CMA विद्यार्थी

For CMA Students Only | January 2024

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Statutory body under an Act of Parliament

Western India Regional Council

Behind Every Successful Business Decision, There Is Always A CMA

www.icmai-wirc.in

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Editorial Board

From The Chairman's Desk

CMA Chaitanya Laxmanrao Mohrir
Chairman, ICMAI-WIRC

Dear Students,

Greetings!

"The beautiful thing about learning is that no one can take it away from you." –B.B. King

At the outset let me wish all my student friends a Very Happy & Prosperous New Year!!
Results for the December 2023 Foundation examination are declared and I congratulate to all the Foundation course students for their success. Welcome on the path of becoming a professional. I request you to register for Intermediate. Last Date of registration for June 2024 term is 31st January 2024.

After a GAP of 4 Years this year again we are organising Regional Students Cost Convention on 17th & 18th February, 2024 at Nashik. The Convention will be hosted by ICMAI-Nashik Chapter. The Theme of the Convention is "Innovate, Impact, Inspire: CMA to Redefining Boundaries and Nation Building". The Regional Students Convention will offer you a chance to meet your peers and build relations with them. Quiz Competition & Mock Parliament Competition organised on the occasion. The event will also offer the students to showcase their presentation skills as a Power Point Presentation Competition at Regional Level. I sincerely appeal to all the students not to miss on such learning opportunities. These programs will help you acquire that extra piece of knowledge which will you make stand apart and counted in the competitive world. I hope that the event will have wide participation from the region and to meet you all during the event. Details topics for the competition are published in this issue.

The Institute Launched the ICMAI TV Channel on JioTV Platform on 26th December,2023. ICMAI channel is specifically crafted to broadcast both live and pre-recorded content encompassing various topics. The channel serves as an effective medium for communication, allowing seamless interaction and the dissemination of the Institute's objectives related to student matters. This channel will definitely help to members and students in education, culture, skill development innovations etc.

On 26th January 2024 India will be celebration its 75th Independence. The 2024 Republic Day theme is "India - Mother of Democracy" and "Viksit Bharat" (Developed India). I request everyone to attend the flag hosting on 26th Jan nearby your places.

Jai Hind!

Chief Editor's Communique

CMA Mihir Narayan Vyas
Hon. Secretary/ Chairman - Editorial Board & Students Coordination Committee,
ICMAI-WIRC

Dear Students,

Greetings!

"Education is the most powerful weapon which you can use to change the world."

I am happy to announce that WIRC Regional Student Conference 2024 at Nashik on 17th & 18th February 2024. On this occasion WIRC planning to have a Power Point Presentation, Quiz & Mock Parliament Competition for the Students. The Theme of the convention is "Innovate, Impact, Inspire: CMA to Redefining Boundaries and Nation Building". Dare to Do, Dare to Win. I request all the students do participant in the events.

Bharat is celebrating Ram Mandir Pran Pratistha Mahotsav and WIRC Students Coordination Committee announce Drawing & Rangoli Competition for the students on the historic occasion of Ram Mandir Pran Pratistha. Moreover, we will be celebrating Diamond Jubilee Year i.e. 75th year of our Republic Day. This year's theme will be "India - Mother of Democracy" and "Viksit Bharat" which is a matter of great pride for us.

Result of CMA foundation examination declared and I must congratulate all the students who pass out in the examination. Intermediate admission start and I request all pass out students to enrolled for the same.

Intermediate and Final Examination over now and result will be declare in the month of February. I am sure that those who have burnt their day and mid-night will come out with great success and make themselves and their parents proud with their academic achievements.

WIRC Students Coordination Committee started new initiative to live with "Rising Stars of CMA' via YouTube in which successful fresh CMAs share their CMA Journey. Kindly Join the the same. Next episode will be on 27th January 2024.

WIRC arranged revisionary batch for Foundation students with ONLINE mode in the month of December 2023. All the sessions uploaded on WIRC YouTube Channel. I appeal the students to visit WIRC YouTube Channel "ICMAI-WIRC CMA".

WIRC will be introducing the MCQ Question Bank for the 2022 Syllabus. It will helps students for preparation of upcoming exams.

I am glad to note that the students have given a very positive response to this initiative and I thank and congratulate all the contributors of the CMA Vidyarthi.

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

Student's Corner

Leveraging Data Analysis and Prediction Tools in CMA Professionals' Toolkit

Arnab Chatterjee

CMA Intermediate

Introduction:

Cost and Management Accountants (CMAs) play a critical role in organizations by providing strategic financial insights and facilitating effective decision-making. In the contemporary business environment, the integration of data analysis and prediction tools can significantly enhance the capabilities of CMA professionals. This article delves into how CMAs can leverage these tools to optimize cost management, streamline operations, and contribute to organizational success.

Dynamic Data Collection and Integration:

Data analysis tools empower CMAs to streamline the collection and integration of financial data from diverse sources. This ensures a comprehensive and accurate dataset for analysis.

Utilizing tools like Microsoft Power BI or Tableau, CMAs can create interactive dashboards, fostering real-time monitoring of key financial metrics and providing a holistic view of organizational performance.

Performance Evaluation and Benchmarking:

Data analysis tools enable CMAs to assess the performance of various business units or projects. By establishing benchmarks and comparing actual performance against them, CMAs can identify areas for improvement.

Predictive modeling aids in forecasting future performance based on historical data, allowing CMAs to make informed decisions and contribute to strategic planning.

Cost Analysis and Optimization:

CMAs can use data analysis tools for in-depth cost analyses, identifying cost drivers, understanding cost behavior, and optimizing resource allocation.

Predictive analytics helps anticipate future cost trends, enabling CMAs to implement cost-saving measures and enhance overall operational efficiency.

Risk Management and Mitigation:

Data analysis tools assist CMAs in identifying and assessing financial risks. Advanced analytics can model different scenarios, providing insights into potential impacts and aiding in risk mitigation strategies.

Proactive use of predictive modeling allows CMAs to develop strategies that prepare the organization for unforeseen challenges, bolstering risk management efforts.

Strategic Budgeting and Forecasting:

CMAs can enhance their budgeting and forecasting processes by incorporating predictive analytics. Analyzing historical data and market trends enables more accurate predictions for future financial performance.

Dynamic forecasting models empower CMAs to adapt swiftly to changes in the business environment, making the budgeting process agile and responsive.

Fraud Detection and Regulatory Compliance:

Data analysis tools equipped with machine learning algorithms are invaluable for detecting anomalies and patterns indicative of fraud. CMAs can use these tools to strengthen the organization's fraud detection capabilities.

Automated data analysis tools facilitate compliance with regulatory requirements, ensuring that financial reporting aligns with industry standards.

Conclusion:

Incorporating data analysis and prediction tools into the skill set of Cost and Management Accountants empowers them to navigate the intricacies of modern business. By leveraging these tools, CMAs can not only enhance their analytical capabilities but also play a pivotal role in strategic decision - making, risk management, and overall organizational success. As data continues to be a driving force in business outcomes, CMAs embracing these tools position themselves as essential contributors to financial management and analysis in today's dynamic business landscape.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)

TIME TABLE & PROGRAMME – JUNE 2024

FOUNDATION COURSE EXAMINATION

(Multiple Choice Questions through offline OMR based from Centre)

Day & Date	Foundation Course Examination Syllabus-2022	
	Time 10.00 A.M. to 12.00 Noon. - IST Paper – 1 & 2 (200 Marks)	Time 02.00 P.M. to 04.00 P.M.- IST Paper – 3 & 4 (200 Marks)
Sunday, 16th June, 2024	**Paper – 1 :** Fundamentals of Business Laws and Business Communication (100 Marks 50 Multiple Choice Questions) **Paper – 2 :** Fundamentals of Financial and Cost Accounting (100 Marks 50 Multiple Choice Questions)	**Paper – 3 :** Fundamentals of Business Mathematics and Statistics (100 Marks 50 Multiple Choice Questions) **Paper – 4 :** Fundamentals of Business Economics and Management (100 Marks 50 Multiple Choice Questions)

Cost Accounting - An Aid to Management

Devyani Malvadkar
CMA Intermediate

Usually when we talk about Costing or Cost Accounting what strikes your mind initially? Why Cost Accounting ? Have you ever thought upon this ? Indeed it's true that accounting accomplishes the twin functions of reporting both external and internal. Being a primary function of accounting and information needs of management the need of cost accounting arises in late 1800's. However, managerial personal at different levels not only need financial information which enables them to exercise control over the entire business in general way , but also day to day cost information about the cost of production per unit of a commodity and service.Cost Accounting is a form of managerial accounting that aims to capture a company 's total cost of production by assessing the variable cost at each step. The field of cost accounting is so vast. The accounting system for cost is unique in it's way. Majority of concerns do maintain cost accounting in some form or another.The system vary from the simplest to the most sophisticated computer based cost accounting systems.

Cost accounting involves recording of cost related analysis in the business.It also helps the organisation to keep the track of there cost related activities.

Till now we have studied about the field let's now see the onset of this field.

This system of analysing data in costing is traced back to 17th century or more. The age of industrial revolution resulted in the first swept of large business organisation. These organisation were more complex and dynamic.Thus, it led to the invention of what is now the modern cost accounting process in practice. Thus, the rise of cost accounting can be traced back to the industrial revolution.

The field of Cost Accounting got its birth by a famous accountant named "Jerome Lee Nicholson."

He was an American origin accountant an industrial consultant,author and educator at New York University, Columbia.He was also known as pioneer in cost accounting. His contribution consisted of emphasizing cost centres and measuring of profits for individual department. Nicholson also contributed in establishing the NATIONAL ASSOCIATION of COST ACCOUNTANTS (NACA) in 1920. This revolutionized the world of Costing System.He was founding president of NACA. He has written several books like, 'FACTORY ORGANISATION AND COST', 'COST ACCOUNTING -THEORY AND PRACTICE ' etc.

Later on it was summarised that hundreds of years painful slow progress , cost accounting took a dive in 1880s'. Between 1885-1920 the essentials of modern cost technique were formulated and to some extent they were standardized in practice too . Undoubtedly the progress was slow in this period. Eventually after 1940s' the "ICAI-CMA" , formerly known as 'The Institute of COST and WORKS ACCOUNTANT's of INDIA' was established in 1944. It was established as a registered company under Companies Act and is only recognised statutory professional organisation and licensing body,in India. This organisation is specialised exclusively in Cost and Management Accountancy.

Cost Accounting is a managerial form of accounting that aims to capture a company 's total cost of production by assessing the variable cost at each production step as well as fixed.It is visualised as a purely clerical activity involving the accumulation of a mass of cost data and preparation of a multiplicity of cost sheets, schedules and reports . Without belittling the importance of contributing the information from such activity it can still be said that this view of cost accounting overlooks of interesting and challenging.

An expert accountant is well versed in the basic operation and operating problems of his company. In turn executives who use cost accounting are able to do more effectively if they have a basic understanding of this type of accounting. There are various purposes which make human life easy in industrial sector.

