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"SUSTAINABILITY AND COST ACCOUNTING: INTEGRATING ESG METRICS."

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

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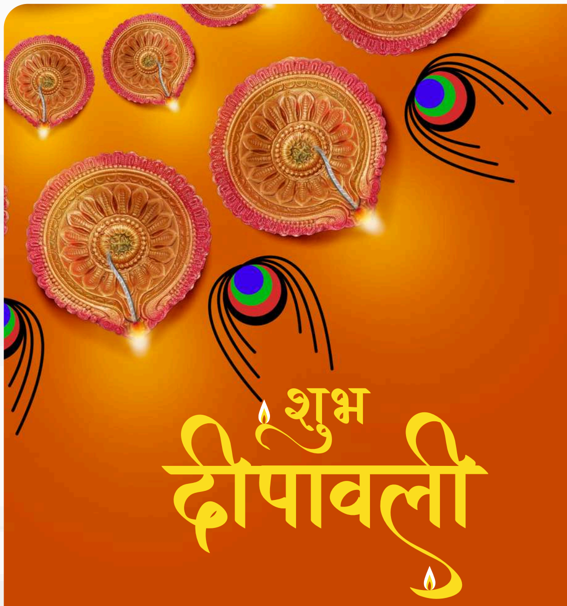
Glimpses of 12 days Pre-Campus Orientation Programme held from 18th to 27th September 2024 & CMA Campus Placement Programme held on 30th October & 1st November 2024 at Kohinoor Business School, Mumbai1



Wishing you and your loved ones a sparkling Diwali filled with joy, prosperity, and good health. May the festival of lights brighten every corner of your life with happiness and success.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
(Statutory body under an Act of parliament)
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Vision Statement

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

Mission Statement

"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."

FROM THE DESK OF THE CHAIRMAN

CMA ARINDAM GOSWAMI
Chairman, ICMAI-WIRC

Dear Professional Colleagues and CMA Students,

As we enter the lively month of October, filled with the spirit of festivals and celebrations, I would like to extend my warmest greetings to all members and their families. This time not only brings us joy, but also reminds us to continue to strive for excellence in our profession and contribute to the growth of our esteemed institute.

This month's issue of the WIRC Bulletin looks at an area of increasing importance to our profession — "Sustainability and cost accounting: integrating ESG metrics". Environmental, social and governance (ESG) metrics have become the cornerstone of sustainable business practices around the world. Companies are no longer measured solely on their financial performance, but also on their impact on the environment, their role in society and their governance practices. As cost accountants, we are in a unique position to bridge the gap between sustainability initiatives and financial performance and ensure that ESG metrics are not just a compliance exercise, but key drivers of long-term business value.

In today's rapidly evolving business landscape, ESG is no longer optional—it is essential for corporate growth and risk management. Investors, regulators, and consumers are demanding greater transparency and accountability in these areas, and the role of cost accountants is becoming pivotal. We must be at the forefront of integrating ESG factors into performance metrics, strategic decision-making, and cost management.

As CMAs, we bring expertise in measuring, managing, and reporting costs that go beyond traditional financial statements. Our role is to help organizations make informed decisions that balance profit with purpose. We can present a more thorough understanding of value creation that takes into account not only financial outcomes but also the social and environmental effects of corporate operations by incorporating ESG metrics into our work.

Let's collaborate to establish our profession as a leader in promoting ESG integration across industries as we head toward a more sustainable future. We can contributeto the creation of a world where businesses flourish not just financially but also morally and environmentally by integrating sustainability into the foundation of cost accounting.

I am pleased to share that, along with our WIRC Vice Chairman, CMA Mihir Vyas and CCM< CMA Chittranjan Chattopadhyay, we had the privilege of meeting some of the top leaders of corporate India. We had a fruitful interaction with CMA Asim Mukhopadhyay, CEO & Managing Director, TML Smart City Mobility Solutions Ltd, CMA Sharada Mohanty, Director Finance IREL and CMA Mahendra Agarwal, GM-Finance & CMA Saurabh Shrivastava, Rashtriya Chemicals and Fertilizers Ltd. These gatherings have improved our connections with business and created new opportunities for CMA involvement in a number of important areas. Theconversations centered onthecritical role CMAs can play in guiding financial strategy, cost containment, and governance within these elite companies.

The 12-day Pre-Placement Orientation Program for newly qualified CMAs of the June 2024 term was successfully held by the Career Counseling & Placement Committee in collaboration with WIRC. These workshops were intended to give our young CMAs the fundamental soft skills, interviewing strategies, and industry knowledge theywould need to succeed in their careers.

Additionally, over15 companies participated in the campusplacements, which took place in Mumbai on September30 and October 1and resulted in over 70 placements. This is an incredible accomplishment for our students and evidence of the increasing appreciation for the con

Over 500 students who passed the CMA Foundation, Intermediate, and Final exams in June 2024 were honored on September 28, 2024. Our distinguished Chief Guest, CMA Jayashri Rajesh, Vice President of Reliance Industries Limited, graced the Felicitation Programme. She motivated the students with her career journey and words of wisdom. The occasionprovided an excellent venuefor honoring our students' diligence and tenacity as they begin their next chapter of their careers.

The Taskforcefor Empowering Young CMAs and the WIRC Students Coordination Committee arranged a Garba ReelsCompetition in the spiritof Navratri. This event brought together students and members to showcase their creativity and enthusiasm for our culture. The competition results will be declared on the day of Dussehra, which is auspicious. The"Celebrating Navratri-Empowering Women's Strength and Resilience" webinar series was also organized by the Professional Development Committee. I urge every member to stayinvolved in our initiatives and programs as much as they can. Your participation is essential to the development of the field and the Institute.

I exhort our students and members to keep working hard toward their goals while also maintaining a balanced approach to personal well-being and professional growth as we celebrate Navratri and the festival of lights, Diwali. Recall that the pursuit of sustainability is a journey, not a sprint, and that cost accountants have the opportunityto set the standard for ethical business practices.

I wish you all a very happy and prosperous festive season. Stay committed, stay inspired, and let’s continue to strive for excellence in all our endeavours.

With Warm Regards,
CMA Arindam Goswami
Chairman
The Institute of Cost Accountants of India
Western India Regional Council

FROM THE DESK OF CHIEF EDITOR

CMA MIHIR NARAYAN VYAS

Vice Chairman ICMAI -WIRC &
Chief Editor, WIRC Bulletin

Dear Respected Seniors and Professional Colleagues,

Warm greetings!

As we embrace the spirit of celebration, I want to share a thought: "Leadership is the capacity to translate vision into reality." May the joyous festivities of Navaratri, the empowering essence of Durga Puja, and the illuminating spirit of Diwali bring you and your loved ones warmth, love, and prosperity. Let's unite in reflection and celebration during this vibrant season.

Announcing Nominations for National Awards

I am pleased to announce that the Institute is now accepting nominations for the **19th National Awards for Excellence in Cost Management** 2024 and the **8th CMA Awards 2024.** We encourage organizations to participate in the National Awards and CMAs in employment to apply for the CMA Awards.

For more details, please visit the Institute's website:

- National Awards 2024: National Awards

- CMA Awards 2024: CMA Awards

Highlights from the WIRC Students Coordination Committee

I would like to take this opportunity to highlight some recent initiatives by the **WIRC Students Coordination Committee:**

1. **Industry Orientation Training Programme (IOTP):** We have launched "IOTP" events aimed at final-year students. I extend my gratitude to all faculty members for their invaluable insights and expert advice, helping bridge the gap between academia and industry.

2. **Pre-Placement Orientation Programme:** A comprehensive 12-day programme was arranged for final pass-out students, focusing on interview preparation, soft skills, technical skills, and resume building.

3. **"Rising Stars of CMA" YouTube Series:** This series features successful fresh CMAs sharing their inspiring journeys and insights. It serves as a motivating platform for students, showcasing the diverse paths within our profession.

4. **Career Awareness Events:** In addition, the committee organized Career Awareness events in colleges and various institutes, reaching out to young minds and guiding them toward a rewarding career in management accounting. These events provided a unique opportunity for students to interact with industry experts, clarify doubts, and gain valuable knowledge. Stay Tuned for More!

I am excited to share that this month's issue of the WIRC Bulletin focuses on a crucial topic for our profession: "Sustainability and Cost Accounting: Integrating ESG Metrics."

As we navigate an evolving business landscape, Environmental, Social, and Governance (ESG) metrics have emerged as essential components of sustainable business practices. Organizations are increasingly evaluated not just on their financial outcomes but also on their environmental impact, societal contributions, and governance standards.

The Role of Cost Accountants

Cost accountants are uniquely positioned to bridge the gap between sustainability initiatives and financial performance. Our expertise enables us to ensure that ESG metrics are integrated into the decision-making processes, transforming them from mere compliance obligations into strategic drivers of long-term business value.

In this issue, we explore:

- The significance of ESG metrics in today's corporate environment.
- How cost accounting can facilitate the integration of sustainability into core business strategies.
- Case studies and best practices from organizations successfully implementing ESG measures.

Call for Contributions to WIRC Bulletin

Looking ahead, the theme for the November 2024 edition of the ICMAI WIRC Bulletin is "Role of a Cost and Management Accountant in Green Jobs or Green Costing: Accounting for Environmental Costs." We invite all members to contribute articles, case studies, and research papers that reflect your insights and expertise. Your contributions will enrich the Bulletin and provide valuable resources to our community. Please submit your work or suggestions to wirc.admin@icmai.in.

Festive Wishes

On this occasion of Navratri and Diwali, I wish prosperity and happiness to all our esteemed members, dedicated students, and their families. May success accompany you in all your endeavours. Happy Diwali

CMA Mihir Narayan Vyas
Vice Chairman, ICMAI-WIRC &
Chief Editor, WIRC Bulletin

SUSTAINABILITY AND COST ACCOUNTING: INTEGRATING ESG METRICS

written by,

CMA ARJYA PRIYA SINHA

Mob. 8918860947

E.mail - cmaarjyapriyasinha13@gmail.com

Abstract:

In today's dynamic business environment, sustainability has become a pivotal component of corporate strategy. The integration of Environmental, Social, and Governance (ESG) metrics into cost accounting represents a transformative approach that aligns financial performance with sustainable practices. This article explores the synergy between sustainability and cost accounting, detailing how ESG metrics can be embedded into cost accounting frameworks. It presents a comprehensive framework for identifying material ESG factors, quantifying ESG-related costs and benefits, and incorporating these metrics into strategic decision-making. By addressing inherent challenges and highlighting emerging opportunities, the article underscores the vital role of cost accountants in fostering sustainable business practices and enhancing long-term value creation.

1. Introduction

The conventional focus on financial performance is no longer sufficient in addressing the multifaceted challenges faced by modern businesses. Climate change, social disparities, and governance issues have elevated sustainability to a strategic imperative. Environmental, Social, and Governance (ESG) metrics have emerged as essential indicators for assessing a company's holistic performance and long-term viability (Eccles, Ioannou, & Serafeim, 2014). Cost accounting, traditionally centered on financial data, must evolve to incorporate ESG metrics to provide a more comprehensive view of organizational performance. This integration not only supports regulatory compliance and stakeholder expectations but also drives strategic decision-making that fosters sustainable growth.

