Nino led deficit monsoons and potential impact on crop output and prices

- Chances of US Fed increasing / not cutting interest rates

- Upcoming State and Lok Sabha Elections

Government capex -infra expenditures cushion the Momentum in India.

But at the same time external factors like

War scenario

Uncertain Crude behavior

FED- Comments

election etc.

Looks like the range of NIFTY 17700 to 20900

Some Liking from my side for coming year till next Diwali (2024)

SCRIPT NAME	CMP	POTENTIAL GROWTH 1	POTENTIAL GROWTH 2
HDFC BANK	1469	1800	2025
SBIN	561	690	750
RELIANCE IND.	2266	2800	3000
DABUR	525	600	660
DR. REDDY	5397	6000	6800
CAN FIN HOME	741	850	880
HINDALCO	456	550	590
TCS	3351	3880	4260
M&M	1511	1750	1850
LICI	607	740	800
SRF	2175	2560	2700
FINE ORG.	4572	5600	6200
AMBUJA CEMENT	417	525	560

CMP date 27-10-23

Disclaimer:

The investments discussed or recommended in the market analysis, research reports, etc. may not be suitable for all investors. Investors must make their own investment decisions based on their specific investment objectives and financial position and only after consulting such independent advisors as may be necessary. Investment in securities are subject to market risks, please carry out your due diligence before investing

Importance of Finished Goods Balancing for Reliable Product Costing



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Product Costing (As mentioned in ANNEXURE II) is required to know :

- 1) Variable Cost, Fixed Cost and Total Cost of the Products
- 2) Contribution and Profitability of the Products

Finished Goods Balancing (As mentioned in ANNEXURE I) is required to ensure that The Entire Movement of Finished Goods (FG) is properly Captured and Documented:

So, it implies that Production as per FG Balancing correctly

represents the Production for Resources Consumed as per the Product Cost Sheet.

So, when Cost Sheet is prepared showing Resources consumed in value and Cost Per Unit of Product Considering Production as per FG Balancing Statement, it provides Reliable Cost of Product (Variable, Fixed and Total) for Management Uses and Management Decision Making (Contribution and Profitability Statement – ANNEXURE III)

ANNEXURE I
TABLE SHOWING INVENTORY BALANCING OF EACH OF FINISHED PRODUCT

PRODUCTS	UNIT	OPENING STOCK	PRODUCTION	EXTERNAL SALES	INTERNAL TRANSFERS	CLOSING STOCK
1	MT					
2	MT					
3	MT					
4	MT					
5	MT					

Annexure II – Product Cost Sheet

Sr No	PARTICULARS Production (MT) :	ACTUAL FOR CY			ACTUAL FOR PY		
		Rs Lacs	Rs / MT	%	Rs Lacs	Rs / MT	%
(A)	VARIABLE COST						
1	Raw Material Consumption						
2	Electricity Charges						
3	Other Utilities						
4	Natural Gas						
5	Packing Material Consumption						
6	Total Variable Cost						
(B)	Fixed Cost						
1	Stores Expenses						
2	Repairs Expenses						
3	Employee Cost						
4	Interest						
5	Depreciation						
6	Insurance						
7	Factory Overheads						
8	Selling Overheads						
9	Total Fixed Cost						
(C)	Total Cost (A+B)						

Annexure III – MIS Report showing Product wise Gross Margin, Contribution and Net Margin

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

NOTE : VIEWS EXPRESSED ARE THE PERSONAL VIEWS OF THE AUTHORS

Exciting News for CMAs & CMA Students!

ICMAI-WIRC has partnered with Curelo to bring exclusive discounts on medical, pathology, and diagnostic tests, as well as health packages. These discounts are available for CMA Members and students in every city across the nation where Curelo operates.

Use Code: ICMAI-WIRC25 to unlock a 25% discount on all lab tests.

To access these amazing discounts from Curelo, simply register at this link: <https://curelohealth.com>

Instagram Reels Garba Competition

Students Coordination Committee of WIRC organised Instagram Reels Garba Competition on the occasion of Navratri. The Reels were posted on the WIRC Instagram Handel. Winners declared based on Highest Likes received on the Instagram Post.