As we all know, the process of cost ascertainment is no longer one of the mental arithmetic,but systematic and planned process.Cost are accumulated and recorded in an organised and orderly manner by setting up a formal mechanism, known as cost accounting system. Every manufacturing organisation needs a costing system to keep a track of their cost and practice cost control. However,every organisation adopts costing system best suitable for its structure and functioning. A well versed system of accounting implies that there is planned and co-ordinated arrangement of all matters relating to costing. To consumer for instance ,cost is the price he pays for a commodity; to economist cost is includes explicit or implicit.

However engineer is concerned with comparison of total cost and similarly businessman is concerned with decision making cost. Thus there are different cost for varied purposes. In fact, accountants , economists are each concerned with the study of cost for different purposes. It is precisely the reason why there is a large variety of ideas about cost. As such ,the term cost never stands on its own,and also should never be used without qualification.

Meanwhile, the cost accounting field is useful in many ways to humans also it consists some or the other drawbacks. Cost Accounting suffers from a certain inherent limitations like "Absence of a ready made system, Cost differences,Varied cost concepts,Empirical science,Objections to its introduction,etc." Whereas cost accounting serves management with information which assists with them in their task of managing an enterprise. Cost presentation is this a link between cost ascertainment and cost control. To bring more efficiency in the management work examination is required which gave rise to audits. Likewise financial audits are taken place cost audits involves the examination of records and accounts with a view to ensuring their accuracy. It helps in deduction of errors prevention of frauds,etc. The cost auditor have to make sure whether the prescribed cost accounting procedures are been followed in the maintenance of cost records. Later on 'COST AUDIT' was made compulsory in India by bringing 27 specified industrial establishment within the purview of cost audit.

Since we have being studying the Field of Cost Accounting -its so vast and large.
In conclusion, cost accounting systems are essential because they provide businesses with the information needed to monitor and control expenses, accurately measure performance and profitability, identify waste areas, and make informed decisions about allocating resources.....

Applicability Of Cost Records and Cost Audit Under Companies Act, 2013

Nikhil Agarwal
CMA Final

Introduction

The applicability for maintenance of the Cost Records and Cost Audit of the Companies is from Section 148 of The Companies Act, 2013 and Companies CRA (Cost Records and Audit) Rules, 2014. Cost Audit was firstly introduced in the year 1965 which was applicable for Cement Industry and later due huge growth and development in Indian economy, the scope of Cost Audit has been increased.
The Cost Audit shall be conducted by The Cost Accountant in Practice under Cost and Works Accountants Act, 1959 and appointed by the Board of the Director of the Company.

<u>Application Of Cost Records [Section 148(1) OF THE COMPANIES ACT, 2013]:-</u>

<u>Companies (Cost Records and Audit) RULE – 3:-</u>

<u>Applicable To:-</u>

(1) Only companies (Including foreign companies)
(2) Manufacturing of specified goods or providing specified services
(3) Overall turnover of previous financial year = 35 Cr. or more from all products
(4) It is not applicable to MSME Enterprises

Overall Turnover includes: -

(1) Total Turnover from Sales of All Products or Services (excluding GST).

(2) Other Operating Incomes like Sale of Scrap, Sale of the byproducts, Export Incentives, Job work income, trading turnover, etc.

Eg. - Computation Of Overall Annual Turnover Of F.Y.

(Rs. In Cr.)

PARTICULARS	Part of Gross Turnover	CASE - 1	CASE - 2	CASE – 3
REVENUE FROM OPERATIONS :-				
SALE OF PRODUCT	Yes	18.00	31.00	36.00
SALE OF SERVICES	Yes	3.00	3.00	3.00
OTHER OPERATING INCOMES :-				
SALE OF SCRAP	Yes	0.25	0.25	0.25
DUTY DRAWBACK AND EXPORT INCENTIVES	Yes	0.75	0.75	0.75
OTHER INCOME :-				
INTEREST AND DIVIDEND INCOME	No	3.00	3.00	3.00
FOREX GAIN	No	1.50	1.50	1.50
GROSS TURNOVER FOR COST RECORDS AND AUDIT		**22.00**	**35.00**	**40.00**
APPLICABLITIY OF COST RECORDS		**No**	**Yes**	**Yes**
APPLICABLITIY OF COST RECORDS		**No**	**Yes**	**Yes**

Application Of Cost Audit (Section 142(2) Of The Companies Act, 2013)

Companies (Cost Records And Audit) Rule - 4

For purpose of application of Cost Records and Cost Audit, the Specified Products or Specified Services are classified under following two categories

Application Of Cost Audit

PARTICULARS	NOTE	REGULATED SECTOR [TABLE – A PRODUCT]	NON-REGULATED SECTOR [TABLE – B PRODUCT]
OVERALL (GROSS) ANNUAL TURNOVER OF P.F.Y. **AND**	1	Rs. 50 CRORES OR MORE **AND**	Rs. 100 CRORES OR MORE **AND**
AGGREGATE TURNOVER OF INDIVIDUAL PRODUCTS OR SERVICES	2	Rs. 25 CRORES OR MORE	RS. 35 CRORES OR MORE

Note

1 – For the purpose of computing Overall Gross Turnover, refer Point [A] above.

2 - AGGREGATE TURNOVER OF INDIVIDUAL PRODUCTS OR SERVICES means – Turnover of all Products or Services (aggregate) on which Cost Records (Rule-3) is applicable. (Please refer the below given table):

(Rs. In Cr.)

PARTICULARS	RULE-3 APPLICABLE	CASE - 1	CASE - 2	CASE - 3
SALE OF PRODUCT :-	**TABLE**			
Product – 1	A	15.00	15.00	15.00
Product – 2	B	3.00	7.00	30.00
Product – 3	B	2.00	4.00	20.00
Product – 4	Not applicable	25.00	25.00	25.00
Product – 5	Not applicable	7.00	2.00	15.00
TOTAL SALES		**52.00**	**53.00**	**105.00**
OTHER OPERATING INCOME		**4.00**	**4.00**	**4.00**
OVERALL (GROSS) ANNUAL TURNOVER		**56.00**	**57.00**	**109.00**
AGGREGATE TURNOVER OF INDIVIDUAL PRODUCTS OR SERVICES		**20.00**	**26.00**	**65.00**
COST AUDIT APPLICABLE		Not applicable	Only applicable for **Product – 1** {Table – A product}	Applicable for **Product 1, 2 & 3.** {Table – A & B product}

Cost Audit is not applicable if,
(A) Overall Gross turnover includes more than 75% revenue from Export Income (foreign exchange) or
(B) if Company operating from Special Economic Zone (SEZ).

Table A: Regulated Sectors

No.	SECTORS	NAME OF FEW INDUSTRY PLAYERS #
1	Telecommunication services	Reliance Jio, Airtel, Vi Ltd.
2	Electricity services (Generation, Transmission or Distribution)	Adani Power Ltd., MGVCL, GETCO.
3	Petroleum products	Indian Oil Corporation Ltd., BPCL, HPCL, RIL.
4	Drugs and pharmaceuticals	Sun Pharma Ind. Ltd., Zydus Ltd., Cipla, Abbott.
5	Fertilisers	GSFC Ltd., Deepak fertilizers.
6	Sugar and industrial alcohol	Shree Renuka Sugars, Balarampur Chini Mills

The above examples are only meant for Illustrative purpose only.

Table B: For Non-Regulated Sectors

No.	SECTORS	NAME OF FEW INDUSTRY PLAYERS #
1	Machinery and mechanical appliances used in defence, space and atomic energy sectors	HAL, BHEL, LT Ltd., Elecon Engineering, Antrix Corporation, NTPC.
2	Turbo jets and turbo propellers	General Electric Ltd., Aster Space Tech. Pvt. Ltd.
3	Arms and ammunitions and Explosives	Mahindra Defense Systems Ltd., Bharat Dynamics
4	Propellant powders; prepared explosives, safety fuses; detonating fuses; percussion or detonating caps;igniters; electric detonators	Solar Industries India Ltd., Global Engineers Ltd.
5	Radar apparatus, radio navigational aid apparatus and radio remote control apparatus	Astra Microwave Products, TATA Advance System.
6	Tanks and other armoured fighting vehicles, motorised,whether or not fitted with weapons and parts of such vehicles(investment made in the company by the Government)	Hindustan Aeronautics (HAL), Bharat Electronics (BEL), Mazagon Docks (MDL).
7	Port services	Adani Ports & SEZ Ltd., Kamarajar Port Limited
8	Aeronautical services	Mahindra Aerospace, Adani Aero Defense System & Technologies.

9	Iron and Steel	Tata Steel Ltd., Jindal Stainless Steel Ltd.
10	Roads and other infrastructure projects	LT Ltd., Patel Infra Ltd., GVK Infra. Ltd.
11	Rubber and allied products	Hilton Rubbers Ltd., MRF Ltd.
12	Coffee and tea	Tata Consumer Products, CCL Product, Nestle.
13	Railway or tramway locomotives	IRCTC Ltd., Mumbai Railway Vikas Corporation
14	Cement	Ultratech Cement, Wonder Cement, ACC Ltd.
15	Ores and Mineral products	Coal India Ltd., Hindustan Zinc Ltd.
16	Mineral fuels (other than Petroleum), mineral oils	Hindalco Industries Ltd., Vedanta Ltd.
17	Base metals	JSW Steel Ltd., Vedanta Ltd., Hindustan Copper
18	Inorganic chemicals, organic or inorganic compounds of precious metals, rare-earth metals and Organic Chemicals	Pidilite Industries Ltd., Deepak Nitrite Ltd., TATA Chemicals Ltd., Atul Ltd., GACL.
19	Jute and Jute Products	Premchand Jute & Ind. Pvt. Ltd., Al Champdany Ind. Ltd.
20	Edible Oil	Adani Wilmar Ltd., NK Proteins Pvt. Ltd.
21	Construction Industry	Larsen & Toubro Ltd., Shapoorji Pallonji & Co. Ltd., Lodha Group, TATA Projects Ltd.
22	Health services	Apollo Hospitals Ltd, Zydus Hospitals, Max Healthcare.
23	Education services	Byju’s Aakash, Career Point, Veranda Learn
24	Milk powder	AMUL, Pradhin Ltd., Nestle.
25	Insecticides	Atul Pesticides Pvt. Ltd., Jyoti Laboratory Ltd.
26	Plastics and polymers	Ecoplast, Pankaj Ploymers, Shri Jagdamba, EPL
27	Tyres and tubes	MRF Ltd., Apollo Tyres Ltd., JK Tyre & Ind. Ltd.