2. The Significance of ESG Metrics in Modern Business

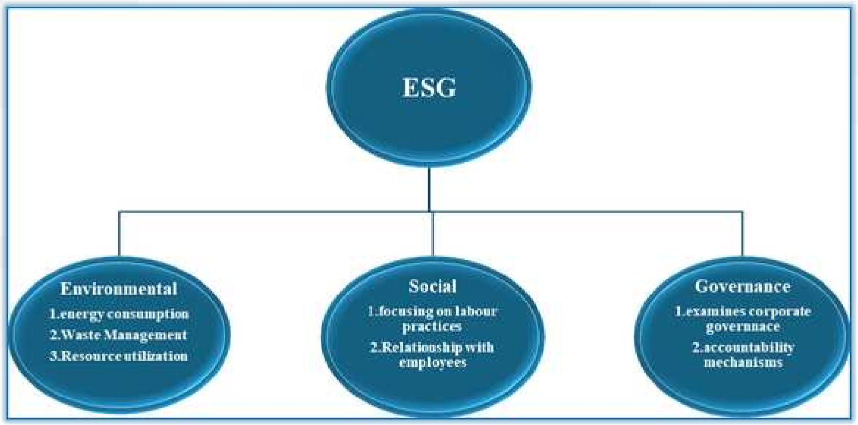
ESG metrics offer a robust framework for evaluating a company's non-financial performance across three dimensions:

1. **Environmental (E):** Assesses a company's impact on the natural environment, including carbon emissions, energy consumption, waste management, and resource utilization.

2. **Social (S):** Evaluates relationships with employees, suppliers, customers, and communities, focusing on labor practices, diversity and inclusion, and human rights.

3. **Governance (G):** Examines corporate governance structures, ethical conduct, transparency, and accountability mechanisms.

The integration of ESG metrics is driven by stakeholders' increasing demand for transparency and accountability. Investors are incorporating ESG criteria into their investment decisions, recognizing that sustainable practices can mitigate risks and enhance long-term returns (Porter & Kramer, 2011). Additionally, regulatory bodies are instituting mandatory ESG disclosures, further compelling companies to adopt comprehensive sustainability reporting (United Nations, 2015).



3. The Role of Cost Accounting in Advancing Sustainability

Cost accounting plays a crucial role in identifying, measuring, and managing costs associated with business operations. Traditionally, cost accounting focuses on financial metrics to optimize profitability and efficiency. However, the rising prominence of ESG factors necessitates an expanded scope that includes environmental and social costs—often referred to as externalities.

Key Contributions of Cost Accounting to Sustainability:

- **True Cost Identification:** Incorporates environmental and social costs into product pricing and cost structures, providing a more accurate reflection of total costs.

- **Resource Optimization:** Identifies opportunities for reducing waste and improving resource efficiency, leading to cost savings and environmental benefits.

- **Risk Management:** Assesses and mitigates risks related to environmental regulations, social unrest, and governance failures, enhancing organizational resilience.

By integrating ESG metrics, cost accountants can facilitate informed decision-making that balances financial performance with sustainable practices, thereby contributing to the creation of long-term value.

4. Integrating ESG Metrics into Cost Accounting: A Strategic Framework

The integration of ESG metrics into cost accounting requires a systematic approach. The following framework outlines key steps for successful integration:

4.1 Identifying Material ESG Factors

Not all ESG factors hold equal significance for every organization. Conducting a materiality assessment is essential to prioritize ESG issues that have the most substantial impact on business performance and stakeholder value (Sustainability Accounting Standards Board [SASB], 2021). This involves:

- Engaging with stakeholders to understand their concerns and expectations.

- Analyzing industry-specific ESG risks and opportunities.

- Evaluating the potential financial implications of various ESG factors.

4.2 Quantifying ESG Costs and Benefits

Transforming qualitative ESG data into quantitative metrics is a critical challenge. Cost accountants can employ methodologies such as:

- **Life-Cycle Costing (LCC):** Evaluates the total environmental and social costs associated with a product throughout its lifecycle, from production to disposal.

- **Activity-Based Costing (ABC):** Allocates costs based on activities that drive resource consumption, facilitating the identification of high-impact areas.

- **Full-Cost Accounting (FCA):** Captures all costs, including externalities, to provide a comprehensive view of financial and non-financial performance.

These approaches enable the quantification of ESG-related costs, such as carbon pricing, water usage, and social impact expenditures, thereby integrating them into the overall cost structure.

4.3 Incorporating ESG Data into Decision-Making

Not all ESG factors hold equal significance for every organization. Conducting a materiality assessment is essential to prioritize ESG issues that have the most substantial impact on business performance and stakeholder value (Sustainability Accounting Standards Board [SASB], 2021). This involves:

- Engaging with stakeholders to understand their concerns and expectations.

- Analyzing industry-specific ESG risks and opportunities.

- Evaluating the potential financial implications of various ESG factors.

4.4 Developing ESG-Integrated Key Performance Indicators (KPIs)

Establishing KPIs that reflect ESG objectives is essential for tracking progress and driving accountability. Examples include:

- Environmental KPIs: Carbon footprint per unit of production, energy efficiency rates, and waste reduction targets.
- Social KPIs: Employee turnover rates, diversity indices, and community engagement levels.
- Governance KPIs: Board diversity, executive compensation linked to sustainability performance, and compliance rates.

These KPIs enable organizations to monitor and report on their sustainability performance systematically.

4.2 Transparent ESG Reporting

Effective communication of ESG performance is crucial for stakeholder trust and engagement. Cost accountants can facilitate transparent reporting by:

- Integrating ESG metrics into financial statements and annual reports.
- Utilizing sustainability dashboards and scorecards to present ESG data alongside financial information.
- Adhering to recognized reporting standards, such as the Global Reporting Initiative (GRI) and the Task Force on Climate-related Financial Disclosures (TCFD).

Transparent reporting not only enhances credibility but also provides a clear narrative of the company's commitment to sustainability.

5. Challenges in Integrating ESG Metrics

While the integration of ESG metrics into cost accounting offers significant benefits, it also presents several challenges:

- Data Availability and Quality: Reliable and consistent ESG data can be scarce, making accurate measurement difficult.
- Standardization Issues: The lack of universally accepted standards for ESG reporting complicates benchmarking and comparison across organizations.
- Cultural Resistance: Shifting the organizational mindset from a purely financial focus to a sustainability-oriented approach may encounter resistance from stakeholders accustomed to traditional metrics.
- Complexity in Quantification: Assigning financial values to non-financial ESG factors involves inherent uncertainties and methodological complexities.

Addressing these challenges requires robust data management systems, adoption of standardized reporting frameworks, stakeholder education, and continuous improvement in ESG measurement techniques.

6. Opportunities for Cost Accountants

Despite the challenges, the integration of ESG metrics into cost accounting opens up numerous opportunities:

- Strategic Advantage: Companies that effectively manage ESG factors can differentiate themselves in the marketplace, attracting customers and investors who prioritize sustainability.
- Cost Savings: Identifying inefficiencies and waste through ESG-focused cost accounting can lead to significant cost reductions and improved operational efficiency.
- Enhanced Risk Management: Proactively addressing ESG risks can prevent potential financial losses and reputational damage.
- Innovation and Growth: ESG integration can spur innovation in sustainable products and services, driving new revenue streams and market expansion.

Cost accountants, equipped with ESG expertise, can play a pivotal role in unlocking these opportunities and driving sustainable business transformation.

7. Conclusion

The convergence of sustainability and cost accounting through the integration of ESG metrics represents a paradigm shift in how businesses assess and manage their performance. By embedding ESG factors into cost accounting frameworks, organizations can achieve a more comprehensive understanding of their operational impacts, enhance strategic decision-making, and foster long-term value creation. While challenges exist, the opportunities for improved efficiency, risk management, and competitive advantage are substantial. As sustainability becomes a core business imperative, cost accountants must evolve to incorporate ESG metrics, positioning themselves as key drivers of sustainable growth and corporate responsibility.

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Themes for November 2024

Role of a Cost and Management Accountant in Green Jobs or Green Costing: Accounting for Environmental Costs

Articles on the theme as well as other professional matters are invited along with scanned copies of their recent passport size photograph, email id, mobile no and scanned copy of declaration stating that the articles are their own original and have not been considered for anywhere else.

Please send your articles by e-mail to wirc.admin@icmai.in before 25tth October 2024.

> **Embedding ESG in Cost Accounting for a Future-Ready Business:**
>
> Embedding ESG metrics into cost accounting transforms sustainability from a choice into a core business strategy. It's about measuring impact beyond profits and paving the way for a more responsible, future-ready enterprise.

LEVERAGING COST ACCOUNTING ARCHITECTURE FOR FACILITATING SUSTAINABILITY ACCOUNTING AND REPORTING

written by,
CMA (DR.) S. K. GUPTA
Mob.: 98101 62341 E-mail: cbst.skgupta@gmail.com

The Perspective

In today's rapidly changing business landscape, organizations face the dual challenge of managing costs effectively while also addressing environmental and social responsibilities. Sustainable cost management refers to the strategic and systematic approach of optimizing costs while considering environmental, social, and economic factors. It refers to the practice of managing costs in a way that ensures long-term profitability and success while minimizing negative impacts on people, communities and the environment. It helps reduce waste, improve efficiencies, and find cost savings through greener practices and initiatives. It is an integrated approach that goes beyond traditional cost-cutting measures and takes into account the broader impact of business decisions on the environment, society, and future generations.

The last few decades have witnessed the increasing pressures for organizations to behave in a socially and environmentally responsible fashion, and businesses have started to acknowledge the importance of sustainability, embracing the sustainability rhetoric in their external reporting and in their mission statement. One area that has not yet been investigated in depth is related to the capability of existing corporate accounting systems to measure sustainability. Development of such instrumental sustainability accounting systems will require the accounting profession to step outside its comfort zone and measure and manage external environmental and social impacts. Extending the boundary of analysis beyond the "entity" has implications for both accounting and management control system design.

What is sustainability accounting?

What is Sustainability Accounting? According to common definitions, there are three key dimensions of sustainability: the economic, the social and the environmental. As a result sustainable development can be measured in terms of these three dimensions: • The economic impact might be the effect on local employment and livelihoods by the organisations operations • The social impact might include staff terms and conditions or projects in the community • The environmental impact might include the quality of waste water discharged or greenhouse gas emissions from operations.

Sustainability accounting shows the costs and benefits of business activities for the economy, environment, and society. Social and environmental issues are not only part of a company's sustainability management – they can have real financial implications, which can be illustrated in monetary terms. Despite the challenges that the monetization of natural and social capital may pose, broadening the range of metrics and communicating values in financial terms facilitate the consideration of these impacts by decision-makers. Accounting for natural and social capital provides a better understanding of:

- What are our business impacts on nature and society?
- What are our business risks and opportunities?
- Can we change our business model to create more value

Business activities have wide-ranging impacts on natural and social capital – these impacts are external to your business. They can include negative impacts such as environmental degradation, but also positive impacts, such as economic value generation in the value chain. At the same time, natural and social capital can have internal cost implications in terms of resources.

Sustainable cost accounting

Sustainability accounting, which integrates financial and environmental data, provides a comprehensive framework for assessing the ecological impact of business operations. SCA would require that every large business prepare a plan to show how it will manage the consequences of climate change. Sustainability accounting, which integrates financial and environmental data, provides a comprehensive framework for assessing the ecological impact of business operations. SCA would require that every large business prepare a plan to show how it will manage the consequences of climate change.

That plan would have to state how it might become net carbon-neutral by a specified date as a consequence of eliminating carbon from its production processes, both within its own business and within its supply and customer chains. SCA does not require an entity to account for the cost of the externalities that its business activities create. Instead, the requirement is that the entity accounts for the cost of eliminating the causes of that externality from its business systems, and those of its supply and customer chains. The costs to be accounted for by SCA are in that case always those that are wholly under the management and control of the entity itself. There is no accounting required for the externality that is to be eliminated.

Tools and methodologies

- Collections of impact and valuation factors for internal corporate use
- Integration of impacts and dependencies into cost-benefit analysis and investment planning
- Models for calculating and comparing product, business model and portfolio-level impacts or dependencies for varied sustainability topics
- Integration of impact valuation into Life Cycle Assessment models

Why is Sustainability Accounting Important?