First Winner - **Mr. Vraj Shah**
Second Winner - **Mr. Shubham Tela**
Third Winner - **Ms. Vidhi Shah**

CHAPTER NEWS

AHMEDABAD

Press Meet

Chapter organized Press Meet on 26th September 2023 in connection with the results of the June'23 exam Intermediate and Final. Reporters from leading electronic media and print media attended the press meet. The Chairman, CMA Uttam Bhandari, Secretary CMA Bhaumik Gajjar, Jt. Secretary, Treasurer and Oral Coaching Committee Chairman, CMA Mitesh Prajapati addressed the electronic media and print media. The media also took interviews of Rank Holder students of Final & Intermediate.

12 Days Orientation program

Chapter organized 12 days Pre-placement Orientation Program for June 2023 qualified CMAs from 11th Oct'23 to 21st Oct'23. In an inaugural function of the Orientation program on 11th Oct'23, CMA Bhadrash Mehta was the chief guest. CMA Mitesh Prajapati, Jt. Secretary, Treasurer and Chairman-Oral Coaching Committee welcomed all dignitaries & gave detailed schedule and brief about the Orientation Program. CMA Nikunj Shah, Vice Chairman of Chapter and Chairman of Training & Placement Committee introduced Chief Guest and welcomed by offering memento and bouquet. CMA Bhadrash Mehta, Chief Guest gave an inspirational speech to the participants and information about the importance of CMAs in the corporate world. The vote of thanks proposed by Secretary of Chapter CMA Bhaumik Gajjar. There were many eminent faculties who gave detailed presentation on various topics during the scheduled days, which are useful to the participants in their professional careers.

A valedictory session of the Orientation Program was organized on 21st Oct'23. Chairman CMA Uttam Bhandari, Jt. Secretary, Treasurer & Chairman of Oral Coaching Committee CMA Mitesh Prajapati, CMA Bhavesh Ramchandani, Chairman Editorial Committee, CMA Malhar Dalwadi, Chairman PD Committee, CMA R B Kothari-Member & CMA H C Shah-Member were present in the valedictory session. CMA Suresh Johar was the Chief Guest of Valedictory session. Dignitaries on dais gave occasional speech on the importance of this program. The participants were felicitated with a "Certificate of Participation" by the dignitaries. CMA Bhavesh Ramchandani, Chairman of Editorial Committee proposed vote of thanks.

Member's Meet & Felicitation Function

Chapter organized Member's meet and felicitation function on 28th October 2023, at Hotel Mango, Bodakdev, Ahmedabad. The function was overwhelmed by the graciousness of Ahmedabad Chapter and its esteemed members, who have seen fit to recognize the efforts of Team Ahmedabad Chapter and contributions with such an esteemed title. President CMA Ashwinkumar G Dalwadi, Vice President CMA Bibhuti B Nayak, WIRC Chairman CMA Chaitanya Mohrir, Chairman of Ahmedabad Chapter CMA Uttam Bhandari & Vice Chairman of Ahmedabad

Chapter, CMA Nikunj Shah were the dignitaries on dais. Chapter Chairman CMA Uttam Bhandari gave inaugural speech, introduction of dignitaries on dais. Vice President CMA Bibhuti B Nayak &, WIRC Chairman CMA Chaitanya Mohrir gave occasional speech and share their views and memories with President Sir.

President CMA Ashwinkumar G Dalwadi also shares the memories with Ahmedabad chapter, unwavering support and guidance throughout their journey from the senior members and their peers who have been a great source of support. He also expressed thanks for the opportunities have been provided with, and grateful to everyone who have been parts of their journey. The slide-show of their journey was also presented on screen. All the past chairman of Chapter shares their view and memories by video presentation. CMA Uttam Bhandari felicitates the President CMA Ashwinkumar G Dalwadi by offering memento and bouquet. He also felicitates the Vice President CMA Bibhuti B Nayak by offering memento and bouquet. CMA Nikunj Shah, Vice Chairman felicitates the Chairman WIRC CMA Chaitanya Mohrir. The president CMA Ashwinkumar G Dalwadi also felicitates all the past chairman of Chapter by offering memento.

CMA Nikunj Shah, Vice Chairman of Chapter proposed vote of thanks to the gathering. The program was followed by delicious dinner.