28	Pulp and Paper	JK Paper Ltd., Navneet Edu. Ltd, NR Agarwal.
29	Textiles	Vardhman Textiles Ltd., TCNS Clothing, GHCL.
30	Glass	Asahi India (AIS), Borosil, Saint-Gobain, PGP Glass Pvt. Ltd., Haldyen Glass.
31	Other machinery and Mechanical Appliances	Voltas Ltd., Blue Star Ltd., Mahindra & Mahindra Ltd., Volvo Construction Equip. Ltd, ACE Eq. Ltd.
32	Electricals or electronic machinery	Siemens Ltd., ABB India Ltd., Havells India Ltd. CG Power Ltd., Schneider Infra Ltd.
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 defibrillators; (xiv) Pacemaker (temporary and permanent); (xv) Patent-ductus arteriosus, atrial septal defect and ventricular septal defect closure device; (xvi) Cardiac re-synchronize therapy ; (xvii) Urethra spinicture devices; (xviii) Sling male or female; (xix) Prostate occlusion device; and (xx) Urethral stents:	Johnson & Johnson Ltd., Siemens Ltd., Abbott Laboratories Ltd., Poly Medicure Ltd., General Electric, Narang Medical Ltd., Angiplast Pvt. Ltd.

The above examples are only meant for Illustrative purpose only, please refer the proper CTA Heading Wherever applicable.

The Essential Role of Cost Accounting in Driving Profitability in Manufacturing

Dipendra Girase
CMA Final

Introduction

Cost accounting plays a crucial role in the manufacturing industry, serving as a strategic tool for businesses to enhance profitability, optimize operations, and make informed decisions. In this article, we will explore the essential functions of cost accounting, its practical uses, various cost pools, cost drivers, and highlight some common mistakes to avoid in the manufacturing sector.

Practical Uses of Cost Accounting in Manufacturing:

1. Product Costing:

Cost accounting helps manufacturers accurately calculate the cost of producing goods, including direct materials, labour, and overhead expenses. This information is invaluable for setting competitive prices, negotiating contracts, and identifying cost-saving opportunities.

2. Budgeting and Forecasting:

By analazying historical cost data, cost accountants can develop realistic budgets and forecasts. This allows manufacturers to allocate resources efficiently, plan for future expenses, and adapt to changing market conditions.

3. Performance Evaluation:

Cost accounting enables businesses to evaluate the performance of different departments, products, or processes. This information helps identify areas for improvement, streamline operations, and enhance overall organizational efficiency.

4. Decision-Making Support

Managers rely on cost accounting data to make informed decisions. Whether it's choosing between alternative production methods or deciding on pricing strategies, cost accounting provides the necessary financial insights for optimal decision-making.:

5. Continuous Improvement:

Cost accounting facilitates the implementation of continuous improvement initiatives, such as lean manufacturing and Six Sigma. It helps identify waste, inefficiencies, and areas where costs can be reduced, contributing to long-term profitability.

Cost Pools in Manufacturing:

Cost pools represent the categorization of costs based on their nature and characteristics. In manufacturing some common cost pools include:

1. Direct costs - Material and labour expenses directly associated with production of a unit.

2. Variable costs - Expenses incurred that fluctuate in association with levels of production.

3. Overhead - Indirect expenses incurred during the manufacturing process that cannot be directly attributed to a job.

4. Fixed costs - Expenses that are predictable and consistent over a relevant range of production. Some typically significant fixed costs included in costing models are:

- Rent or depreciation of facility
- Administrative labour
- Depreciation of equipment
- Business insurance

Cost Drivers in Manufacturing:

Cost drivers are factors that significantly influence the costs incurred in the production process. Four key cost drivers in manufacturing include:

1. Machine Hours:

The total number of hours machines are used in the manufacturing process.

2. Labor Hours:

The total hours of direct and indirect labour involved in production.

3. Number of Setups:

The frequency with which production setups are required for different products.

4. Production Volume:

The total number of units produced, affecting both variable and fixed costs.

Common Mistakes in Cost Accounting for Manufacturing:

1. Inaccurate Allocation of Overhead:

Failing to properly allocate overhead costs can distort product costs and lead to suboptimal decision -making.

2. Ignoring Variable and Fixed Costs:

Neglecting to distinguish between variable and fixed costs can result in flawed budgeting and pricing decisions.

3. Not Updating Costing Methods:

Failure to adapt costing methods to changes in technology or production processes can lead to outdated and inaccurate cost information.

4. Overlooking External Factors:

Ignoring external factors such as market trends and economic conditions can impact the accuracy of forecasts and budgeting.

5. Inadequate Communication:

Poor communication between accounting and operational teams can hinder the accuracy and relevance of cost accounting data.

6. Relying Solely on Historical Data:

Depending solely on historical data without considering future trends and market dynamics can result in ineffective decision-making.

Conclusion

In conclusion, cost accounting is an indispensable tool for driving profitability in the manufacturing industry. By leveraging practical uses, understanding cost pools and drivers, and avoiding common mistakes, businesses can enhance their financial management capabilities and position themselves for long-term success in a dynamic and competitive market.

Cost Accounting In Digital Era Of Ai

Simran Daryani
CMA Final

AI VERSES COST ACCOUNTING

Ai, or Artificial intelligence refers to development of computer systems that can perform tasks that typically requires human intelligence. Whereas Cost Accounting is a systematic procedures for recording and reporting of cost of manufacturing goods and performing services.

Revolutionizing Cost Accounting in Digital Era

Integration of artificial intelligence is reshaping traditional business functions, and cost accounting is no exception. Cost Accountants can harness the power of AI to enhance accuracy of processes and drive strategic decision making.

1. Automation Of Routine Task: AI enable Cost Accountants to automate repetitive task such as data entry, reconciliations, and basic calculations. This reduces the risk of human error and also frees up valuable time to focus more on analytical and strategic aspects.

2. Risk Management and Fraud Detection: AI enhances the ability to identify irregularities in financial data, contributing to effective risk management and fraud detection. Cost Accountants can utilize AI tools to monitor transactions, detect unusual patterns for safeguarding organization's financial health.

3. Enhanced Decision Support System: Integration of AI into cost accounting can enable cost accountants to make more informed and timely decision. This dynamic decision-making approach is crucial in guiding the complexities of modern business.

4. Data Analysis and Pattern Recognition: With the ability to process vast amounts of data quickly, Ai facilitates advanced data analysis for cost accountants. The analytical power with machine learning algorithms can enable organizations to make informed decision based on their understanding of cost dynamics.

How AI Can Impact Cost Accounting?

As businesses integrate Ai into their operations, Cost Accountants play a crucial role in utilizing technology to make informed financial decisions and improve overall decisions . Further it can provide:

1. Real Time Insights: AI provides real time analysis of financial data, enabling faster decision making and allowing organizations to respond promptly to changing cost dynamics.

2. Predictive Analysis: AI facilitates predictive modelling, helping business forecast cost based on historical data, allowing for better budgeting and planning.

3. Data Accuracy: AI enhances the accuracy of cost calculations by handling large datasets and complex calculations with accuracy, minimizing errors.

Challenges With Development Of AI

1. Skill Gap: The implementation of Ai in cost accounting requires a workforce with the right skills. Bridging the skill gap for cost accountants to effectively utilize Ai tools is a challenges organizations need to address.

2. Ethical Consideration: Cost Accountants must contend with ethical consideration related to transparency, fairness, and accountability in Ai-driven decision making processes

3. Overreliance On AI: There's a risk of overreliance on Ai outputs without crucial human oversight. Cost Accountants must strike a balance between utilizing Ai insights and maintaining the necessary human judgement to interpret result accurately.

4. Resistance To Change: Employees may resist the adoption of Ai due to concerns about job security or unfamiliarity with the technology.

Conclusion

According to famous quote given by SHUBHODEEP G'S "Artificial intelligence is not substitute for human intelligence; it is a tool to amplify human creativity and ingenuity".

As the digital era continues to unfold, Cost Accountants must embrace the transformative potential of Ai to stay competitive and relevant. The adoption of Ai in cost accounting not only automates routine task but also elevates the role of accountants as strategic advisors, equipped with powerful analytical tools to navigate the complexities of modern business environment.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)

TIME TABLE & PROGRAMME – JUNE 2024

INTERMEDIATE AND FINAL EXAMINATION

Day & Date	FINAL (Time: 10.00 A.M. to 01.00 P.M. - IST)	INTERMEDIATE (Time: 2.00 P.M. to 5.00 P.M. IST)
Tuesday, 11th June, 2024	Corporate and Economic Laws **(P-13)**	Business Laws and Ethics **(P-05)**
Wednesday, 12th June, 2024	Cost and Management Audit **(P-17)**	Operations Management and Strategic Management **(P-09)**
Thursday, 13th June, 2024	Strategic Financial Management **(P-14)**	Financial Accounting **(P-06)**
Friday, 14th June, 2024	Corporate Financial Reporting **(P-18)**	Corporate Accounting and Auditing **(P-10)**
Saturday, 15th June, 2024	Direct Tax Laws and International Taxation **(P-15)**	Direct and Indirect Taxation **(P-07)**
Sunday, 16th June, 2024	Indirect Tax Laws and Practice **(P-19)**	Financial Management and Business Data Analytics **(P-11)**
Monday, 17th June, 2024	Strategic Cost Management **(P-16)** Cost	Accounting **(P-08)**
Tuesday, 18th June, 2024	Electives (Any one of three Papers) : (i) Strategic Performance Management and Business Valuation **(P-20A)** (ii) Risk Management in Banking and Insurance **(P-20B)** (iii) Entrepreneurship and Start up **(P-20C)**	Management Accounting **(P-12)**

Cracking the Cost Code: Inside Cost Accounting and Auditing Excellence!

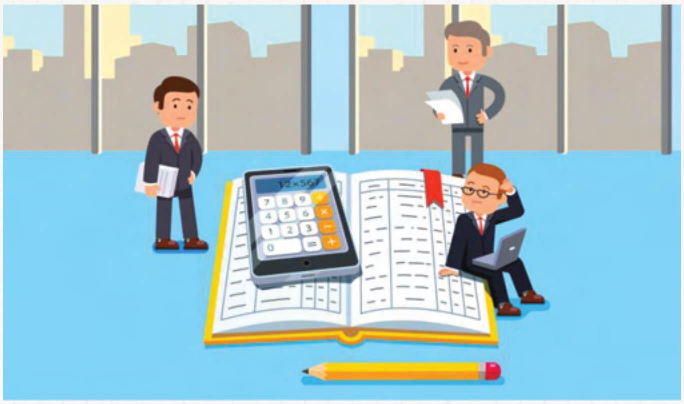
Drishita Bhushan Khanna
CMA Intermediate

- Starting with a Quote:

"Cost accounting is a branch of accounting that focuses on the process of recording, analyzing, and controlling the costs associated with producing goods or services within an organization. Its primary purpose is to provide management with accurate and timely information about the costs of various activities, products, or projects, which can aid in decision-making, cost control, and overall financial management." - Institute of Cost Accountants of India (ICMAI)

Role of Cost Accountants

Cost accountants are professionals responsible for performing cost accounting functions within an organization. They play a critical role in collecting and analyzing cost data, preparing cost reports, and helping management make informed decisions related to pricing, cost reduction, budgeting, and resource allocation.