Sustainability accounting provides a useful tool to identity, evaluate and manage social and environmental risks by identifying resource efficiency and cost savings and link improvements in social and environmental issues with financial opportunities. It also allows comparison and benchmarking of performance and identification of best practice. What are the benefits? Organisations committed to sustainability look beyond immediate profits to returns and value, which can be achieved over many years and in ways that have consideration of environmental and social issues. The sustainability accounts can be used to:

- Collect information on environmental and socially related expenditure and link them to financial benefits
- Show how environmental and social external costs can decline over time with commitment to sustainability
- Highlight the social and environmental risks associated with current financial performance and aid risk management
- Identify which stakeholder relationships present sustainability risks and benefits • Encourage partnership between stakeholder organisations

Sustainability Accounting In practice

It is usual to prepare two kinds of sustainability accounts to capture the direct financial impacts (costs and benefits) of sustainability initiatives on the organisation as well as the indirect social and environmental impacts (evaluated in financial terms where possible) of the organisation on third party stakeholders (such as the community and future generations) as shown in Figure

Direct accounts draw out sustainability related information that is otherwise hidden in the traditional financial accounts. These provide a restatement of traditional financial information to show expenditure on social and environmental activities and capture any associated benefits.

Preparation of the Direct Accounts –There are four steps in the preparation of the direct environment and social accounts.

Step 1 Determination of the scope and boundary of the accounts : It is important to specify the scope of the accounts at an early stage. It will also be necessary to determine whether there is a physical boundary to the area that the accounts are to cover, perhaps a time period, stakeholder or spatial boundary.

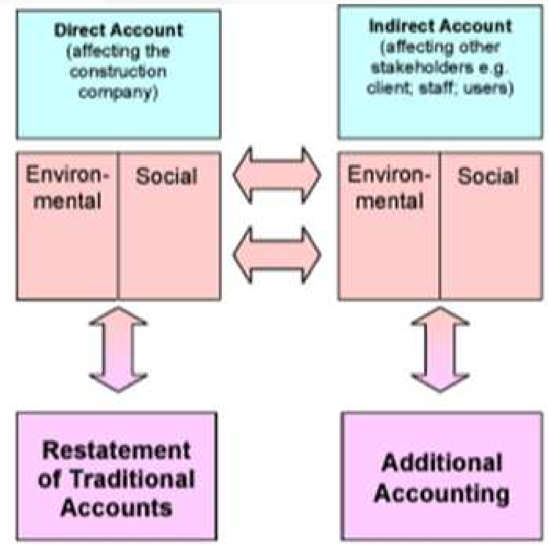

Figure 1 Overview of Sustainability Accounting Framework

Step 2 Identify all environmental and social features of the organisation : Environment and social features are any aspect of the organisation's activities, which will have a beneficial impact. At this stage all environmental and social features should be included even if the main driver was statutory or commercial.

Step 3 Identify additional financial costs : For each feature, identify the additional financial costs which would not otherwise be spent if environmental or social considerations were not being made. This is done using the classification: • Staff costs • Suppliers/contractors • Regulatory • Capital costs

Step 4 Identify Additional financial savings/benefits : For each feature identify any actual or projected financial benefits/savings that may be attributed to the environmental or social feature using the following classification: • Revenue generated • Cost savings/costs avoided • Regulatory costs avoided • Grants/subsidies/awards received

Indirect accounts provide the financial expression of selected externalities, both environmental and social. An externality may be defined as a cost (or benefit) which is borne by stakeholders such as the local community or suppliers, rather than the organisation itself.Where possible, financial values are assigned to indirect values. When this is not possible; the indirect impact should be stated in non-financial terms. Indirect impacts accrue to third party stakeholders.

Preparation of the Indirect Accounts –There are essentially three steps in the preparation of indirect cost accounts:

Step 1 Scoping Impacts: Ideally a stakeholder approach should be used to identify all significant environmental and social impacts from the organisation's activities. A full life-cycle approach will scope out upstream and downstream impacts.

Step 2 Determining boundaries : This involves prioritising which impacts to account for and which impacts to consciously exclude. This decision will have an impact on the estimation of sustainable profits.Financial accounting boundaries are governed by statute and focus on issues that affect shareholder value.Sustainability accounts have a broader focus that encompasses significant environmental and social risks that impact on stakeholder value.

Step 3 Monetary Valuation of Impacts : Methods to assign monetary values to environmental impacts have been developed over the past decade and are increasingly accepted both within government and corporate circles. There are several different types of environmental valuation methods that could be used. Forum for the Future has pioneered its environmental accounting framework using avoidance or restoration values. This is the least controversial method as it is based on the actual costs that would be incurred by business in order to prevent or avoid its indirect footprint. The valuation of indirect social impacts is a less well developed field. In principle, the same approach to valuation could be applied to social impacts. For example, social costs can be derived from the costs of avoiding or preventing impacts (e.g. health and safety impacts) or the costs of compensating affecting parties.

Cost accounting for sustainability

Cost accounting for sustainability is an approach to accounting that takes into account the environmental and social costs. This approach recognizes that the businesses have a responsibility to maximise not only profits but also to operate in a socially and environmentally responsible way. By incorporating these costs into cost accounting, businesses can better understand the true costs and make more sustainable business decisions.

Incorporating these costs can be challenging but there are number of methods that businesses can use. One method is to use Life cycle costing which takes into account the environmental and social costs of a product throughout its entire life cycle from production to disposal. Another method is to use Activity based costing which assigns costs to specific activities within the production process allowing businesses to identify where they can reduce environmental and social impacts.

By incorporating environmental and social costs into cost accounting, businesses can gain more accurate understanding of the true costs of production. This can help them make more informed decisions about their operations such as choosing more sustainable inputs or production methods, or investing in renewable energy or waste reduction programs. It can also help businesses to identify areas where they can reduce costs by reducing environmental and social costs. By doing so businesses can improve their bottom line while also contributing to a more sustainable future.

Cost accounting is the process of recording, analysing and interpreting the costs of production for a business. However traditional cost accounting methods often overlook the environmental and social costs of production, which can have significant impact on the sustainability of the business. In conclusion, cost accounting for sustainability is an important approach for businesses that are committed to operating in an environmentally and socially responsible way.

Cost accounting can also be used to help design and implement strategies to reduce waste, inefficiency, and pollution. You can identify and eliminate activities, inputs, and outputs that do not contribute to customer value or competitive advantage. Additionally, you can adopt principles and practices of lean manufacturing, green manufacturing, or circular economy. Cost accounting can also help you implement and monitor waste reduction, energy efficiency, water conservation, pollution prevention, or waste management initiatives in your production process. Moreover, it can help you incorporate environmental and social costs into pricing, costing, and decision-making models to communicate to stakeholders.

Applying cost accounting to identify and reduce waste, inefficiency, and pollution in your business processes can bring multiple benefits to your sustainability and competitiveness. Lower costs and higher profits can be achieved by reducing the consumption of resources and the generation of waste, while higher quality and customer satisfaction stem from improving the efficiency and productivity of your production process. Additionally, a reduced environmental and social impact can demonstrate your commitment to sustainable development and corporate social responsibility, building your reputation and image among stakeholders. Furthermore, incorporating environmental and social costs into pricing, costing, and decision-making models can create new opportunities for innovation and differentiation in products or services, allowing you to gain a competitive edge in the market.

Cost accounting can provide you with tools and methods to estimate and compare the relevant costs and benefits of different capital expenditure (CAPEX) alternatives. Net present value (NPV) measures the profitability and efficiency of a CAPEX project, while internal rate of return (IRR) measures the return on investment. Additionally, payback period measures the liquidity and risk of a CAPEX project. A positive NPV, higher IRR, and shorter payback period all indicate that the project will generate more value than it costs.

Cost accounting help you choose the most sustainable capital expenditures?

Cost accounting can help you make more sustainable capital expenditures by incorporating environmental and social factors into your cost-benefit analysis. For instance, you can factor in the costs of complying with environmental regulations, reducing emissions, or mitigating pollution when assessing cash outflows. Additionally, you should also consider the potential benefits of enhancing your reputation, increasing customer loyalty, or creating social value when considering cash inflows. Furthermore, it is important to use a lower discount rate for projects that have positive environmental and social impacts, as they tend to have lower risks and higher returns in the long run. Conversely, projects with negative environmental and social impacts should be assigned a higher discount rate as they are likely to have higher risks and lower returns in the long run.

Cost accounting help you monitor and control your capital expenditures?

Cost accounting can help you monitor and control your capital expenditures by providing feedback and information to track and evaluate the performance of your CAPEX projects. You can compare the actual costs and benefits with the budgeted or estimated ones to identify any variances or deviations, then analyse their causes and effects to determine whether they are favourable or unfavourable, as well as controllable or uncontrollable. Taking corrective actions or making adjustments can improve the efficiency, quality, or profitability of your CAPEX projects, or help you avoid or minimize the negative impacts.

Sustainability Reporting

Demonstrate commitment to Total Cost Accounting and sustainable accounting Help ensure that TCA and sustainability are embedded in an organization's activities Show how the organization is doing including (a) broad organization-wide goals, perhaps promoted in the public domain and (b) specific targets and performance measures within an organization's performance measurement framework Contrast with competitors can be good for marketing

One of the key goals of sustainability reporting and management is improving the accuracy and completeness of accounting This includes current and potential risks, costs and benefits Many sustainability efforts are weak because they fail to consider the financial implications of environmental and social impacts (and risks) - both short term and long term.More complete accounting Will require new steps to include: external costs and benefits current and potential liability and risk likely emissions fees or cap and trade market impacts and offsets known or uncertain risks for social and environmental impacts implications of rapidly increasing costs for emissions and resources subsidies, direct and indirect added costs from climate change impacts.

Conclusion

Companies that start managing for sustainability with true cost accounting can reduce costs, boost reduce risk, and improve the bottom line. Sustainability accounting is crucial for fostering corporate accountability and environmental stewardship. Cost accounting has to change because we need a clear, audited, enforced and unambiguous indicator of the process of change that business must go through to support continued human life on this planet. Sustainable cost accounting can do that by indicating who can, and cannot, use capital to best effect in this changed environment. That is precisely why it is needed, however uncomfortable the consequences might be.

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DRIVING SUSTAINABLE GROWTH - INDIA'S REMARKABLE JOURNEY WITH ESG AND BRSR

written by,
DR. DILEEP KUMAR S. D.
ASSISTANT PROFESSOR AND COORDINATOR
PG DEPARTMENT OF COMMERCE, PESIAMS
Mob 8747831460
Email - dileepsd87@gmail.com

Abstract:

Sustainable growth is paramount for India's development, balancing economic advancement with social equity and environmental preservation. India's unique challenges, including rapid industrialization and diverse ecosystems, necessitate a holistic approach to ensure long-term prosperity. In this background, the rise of ESG principles and BRSR reflects a global shift towards responsible business practices, driven by investor pressure, regulatory mandates, and stakeholder expectations. By means of embracing sustainability, Indian companies can enhance resilience, foster innovation, and contribute to a more sustainable future.

Introduction:

Sustainable growth is an imperative framework for development that harmonizes economic progress with social equity and environmental stewardship. In the context of India, a nation marked by rapid industrialization, burgeoning population, and diverse ecological landscapes, sustainable growth emerges as a fundamental paradigm for long-term prosperity and resilience. At its objective, sustainable growth embodies the principle of meeting present needs without compromising the ability of future generations to meet their own. This approach emphasizes the integration of economic, social, and environmental dimensions, recognizing their interdependence and the necessity of balancing competing interests. Even, India faces a myriad of challenges, ranging from poverty alleviation and social inequality to environmental degradation and climate change. Sustainable growth offers a holistic strategy to address these challenges by fostering inclusive development, preserving natural resources, and mitigating environmental risks.