AURANGABAD

CEP on Exploring the Professional avenues

Chapter organized a CEP on Exploring the Professional avenues available for CMAs under Companies Act including Independent Director Roles", on 7th October, 2023 at the Training Hall of the CMA Bhawan, Aurangabad.

Practicing Company Secretary CS. P.C. Agrwal was the speaker. CMA (Dr.) Sanvedi Rane welcome all the members and introduced speaker. CMA Rajesh Deshmukh, Chairman, Aurangabad Chapter felicitated the speaker.

Programme was started with the address by the Chairman of Aurangabad Chapter, CMA Rajesh Deshmukh. He welcomed the Speaker and felicitated him. CS PC Agrawal explained in detail about the various opportunities for CMAs under the Companies act and opportunities as an Independent Directors for CMAs.

CMA Salman Pathan Vice Chairman of the Chapter proposed Vote of thanks. On this occasion Treasurer CMA Pravin Mohani and MC Member CMA Parag Rane were present. CMA Suresh Pimple, CMA Aniket Late, CMA Akash Waghmare and CMA Sachin Gosavi were also present on this occasion.

Workshop on Cost Audit and Assurance Standards

Chapter organized one day workshop on Cost Audit and Assurance Standards on 17th October, 2023 at the Training Hall of the CMA Bhawan, Aurangabad.

CMA Pravin Mohani, Senior Practicing Cost & Management Accountants, Aurangabad was the speaker.

Managing committee member CMA Parag Rane welcomed all the members and introduced the speaker. CMA Jayant Galande felicitated the speaker.

CMA Pravin Mohani explained in detail Cost Audit and Assurance Standards CAAS-101, CAAS-

102, CAAS-103 & CAAS-104. He further pointed out that as per the direction of Ministry of Corporate Affairs, the Board has developed 15 more Cost Audit & Assurance standards, which are sent to MCA for approval. CMA Parag Rane coordinated the programme and proposed vote of thanks.

Chapter Chairman CMA Rajesh Deshmukh, senior members CMA M.R. Pandit, CMA S.R. Pimple were present on this occasion.

BARODA

Felicitating Programme

Chapter organised a felicitating program for June, 2023 Intermediate & Final Students Passed was on 30th September 2023.

Seminar on “NiveshUnveil: Discovering the Art of Personal Finance and Wealth Management”

Chapter in association with Baroda Management Association organized CEP on “NiveshUnveil : Discovering the Art of Personal Finance and Wealth Management” at Courtyard by Marriott, on 7th October 2023. Mr. Rakesh Lohana, Mr. Manish Baxi & Mr. Vinay Baria were the speakers.

Participation In Educational Fair

Career Skill Education & Research Foundation was organized an Educational Fair at Anand ITI on 13th October 2023. The Baroda Chapter has participated in the fair.

Quiz Competition of CMA Aspirants

Chapter arranged “Quiz Competition of CMA Aspirants” for the students of foundation & intermediate on the subject “General Knowledge” on 14th October 2023.

Awareness Seminar on “Cost & Management Accountancy Course”

During the month of October, Chapter organised various Career Counseling Seminar as on 13th & 14th October at Zenith School, Pratapnagar, on 16th at New Era School, Bhutadizampa & Shree Hari Shewa School, Warashiya, On 17th Baroda High School, Danteshwar, on 18th Auxilium Convent High School, Makarpura and on 19th October at Rosary School, Fatehgunj.

INDORE DEWAS

Swachhta hi Sewa Campaign

Chapter conducted a cleanliness drive “Swachhta hi Sewa Campaign” on the theme of HSS 2023 “Garbage Free India” on 2nd October 2023. Members & Students of Chapter participated in the campaign. They cleaned the Chapter Premises, its surrounding areas and motivated everyone to maintain the cleanliness. They also took the cleanliness oath.

The whole campaign was conducted under the guidance of CMA Yash Vagrecha and CMA Rajat Gupta.

Chapter Chairman CMA Rahul Jain and Hon. Secretary CMA Pankaj Raizada expressed gratitude to all members and students for their active participation.