Components of Cost Audit:

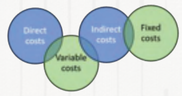
1) Cost Accounting Records

Commencing with the examination of cost accounting records and documents maintained by the company, the auditor delves into items such as cost ledgers, cost sheets, production records, and any other relevant documentation.

2) Costing Methods

The auditor reviews the costing methods employed by the company to allocate and apportion costs to products or services, ensuring compliance with accounting standards.

3) Cost Classification



Starting with an assessment of how costs are classified and categorized within accounting system, the auditor ensures consistency and accuracy in the separation of variable and fixed costs, direct and indirect costs, and various cost elements.

4) Cost Allocation

The auditor examines how costs are allocated to different cost centers, departments, or projects, ensuring correct and fair allocation.

5) Compliance with Laws and Regulations

The audit process begins with an assessment of whether the company's cost accounting practices comply with relevant laws and regulations governing cost accounting and reporting in the industry or jurisdiction.

6) Cost Control Procedures

Commencing with an evaluation of the company's cost control procedures and internal controls, the auditor identifies any weaknesses or areas of improvement.

7) Cost Variance Analysis

The auditor may perform a variance analysis to compare actual costs with budgeted or standard costs, helping identify areas where costs deviate from expectations.

8) Documentation and Reporting

The auditor reviews the documentation of cost audit procedures and prepares a detailed report outlining their findings, including any discrepancies or non-compliance issues.

Cost auditing is particularly important in industries where cost control and accurate cost information are critical, such as manufacturing, construction, and government contracting. It helps ensure transparency and accuracy in cost reporting, which can be vital for regulatory compliance and sound financial management.

Poem: Happiness Can Overcome Loneliness

Tarun Raj Agrahari
CMA Intermediate

Is GST Boon or Bane for E-commerce Operator ?

Suyog Malpure
CMA Finalist

In the Era of Development, up gradation and adoption of new technology, etc. Modi's Govt. planned to impose the new Goods & Services Tax (GST) Act in the whole extent of India, which ultimately reduced double taxation & the burden of 17 different types of indirect Taxes borne by the various taxpayers. Along with that, Finance Ministry in PM Modi's Era had done a great work in the field of Financial Structure, Budgeting, Capital Structuring & other Taxation Policies. We can see, though GST implementation has lots of notifications, amendments as compared to the bare act, But it has covered all types of business segments whether they fall under organized or unorganized sector.

Its an absolute & without any single doubt Digital Bharat Campaign of Central Govt. gave the real boost for the E-commerce Sector in the India. Not with a business platform but it also provided after sale services, the easiest way for dispatch & logistics and most important Unified Payment Interface (UPI) is the biggest contribution to the economy. If we compared in terms of financials market of this particular industries in 2020 (pre-covid) was around $46.2 Billion expecting to end at $188 billion in 2025 with an CAGR of 22% - 27% (fluctuation due to subcategories)1

After looking upon this rapid growth its obvious for government to apply the Tax since this industry is profitable & growing rapidly. Recently we heard & got to know two big giants in E-Commerce (Food Delivery) got GST Demand of Rs. 750 Cr. It was issued against the delivery charges collected from the customers, however these companies were in view of that they just act as an inter-mediator & pays that full amount to the delivery partner. But GST Law says that even though you are acting as a mediator this will be treated as supply only, because customers are paying delivery charges to Zomato or Swiggy not to the delivery guys, now it's in their hands rather to give that full / partial amount or keep it with themselves only.

If we take an overall look at taxpayer falling under E-commerce category, at start any person is required to take registration as per Sec. 22 of CGST Act, 2017 if their aggregate turnover exceeds Rs. 20 in any particular financial year. But on other hand if he is particularly E-commerce supplier than it overrules Sec.22 & Sec.24(x) comes into the force as mandatory registration for all ECO (E-commerce Operator), further ECO are subject to pay tax liabilities on specified services u/s 9(5) not ending with here TCS @1% shall be collected on such supplies where payment against such supplies is collected at the ECOs end. Anyone taking an overlook on taxes implied on Taxpayer under ECOs type can easily say all types of taxes liabilities under GST is applied to few of them & E-Commerce is one of them. The reason behind implementing such various provisions on them is due to late identification & a bunch of loopholes for the organizations trading in such segments.

Although there was no any other option for Govt. End due to tax collection from this business operation which belongs to un-organized sector is not an easy task. So here such business operating through e-commerce becomes scapegoat. This small service finding is very much beneficial & extra source of income for the government, but at the organization's end it is a bit hepatic & difficult to follow multiple compliance's by every act & law imposed by the government. There are lots of chances to get left or miss-out from this which ultimately & heavily impacts on the financials such as on working cash & capital flow, Investors mindset & trust, and Budgeting. Continuing in this industry for long period is not an easy task due to compliance's, rules & regulations implied by various laws as under:

i) Income Tax Act, 1961
ii) Consumer Protection Act, 1986
iii) Information Technology Act, 2000

iv) Foreign Exchange Management Act, 2000
v) Competition Act, 2002
vi) Payment & Settlement Act, 2007
vii) Companies Act, 2013
viii) Goods & Services Tax Act, 2017

Compliance Calender for E-Commerce Operator

Sr	Return / Form Name	Details to be mentioned	Due Date
1	GSTR-1	Details of Outward Supplies	10th of next month
2	GSTR-3B	Details of Inward Supplies & payment of Tax Liability	20th of next month
3	GSTR-8	Details of those supplies for those TCS has been collected or deducted by E-Commerce Operator	10th of next month
4	GSTR-9	Annual Return	31st Dec following the relevant Financial Year
5	GSTR-9C	Reconciliation to the Annual Return	31st Dec following the relevant Financial Year

Live Examples of E-Commerce Businesses with Subcategories & Model

Sr	Business / Organization Name	Sub-Category	Business Model
1	Lens Kart	Inventory Based	B2C
2	Amazon	Inventory Based	B2C
3	Flipkart	Inventory Based	B2C
4	Instamart	Inventory Based	B2B, B2C
5	Ola	Service by way of transportation	B2B, C2C, B2C, C2B
6	Uber	Service by way of transportation	B2B, C2C, B2C, C2B
7	Rapido	Service by way of transportation	B2C, C2C, C2B
8	OYO	Service by way of accommodation	B2B, B2C
9	Urban Clap	Service by way of House-keeping	B2B, B2C, C2C
10	Book My Show	Service by way of online bookings	B2B, B2C
11	PayTm	Multiples Services	B2B, B2C
12	TATA - 1mg	Service by way of pharmacy	B2B, B2C

GST For Freelancer's.

Ketan Ulhas Dharmadhikari
CMA Final

Who is a freelancer?

A freelancer is a person who works on various engagements on a contractual basis and is not committed to a particular employer long-term. Freelancing work includes accounting, data entry, designing, software development, consultancy services, etc.

All GST compliances relating to service providers shall apply to freelancers.

Do freelancer required to register under GST?

Freelancer will have to register for GST in the following situations-

(a) Aggregate turnover of services exceeds GST threshold of Rs 20 lakhs in states other than special category states.

(b) Aggregate turnover of services exceeds GST threshold of Rs 10 lakhs in following special category states -

- Uttarakhand
- Arunachal Pradesh
- Assam
- Jammu & Kashmir
- Manipur
- Meghalaya
- Mizoram
- Nagaland
- Sikkim
- Tripura
- Himachal Pradesh

(c) Providing Online Information and Database Access and Retrieval services (OIDAR)

(d) Providing services outside India and value of services exceeds Rs 20 lakhs (Export of service)

What are Online Information Database Access and Retrieval Services (OIDAR)?

OIDAR Services are a category of services provided through the internet and received by the recipient online without having any physical interface with the supplier of such services. E.g.- advertising on the internet, online gaming, cloud services, online supplies of digital content, digital data storage.

As per section 24 of CGST Act, the OIDAR services provider has to obtain compulsory GST registration. Therefore, freelancers engaged in OIDAR services will have to obtain GSTIN irrespective of aggregate turnover in the year.

According to the GST Act, OIDAR services include the following services:

- Providing cloud-based services
- Advertising on the Internet
- Online gaming services
- Provision for selling e-books, music, movie, software and other intangibles via the internet.
- Providing data or information, retrieval or otherwise to any person in electronic form through a computer network.

Freelancer Services Provided Outside India

As per section 2(6) of IGST Act, services provided by the freelancers to any person located in foreign countries shall be considered as export of services if the following conditions are satisfied-

- The location of the freelancer is in India
- The location of the recipient is outside India
- Place of supply of services is outside India
- Payment for services was received in convertible foreign currency
- Freelancer and the recipient of service are not merely establishments of a distinct person. if the place of supply is out of India

Once the service provided by the freelancer is treated as an export of service, need to determine the requirement of registration under Goods & Services Tax. if the value of services exceeds 20 lakhs, the freelancer has to take GSTIN to provide services outside India.

Registered freelancers have two options to export services in the GST regime.

Option 1: Export services without payment of tax under bond or letter of undertaking (LUT)

Option 2: Export services with payment of tax and later claim a refund

GST Rate on Freelancer Services

GST rate would be 18% for freelance services if no specific rate is notified.

HSN Code For Freelancer Services

(Group 99831)	Management consulting and management services, information technology services
998311	Management consulting and management services including financial, strategic, human resources, marketing, operations and supply chain management.
998312	Business consulting services including public relations services
998313	Information technology (IT) consulting and support services
998314	Information technology (IT) design and development services
998315	Hosting and information technology (IT) infrastructure provisioning services
998316	IT infrastructure and network management services
998319	Other information technology services

Composition Scheme For Freelancer

A composition scheme is an optional scheme of levy of tax available for small taxpayers in the GST regime. Earlier, the scheme was available to only the suppliers of goods. However, notification no 2/2019-Central Tax (Rate) notified the composition scheme for the supplier of service [section 10(2A)] from 1 April 2019. Under this scheme, tax is levied at a reduced rate with fewer GST compliances.

Service providers having an annual turnover of less than Rs 50 lakhs can opt for a composition scheme in GST. Freelancers opting for a composition scheme are required to pay GST at a rate of 6% subject to certain conditions & restrictions.

Invoicing Rules

Any invoice issued by the freelancer should be as per GST rules. The invoice must have all the mandatory fields such as invoice number, date, shipping address, billing address, place of supply, SAC code, value, and signature.

How to calculate GST for freelancers?

As a freelancer in India, calculating GST on your services can be a bit confusing. However, it's important aspect of running your business and ensuring that you comply with the law. Here are the steps you need to follow to calculate GST for your services:

1. Determine the value of your supply.
2. Calculate the GST Rate i.e. 18%.
3. Add GST to your invoice.

Input Tax credit (ITC)

As a registered GST taxpayer, Freelancer is eligible for input tax credit. This means that you can claim credit for the GST paid on goods and services purchased for your business. To claim ITC, you need to ensure that your suppliers have also filed their GST returns correctly.

Maintain Proper books of Accounts

Freelancer must maintain proper records of all GST related transactions. This includes invoices issued, GST collected, GST paid, and input tax credit claimed.