The importance of sustainable growth in the Indian context cannot be overstated. With a population exceeding 1.3 billion and a rapidly expanding economy, India's developmental trajectory has significant implications for global sustainability. By taking on sustainable practices, India can achieve equitable and resilient growth while safeguarding its natural heritage for future generations. In this background, this paper seeks to explore the concept of sustainable growth and its relevance in India, examining the challenges, opportunities, and strategies for advancing sustainability across economic, social, and environmental domains. Through a comprehensive analysis, it aims to emphasize the imperative of sustainable growth in shaping India's trajectory towards a prosperous, inclusive, and environmentally sustainable future.

Evolution of Sustainability Initiatives in India – A Few Developments

The evolution of sustainability initiatives in India has been shaped by a combination of factors including economic development, environmental challenges, social inequalities, and global commitments. However, some of the important initiatives become clear from the following lines and followed by a brief analysis.

- **Early Initiatives (Pre-Independence):** Prior to independence, sustainability initiatives in India were largely driven by traditional practices embedded in indigenous knowledge systems. Communities relied on sustainable agriculture, water management techniques, and conservation practices passed down through generations.

- **Post-Independence Era (1950s-1970s):** In the early decades after independence, India focused on industrialization and infrastructure development to address poverty and stimulate economic growth. However, this period also saw the emergence of environmental concerns, highlighted by events such as the Bhopal Gas Tragedy in 1984, which underscored the need for environmental regulations and oversight.

- **Policy Frameworks (1980s-1990s):** During the 1980s and 1990s, India began to develop policy frameworks to address environmental and social issues. The National Conservation Strategy and Policy Statement on Environment and Development (NCS) in 1992 laid the foundation for integrating environmental considerations into development planning.

- **Liberalization and Globalization (1990s-2000s):** India's economic liberalization in the 1990s led to rapid industrial growth and urbanization, accompanied by environmental degradation and social disparities. In response, the government introduced environmental regulations and established institutions such as the Ministry of Environment, Forest and Climate Change (MoEFCC) to oversee environmental protection and conservation efforts.

- **Corporate Sustainability (2000s-Present):** With increasing awareness of corporate responsibility, Indian companies began to adopt sustainability practices in the early 2000s. The concept of Corporate Social Responsibility (CSR) gained prominence with the introduction of mandatory CSR spending requirements under the Companies Act, 2013. This prompted companies to invest in social and environmental initiatives, contributing to sustainable development.

- **International Commitments (21st Century):** India's participation in global environmental agreements such as the Paris Agreement on climate change and the Sustainable Development Goals (SDGs) has further reinforced its commitment to sustainability. These agreements have catalyzed efforts to address climate change, promote renewable energy, and enhance resilience to environmental risks.

- **Emerging Trends (Present):** In recent years, there has been a growing emphasis on sustainability across sectors including energy, agriculture, water management, and urban development. Initiatives such as the Business Responsibility and Sustainability Reporting (BRSR) framework introduced by the Securities and Exchange Board of India (SEBI) aim to mainstream sustainability reporting among Indian companies, driving transparency and accountability.

India's Journey towards Sustainable Development – Key Milestones

India's journey towards sustainable development has been marked by key milestones that reflect its commitment to addressing environmental, social, and economic challenges while fostering inclusive and equitable growth.The establishment of institutions such as the Ministry of Environment, Forest and Climate Change (MoEFCC) in 1985 laid the foundation for environmental governance and policy formulation. The National Conservation Strategy and Policy Statement (NCS) adopted in 1992 emphasized the integration of environmental considerations into development planning, promoting sustainable resource management and conservation efforts. In 2008, India launched the National Action Plan on Climate Change (NAPCC) to address climate change challenges through various national missions focusing on renewable energy, energy efficiency, and sustainable agriculture. Subsequently, India set ambitious targets for renewable energy capacity expansion, including the goal of achieving 175 GW of renewable energy capacity by 2022.

The introduction of initiatives like the Swachh Bharat Mission in 2014 aimed to achieve universal sanitation coverage and eliminate open defecation, promoting environmental sustainability and public health. The Smart Cities Mission, launched in 2015, focused on sustainable urban development by improving infrastructure, mobility, and resource management in selected cities. In 2016, India ratified the Paris Agreement on climate change, demonstrating its commitment to combating global warming and transitioning to a low-carbon economy. The promotion of electric mobility and the introduction of Goods and Services Tax (GST) incentives for sustainable industries further reinforced India's commitment to sustainable development.

The introduction of the Business Responsibility and Sustainability Reporting (BRSR) framework by SEBI in 2020 mandated listed companies to disclose their sustainability performance, enhancing transparency and accountability in corporate practices. These milestones represent significant strides in India's journey towards sustainable development, showcasing its determination to address pressing environmental and social issues while fostering economic growth and prosperity for all.

ESG and BRSR for Indian Companies – Why?

The emergence of Environmental, Social, and Governance (ESG) considerations and the adoption of Business Responsibility and Sustainability Reporting (BRSR) by Indian companies signify a paradigm shift towards more responsible and sustainable business practices. However, some of the factors have contributed to this trend.

- **Global Trends and Investor Pressure:** Globally, there has been a growing recognition of the importance of ESG factors in assessing a company's long-term sustainability and risk profile. Institutional investors, asset managers, and shareholders are increasingly incorporating ESG criteria into their investment decisions, putting pressure on companies to disclose and improve their ESG performance.

- **Regulatory Mandates:** In India, regulatory bodies such as the Securities and Exchange Board of India (SEBI) have played a pivotal role in driving the adoption of sustainability reporting through initiatives like the BRSR framework. SEBI introduced BRSR in 2020, mandating listed companies to disclose their ESG-related performance indicators in their annual reports.

- **Corporate Governance Reforms:** The adoption of BRSR aligns with broader corporate governance reforms aimed at enhancing transparency, accountability, and stakeholder engagement. Companies are increasingly recognizing the importance of integrating sustainability considerations into their governance structures and decision-making processes to mitigate risks and enhance long-term value creation.

- **Stakeholder Expectations:** Customers, employees, communities, and other stakeholders are demanding greater accountability from businesses regarding their environmental and social impacts. Companies are realizing that addressing ESG issues not only mitigates reputational risks but also enhances brand value and competitiveness in the market.

- **Competitive Advantage and Innovation:** Taking on sustainability can provide companies with a competitive advantage by fostering innovation, reducing costs, and attracting talent. Forward-thinking companies are leveraging ESG considerations to drive product and process innovation, create new revenue streams, and differentiate themselves in the market.

- **Long-Term Value Creation:** Ultimately, the adoption of ESG considerations and BRSR by Indian companies reflects a broader recognition of the importance of sustainable business practices in driving long-term value creation. By prioritizing environmental stewardship, social responsibility, and effective governance, companies can enhance their resilience, reputation, and financial performance in an increasingly interconnected and uncertain world.

ESG adoption and BRSR compliance among Indian companies – A Trend Analyis

Predicting trends in ESG adoption and BRSR compliance among Indian companies involves considering various factors shaping the business landscape, regulatory environment, investor preferences, and societal expectations. Here are some potential trends:

- **Increased Regulatory Scrutiny:** As awareness of ESG issues grows and regulatory frameworks evolve, Indian companies can expect increased scrutiny and enforcement of sustainability reporting requirements. Regulatory bodies may introduce stricter guidelines, expand reporting obligations, and impose penalties for non-compliance, driving greater adherence to BRSR standards.

- **Expansion of ESG Disclosures:** Indian companies are likely to expand their ESG disclosures beyond regulatory requirements to meet investor expectations, enhance transparency, and demonstrate commitment to sustainability. Companies may voluntarily disclose additional ESG performance indicators, aligning with global reporting frameworks such as GRI, SASB, or TCFD, to provide comprehensive insights into their sustainability practices.

- **Integration of ESG into Business Strategies:** ESG considerations are expected to become increasingly integrated into corporate strategies, decision-making processes, and performance metrics. Companies will prioritize sustainability as a strategic imperative, embedding ESG factors into risk management, innovation, supply chain management, and product development to drive long-term value creation and competitive advantage.

- **Focus on Materiality and Impact Measurement:** Indian companies will prioritize the identification and measurement of material ESG issues that are most relevant to their business operations and stakeholders. Companies will invest in robust data collection, analysis, and impact assessment methodologies to quantify the social, environmental, and economic impacts of their activities and initiatives.

- **Stakeholder Engagement and Collaboration:** Companies will engage with diverse stakeholders, including investors, customers, employees, communities, and regulators, to understand their ESG expectations, address concerns, and foster collaboration. Stakeholder engagement will become a key driver of ESG performance, influencing strategy formulation, risk management, and value creation.

- **Emergence of ESG Ratings and Indices:** The demand for ESG ratings, rankings, and indices will continue to rise as investors seek standardized and comparable ESG performance metrics to inform investment decisions. Indian companies will strive to improve their ESG ratings and rankings to attract capital, enhance reputation, and gain access to sustainable finance options.

- **Integration of Technology and Data Analytics:** Companies will leverage technology and data analytics to enhance ESG reporting, monitoring, and performance management. Automation, artificial intelligence, and blockchain technologies will streamline data collection, validation, and reporting processes, improving accuracy, efficiency, and transparency in sustainability disclosures.

- **Sector-Specific Initiatives and Best Practices:** Different sectors will adopt tailored ESG strategies and initiatives to address sector-specific challenges and opportunities. Companies will benchmark against industry peers, share best practices, and collaborate on sector-specific sustainability initiatives to drive collective impact and industry-wide progress.

Significance/Relevance of ESG and BRSR in driving Sustainable Growth in India

The significance of Environmental, Social, and Governance (ESG) principles and the Business Responsibility and Sustainability Reporting (BRSR) framework in driving sustainable growth in India cannot be overstated.

- **Integration of Triple Bottom Line:** ESG principles encompass environmental stewardship, social responsibility, and effective governance, reflecting a holistic approach to sustainable development. By considering not only financial performance but also environmental and social impacts, companies can pursue balanced and inclusive growth that benefits both society and the economy.

- **Risk Management and Resilience:** Incorporating ESG factors into business strategies helps companies identify, assess, and mitigate risks related to environmental degradation, social unrest, regulatory non-compliance, and reputational damage. By proactively managing ESG risks, companies can enhance resilience and safeguard their long-term viability in a rapidly changing global landscape.

- **Enhanced Stakeholder Trust and Engagement:** Transparent reporting of ESG performance through frameworks like BRSR fosters trust and credibility among stakeholders, including investors, customers, employees, communities, and regulators. By demonstrating a commitment to responsible business practices, companies can build stronger relationships with stakeholders, enhance brand reputation, and mitigate potential conflicts.

- **Access to Capital and Market Opportunities:** Investors are increasingly considering ESG factors in their investment decisions, driving demand for companies with strong sustainability credentials. Access to sustainable finance, including green bonds, impact investments, and ESG-linked loans, can provide companies with additional funding sources, lower capital costs, and opportunities for market differentiation.

- **Innovation and Competitive Advantage:** Embracing sustainability encourages innovation, driving the development of environmentally friendly products, renewable energy solutions, efficient processes, and inclusive business models. Companies that pioneer sustainable technologies and practices gain a competitive edge, capturing new market opportunities and positioning themselves as leaders in their industries.

- **Alignment with National Priorities and Global Commitments:** ESG and BRSR initiatives align with India's national priorities, including poverty alleviation, environmental protection, social inclusion, and economic growth. By advancing sustainability goals, companies contribute to India's development agenda and fulfill commitments under international agreements such as the Paris Agreement and the Sustainable Development Goals (SDGs).