Inauguration of CAT Course at Indore

Inauguration of 5th batch of CAT course under DGR for Defence personnel's took place on 11th October 23 at Indore. This course has been started in collaboration with the Directorate General of Rehabilitation of Servicemen of Army, Navy and Air Force (Department of Ex-Servicemen Welfare), Ministry of Defence, Government of India to provide training in the financial sector to the armed forces servicemen who are going to retire in the near future. After completing this course, they will be able to get employment opportunities at many places after retirement.

Colonel KS Sirohi, District Sainik Welfare Officer inaugurated the programme. The welcome speech was given by Chapter Chairman CMA Rahul Jain. The program was moderated by Mr. Varun Joshi, Senior Officer, The Institute of Cost Accountants. Vote of thanks was given by CMA Pankaj Raizada, Secretary of Chapter. On this occasion, Treasurer of the Western Regional Council of the Institute, CMA Nanty Nalinkumar Shah, Indore Dewas Chapter Managing Committee members & Course faculties were also present. This course has been started at eight places across India, of which Indore is the only center in Madhya Pradesh. In the current batch, 30 participants are being trained in Indore – Dewas Chapter,

NAVI MUMBAI

Chapter conducted a webinar on “Life Cycle Portfolio Management and NPS” on 15th October 2023, which was also the Chapter Formation day. CMA Arup Bagui, Secretary and Chairman of PD Committee of the Chapter welcome the speaker Mr. Praveen Singh, CA, CFA, General Manager of National Pension System Trust. CMA Vaidyanathan Iyer, Immediate Past Chairman of the Chapter, brief the activities of the Chapter to the members on the eve of formation day of the Chapter.

Mr. Praveen Singh highlighted the importance of preparation of Portfolio of an Individual, based on age, earning, appetite of risk, short term vs long term investment, inflationary impact, compounding impact in investment. He further emphasis the need to balance between High risk vs Low risk investment, liquidity of investment for emergency personal needs etc. CMA B N Sapkal, Chairman of Chapter proposed vote of thanks.

On the even 15th Formation Day of the Chapter, webinar was organised for students of the chapter for detail interaction with them, wherein CMA Vivek Bhalerao, RCM-WIRC, was the Chief Guest and CMA Debasish Mitra, GM Konkan Railway Corporation Ltd, was special Guest. More than 40 students were present.

PUNE

Seven Days Industry Oriented Training Programme

Chapter arranged the mandatory 7 Days Industry Oriented Training Programme of Final Students (Oral & Postal) for December 2023 examination at Chapter premises from 1st October 2023 to 19th November 2023.

Swachh Bharat Abhiyaan

Chapter conducted Swachh Bharat Abhiyaan on 1st October 2023 at CMA Bhawan premises. CMA Himanshu Dave, Member CMA Amey Tikale, Chairman, Students Co-ordination Committee, CMA Nikhil Agarwal, Managing Committee Member, Mr. Jaydeep Manedeshmukh, Student Representative, CMA Amit Shahane faculty member, staff and large number of students of Chapter participated in the program.

The Meeting of ART Circle, ICAI- Pune Chapter

To bring together a diverse group of artists, patrons and art enthusiastic members and students, Chapter held meeting for 1st Cultural program on 14th October 2023. Large number of students and members attend the meeting.

Documentary Session for students

Chapter arranged 1st Documentary Session on “Legends of the Business”. First session was of Padmavibhushan Shri Ratan Tata on Sunday, 1st October 2023 at Chapter premises.

CMA Amey Tikale Chairman, Students Co-ordination Committee, CMA Himanshu Dave, CMA Nikhil Agarwal MC Members, Mr. Jaydeep Manedeshmukh, Students Representative of Chapter and large number of students were present for the program.

CMA Amey Tikale Chairman, Students Co-ordination Committee of ICAI –Pune Chapter guiding the participants at 1st Documentary Session on “Legends of the Business”

Pre-Placement Orientation Programme

Chapter conducted 11 days Pre-Placement Orientation Programme from 10th October 2023 to 20th October 2023 for newly qualified CMAs at Pune Chapter.

CMA Himanshu Dave welcomed the participants. Twenty-one students participated in the Pre-Placement Orientation Programme at Pune location. Various Topics as per the Institute’s norms covered in the schedule for PPOP.