Reverse Charge Mechanism

In some cases, client is responsible for paying the GST instead of the freelancer. This is known as reverse charge. If the reverse charge applies, you must mention it on your invoice.

How many GST returns does a freelancer have to file?

A freelancer will have to file 25 GST returns filing in a year if he is registered as a normal taxable person

Penalty for Late Filing of GST Returns

A late fee of Rs 200 will be levied.
An interest of 18% per annum will also be levied. This will be calculated by the taxpayer on the tax to be paid.
A minimum penalty of Rs 10,000 will be levied if the tax has not been paid.
For the unpaid tax, the maximum penalty is 10% of the tax amount due.

Balanced Scorecard and Its Evolution

Abhishek Taigade
CMA Final

The balanced scorecard (BSC) is a strategic planning and performance management framework used by business, government, and non-profits to align day-to-day activities with enterprise vision, mission, and values. The balanced scorecard tracks financial and non-financial measures to determine the degree to which the enterprise is performing as desired and when corrective action is necessary.

There are many benefits to using a balanced scorecard. For instance, the BSC allows businesses to pool together information and data into a single report rather than having to deal with multiple tools. This allows management to save time, money, and resources when they need to execute reviews to improve procedures and operations.

Another key benefit of BSCs is how it helps companies reduce their reliance on inefficiencies in their processes. This is referred to as suboptimization. This often results in reduced productivity or output, which can lead to higher costs, lower revenue, and a breakdown in company brand names and their reputations.

Balanced scorecard perspective

<u>Financial:</u> The financial health of any enterprise is critical to long-term survival. Typical measures used by for-profit companies include revenue growth, operating income, return on equity, and other measures of interest to owners. Under this perspective the goal of company is to ensure that it earns a return on the investments made and manages the risks involved in running the business. The goals can be achieved by satisfying the needs of all the players involved in the business, and the stakeholders.

<u>Customer:</u> The customer perspective monitors how the entity is providing value to its customers and determines the level of customer satisfaction with the company's product or services. The balanced scorecard considers the company's reputation versus its competitors. How does customer see your company vis-à-vis your competitors? It enables company to step out of its comfort zone to view itself from the customer's point of view rather than just from the internal perspective.

<u>Internal process:</u> This perspective helps the enterprise understand the efficiency and effectiveness of internal business processes and supporting technologies. Companies attempting to streamline internal processes track the percent of paperless processes and the number of self-service processes. Manufacturing companies often track setup time, cycle time, first pass yield, and the time to introduce a new product. It also determines how well the entity runs. A key part of this perspective is aiming to answer the question, "What are we good at?"

<u>Learning and Growth (Organization capacity):</u> This perspective was initially called "Learning and Growth" and is sometimes called "People" by enterprises that believe that humans are the most important part of an enterprise's capacity to improve. This perspective considers the degree to which the enterprise can evolve and improve the way it supports its goals. The personnel in the organizations departments are required to demonstrate high performance in terms of leadership and entity culture.

Application of BSC in Health Care post Pandemic

During the last few years, the interest in performance measurement increased within the healthcare sector. Due to the COVID-19 pandemic, healthcare systems needed to boost performance measurement systems to become more resilient and improve their capability in monitoring key performance indicators.

Nowadays, the Balanced Scorecard is widely spread in healthcare organizations. In the last years, private healthcare systems reached high costs, thus costs and value measurement are essential Additionally, for many years, public health organizations have been pushed to apply effective management systems to measure performance.

Conflicting managerial decisions and the lack of standardization capability were factors that brought dissatisfaction about Health Care Org. Consequently, it is deemed essential to evaluate previous BSC implementation’s effectiveness in HCO and determine if actual benefits remain to justify their continued use. It is worth noting that numerous systematic reviews regarding the impact of BSC implementation in non-health care-related fields, such as architecture, management,marketing, and accounting, already exist. However, BSC reviews in health care only described the application of BSC or its perspectives.

Evolution in BSC

Perspectives of the Balanced Scorecard have changed. In addition, the names and content of the four Balanced Scorecard perspectives have changed over the years. Especially the Learning and Growth Perspective has been developed and refined.

In the past companies have struggled with this perspective and have often renamed it into a Human Perspective to only focus on staff satisfaction, training and turnover or into an innovation perspective to focus on future developments.

The danger is that companies miss out other important enablers of future performance. To address this problem, following are the principal components of the Learning and Growth perspective, namely:

- Balanced Scorecard Sub Section 1: Human Capital (Employees’ skills, talent, and knowledge)
- Balanced Scorecard Sub Section 2: Information Capital (Databases, information systems, networks, and technology infrastructure)
- Balanced Scorecard Sub Section 3: Organization Capital (Culture, leadership, employee alignment, team work, and knowledge management)

While the four perspectives of the Balanced Scorecard are clearly broad ranging, critics of the balanced scorecard point out that they are not comprehensive. Key stakeholders, such as suppliers and regulators, for example, can be easily missed. As are other strategic areas such as the environmental and competitor perspectives.

The way many organizations’ deals with this is to extend the framework and add/rename perspectives to suit their needs.

The Importance Of Green Finance In Addressing Climate Change

Aman Singh

This article provides a comprehensive overview of the importance of green finance in Addressing climate change and promoting sustainability. It examines the definition, objectives, Challenges, and opportunities in green finance. The article explores various financial instruments, Such as green bonds, loans, funds, and fintech, and discusses their role in mobilizing capital for Climate solutions. Case studies highlight successful initiatives in climate change mitigation and Adaptation. The article emphasizes the need for international cooperation and financial support to Advance green finance and achieve global sustainability goals. In conclusion, green finance offers Significant potential for driving a transition to a low-carbon economy and fostering innovation and Collaboration towards a sustainable future.

Introduction:

Climate change is one of the most pressing challenges of our time, posing significant risks to the Environment, society, and economy. To mitigate and adapt to the impacts of climate change, there Is a need for a massive shift in the way we produce and consume energy, goods, and services. This Requires mobilizing large-scale and long-term financing from both public and private sources, which Is often referred to as green finance. To assist low-carbon, climate-resilient, and environmentally Sustainable development, there are many different instruments and methods that fall under the Category of "green finance." In this article, we give a thorough review of the significance of Green finance in combating climate change, outlining its definition, scope, motivators, obstacles, Advantages, and problems. At the national, regional, and international levels, we also talk about the State and trends of green finance as well as the major players and projects that are promoting and Facilitating it. In order to maximize the potential and role of green finance in combating climate change, we provide several policy proposals as well as future research possibilities.

Objectives:

Green finance encompasses the financing of activities that contribute to environmental sustainability and social well-being. Its objectives are as follows:

1. Supporting the transition to a low-carbon, resource-efficient, and circular economy: green finance aims to facilitate the shift towards economic models that reduce carbon emissions, promote efficient resource use, and embrace circular practices. This supports climate change mitigation and adaptation efforts.

2. Promoting green technologies, products, and services: green finance seeks to encourage the development and adoption of environmentally friendly technologies, products, and services. By supporting innovation and diffusion, it helps improve environmental performance and minimize negative impacts.

Overall, green finance plays a vital role in driving the transition towards a more sustainable future by Financing projects, promoting green technologies, improving ESG practices, and aligning financial Decisions with environmental and social objectives.

Innovations in Green Finance:

Green finance is a rapidly growing field focused on promoting environmental sustainability and Social responsibility through financial instruments and policies. It faces the challenge of mobilizing Sufficient capital to support the transition to a low-carbon and resilient economy. Innovative solutions Have emerged, including green bonds, green loans, green funds, and green fintech, which leverage Technology and sustainable investment strategies.

Green bonds are debt securities that raise funds for environmentally beneficial projects. They Have experienced significant growth, reaching $270 billion in issuance in 2020, attracting diverse Investors interested in aligning their portfolios with environmental goals.

Conclusion:

The article provides a comprehensive overview of the importance of green finance in Addressing climate change. It highlights the role of green finance in mobilizing capital for climate Solutions and promoting a transition to a low-carbon and resilient economy. The article explores Various financial instruments and mechanisms, such as green bonds, green loans, green funds, and Green fintech, and discusses their significance in driving sustainability. Challenges and opportunities In green finance are identified, along with case studies demonstrating their positive impacts. The Article emphasizes the need for international cooperation and financial support to advance green Finance initiatives and achieve a sustainable future.

Student’s Activities On The Occasion Of Ram Temple Pran Pratishtha

On the historic occasion of Ram Mandir Pran Pratishtha, ”Students Coordination Committee of Western India Regional Council of ICMAI” organised Live Streaming of the entire ceremony and Drawing & Rangoli Competition for Students at WIRC office on 22nd January 2024.

Redefining Tomorrow Through A Deep Dive Into The World Of Digital Transformation

Aliasgar Bhinderwala
CMA Final

What Is Digital Transformation

A digital and AI transformation is the process of developing organizational and technology-based capabilities that allow a company to continuously improve its customer experience and lower its unit costs; and over time sustain a competitive advantage

Digital transformation is the process that an organization applies to integrate digital technology in all areas of a business, fundamentally changing how it delivers value to customers. Companies adopt innovative digital technologies to make cultural and operational shifts that adapt better to changing customer demands.

Examples of digital transformation include the following:

- Companies start building digital solutions, like mobile applications or an e-Commerce platform.
- Companies migrate from on-premises computer infrastructure to cloud computing.
- Companies adopt smart sensors to reduce operation costs.

Cost Management Strategy Through Digital Transformation

When companies talk about cost management, their focus typically is on slashing their current expenses. But in today's digital era, cost management has taken on a new hue: It provides a strategic lever to generate savings that can be invested in driving growth.

With the digital technologies that are now available, you can completely transform the way you do business. For example, take software service. Traditionally you've always had a big IT department and that's a huge fixed cost. But now, using cloud computing, I could use software as a service. I am only paying for what I use. I can completely change the cost structure of my organization. So it is not just optimizing your current operations, it is how can I think outside the box in terms of how I deliver products and service to my customers, and what does my cost function look like.

A lot of cost management is happening in areas you never traditionally thought about, like overhead and indirect costs. We can start adding robotic process automation, we can use facial recognition. Take insurance companies. They have a lot of processes, a lot of forms that need to be filled and so on. These companies are now using technology, instead of human beings, for many of these things and therefore are able to process the customers' claims much faster. So, not only are they cutting down their costs by using technology, they have the strategic advantage of making their customers happier.

Benefits Of Digital Transformation

<u>1. Enhanced Efficiency:</u> Automation and digital tools streamline processes, reducing manual efforts and operational costs while boosting overall efficiency.

<u>2. Data-Driven Decision-Making:</u> Access to comprehensive data and analytics empowers informed decision-making, leading to more strategic and impactful business choices. The importance of data in decision-making should not be underestimated. With the right leadership to encourage this attitude throughout an organization, the road to a higher ROI will become much easier

<u>3. Limits Human Error:</u> An undeniable advantage of going digital is that digital processes stop errors by eliminating time-consuming manual data entry and human inefficiencies. Digital processes are inherently smoother and less risky than any process that involves error-prone humans.