Conclusion:

ESG principles and the BRSR framework play a pivotal role in driving sustainable growth in India by promoting responsible business practices, managing risks, fostering stakeholder trust, unlocking capital, fostering innovation, and advancing national and global sustainability objectives. By way of embedding ESG considerations into their operations and decision-making processes, companies can create shared value, ensure long-term prosperity, and contribute to a more sustainable and resilient future for India and its people.

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ESG AND COST AND MANAGEMENT ACCOUNTANTS

Written by,
CMA RAJESH KAPADIA
Mob.: 99090 29382
E-mail: rajeshanita2007@yahoo.com

ESG stands for Environment, Social and Governance

Tenet of ESG provides that if any corporate action, taking or not taking of which, impacts both Profitability and ESG concerns then ESG concerns shall override the Profitability concerns.

For example, a company wants to replace its membrane cells costing around 100 crores as it has life span of 4 – 5 years which is over.

Company has the option to defer it by 1 – 2 years.

Here, company shall carry out its cost benefit analysis of replacing either at 4 – 5 years and defer it by 1 – 2 years.

Company shall also weigh its impact on ESG concerns.

Say by deferring its replacement by 1 – 2 years , it is likely to endanger safety and security of the people involved with its operation then irrespective of its cost benefit analysis (may be payback period), corporate will have to go for its replacement at 4 – 5 years otherwise it shall attract negative remarks with respectto 10 (iii) n 12 (i) of Principle 3 of Section C : Principle wise Performance disclosure of BRSR Reporting to be filed at Stock Exchanges both in XBRL n PDF as stipulated by regulation 34 (2) (f) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

With effect from F.Y.2022-2023, filing of BRSR has been made mandatory for top 1000 listed companies (by market capitalisation) The Business Responsibility and Sustainability Report (BRSR) is an initiative towards ensuring that investors have access to standardised disclosures on ESG Parameters.

The reporting requirements were finalised based on feedback received from public consultation and extensive deliberations with stakeholders including corporate, institutional investors.

ESG is a criteria that investors use to assess a company and determine if they are worth investing in.

As a matter of good corporate governance, other companies should follow it voluntarily.

So it can be seen that ESG concerns shall override the financial concerns.

Also in the past, it was too often observed , corporate action blatantly diverted towards profitability with ESG concerns being tossed to the wall.

This prompted SEBI to issue notification in May,2021, amending regulation 34 (2) (f) of SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015.

BRSR Reporting consists of the Following

Section A : General Disclosures
Total 24 points

Section B : Management and Process Disclosures
Total 12 points

Section C : Principle wise Performance Disclosure

The information sought is categorised as Essential and Leadership.

While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

Principle 1 – Business should conduct and govern themselves with integrity. And in a manner that is Ethical, Transparent and Accountable

7 points in Essential Indicators

2 points in Leadership Indicators

This principle ensures ethical behaviour of businesses in all operation, functions and processes.

Principle 2 – Business should provide Goods and Services in a manner that is sustainable and safe

4 points in Essential Indicators

5 points in Leadership Indicators

This principle emphasises that businesses have to focus on safety and resource efficiency in the design and manufacture of their products.

Principle 3 – Business should respect and promote the well being of all employees, including those in their value chains

15 points in Essential Indicators

6 points in Leadership Indicators

This principle identifies the well being of an employee and the welfare of his / her family across the value chain.

Measures taken by the company relating to well being of the employees.

Principle 4 – Business should respect the interests of and be responsive to all its stakeholders

2 points in Essential Indicators

3 points in Leadership Indicators

This principle brings into light that businesses have a responsibility to maximise the positive effects and minimise and mitigate the negative impacts of the products, operations and practises on their stakeholders.

Principle 5 – Business should respect and promote human rights

10 points in Essential Indicators

5 points in Leadership Indicators

This principles recognises that there can not be discrimination with respect to basic human rights.

Principle 6 – Business should respect and make efforts to protect and restore the environment

12 points in Essential Indicators

9 points in Leadership Indicators

This principle encourages firms to adopt environmental practices and processes that minimise or eliminates the harmful effects of their operations across the value chain.

Principle 7 – Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

2 points in Essential Indicators

1 point in Leadership Indicators

This principle recognises the legitimacy of business to engage with governments for redressal of a grievance or for influencing public policy.

Principle 8 – Businesses should promote inclusive growth and equitable development

4 points in Essential Indicators

6 points in Leadership Indicators

This principle reiterates that business success, inclusive growth and equitable development are interdependent.

Disclosure required on social impact assessment (SIA) of projects undertaken by the company.

Principle 9 – Businesses should engage with and provide value to their consumers in a responsible manner

6 points in Essential Indicators

5 points in Leadership Indicators

This principle is based on the fact that the primary aim of a business entity is to supply goods and services to its customers that are safe to use, creating value for both.

Disclosure called for on number of consumers complaints received.

The applicability of above nine principles to ESG is summarised as under :
Environment (E) – Applicable Principles – P2, P6
Social (S) – Applicable Principles – P3, P5, P8, P9
Governance (G) – Applicable Principles – P1, P4, P7

As CMA deals with the entire supply chain management of which ESG is an integral part, this is an opportunity for him to act as friend, philosopher and guide in compiling the data / information for BRSR Reporting and hence its resultant compliance.

CMA can contribute to ESG Reporting and compliance which shall be evident from the following :

1. Hold a meeting with all the departmental heads at the beginning of the year , explaining to them the requirements of the Report and the expectations from them.

   This will help to put in place the mechanisms for proper and timely collection of data without creating gaps and lags in between (this is similar to what CMA does for budgetary exercise)

2. If needed, prepare dedicated formats for each department for soliciting data

   This one time activity shall smoothen the reporting process for the year to follow
   (CMA is an expert in designing MIS Reporting System)

(VIEWS EXPRESSED ARE PERSONAL VIEWS OF THE AUTHOR)

OBITUARY

CMA Suresh Nana Patil,

The Institute and its members deeply mourn the demise of CMA Suresh Nana Patil, M. No. F-11448 member of the Institute who left for heavenly abode on 21 Aug, 2024. He was a Retired Cost Accountant, and Members of Kolhapur-Sangli Chapter of the Institute. May his family have the courage and strength to overcome the loss.

CMA Kirit B Mehta

With Profound grief & sorrow, we regret to inform you of the sad demise of CMA Kirit B Mehta (M/4105), Past Chairman WIRC of ICMAI (1985-86) on 1st October, 2024. Our heartfelt condolences & respected homage to the departed soul.The death of CMA Kirit B Mehta is a great loss to the Profession and CMA fraternity at Large.

CONDOLENCE MEETING

To mourn the sad demise of CMA Kirit B Mehta, WIRC has arranged a Condolence Meeting on Wednesday, 2nd October, 2024 at 4.00 pm via MS Teams. CMA Chaitanya Mohrir, Treasurer WIRC, CMA Ashwin Dalwadi, Past President & CCM- ICMAI, CMA Mahendra Bhombe, RCM-WIRC,CMA Vivek Bhalerao, RCM-WIRC, CMA Shriram Mahankaliwar, Past Chairman WIRC, CMA Ashok Nawal, Past Chairman, WIRC, many Sr. members of Institute and WIRC Staff pay their homage to the departed soul & conclude with Shanti Mantra.

ITC RESTRICTION ON CSR SPEND: LEGAL PROVISIONS AND IMPACT ON BUSINESS

written by,
CMA SUBHASISH PAUL.
Mobile No - 9320334616
subhasish.n.paul@relianceada.com

Introduction:

As integral part of Society and as a responsible corporate citizen, businesses are morally, socially and sometimes legally obligated for development of the society at large. There may be variety of forms and modes for such development, but among all, one thing is common that businesses need to spend money for such social developments.

Section 135 of The Companies Act, 2013 makes it mandatory for certain classes of companies to spend a minimum portion of their 'profit' for specified social development activities termed as 'Corporate Social Responsibility' (CSR). The companies undertakes CSR activities either by way of donating money to charitable organizations or by way of providing goods or services free of costs. For this purpose, they need to acquire goods or services from others paying the applicable 'Goods & Service Tax' (GST) on such goods or services.

From the very inception of GST Law, there were always controversies whether the 'Input Tax Credit' (ITC) will be eligible for availment on such CSR spending or not. Different experts have expressed their different opinions as per their interpretation of law. Different Advance Rulings (AARs) have given the contradictory verdicts on this subject matter.

To end all such speculations, GST Law has been amended by inserting a new clause (fa) to Section 17(5) to 'block' the ITC on goods or services acquired for the purpose of using such goods and services for CSR Activities. Now legally a business cannot avail ITC on goods or services acquired for the purpose of using it in CSR activities. Still it leaves behind a number of questions.

In the following paragraphs, relevant legal provisions, AAR verdicts and challenges faced by business will be discussed.

Let use First enumerate the Legal Provisions as per Companies Act as well as GST Law on this matter

What is CSR Provisions as per The Companies Act 2013..

A) A. As per Section 135(5) of Companies Act 2013, every Company fulfilling any of the following conditions (as mentioned below) in the previous FY must spend 2% of its average net profit made during the immediately preceding three previous financial year, for CSR activities as mentioned in Schedule VII or approved by Board.
- Net worth of Rs 500 Crs or more.
- Turnoverof Rs 1000 Crs or more
- Net Profit of Rs 5 Crs or more.

B) A. Generally, a CSR Committee is formed to formulate and to recommend CSR Policy in the area or subjects specified in Schedule VII.

C) BFor ongoing projects, allocated unspent amount of a particular FY will be transferred to a special account called 'Unspent Corporate Social Responsibility Account' within 30 days from the end of the FY and such amount shall be spent within three years from such transfer to special account.

What are the legal provisions as per GST Act 2017

A) Eligibility for availing ITC : Section 16 of CGST Act enumerates the provisions relating to eligibility and conditions for availing Input Tax Credit. As per this section, every registered person shall be entitled to take credit of input tax charged on any 'supply' of goods or services or both to him which are used or intended to be used 'in the course or furtherance of his businesses.

So, we need to understand what constitute 'Supply' and what activites are within the preview of the definition of 'Business'

B) Scope of Supply: Section 7 of CGST Act defines 'Supply'. As per this section supply includes 'all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business'.

C) In addition to the above, we need to understand the inclusions made in the definition of 'Business' as per GST Law. As per Clause (b) Section 2(17), any activity or transaction in connection with or incidental or ancillary to primary business activities as defined in Section 2(17)(a), will also be included in the definition of 'Business'.

So, from the combined reading of the above legal provisions, it is evident that for availing ITC, the following conditions must be fulfilled.

- There shall be supply of goods or services.
- Supply may be in various forms but it has to be made for consideration.
- These goods / services have to be used or intended to be used by the recipient, and
- Such uses must be in the course of or in furtherance of business.

D) Block Credit : A. It means, where it has been specifically provided in the Act, ITC will not be eligible for availment. Section 17 of the CGST Act deals with such provisions and provides a lists of supply for which ITC will not be available.

The amendment to Finance Act 2023 inserted a new clause (fa) to Sect 17(5) of CGST Act 2017 vide notification no. 28/2023-CT dated 31st July 2023. As per this section ITC is specifically blocked for the goods or services received by a taxable person which are used or intended to be used for activities relating to their obligations under Corporate Social Responsibility as referred in Section 135 of Companies Act 2013. This provision has come into effect from 1st October 2023.

Now it is clear that from 1st October 2023 no ITC will be available on purchase of goods and services to be used for the activities relation to CSR.

Where the Conflicts arise from?