Student’s Day Program October 2023

To enhance the morale of the successful students of June 2023 Examination and to give recognition to their commendable achievements, Chapter arranged Student’s Day 2023 program on 14th October 2023 at CMA Bhawan-Auditorium of ICAI-Pune Chapter,

Program began with Goddess Saraswati puja, Lighting of the lamp with auspicious hands of Chief Guest & dignitaries and Institute’s Anthem.

Mr. Amit Ghaisas, Managing Director, Yash Prabha Group) was a Chief Guest at this occasion. His gracious presence was a true inspiration to the students.

Dr. Ashok Agrawal (Principal, Kaveri College of Arts, Science and Commerce, Pune) was a Guest of Honour at this occasion.

CMA Neeraj Joshi, CCM, ICAI and CMA Chaitanya Mohrir, Chairman WIRC-ICMAI were also present for the programme.

CMA Amey Tikale, Chairman, Student Co-ordination Committee welcomed & CMA Shrikant Ippalpalli, Secretary introduced the Chief Guest.

CMA Nagesh Bhagane Chairman felicitated to Chief Guest Mr. Amit Ghaisas & Guest of Honour Dr. Ashok Agrawal.

CMA Amey Tikale Chairman, Student Co-ordination Committee felicitated CMA Neeraj Joshi, CCM, ICAI and CMA Himanshu Dave felicitated CMA Chaitanya Mohrir, Chairman WIRC-ICMAI.

CMA Nagesh Bhagane Chairman-ICMAI-Pune Chapter took overviews of various programs conducted by Chapter for students, facilities available for students.

CMA Chaitanya Mohrir, Chairman WIRC-ICMAI congratulated the successful students. In his conversation with the participants he was satisfied for the students’ preference to work in India. He also appeals to the students for participation in the student’s convention and feedback for improvement.

CMA Neeraj Joshi, CCM, ICAI insisted final pass-out students to take a membership and told them the importance of taking a membership and also explained the importance of taking the admission for Oral course, keep on learning, think on participation in the Institutes Management process. He inform students about changes in the Syllabus, International Campus procedure in the future, Overseas Chapters, to improve English speaking, also advised the students to visit the centre for any issues.

Dr. Ashok Agrawal (Principal, Kaveri College of Arts, Science and Commerce, Pune) Guest of Honor at this occasion congratulated the students and their parents also for the success. He also explained the importance of role of CMAs in the Corporate and Education sector.

Mr. Amit Ghaisas (Managing Director, Yash Prabha Group) Chief Guest congratulated the successful students.. He advised them to use technology for upgradation, first analyse and then use the proper information.

CMA Amey Tikale, Chairman, Students Co-ordination Committee, explained Scholarship & Loan scheme of Chapter for Inter & Final Students.

Total 93 students were felicitated with the various categories of the prizes by Chief Guest & Dignitaries of the program. On this occasion Managing committee of Chapter also felicitated the Staff of Chapter for their valuable contribution for the development of the Chapter.

Vote of thanks delivered by CMA Himanshu Dave.

Valedictory session of Pre-Placement Orientation Program Chapter conducted a Pre-Placement Orientation Program for Newly Qualified CMAs (June 2023 exam) from 10th October to 20th October 2023 at Pune Chapter premises.

CMA (Dr.) D. V. Joshi, former President of ICAI, CMA Chaitanya Mohrir, Chairman WIRC-ICMAI, CMA Nagesh Bhagane, Chairman, ICAI-Pune Chapter, CMA Rahul Chincholkar, Chairman PD Committee, CMA Himanshu Dave MC Member of ICAI-Pune Chapter were present for the session.

CMA Rahul Chincholkar, Chairman PD Committee, introduced the Guests to the participants.

CMA Nagesh Bhagane, Chairman, welcomed and felicitated CMA (Dr.) D.V.Joshi, former President of ICAI, CMA Chaitanya Mohrir, Chairman WIRC-ICMAI.

He also congratulated Newly Qualified CMAs (June 2023 exam) and offers his best wishes for the Campus Placement.

CMA Chaitanya Mohrir, Chairman WIRC-ICMAI congratulated all participants. He guided the participants for the Campus Placement. He told them to prepare a short resume, clear communication, preference for English, to wear suitable attire. He also told them about International Campus interviews, scope for CMAs, to take online membership, Campaign for CMA Course, to stay connected with CMAs.