<u>4. Cost Saving:</u> Digital technology investment can reduce ongoing operational costs significantly. It can optimize existing business processes and reduce costs like Equipment maintenance, Logistics and delivery, Energy expenditure, Human resource expenditure ,Customer support expenditure, Typically, you can achieve cost savings because digital transformation can help you do the following:

- Eliminate or substitute specific resource-intensive workflows

Reduce expenditure on expensive infrastructure and equipment through managed services and cloud computing.

- Automate tasks by using a combination of intelligent sensors, smart devices, and machine learning

<u>5. Greater Profitability:</u> Digital transformation is about making processes cheaper, faster, and more productive using technology. Reducing the cost of resources, improving productivity and growing revenue, and increased profitability is an assured result.

Real Life Successful Examples Of Digital Transformations

<u>Adani Green's Digital Transformation Journey</u>

Adani Green, a major player in India's energy sector, handles over 1400 purchase requisitions (PR) every month. Their challenge? An outdated process relies on a mix of emails, Excel, SAP, and manual efforts to track the PR to PO (Purchase Order) process. It was time-consuming, error-prone, and impacted turnaround times. That's when Quixy stepped in to drive their digital transformation.

Purchase requisitions (PR) poured in from different businesses, each with its unique nature and criticality. The existing methods, including emails, Excel, SAP, and SAP Ariba, made it tough to track PR statuses. Mismanagement and lack of data visibility led to endless follow-ups and project delays, affecting the business's project life cycle. Adani Green sought a solution to reduce errors, and delays, and improve data transparency. Quixy's no-code capabilities made designing a comprehensive workflow for end-to-end purchase requisition tracking possible in just a month.

<u>Amazon Reinventing Retail with Data and Automation</u>

Amazon is the leading e-Commerce retailer worldwide, and also the most dominant case study of a successful digital transformation. This multinational company started as an online bookseller in 1994 but has since evolved into the digital world to become a global organization boasting $513.98 billion in 2022. Amazon is a great example of digital customer expectations transitioning to the B2B world.

Amazon launched Amazon Business in 2015, providing a holistic marketplace for B2B businesses with over 250 million products, ranging from cleaning supplies to industrial equipment.

Along the digital transformation journey, Amazon prioritized customer-centric business goals, utilizing digital technology to deliver seamless customer service. In addition, they restructured their entire business, bypassing traditional retail distribution channels and going directly to suppliers via the Internet and sophisticated software. This provided customers with cheaper prices and the convenience of online shopping while opening up international markets to suppliers.

Starbucks Using AI Technology to Enhance Customer Satisfaction

Starbucks, a well-known coffee chain with over 32,000 stores in 80 countries, is famous to all coffee lovers. Unsurprisingly, Starbucks recognized the benefits of introducing a digital transformation and introduced the 'Digital Flywheel'.

The initiative focused on transforming rewards, personalization, payments, and ordering based on customer feedback. Cloud-based platforms improved Starbucks' ability to offer tips and order products while managing inventory and production.

In addition to technology, Starbucks has integrated Artificial Intelligence into its app, allowing them to personalize its product offerings and offer rewards based on consumer preferences. According to Starbucks' CEO, he wants to continue harvesting new technologies, which is why Starbucks is the world's most famous coffee brand.

Adobe's Digital Transformation

Adobe was founded in 1982 and is an American software company. Photoshop (for editing images), Adobe Acrobat Reader (for viewing and editing PDF files), or Illustrator (for creating vector-based illustrations) are probably some of their flagship products.

In the past, Adobe sold boxed software under the name Adobe Systems. During the 2008 crisis, the company made a risky move from a license-based model to a subscription-based model. Their service offering was redefined and divided into three cloud-based solutions: Creative Cloud, Document Cloud, and Experience Cloud. As a result, Adobe became a cloud company that offers software-as-a-service (SaaS).

They also acquired an e-commerce platform (Magento) and a web analytics company (Omniture) as part of their digital transformation. Furthermore, the company realized it could achieve its goals only if it had the best talent. Adobe invests in employee-focused work cultures, benefits, and employer branding to ensure employee satisfaction. A data-driven operation model was also employed to monitor the company's health.

Their digital transformation encompassed many elements: a new business model (SaaS), new technology (cloud), a new HR management strategy, data-driven operations, etc. Adobe's example demonstrates the following two points:

- A business can gain a substantial competitive advantage through digital transformation.
- The change must affect everyone in the organization and redefine how things are done.

Conclusion

Digital transformation is quickly becoming an integral part of businesses' success in the 21st century. As technology advances and companies become more reliant on automation and data analytics, businesses can benefit greatly from staying current with the latest trends and technologies. Businesses can stay competitive while minimizing risks by leveraging emerging technologies such as cloud computing, AI, and big data.

In 2023, digital transformation will increasingly be used by businesses to automate processes, increase efficiency, and improve customer service. Companies can use automation and AI to their advantage to make decisions faster and more precisely. Businesses that take advantage of the latest technological advancements will be well-positioned for flourishing success in the future. Digital transformation provides a host of benefits for businesses as we move into 2024. successful in the coming years.

Sovereign Gold Bond (SGB) - A New & Safe way of Investing for Long term

Shubham Tela
CMA Qualified

About Sovereign Gold Bonds

Over the years there is a drastically change decline in the demand of physical gold due to which in alternative our Prime Minister Shri Narendra Ji Modi introduced the scheme of Digital Gold Bonds i,e Sovereign Gold Bonds in 2015

SGB's are issued by The Reserve Bank of India (RBI) on the behalf of Government of India (GOI) make public issue of such bonds on pre notified dates.

SGB's enable investors to earn market linked returns as well as interest @ 2.5% p.a which is paid half yearly to such investors.

Such bonds are easily converted into Dematerialized form and can be traded on the stock market like other securities.

Features of Sovereign Gold Bonds

Eligibility: The bonds will be restricted for sale to Residents Indian entities which includes Individuals,HUF,Trusts,Universities and Charitable institutions.

Fixed Tenure: The tenor of such bonds will be for 8 years with exit option from 5th year onwards.

Fixed Income: SGB's enable investors to earn interest of 2.5% p.a.

Reasonable Denominations: The Bonds are available denominated in units of one gram or multiples thereof.

Taxfree: The SGB's are tax free if it will be held till maturity i,e 8 years.

Investment Limits: Min.1 Gram Max. 4kg (I/HUF) 20kg (Trust)

Issuance & Security: SGB's are issued by RBI on behalf of GOI hence reflect a high degree of security.

Benefits of Sovereign Gold Bonds

Capital Appreciation: The valuation mechanism of SGB's are based on the fluctuations of physical gold prices hence, it will appreciate the same as physical gold.

No GST & Making Charges: Such bonds are not liable for Indirect taxes like GST or don't attract making charges like that in physical gold.

High Liquidity & Security: Such bonds are easily convertible into securities like shares and can be traded easily in the stock market like other stocks and It can be used as Collateral Security.

Hassle Free: Such bonds are holded in Digital Form so there is no risk of deterioration in quality or getting stolen or lost.

Risk associated with Sovereign Gold Bonds

Volatile Prices: As mentioned earlier the valuation is based on market prices of physical gold hence, there is a chance of getting value down.

Long Holding Tenure: This scheme is not beneficial for the investor who want to invest for a short term as redemption period is 8 years which may be quite long term for short term investor.

No Physical possession: This scheme is not relevant for investors who has craze to hold the physical gold hence it is in digital form.

Tax on Interest: Although the redemption of SGB's are tax free but the Interest earned on such bonds are taxable under Income from Other Sources.

Why should you invest in Sovereign Gold Bonds?

<u>Safe and Long Term Investor:</u> This scheme is suitable for you, if you aim to invest for long term and less risk investments choice.

<u>Want to Trade in Gold:</u> This scheme is favorable to you if your perspective is to invest and trade in gold like equity shares in the stock market.

<u>Diversified Portfolio:</u> If your goal is to diversify your portfolio then this may be the right choice for you. This scheme will add gold to your portfolio.

<u>Lucrative Returns:</u> This would be feasible to you if you are looking for lucrative returns i,e around 10%-14% p.a.

The First Series of SGB's was issued in November,2015 at rate of Rs. 2,684 per gram The Latest Series of SGB's was Issued in December,2023 at rate of Rs. 6,199 per gram The Upcoming Series of SGB's will be open in February,2024 at the future date stated by RBI

Reverse Mortgages a boon or a curse?

Prathik M.
CMA Final

Introduction

Reverse mortgages are a financial product that allows senior citizens in India to borrow against the equity in their residential property. This article will provide an overview of reverse mortgages in the Indian context, including eligibility criteria, benefits, and potential risks. It will also discuss the application process and the reasons why reverse mortgages have not gained widespread popularity in India.

Eligibility and Features of Reverse Mortgages in India

In India, the eligibility criteria for reverse mortgages include the following:

- Senior citizens above 60 years, including retired staff of the bank
- Married couples will be eligible as joint borrowers for financial assistance provided one of them is the owner of self-acquired residential property with absolute, clear title, and self-occupied
- The property should be free from encumbrance and located in India
- The maximum loan amount is typically up to 61% of the realizable value of the property
- The loan can be disbursed in regular monthly terms as an annuity, with a provision to roll over after revaluation
- The property will be mortgaged in favour of the bank, and the bank reserves the right to seek additional collaterals
- Commercial property is not eligible for a reverse mortgage, and the property must be registered with the Central Registry of Securitization Asset Reconstruction and Security Interest (CERSAI) at the applicant's cost

Benefits of Reverse Mortgages

Reverse mortgages in India offer several benefits, including:

- No monthly mortgage payments are required as long as the borrower (and/or their spouse) continues to stay in the property.
- The loan amount can provide a stream of cash flow to the borrower, which can be used to cover living expenses, healthcare costs, or other financial needs.
- The borrower retains ownership of the property and can continue to live in it.

Potential Risks of Reverse Mortgages

Despite the benefits, reverse mortgages also come with potential risks, including:

- High fees and closing costs, which can make reverse mortgages an expensive option
- The loan amount, plus accrued interest and fees, will need to be repaid when the borrower moves out of the property or passes away, which can impact the inheritance of the borrower's heirs
- The loan amount is based on the value of the property, which can fluctuate over time, potentially affecting the amount of funds available to the borrower

Application Process and Challenges

The application process for a reverse mortgage in India typically involves the following steps:

- The borrower must submit a completed application form with a passport-size photograph, a copy of their PAN card, and proof of residence.
- The property will be valued, and the loan amount will be determined based on the value of the property and the borrower's age

- The borrower will need to sign various documents, including a mortgage of the residential property in favour of the bank and an agreement outlining the terms and conditions of the reverse mortgage

Despite the potential benefits of reverse mortgages, this financial product has not gained widespread popularity in India. One of the primary reasons for this is the psychological barrier, as borrowers may be reluctant to lose control of their property or may have concerns about the impact on their heirs.