1. GST Law mandates that to avail the ITC on supply of goods and services, it has to be **'in the course or furtherance' of business.**
2. Section 135(5) of Companies Act states that Board of every company **shall** ensure that the company spend, in every financial year, at lease 2% of average net profit for the previous three years for CSR activity.
3. Companies Act made it mandatory for certain classes of companies to spend for CSR activities by using the word **'shall'**. Now question arises whether this expenditure on CSR will be considered as **'in the course or furtherance of business'** or not.
4. **There are two school of thoughts.**

   A) Some argues that CSR activities are part and parcel of business activities and definition of business also includes incidental activities. Further, it has also been argued that in the absence of business activities, why companies should undertake CSR activities.

   Further, Section 17(5)(h) of CGST Act, 2017 states that ITC is not available for "goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples". Since, CSR activities does not fall in any of these categories, ITC should be allowed.

   B) Other school of thought is that the CSR spending is the statutory obligation on the part of business and there is no nexus of such expenses with the normal business activities 'In the course or furtherance of businesses'. So ITC should not be allowed.
5. Rule 2(d) of Companies (CSR policy) Amendment Rules 2021, defines CSR as 'The CSR means the activities undertaken by a company in pursuance of its statutory obligations laid down in Section 135 of the Act in accordance with the provisions contains in the rules but shall not include the following'-
   -**Activities undertaken in pursuance of normal course of Business of the company.**

   Definition of CSR specifically excludes the normal business activities from the CSR activities.

6. **Various contradictory Advance Rulings on this subject have added more fuel to the fire.**

Case 1: M/S Dwarikesh Sugar Industries Limited, UP sought an Advance Ruling on whether expenses incurred in CSR activities will be considered as expenses incurred in the course of business and whether ITC will be eligible or not ? AAR-UP vide order no 52 dated 22.01.2020 allowed ITC on CSR spend.

Case 2 : The Same AAR-UP, in another Advance Ruling sought by SHRIRAM PISTONS AND RNGS LIMITED on the same subject denied ITC on CSR spend. The Ruling came on 09.12.2022. AAR-UP, in their Ruling said that the CSR activities are the activities excluded from the normal course of business and hence ITC is not available.

Case 3: In response to the Advance Ruling sought by M/S Adama India Private Limited, AAR- Gujrat dated 11.08.2021 pronounced the ruling denying the ITC citing that the activities undertaken by the Company are those activities excluded from the normal course of business and hence ITC will not be available.

7. 1. To overcome all such controversies of AAR and interpretation of Law, clause (fa) to Section 17(5) has been inserted with effect from 01.10.2023 to specifically block the ITC on the goods or services purchased by the company to be used in CSR Activities. This leads to various challenges to the companies.

Before discussing the challenges, it is to be understood that when ITC is blocked by separate notifications from a particular date and that too without retrospective effect, ITC before this particular date was not blocked.

To justify this stand, we can refer the applicability of the similar provisions of the Income Tax Act, 1961 on the same subject.

Finance Act 2014 inserted explanation 2 to Section 37(1) which states that any expenditure on CSR activities as per Section 135 of the companies Act shall not be deemed to be have incurred for the purpose of Business or Profession. This provisions came into effect for FY 15-16. Same question arose whether such explanation has retrospective effect or prospective effect.

The Honourable Delhi Tribunal in National Small Industries Corp Limited clarified that such explanation has prospective effect. The principal of the law looks forward and not backward.

Challenges to face by Business Houses.

Notification no 28/2023 – C. T.dated 31.07.2023 specifies that the amendment proposed in Finance Act 2023 for insertion of clause (fa) in Section 17(5) will come into effect from 01.10.2023. It means there is no retrospective changes regarding the provisions of ITC on CSR spend before such amendment. Now depending upon the treatment of ITC on CSR Spend by the business entities, the following challenges may be faced by the Business.

Challenge 1: : Eligibility of availment of ITC on the goods or services already purchased for using in the CSR Activities and no ITC still availed during the year on such purchase. Normally ITC is availed by the Entity on CSR spend in normal circumstances.

Let us understand the issue with an example.

For Example, Goods amounting to Rs. 1,00,000 have been purchased for CSR Activities as on 15th Sept 2023. GST on such purchase is, say Rs 18,000. ITC for such invoices are nominally availed in GSTR 3B for the month of Sept 2023 to be filed by 20th October 2023. By that time notification comes in the effect on 01.10.203 and no ITC has yet been availed. Considering the spirit of the law, in my opinion, this ITC should be availed in the Return.

Challenge 2: Whether to reclaim ITC on CSR Spend, availed and reversed earlier of its own?

Challenge 3 : Can ITC reversed under protest till 30th Sept 2023 under instruction of be reclaimed now?

Challenge 2 and Challenge 3 have same impact in the books of Accounts as well as in GST Returns. It may be reiterated that GST once availed and reversed can be reclaimed any time and the time limit as per Section 16 of CGST Act will not be applicable to them. Considering the current revised legal provisions as explained above, it is advisable to avail such credit. As the ITC was availed and reversed, ITC relating to any previous period could be availed.

Considering the above example, suppose the ITC of Rs 18,000 was availed and reversed earlier. Now this ITC can be reclaimed.

Challenge 4: Re-availing of ITC on CSR Activities not claimed earlier and already considered as expenses.

This is the case, where Companies have not claimed ITC on CSR spend and expensed out such ITC considering that the ITC was not available. But after the provisions of Section 17(5)(fa)comes into effect from 01.10.2023, it is considered that ITC upto 30th September 2023 was available.

Let us understand the situation with the following example.

Example: ITC amounting to Rs 2,00,000 on CSR Activities for FY 22-23 has been charged to P&L Statement. Financials for FY 2022-23 have already been approved.
And similar ITC for FY 23-24 amounting to Rs 1,25,000 has been charged to P&L Statements and duly approved.

Now the Company wants to claim such ITC which have already been charged to P&L Statements.

In such circumstances, GST amounts have already been charged to 'P& L' Statement of respective years. Now if they want to reclaim it, they have to give consideration to following aspects.

- **Time limit for availing GST as per Section 16 of CGST Act, and**
- **Provisions of Ind As 8 'Accounting Policies, Change in Accounting Estimates and Errors'**

Let us understand these aspects first before considering the possibility of availment of GST ITC already charged to P&L statement.

- As per Section 16(4) of CGST Act 2017, ITC of any particular year can be availed upto 30th November of subsequent year or date of filing of Annual Returns whichever is earlier. This time restriction should be given due consideration to avail any ITC of PY.

Nexus with Ind AS 8: Ind AS 8 'Accounting Policies, Change in Accounting Estimates and Errors' applied for change in accounting estimates.

As per this standard, a change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors.

It is clear that ITC for the FY 2022-23 cannot be availed due to time barrier. But, let us understand whether ITC for the period 23-24 can be availed or not.

ITC relating to FY 2023-24 : Though the Books of Accounts have already closed for FY 2023-24, this ITC can still be available for following reasons.

- The GST ITC is relating to the period before implementation of Section 17(5)(fa) of GST Act 2017
- The time period for availing such GST credit has not yet elapsed provided the company has not filed their Annual Returns (GSTR 9/9C)
- Ind As 8 also permits such availment of ITC a relating to FY 23-24 in the FY 24-25 as this will increase the asset ' GST ITC Availed A/C' resulting from new estimation or new development and it is change in Accounting Estimates as per In As 8.

Challenges 5: Increased cost of Working Capital as more outflow of Cash will be there for such non-availability of GST ITC.

Let us understand this issue with an example. Suppose, as per the provision of the Section 135 of Companies Act 2013, a Company is required to spend Rs 5 Crores on CSR Activities. The company decided to purchase various goods and services for using in CSR Activities. GST rate on all such goods/ services will be 18%. If GST amount of CSR spend is not available as ITC, an amount of Rs 76,27,119 (Rs 5,00,00,000 X 18/118) will be required as additional Working Capital for discharging GST liability which could otherwise been discharged through ITC.

So, now the company has to manage its working capital more efficiently to minimize its Cost of Working Capital.

Conclusions: Challenge number 5 is unique to all. But first four challenges are different for different entities. Before adopting any course of actions, the consequential impact of the same to be taken into consideration. Department is always pro-revenue and where there is revenue loss for the department, they will issue notice and raise demand along with the interest. It will leads to litigation with the department. The company must have courage and desperation to face such situations. Need to be ready for a long legal battle. For that also, a cost- benefit analysis of such availment needs to be analysed depending upon the strength of internal legal team or to hire the external judicial personnel if requires. Finally, the genuine credit should never be denied and the intention of any Law is never such.

PM SURYA GHAR YOJANA - A BOON TO RESIDENTIAL CONSUMERS: FROM FINANCIAL ANGEL

written by,
CMA SANTOSH SADASHIV KORADE
Mob: No: 9730577016
E-mail ID: santoshkorde77@gmail.com

Abstract

India set target of "Net Zero" by 2070, according to it, government has taken various steps to increase renewable power generation through solar, wind etc. The Government of India has approved the PM Surya Ghar: Muft Bijli Yojana on 29th February, 2024 to increase the share of solar rooftop capacity and empower residential households to generate their own electricity. The scheme has an outlay of Rs 75,021 crore and is to be implemented till FY 2026-27. The scheme will be implemented by a National programme Implementation Agency (NPIA) at the National level and by the State Implementation Agencies (SIAs) at the state level. How this scheme helpful to all residential consumers from financial angel will be analyzed through this article.

PM Surya Ghar: Muft Bijli Yojana

Finance Minister announced a rooftop solar scheme in the Interim Budget 2024-25. Subsequently, the Prime Minister launched the 'PM Surya Ghar Muft Bijli Yojana' in February 2024. The Budget 2024-25 emphasized this yojana and provided that the government will provide for the installment of solar panels to 1 crore households. It will provide subsidies for installing rooftop solar panels for residential houses and using solar energy for electricity, which will help save money on electricity bills.

Solar panels are installed in houses under this scheme to supply power to households and additional money for excess electricity output. The Central Government will provide substantive subsidies directly to people's bank accounts and heavily concessional bank loans to ensure that there is no cost burden on the people. The government subsidy will cover up to 40% of the cost of installation of the solar panels.

This scheme will help poor and middle-class households save up to Rs. 15,000 to Rs. 18,000 crores annually by getting free solar electricity and selling surplus power to electricity distribution companies. Under this scheme, the government aims to install solar panels in one crore homes throughout the country. This scheme will help the government save around Rs. 75,000 crore per year for electricity costs.

The Distribution Utility (DISCOMs or Power/Energy Departments, as the case may be) shall be the State Implementation Agencies (SIA) at the State/UT level. Under the scheme, the DISCOMs shall be required to put in place several facilitative measures for promotion of rooftop solar in their respective areas such as availability of net meters, timely inspection and commissioning of installations, vendor registration and management, interdepartmental convergence for solarizing government building etc

Objectives of PM Surya Ghar Muft Bijli Yojana-

- The Rooftop Solar Yojana, or the PM Surya Ghar Muft Bijli Yojana, aims to provide 300 units of free electricity every month to light up one crore households.
- The objective of this scheme is to reduce the electricity costs of the house by installing rooftop solar panels and using solar energy.
- This scheme aims to decrease dependency on traditional energy sources by installing rooftop solar panels in houses and moving towards sustainable energy practices. It pushes for clean and sustainable energy.

Benefits of PM Surya Ghar Muft Bijli Yojana

- Savings of up to Rs. 15,000 to Rs. 18,000 crores annually from free solar electricity and selling the surplus power to the distribution companies for charging electric vehicles.
- Entrepreneurship opportunities for many vendors for the manufacture, supply and installation of solar panels.

- Employment opportunities for the youth with technical skills in the installation, manufacturing and maintenance of solar panels.
- Reduction of electricity costs for the government.
- Increased use of renewable energy.
- Reduction in carbon emissions.