CMA (Dr.) D.V.Joshi, former President of ICAI, describes how PPOP helps for being capable for Campus Placement interview. He also explained how this subject based CMA Course is powerful than MBA. As fundamentals of this course are very strong, CMAs occupied higher positions in the industries. He also told the students not to restrict to any Public or Private sector on the basis of salary scales, job security and culture, adaptability for progress. He advised to have more degrees for knowledge improvement. At the end he wishes the participants for success in future.

After that the certificate distribution and felicitation ceremony were held. Vote of thanks given by CMA Himanshu Dave. He also advised the participants to encourage others to choose this CMA course and to stay in touch with the Institute.

SURAT SOUTH GUJARAT

President Felicitating Programme & Prize Distribution Function

Chapter hosted “President Felicitating Programme & Prize Distribution Function” on 22nd October 2023 at Chapter’s premises.

CMA Ashwinkumar Dalwadi – President-ICMAI, CMA Mihir Vyas-Hon. Secretary, WIRC & CMA Nanty Shah, Treasurer, WIRC Grace the occasion. CMA Manubhai K Desai, CMA (D.) Heena S. Oza, CMA Satya Nartayan Mundra, CMA Brijesh Mali, Former Chairmen of the Chapter also grace the occasion. CMA Bharat Savani – Chairman of the chapter welcomed all the dignitaries. CMA Keval Shah, Vice Chairman had handled whole Programme with energy. CMA Kishor Vaghela, Secretary gave introduction and welcome to president. CMA Deepali Lakdawala, Treasurer introduced CMA Mihir Vyas. All the Committee members of the Chapter felicitated CMA Ashwinkumar Dalwadi, President ICAI.

CMA Bharat Savani & All Managing Committee Members Felicitated CMA Mihir Vyas & CMA Nanty Shah. All the students were felicitated by President and dignitaries. CMA Kishor Vaghela, Secretary proposed vote of thanks.

CMA Box Cricket Carnival

CMA Box cricket carnival organized by Chapter. Around 130 students & members participated in the Box cricket

carnival. CMA Ashvin Ambaliya -MC Member coordinated the whole cricket carnival. CMA Nanty Shah- Treasurer WIRC, CMA Bharat Savani-Chairman, CMA Kishor Vaghela-Secretary, CMA Mahesh Bhalala-MC MEMBER also joined the cricket carnival.

Workshop on HANDS ON SAP

Chapter hosted a dynamic CEP & workshop on 9th September 2023, centered on the theme “HANDS ON SAP.” The workshop featured CMA Darshan Patel, a renowned industry Member, as the keynote speaker. CMA Mahesh Bhalala & CMA Vipin Patel, MC Member felicitated to CMA Darshan Patel. Over 50 students were in attendance, benefiting greatly from the insightful session.

Members Meet with Family on 10th September 2023

Chapter- organized “CMA Surat Members Meet” on 10th September 2023. CMA Bharat Savani- Chairman along with Managing Committee Members hosted a family dinner for Surat CMA members and their families at Galaxy Restaurant, Surat. Chief Guest for the program was CMA Chaitanya Mohrir, Chairman WIRC along with CMA Nanty Shah-RCM WIRC Treasurer grace the occasion. It was a fun filled evening to remember with games and gifts for the families. The managing committee appreciated and thanked the members for their valuable presence.

Industry Visit- Adani Port & Adani Wilmar Pvt Ltd on 14th September 2023

Chapter organized Industry Visit at Adani Port & Adani Wilmar Pvt Ltd, on 14TH September 2023. CMA Nanty Shah- Treasurer WIRC, CMA Bharat Savani- Chairman, CMA Kishor Vaghela- Secretary, CMA K C Gupta & CMA Mahesh Bhalala, CMA Vipin Patel - MC Member along with around 45 students went to the Adani Port & factory and experienced the manufacturing and packaging of the products. ADANI authorities addressed the students also explained them about health benefits and precautions needed for consuming and storing food products. Around 45 students took the benefit of the session.