Conclusion

In conclusion, reverse mortgages can be a valuable financial tool for senior citizens in India, providing a stream of cash flow to cover living expenses and other financial needs. However, it is essential for borrowers to carefully consider the potential risks and challenges associated with reverse mortgages before making a decision.

Mutual Funds Sahi Hain KYA?

Kartik M
CMA Intermediate

A mutual fund is a professionally managed investment product in which a pool of money from a group of investors is invested across assets such as equities, bonds, etc.

Professionals handle the investments on behalf of the investors who gain enhanced earnings based on their risk appetite.

History Of Mutual Funds In India

A strong financial market with broad participation is essential for a developed economy. With this broad objective India's first mutual fund was establishment in 1963, namely, Unit Trust of India (UTI), at the initiative of the Government of India and Reserve Bank of India.

1964 - 1987

The Mutual Fund industry in India started in 1963 with formation of UTI in 1963 by an Act of Parliament and functioned under the Regulatory and administrative control of the Reserve Bank of India (RBI). In 1978, UTI was de-linked from the RBI and the Industrial Development Bank of India (IDBI) took over the regulatory and administrative control in place of RBI. Unit Scheme 1964 (US '64) was the first scheme launched by UTI. At the end of 1988, UTI had ₹ 6,700 crores of Assets Under Management (AUM).

1987 - 1993

The year 1987 marked the entry of public sector mutual funds set up by Public Sector banks and Life Insurance Corporation of India (LIC) and General Insurance Corporation of India (GIC). SBI Mutual Fund was the first 'non-UTI' mutual fund established in June 1987.

LIC established its mutual fund in June 1989, while GIC had set up its mutual fund in December 1990. At the end of 1993, the MF industry had assets under management of ₹47,004 crores.

The Indian securities market gained greater importance with the establishment of SEBI in April 1992 to protect the interests of the investors in securities market and to promote the development of, and to regulate, the securities market.

In the year 1993, the first set of SEBI Mutual Fund Regulations came into being for all mutual funds, except UTI. The erstwhile Kothari Pioneer (now merged with Franklin Templeton MF) was the first private sector MF registered in July 1993. With the entry of private sector funds in 1993, a new era began in the Indian MF industry, giving the Indian investors a wider choice of MF products. The initial SEBI MF Regulations were revised and replaced in 1996 with a comprehensive set of regulations, viz., SEBI (Mutual Fund) Regulations, 1996 which is currently applicable.

The number of MFs increased over the years, with many foreign sponsors setting up mutual funds in India. Also, the MF industry witnessed several mergers and acquisitions during this phase. As at the end of January 2003, there were 33 MFs with total AUM of ₹1,21,805 crores, out of which UTI alone had AUM of ₹44,541 crores.

2003-2014

In February 2003, following the repeal of the Unit Trust of India Act 1963, UTI was bifurcated into two separate entities, viz., the Specified Undertaking of the Unit Trust of India (SUUTI) and UTI Mutual Fund which functions under the SEBI MF Regulations.

Following the global melt-down in the year 2009, securities markets all over the world had tanked and so was the case in India. Most investors who had entered the capital market during the peak, had lost money and their faith in MF products was shaken greatly. The abolition of Entry Load by SEBI, coupled with the after-effects of the global financial crisis, deepened the adverse impact on the Indian MF Industry, which struggled to recover and remodel itself for over two years, in an attempt to maintain its economic viability which is evident from the sluggish growth in MF Industry AUM between 2010 to 2013.

Since May 2014.

Taking cognisance of the lack of penetration of MFs, especially in tier II and tier III cities, and the need for greater alignment of the interest of various stakeholders, SEBI introduced several progressive measures in September 2012 to ”re-energize” the Indian Mutual Fund industry and increase MFs’ penetration.

In due course, the measures did succeed in reversing the negative trend that had set in after the global melt-down and improved significantly after the new Government was formed at the Center.
Since May 2014, the Industry has witnessed steady inflows and increase in the AUM as well as the number of investor folios (accounts).

The Industry’s AUM crossed the milestone of ₹10 Trillion (₹10 Lakh Crore) for the first time as on 31st May 2014 and in a short span of about three years the AUM size had increased more than two folds and crossed ₹ 20 trillion (₹20 Lakh Crore) for the first time in August 2017. The AUM size crossed ₹ 30 trillion (₹30 Lakh Crore) for the first time in November 2020.

The overall size of the Indian MF Industry has grown from ₹ 8.26 trillion as on 31st December 2013 to ₹ 50.78 trillion as on 31st December 2023, more than 6-fold increase in a span of 10 years.

The MF Industry’s AUM has grown from ₹ 22.86 trillion as on December 31, 2018, to ₹50.78 trillion as on December 31, 2023, more than 2-fold increase in a span of 5 years.

The no. of investor folios has gone up from 8.03 crore folios as on 31-Dec-2018 to 16.49 crore as on 31-Dec-2023, more than 2-fold increase in a span of 5 years.

On an average 14.10 lakh new folios are added every month in the last 5 years since December 2018.
The growth in the size of the industry has been possible due to the twin effects of the regulatory measures taken by SEBI in re-energising the MF Industry in September 2012 and the support from mutual fund distributors in expanding the retail base.

MF Distributors have been providing the much-needed last mile connect with investors, particularly in smaller towns and this is not limited to just enabling investors to invest in appropriate schemes, but also in helping investors stay on course through bouts of market volatility and thus experience the benefit of investing in mutual funds.
MF distributors have also had a major role in popularising Systematic Investment Plans (SIP) over the years. In April 2016, the no. of SIP accounts has crossed 1 crore mark and as on 31st December 2023 the total no. of SIP Accounts are 7.64 crore.

Enhancing Security and Transparency

Since July 2022, SEBI has enacted a pivotal reform, requiring funds to flow directly between investors and mutual funds. When investing or redeeming, money moves seamlessly between investors and fund accounts, bypassing intermediaries like distributors, online platforms, and advisors. This ensures the secure transfer of funds and eliminates past misuse concerns. Originally scheduled for April 1, 2022, the implementation was extended to July 1, further fortifying safety and transparency, guaranteeing that investors’ funds reach their intended destinations securely.

Mandatory Nominations

Starting October 2022, new mutual fund investors needed to nominate beneficiaries. Existing investors must do so by September 30, 2023, or explicitly decline. Failing to nominate by this date freezes your folio, halting redemptions and switches. Nomination is crucial, designating someone to receive your investments after your passing. It simplifies fund transfer per your will and estate planning.

The mutual fund industry advocates nominations, offering platforms like MF Central, CAMS, KFintech, and Mutual Fund Utility. Vital for sole or joint holders, nominations ensure seamless asset transfer.

Regulator's Approach to Mutual Fund ERs

In 2023, SEBI reviewed mutual fund expenses, including fund manager, RTA, custodian, and other fees. Initially, SEBI expected expenses to decrease with fund size, but their assessment showed unexpected results. In March 2023, prompted by industry evidence, SEBI reconsidered. The future of expense ratios is uncertain, with potential changes to the TER formula, linking it to fund house equity assets, and reviewing brokerage fees. Some fund houses charged excessive brokerage fees, affecting investors. SEBI is also addressing NFO issues, where distributors nudged clients towards higher TER options, raising cost structure questions.

Industry Stalwarts and Newcomers

Axis AMC, established in 2009 as a wholly owned subsidiary of Axis Bank, is among India's fastest-growing asset managers. They offer a wide range of asset management products, including mutual funds, portfolio management services, and alternative investments. Schroders acquired a 25% stake in September 2012. The company's success is attributed to its core values of customer-centricity, transparency, teamwork, ownership, and ethics. As of June 30, 2023, Axis MF offers over 67 schemes, operates in 100+ cities nationwide, manages 1.26 crore active investor accounts, and holds an AUM of over INR 2.48 crore.

In recent years, India's mutual fund industry has seen remarkable growth, with new players like Trust MF, Samco MF, NJ Mutual Fund, and Whiteoak Capital MF emerging. In 2023, regulatory approvals expanded to Bajaj FinServ, Helios, Zerodha, and Old Bridge Capital. SIP's popularity surged from Rs 3,000-4,000 crore to almost Rs 14,000 crore, driven by the "Mutual Funds Sahi Hain" campaign.

Some newcomers, like Zerodha MF and NAVI Mutual Fund, exclusively focus on passive funds post-acquisition of Essel MF. Industry veterans Samir Arora and Kenneth Andrade are making comebacks with Helios Mutual Fund and Old Bridge Capital Mutual Fund approvals.

Popular Mutual Fund Houses in India:

- HDFC Mutual Fund
- ICICI Prudential Mutual Fund
- SBI Mutual Fund
- Aditya Birla Sun Life Mutual Fund

What are Mutual Funds?

A mutual fund is a collective investment vehicle that collects & pools money from a number of investors and invests the same in equities, bonds, government securities, money market instruments.

The money collected in mutual fund scheme is invested by professional fund managers in stocks and bonds etc. in line with a scheme's investment objective. The income / gains generated from this collective investment scheme are distributed proportionately amongst the investors, after deducting applicable expenses and levies, by calculating a scheme's "Net Asset Value" or NAV. In return, mutual fund charges a small fee.

In short, mutual fund is a collective pool of money contributed by several investors and managed by a professional Fund Manager.

Mutual Funds in India are established in the form of a Trust under Indian Trust Act, 1882, in accordance with SEBI (Mutual Funds) Regulations, 1996.

The fees and expenses charged by the mutual funds to manage a scheme are regulated and are subject to the limits specified by SEBI.

How a mutual funds work?

Investment Objective: Each mutual fund has a specific investment objective stated in its prospectus, determining where the fund will invest.
NAV (Net Asset Value): The value of one unit of the mutual fund scheme. Calculated daily based on the market value of the fund's assets minus its liabilities.

Fund Managers: Professionals who make investment decisions based on the fund's objective and market conditions.

Entry and Exit: Investors can buy units (entry) or sell units (exit) of a mutual fund scheme at the prevailing NAV.

One should avoid the temptation to review the fund's performance each time the market falls or jumps up significantly.

For an actively managed equity scheme, one must have patience and allow reasonable time - between 18 and 24 months - for the fund to generate returns in the portfolio.

When you invest in a mutual fund, you are pooling your money with many other investors. Mutual fund issues "Units" against the amount invested at the prevailing NAV. Returns from a mutual fund may include income distributions to investors out of dividends, interest, capital gains or other income earned by the mutual fund. You can also have capital gains (or losses) if you sell the mutual fund units for more (or less) than the amount you invested.

<u>Mutual funds are ideal for investors who –</u>

- Lack the knowledge or skill / experience of investing in stock markets directly.
- Want to grow their wealth, but do not have the inclination or time to research the stock market.
- Wish to invest only small amounts.

Why invest in mutual funds?