Eligibility Criteria-

- The applicant must be an Indian citizen.
- Must own a house with a roof that is suitable for installing solar panels.
- The household must have a valid electricity connection.
- The household must not have availed of any other subsidy for solar panels.

Documents Required-

- Proof of identity
- Proof of address
- Electricity bill
- Roof ownership certificate

PM Surya Ghar Muft Bijli Yojana capacity wise Subsidies, Units Generation, Space required-

Sr No	Rooftop Solar Plant Capacity up to	Average Monthl Electricity Generation (units)	Subsidy in Rs	Space Required Sq Ft
1	1 KW	100-120	30,000	100
2	2KW	200-240	60,000	200
3	3KW	300-360	78,000	300
4	>3KW	Depends on capacity	78,000	Depends on capacity

The subsidy for Group Housing Society (GHS)/ Resident Welfare Association (RWA) is Rs. 18,000 per kW for common facilities, including EV charging up to 500kW capacity at Rs.3 per kW per house. The upper limit includes individual rooftop plants installed by individual residents in the GHS or RWA.

PM Surya Ghar Yojana -Installation Process

Photovoltaic panels, also known as rooftop solar panels, are installed on the roofs of houses or buildings and connected to the central power supply unit. This installation decreases reliance on grid-connected electricity, leading to cost savings.

The entire process is more financially sound via Net/Green Metering, where any surplus energy or electricity generated by the solar panels is sold to the electricity distribution companies for a reasonable amount. Thus, it substantially reduces overall electricity bills by balancing what is consumed and what is contributed.

Please ensure before application-

1. **Check Sanctioned Load-**
   Sanction load of consumer shall be equal or more than solar plan capacity, sanctioned load can be verified from electricity bill. If sanction load is less than solar plant capacity then consumer has to apply for load extension/enhancement before application, Consumers data registered with Discom is automatically fetch to PM Surya Ghar website.

2. **Confirm Consumer Name-**
   Name of consumer on electricity bill shall be match with name as per Bank pass book, otherwise consumer will not eligible for subsidy.

Application steps for PM Surya Ghar Muft Bijli Yojana-

Step 1: Visit the official website of PM Surya Ghar Muft Bijli Yojana.

Step 2: Click on the 'Apply for Rooftop Solar' button available on the left-hand side of the homepage.

Step 3: Click on 'Registration' and select the state, district, and electricity Distribution Company, enter your customer account number, and click on 'Next'.

Step 4: Enter your mobile number and email, and click on 'Proceed'.

Step 5: Enter the required details on the 'Apply for Rooftop Solar Installation' form, upload the documents and click on the 'Final Submission' button to submit the form.

Step 6: After applying for Rooftop Solar, wait for the feasibility approval from DISCOM. Once the feasibility approval gets approved, install the plant through a registered vendor in your DISCOM. You can find the registered vendor near your house by clicking here and entering your state on the search bar of the page.

Step 7: Submit the plant details and apply for a net meter after the installation is over.

Step 8: After the installation of the net meter and DISCOM inspection, they will generate a commissioning certificate from the portal.

Step 9: Once you get the commissioning report, submit your bank account details and a cancelled cheque by logging into the PM Surya Ghar Muft Bijli Yojana portal. You will receive the subsidy in your bank account within 30 days.

Financial Analysis of PM Surya Ghar Yojana-

Using Payback Period-

Assumption –

1. Bill amount calculated using MSEDCL bill calculator considering consumer's average monthly consumption for 1 KW -100 units, 2 KW -200 units and 3 KW -300 Units and same units will be generated on solar plant. Electricity bill amount calculated using rate as per existing tariff order applicable in Maharashtra state, assumed that it will be unchanged. Normally tariff will revised time to time and it has increasing trends.

2. Solar Plant will generated average 100 units for 1 KW , 200 Units for 2 KW and 300 units for 3 KW.

3. Consumer will eligible for 40% subsidy and 100% certainty to release the subsidy on time.

4. Normally 1 KW solar plant will generate units in range between 100-120 units but for analysis, its considered as 100 units only i.e. lower side of range and same for 2 KW & 3 KW.

5. Out of pocket investment for 60% portion is done from saving by consumer.

Normally tariff rate for consumption of unit up to 100 is lower hence payback period is higher than for 2 & 3 KW. This payback period will be reduced if we considered tariff hike for each year and higher side of generation range. But considered conservative approach in analysis to come with practical outcome having best possibility to reach the same without variation. Solar plant life is 25 years, hence residential consumers will save lot of cost of electricity.

Sr.	Particulars	1 KW	2 KW	3KW
A	Avg. Electricity Generation Monthly (Units)	100	200	300
B	Avg. Electricity bill Amount Monthly (Rs.)	883	2,305	3,728
C	Electricity Generation Yearly (Units)	1,200	2,400	3,600
D	Saving in Electricity bill Amount Yearly (Rs.)	10,596	27,660	44,736
E	Total Investment (Rs.)	75,000	1,50,000	2,25,000
F	Per Unit Avg Cost	8.83	11.52	12.43
G	40% Subsidy (Rs.)	30,000	60,000	78,000
H	60% Out of pocket Investment (Rs.)	45,000	90,000	1,47,000
I	Payback Period (H/D) in Years	4.25	3.25	3.29

Analysis using NPV Method–

A. 60% portion invested from saving/out of pocket by consumers–

Following are the assumption considered for evaluation of PM Surya Ghar Investment by using NPV/Discounted Cash flow–

- Assumed that tariff rate of electricity will increased by 2% over the period.
- Life of solar plant is considered as 20 years, normally its 25 years.
- Discount rate considered as 8.75%, SBI offering 7% interest rate for solar under SBI Surya Ghar loan but for analysis discount rate is considered as 8.75%.
- It is assumed that Energy bill cash outflow saving at the end of each year but normally bill outflow save on monthly basis.
- Assumed that solar plant generate units as per average considered in above pay back method and all units are utilized by consumer.
- Solar radiation are sufficient to generate expected outcomes.
- Assumed that investment done by consumer is from his saving, not from loan.

Following table will explained cash inflow and outflow–

For 1 KW								
Year	0	1	2	3	4	5	6 to 20	Surplus
Inflow/(Outflow)	-45,000	10,596	10,808	11,024	11,245	11,469	2,02,313	
Discount Factor	1	0.92	0.85	0.78	0.71	0.66	5.38	
Discounted Cash Flow	-45,000	9,743	9,139	8,571	8,039	7,540	70,367	68,401

For 2 KW								
Year	0	1	2	3	4	5	6 to 20	Surplus
Inflow/(Outflow)	-90,000	27,660	28,213	28,777	29,353	29,940	5,28,121	
Discount Factor	1	0.92	0.85	0.78	0.71	0.66	5.38	
Discounted Cash Flow	-90,000	25,434	23,856	22,375	20,986	19,684	1,83,688	2,06,024

For 3 KW								
Year	0	1	2	3	4	5	6 to 20	Surplus
Inflow/(Outflow)	(1,47,000)	44,736	45,631	46,543	47,474	48,424	8,54,159	
Discount Factor	1	0.92	0.85	0.78	0.71	0.66	5.38	
Discounted Cash Flow	(1,47,000)	41,137	38,583	36,188	33,942	31,835	2,97,089	3,31,775

Final Analysis of solar investment using discounted Cash flow/NPV–

For 1 KW	
Total Cash Outflow	-45,000
Total Cash Inflow	1,13,401
NPV of Surplus	68,401
Surplus %	152%
IRR	28.48%

For 2 KW	
Total Cash Outflow	(90,000)
Total Cash Inflow	2,96,024
NPV of Surplus	2,06,024
Surplus %	229%
IRR	35.77%

For 3 KW	
Total Cash Outflow	(1,47,000)
Total Cash Inflow	4,78,775
NPV of Surplus	3,31,775
Surplus %	226%
IRR	35.47%

Analyzing above table, if consumer invested 60% amount in solar plant from his saving then present value of surplus cash saving for 1 KW, 2KW & 3 Kw will of Rs 68,401, Rs 2,06,024 & Rs 3,31,775 respectively.

B. 60% portion invested through Loan-

60% If consumers installing solar plant from loan fund, SBI offering loan at 7% for this scheme having plant capacity up to 3 KW-

Assumption for analysis of investment through loan in solar plant-

- Assumed that capacity of solar plant is up to 3 kw only.
- Interest rate as per SBI Surya Ghar yojana is 7% for 5 Years term.
- Discount rate is considered is 8.75%
- 2% yearly increase in electricity bill
- Cash flow of loan is discounted at the yearend even though payment is on monthly basis.
- Assumed that consumer will bring 40% subsidy portion at nil rate or out of pocket.
- 40% subsidy will be released immediately and duration of plant completion is less than 2 months. Same is considered as Inflow in Year 0.
- Saving in electricity bill payment is considered as Cash Inflow.
- Outflow includes initial investment and loan repayment.

Analysis-

For 1 KW								
Year	0	1	2	3	4	5	6 to 20	Total
Inflow	30,000	10,596	10,808	11,024	11,245	11,469	202,313	287,455
Outflow	-75,000	-10,693	-10,693	-10,693	-10,693	-10,693	0	-128,463
Net Cash flow	-45,000	-97	115	331	552	777	202,313	158,992
Discount Factor	1.00	0.92	0.85	0.78	0.71	0.66	5.38	10.29
Discounted Cash Flow	-45,000	-89	97	258	395	511	70,367	26,539
IRR	28.74%							

For 2 KW								
Year	0	1	2	3	4	5	6 to 20	Total
Inflow	60,000	27,660	28,213	28,777	29,353	29,940	528,121	732,065
Outflow	-150,000	-21,385	-21,385	-21,385	-21,385	-21,385	0	-256,926
Net Cash flow	-90,000	6,275	6,828	7,392	7,968	8,555	528,121	475,139
Discount Factor	1.00	0.92	0.85	0.78	0.71	0.66	5.38	10.29
Discounted Cash Flow	-90,000	5,770	5,773	5,748	5,697	5,624	183,688	122,300
IRR	38.37%							

For 3 KW								
Year	0	1	2	3	4	5	6 to 20	Total
Inflow	78,000	44,736	45,631	46,543	47,474	48,424	854,159	11,64,967
Outflow	-225,000	-34,929	-34,929	-34,929	-34,929	-34,929	0	-399,647
Net Cash flow	-147,000	9,807	10,701	11,614	12,545	13,494	854,159	7,65,321
Discount Factor	1.00	0.92	0.85	0.78	0.71	0.66	5.38	10.29
Discounted Cash Flow	-147,000	9,018	9,049	9,030	8,969	8,872	297,089	1,95,026
IRR	37.99%							

Loan Interest, Principal, EMI details as below-

for 1 KW Loan @ 7%			
Year	Principal	Interest	Total
1	7,789	2,903	10,693
2	8,353	2,340	10,693
3	8,956	1,736	10,693
4	9,604	1,089	10,693
5	10,298	395	10,693
	45,000	8,463	53,463

for 2 KW Loan @ 7%			
Year	Principal	Interest	Total
1	15,579	5,806	21,385
2	16,705	4,680	21,385
3	17,913	3,473	21,385
4	19,208	2,178	21,385
5	20,596	789	21,385
	90,000	16,926	106,926

for 3 KW Loan @ 7%			
Year	Principal	Interest	Total
1	25,445	9,484	34,929
2	27,285	7,644	34,929
3	29,257	5,672	34,929
4	31,372	3,557	34,929
5	33,640	1,289	34,929
	147,000	27,647	174,647

Analyzing above table, if consumer invested 60% amount in solar plant from loan from bank then present value of surplus cash saving for 1 KW, 2KW & 3 Kw will of Rs 26,439, Rs 1,22,300 & Rs 1,95,026 respectively.