Workshop on 21st September 2023

Chapter hosted workshop on 21st September 2023, on “Practical Aspects of Costing in Corporate.” CMA Deepali Lakdawala-Treasurer of the Chapter & a renowned Practicing Cost Accountant was the keynote speaker. CMA Dharmesh Jivani-Members of the Chapter felicitated to CMA Deepali Lakdawala. Over 50 Members & students attended the workshop, benefiting greatly from the insightful session.

Press Meet

Chapter hosted a Press Meet at the Chapter’s campus on 26th September 2023. CMA Nanty Shah-Treasurer WIRC, CMA Bharat Savani-Chairman, CMA Keval Shah -Vice Chairman, CMA Kishor Vaghela -Secretary, CMA Deepali Lakdawala -Treasurer, CMA Mahesh Bhalala and CMA Ashvin Ambaliya – MC Member joined the Meet. The Press Meet was being held for the declaration of the INTER-FINAL Results for JUNE 2023 term.



CMA Bhadresh Mehta, Chief Guest felicitating fresh CMA during valedictory session of 12 Days Orientation program held at Ahmedabad Chapter on 21st October 2023



Shri P.C.Agrawal, Speaker, CMA Rajesh Deshmukh Chairman of the Aurangabad Chapter and CMA (Dr.) Sanvedi Rane Chairperson of PD Committee of Aurangabad Chapter during CEP on Exploring the Professional avenues available for CMAs organized by Aurangabad Chapter 7th October 2023.



Colonel KS Sirohi, District Sainik Welfare Officer, Chief Guest, CMA Nanty Shah, Treasurer WIRC, Committee members of Indore Dewas Chapter alongwith participants during inauguration of 5th batch of CAT course held at Indore Dewas Chapter on 11th October 2023.



CMA Mihir Vyas, Hon. Secretary, WIRC felicitating CMA Chaitanya Mohrir, Chairman WIRC during Navratri Celebrations organised by Baroda Chapter on 27th October 2023. Also seen CMA Nanty Shah, Treasurer WIRC and CMA Harshad Deshpande, CCM-ICMAI



CMA Priyank Vyas, Chairman Baroda Chapter felicitating student during Felicitation Programme organised by Baroda Chapter on 30th September 2023



CMA Ashwinkumar Dalwadi, President-ICMAI, CMA Mihir Vyas, Hon. Secretary, CMA Nanty Shah, Treasurer WIRC, alongwith CMA Manubhai K Desai, Past Chairman and managing committee members of Surat South Gujarat Chapter during Felicitation Programme & Prize Distribution Function organized on 22nd Oct. 2023.



Participants of CMA Box Cricket Carnival organized by Surat South Gujarat Chapter.



CMA Deepali Lakdwala, speaker is being felicitated by CMA Dharmesh Jivani during workshop on Practical Aspects of Costing in Corporate organized by Surat South Gujarat Chapter on 21st September 2023



View of participants at the 1st Documentary on “Legends of the Business” at CMA Bhawan



CMA Manisha Agarwal, RCM-WIRC alongwith dignitaries on dais during Seminar on Insolvency and Bankruptcy Code 2016” organized by Nagpur Chapter on 21st October 2023.



CMA (Dr).D.V.Joshi, former President of ICAI, CMA Chaitanya Mohrir, Chairman WIRC, Office Bearers of Pune Chapter alongwith Newly Qualified CMAs during Valedictory session of Pre Placement Orientation programme organized by Pune Chapter on 20th October 2023



CMA Neeraj Joshi, CCM-ICMAI, CMA Chaitanya Mohrir, Chairman WIRC with Dignitaries and Newly Qualified CMAs -June 2023 examination during Students Day Program organized by Pune Chapter on 14th October 2023

Glimpses of Regional Chapters Meet & Seminar on Sustain ability at Goa on 3rd & 4th November 2023



CMA Chaitanya Mohrir, Chairman WIRC felicitating CMA Ashwin Dalwadi, President ICMAI



CMA Chaitanya Mohrir, Chairman WIRC felicitating CMA Sanjay Gupta, Past President, ICMAI and speaker



CMA Arindam Goswami, Vice Chairman WIRC felicitating CMA Amit Apte, Past President, ICMAI and speaker



View of Chapter Representatives



View of Chapter Representatives alongwith Council Members

To,



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