As investment goals vary from person to person – post-retirement expenses, money for children's education or marriage, house purchase, etc. – the investment products required to achieve these goals too vary. Mutual funds provide certain distinct advantages over investing in individual securities. Mutual funds offer multiple choices for investment across equity shares, corporate bonds, government securities, and money market instruments, providing an excellent avenue for retail investors to participate and benefit from the uptrends in capital markets. The main advantages are that you can invest in a variety of securities for a relatively low cost and leave the investment decisions to a professional manager

Types of mutual funds schemes

<u>Mutual fund scheme classification</u>

Mutual funds come in many varieties, designed to meet different investor goals. Mutual funds can be broadly classified based on –

Organisation Structure – Open ended, Close ended, Interval

Management of Portfolio – Actively or Passively

Investment Objective – Growth, Income, Liquidity

Underlying Portfolio – Equity, Debt, Hybrid, Money market instruments, Multi Asset

Equity Funds: Invest primarily in stocks/shares of companies.

- Debt Funds: Invest in fixed-income securities like government and corporate bonds.
- Hybrid Funds: Invest in a mix of equities and debt instruments.
- Money Market Funds: Invest in short-term, highly liquid instruments like treasury bills, commercial papers, etc.

Thematic / solution oriented – Tax saving, Retirement benefit, Child welfare, Arbitrage

Exchange Traded Funds

- Overseas funds
- Fund of funds

Standard Risk Factors

Mutual Fund Schemes are not guaranteed or assured return products.

Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.

As the price / value / interest rates of the securities in which the Scheme invests fluctuates, the value of investment in a mutual fund Scheme may go up or down.

In addition to the factors that affect the value of individual investments in the Scheme, the NAV of the Scheme may fluctuate with movements in the broader equity and bond markets and may be influenced by factors affecting capital and money markets in general, such as, but not limited to, changes in interest rates, currency exchange rates, changes in Government policies, taxation, political, economic or other developments and increased volatility in the stock and bond markets.

<u>Past performance does not guarantee future performance of any Mutual Fund Scheme.</u>

Advantages of investing in mutual funds

1. Professional Management – Investors may not have the time or the required knowledge and resources to conduct their research and purchase individual stocks or bonds.

A mutual fund is managed by full-time, professional money managers who have the expertise, experience and resources to actively buy, sell, and monitor investments. A fund manager continuously monitors investments and rebalances the portfolio accordingly to meet the scheme's objectives. Portfolio management by professional fund managers is one of the most important advantages of a mutual fund.

2. Risk Diversification – Buying shares in a mutual fund is an easy way to diversify your investments across many securities and asset categories such as equity, debt and gold, which helps in spreading the risk - so you won't have all your eggs in one basket. This proves to be beneficial when an underlying security of a given mutual fund scheme experiences market headwinds. With diversification, the risk associated with one asset class is countered by the others. Even if one investment in the portfolio decreases in value, other investments may not be impacted and may even increase in value. In other words, you don't lose out on the entire value of your investment if a particular component of your portfolio goes through a turbulent period.

3. Affordability & Convenience (Invest Small Amounts) – For many investors, it could be more costly to directly purchase all of the individual securities held by a single mutual fund. By contrast, the minimum initial investments for most mutual funds are more affordable.

4. Liquidity – You can easily redeem (liquidate) units of open-ended mutual fund schemes to meet your financial needs on any business day (when the stock markets and/or banks are open), so you have easy access to your money. Upon redemption, the redemption amount is credited in your bank account within one day to 3-4 days, depending upon the type of scheme e.g., in respect of Liquid Funds and Overnight Funds, the redemption amount is paid out the next business day.

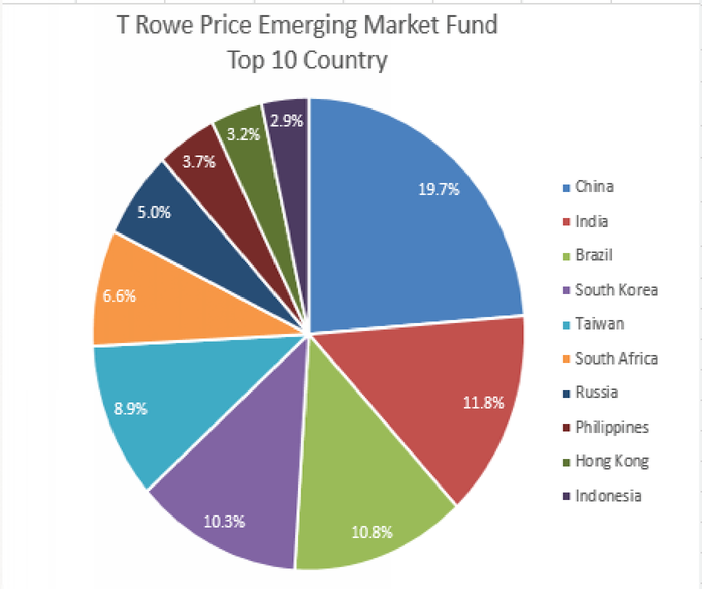
However, please note that units of close-ended mutual fund schemes can be redeemed only on maturity. Likewise, units of ELSS have a 3-year lock-in period and can be liquidated only thereafter.

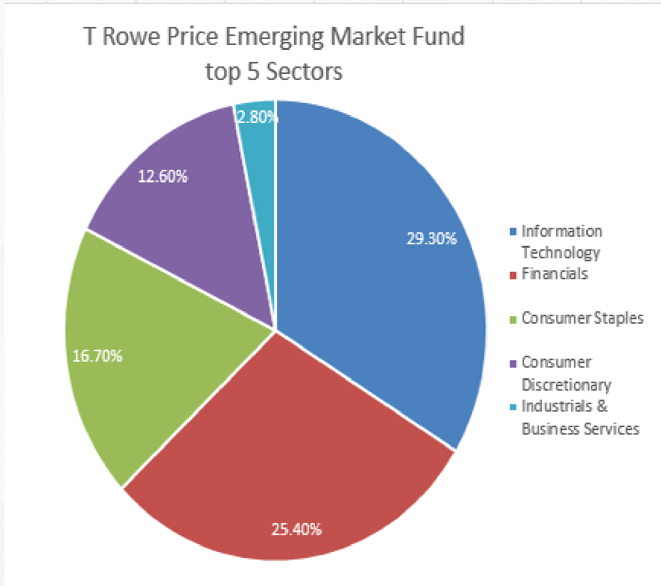
5. Low Cost – An important advantage of mutual funds is their low cost. Due to huge economies of scale, mutual funds schemes have a low expense ratio.

Expense ratio represents the annual fund operating expenses of a scheme, expressed as a percentage of the fund's daily net assets. Operating expenses of a scheme are administration, management, advertising related expenses, etc.

6. Well-Regulated – Mutual Funds are regulated by the capital markets regulator, Securities and Exchange Board of India (SEBI) under SEBI (Mutual Funds) Regulations, 1996. SEBI has laid down stringent rules and regulations keeping investor protection, transparency with appropriate risk mitigation framework and fair valuation principles.

7. Tax Benefits –Investment in ELSS up to ₹1,50,000 qualifies for tax benefit under section 80C of the Income Tax Act, 1961. Mutual Fund investments when held for a longer term are tax efficient.





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WIRC REGIONAL STUDENT'S COST CONVENTION 2024

THEME

"Innovate, Impact, Inspire: CMA to Redefining Boundaries and Nation Building"

Dare to Do, Dare to Win

Dates:
Saturday, 17th &
Sunday, 18th February 2024

Venue:
Gurudakshina Auditorium
College Rd, Nashik, Maharashtra 422005

Hosted By
ICMAI-Nashik Chapter
2nd Floor, Prasanna Arcade, Near Mazda Hotel, Old Agra Road, Nashik - 422002

Student's Delegate Fees: Rs. 500/-

About the Theme of the Convention

"Innovate, Impact, Inspire: CMA to Redefining Boundaries and Nation Building"

This theme resonates not merely as a slogan but as a call to action - a summons to embark on a journey that stretches beyond the horizons of conventional thought. It is a mandate to explore the interplay between innovation, societal impact, and the profound inspiration required to build nations that stand as beacons of progress and inclusivity. In the dynamic landscape of global progress, the triumvirate of Innovation, Impact, and Inspiration stands as the cornerstone for redefining boundaries and fostering nation-building endeavors. It's a rallying call that transcends mere development; it encapsulates a collective ambition to pioneer change, empower societies, and build stronger, more resilient nations.

Innovate, Impact, Inspire - these three pillars epitomize the road map to redefining boundaries and embarking on a journey of nation-building. By embracing innovation, amplifying impact, and drawing inspiration from collective achievements, societies can pave the way for a future where boundaries become bridges, and nations thrive in unity.

As we stand at the cusp of unprecedented opportunities, the call to innovate, impact, and inspire becomes not just a rallying cry but a guiding ethos - a compass that navigates us toward a future where boundaries are redefined, and nations flourish in their truest essence.

Programme Schedule

Saturday, 17th February, 2024		
From	To	Details
10.00 a.m.	11.30 a.m.	Registration
11.30 a.m.	01.00 p.m.	Inauguration Session
01.00 p.m.	02.00 p.m.	Lunch
02.00 p.m.	03.00 p.m.	Motivational Session
03.00 p.m.	04.20 p.m.	Competition 1: Quiz Competition
04.20 p.m.	04.30 p.m.	High Tea
04.30 p.m.	06.30 p.m.	Competition 2: PPT Presentation
06.30 p.m.	09.00 p.m.	Cultural Programme
09.00 p.m.	-	Convention Dinner
Sunday, 18th February, 2024		
From	To	Details
08.00 a.m.	09.00 a.m.	High Tea
09.00 a.m.	10.00 a.m.	Technical Session - I
10.00 a.m.	12.00 p.m.	Competition 3: Mock Parliament
12.00 p.m.	12.30 p.m.	Prize Distribution
12.30 p.m.	01.00 p.m.	Valedictory Session
01.00 p.m.	-	Lunch

Competitions

Topics of PPT Competition:-

- GST
- Cost Audit
- AI& Crypto
- Viksit Bharat @2047
- Innovate, Impact, Inspire: CMA to Redefining Boundaries and Nation Building

Areas of Quiz Competition:-

- G K & Current Affairs
- Cost Accounting Standards
- Costing Methods & Techniques
- Income Tax
- Corporate Brands & Logos
- GST

Topics of Mock Parliament:-

- Inclusion of CMAs in Accounting Definition
- Uniform Civil Code

Student's Delegate Fees: Rs. 500/-

Payment Details

For Cheque or DD	Details of NEFT Payment
Cheque/DD should be in the favour of "The Institute of Cost Accountants of India- WIRC"	Account Name: The Institute of Cost Accountants of India-WIRC Bank: Bank of Baroda. SB Account No: 27940100022156. IFSC Code: BARB0PBBMUM. (Fifth Character is ZERO) MICR Code: 400012111. PAN: AAATT9744L GSTIN No. : 27AAATT9744L1ZS

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Vision

"The Institute of Cost Accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally."

Mission

"The Cost and Management Accountant professionals would ethically drive enterprises globally by creating value to stakeholders in the socio-economic context through competencies drawn from the integration of strategy, management and accounting."

ICMAI
THE INSTITUTE OF
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