Conclusion-

By considering the above analysis, residential consumers are getting lot of financial benefits if they install solar plant under PM Surya Ghar scheme. Banks are also offering loan at cheaper interest rate for this scheme. Consumers will get free electricity after 3-4 years from installation of solar considering payback period of their investment up to solar plant life of 25 years. We have not yet analysed the impact of solar energy from environmental/social point of view. But from shifting from traditional to renewable energy era and also for focusing the goal of Net Zero by 2070, this PM Surya Ghar Solar scheme will definitely become 'x' factor for our country. Apart from environmental benefits, social benefits, benefits of green energy, if we considered only financial benefits to consumers as analysed above, we can conclude that "PM Surya Ghar Yojana" is definitely "A Boon to Residential Electricity Consumers"

Hearty Congratulations

CMA Smit Desai, fellow member of the Institute has been awarded and felicitated by 'Cost Accountant Award" (Partners in Nation Building)' by renowned 'Page 3 Magazine' of Surat and Gujarat for exemplary contributions and steadfast dedication to the profession of Cost Accountancy.

WIRC WELCOMES NEW ASSOCIATE MEMBERS – SEPTEMBER 2024

Sr.No.	Member No.	Name	City
1	56073	Sadikmohammed Usmangani Khatri	Ahmedabad
2	56095	Bhaveshkumar Harishchandra Lochawala	Ahmedabad
3	56068	Pushkar Vilas Bhamare	Aurangabad
4	56001	Tanushri Shrivastava	Bhilai
5	56035	Yogesh Ramteke	Durg
6	55997	Rajendra Pushparaj Natekar	Mumbai
7	56065	Aditya Narayan Shetty	Mumbai
8	56106	Anirudha Baral	Mumbai
9	56110	Priyanka Sanjay Gupta	Mumbai
10	56115	Harshil Haresh Pandya	Mumbai
11	56049	Harish Tulchhiram Jangir	Nagpur
12	56046	Niraj Kumar	Navi Mumbai
13	56025	Ashish Pradip Gaikwad	Pune
14	56043	Abhijit Ashok Pakhare	Pune
15	56081	Premjith P	Pune
16	56094	Avanti Krishnaji Kulkarni	Pune
17	55998	Shreya Mahendra Soni	Surat
18	56042	Krupali Nitinbhai Vadgama	Surat
19	56077	Siddhesh Arun Kadam	Thane
20	56079	Sushant Ramchandra Pawar	Thane
21	56003	Kumail Salim Chothiawala	Vadodara
22	56048	Jay Dilipbhai Shah	Vadodara
23	56054	Parmesh Ruparam Choudhary	Vadodara
24	56108	Devang Girishbhai Bhatt	Vadodara

TAX CORNER

Complied by
CMA VANDIT TRIVEDI
Mob: 9833905710
E-mail - vandittrivedi_28@yahoo.com

Dear Readers,

Gist of the legal updates related to September'24 are as mentioned below:

A) GST Portal Updates:

- **Archival of GST Returns Data on GST Portal and Restoration of Data**

On 24 September'2024, the GST authority issued an advisory to define the time limit of 7 years for data availability on the GST portal. No data shall be available post-expiry of it.

So, as per the monthly data archival activity, the data for returns filed for July 2017 was archived on 1 August 2024, while that for August 2017 was archived on 1 September 2024. Similarly, on 1 October 2024, data of September 2017 shall be taken down from the GST portal.

Later, on a request of the trade, the archived data will be restored and the policy to archive the data will be soon implemented with an advance intimation.

Re-opening of reporting ITC Reversal Opening Balance

As per Notification No. 14/2022 – Central Tax dated July 5, 2022, read with Circular 170/02/2022-GST dated July 6, 2022, the government has introduced changes for reporting ITC in Form GSTR-3B. Taxpayers are required to report the entire value of ITC as reflected in GSTR-2B within GSTR-3B. Specifically, if an invoice appears in GSTR-2B but is not accounted for in the books, it must be reported in Table 4(A)(5) of GSTR-3B and simultaneously in Table 4(B)(2) of the same month. If the invoices are accounted for in a subsequent month, they should be reported in Table 4(A)(5), and the reclaimed ITC must also be included in Table 4(D)(1).

To ensure accurate tracking of ITC reversals and to minimize errors in reclaiming reversed amounts, the GST portal introduced a new ledger named Electronic Credit Reversal and Re-claimed Statement starting August 2023 for monthly filers and from July to September 2023 for quarterly filers. This ledger enables taxpayers to effectively monitor ITC reversals and reclaims. Additionally, taxpayers have now been granted an extended opportunity to report their cumulative ITC reversals as an opening balance within the Electronic Credit Reversal and Re-claimed Statement before the system locks the reversal and reclaim ledger.

Key dates for reporting opening balance:

Reporting Period: September 15, 2024 to October 31, 2024 and Amendment Deadline: November 30, 2024.

Monthly Taxpayers must report ITC reversals and reclaims up to July 2023 and Quarterly Taxpayers must report ITC reversals up to the April-June 2023 period.

After above deadlines, the system will no longer permit reclaiming ITC beyond the amounts previously reversed. It is crucial for taxpayers to utilize this extended period to accurately report all relevant ITC reversals and ensure their records are up to date.

Archival of GST Returns Data on GST Portal and Restoration of Data

As per Notification No. 12/2024 – Central Tax dated July 10, 2024, the government has reduced the threshold for reporting invoice-wise details of inter-state taxable outward supplies to unregistered dealers from ₹2.5 lakh to ₹1 lakh. This means that taxpayers are now required to report any B2C sales invoices exceeding ₹1 lakh in Table 5 of Form GSTR-1 and Table 6 of Form GSTR-5.

However, since the GST portal is currently being updated to incorporate these changes, it is advised to continue reporting B2C invoices exceeding ₹2.5 lakh until the new functionality becomes available.

Invoice Management System reporting of ITC

The Invoice Management System (IMS), a new communication process, introduced by the GSTIN aims to streamline the reconciliation and management of invoices between taxpayers and suppliers. Operational from October 1st on the GST portal, IMS ensures that only accepted invoices are eligible for ITC in GSTR-2B, promoting accurate and genuine ITC claims.

A) When a supplier files an invoice in GSTR-1, IFF, or 1A, it appears on the recipient's IMS dashboard. The recipient can accept, reject, or keep the invoice pending until filing their GSTR-3B return. If no action is taken, the invoice is automatically deemed accepted and included in GSTR-2B. Any amendments made by the supplier will update the invoice in IMS, affecting ITC in the subsequent month's GSTR-2B.

IMS enhances invoice management efficiency, ensures accurate ITC claims, and enforces compliance through clear actions and timelines. This system fosters transparency between taxpayers and suppliers, reducing discrepancies and improving the overall GST ecosystem.

B) Circulars:

Clarification regarding regularization of refund of IGST availed in contravention of rule 96(10) of CGST Rules, 2017, in cases where the exporters had imported certain inputs without payment of integrated taxes and compensation cess [Circular No. 233/27/2024-GST dated 10 September 2024.]

This Circular provides essential clarifications regarding the regularization of refunds for IGST that were availed in violation of Rule 96(10) of the CGST Rules, 2017. This issue primarily affects exporters who import certain inputs without initially paying IGST and compensation cess under specific exemption notifications, namely Notification No. 78/2017-Customs and Notification No. 79/2017-Customs.

According to Rule 96(10) of the CGST Rules, 2017, IGST refunds on goods exports with payment of taxes are disallowed if exemptions or concessional notifications have been utilized for importing or procuring inputs/raw materials. However, an explanation was inserted in sub-rule (10) of Rule 96 by Notification No. 16/2020-CT dated 23rd March 2020, which was made retrospective from 23rd October 2017. This explanation stipulates that if a registered person pays IGST and compensation cess on imported inputs after initially availing only the exemption of BCD, the benefits of the exemption notifications for IGST and compensation cess are deemed not to have been availed.

In practical terms, this means that exporters who subsequently pay IGST and compensation cess, along with any applicable interest, on the imported inputs are considered not to have availed of the exemption benefits for these taxes. Consequently, the refund of IGST paid on exports in such cases will not be viewed as contravening Rule 96(10) of the CGST Rules, 2017 The circular clarifies that when inputs are imported without paying integrated tax and compensation cess under the specified notifications but are later paid along with interest, and the Bill of Entry is reassessed by Customs, the refund of IGST on exports is permissible and does not violate Rule 96(10).

Presently, there is a mountain of legal cases pending on this matter, in which the GST authority has demanded the payment of the IGST refund received along with the Interest and penalty thereon.

Now, this circular shall be used as legal evidence to validate the IGST refund claimed and support minimizing the undisputed legal battle.

Export of Service - Data hosting services provided by service providers in India to cloud computing service providers located outside India
[Circular No. 232/26/2024-GST dated 10 September 2024]

The circular has clarified that the supply of data hosting services provided by a data hosting service provider located in India to an overseas cloud computing entity shall be qualified as an "export of services," subject to the fulfillment of the applicable conditions mentioned in Section 2(6) of the IGST Act, 2017.

It also clarified that the service provider in India will not qualify as an 'Intermediary' between the cloud computing service provider and their end customers. Further, it is also clarified that said servicesare not provided for the goods 'made available' by the recipient of servicesto the service provider and that the services are not provided directly to an "immovable property".

Admissibility of Input Tax Credit on Demo Vehicle
[Circular No. 231/25/2024-GST dated 10 September 2024]

The circular primarily addresses two significant issues: the availability of ITC for motor vehicles with a seating capacity of 13 persons or fewer, including the driver, as specified under Section 17(5)(a) of the CGST Act, 2017, and the eligibility of ITC for demo vehicles that are capitalized in the dealer's books of accounts.

Clause (a) of Section 17(5) of the CGST Act provides that ITC shall not be available in respect of motor vehicles for transportation of persons having approved seating capacity of not more than 13 persons (including the driver), except when they are used for making following taxable supplies, namely:

A) Further supply of such motor vehicles; or

B) Transportation of passengers; or

C) Imparting training on driving such motor vehicles.

The CBIC has clarified that the Demo Car, is being used for the demonstration to the customer simultaneously, which will enable the customer to decide to buy or not. Therefore, it is construed that the Demo Car will be used for the furtherance of the business and hence, ITC shall be admissible to the Dealer.

Further, the circular also clarifies that the demo car will be capitalized in the books of accounts, then on sale of it, subject to only the cost of the Demo car shall be capitalized. And also stated that the tax shall be paid as per Section 18(6) of the CGST Act read with Rule 44(6) of the CGST Rules, 2017.

ITC not admissible in the case, the authorized dealers will act as agents or service providers to the vehicle manufacturers, wherein the dealer provides services such as marketing services, including arranging for demo vehicle services. However, the sales invoices are served by the vehicle manufacturer to the ultimate customers. In this case, the authorized dealer shall be supplying only the marketing services and hence, ITC shall be inadmissible on the Demo vehicle.

Export of Services - Advertisement services provided by an advertising agency in India to a foreign company under a comprehensive agreement for a one-stop solution is export of services
[Circular No. 230/24/2024-GST dated 10 September 2024]

The Central Board of Indirect Taxes and Customs (CBIC) has clarified that in a case involving provision of advertisement services by an advertising company/agency in India to a foreign company under a comprehensive agreement for one-stop solution, the criteria of 'intermediary' under Section 2(13) of the Integrated GST Act, 2017 is not fulfilledas there are two distinctprincipal- to-principal supplies – one between foreign company and Indian agency and another between the agency and media company. The Circular clarifies that the recipient of such advertising services is the foreign client and not the Indian representative of the foreign client based in India or the target audience of the advertisements, as per Section 2(93) of the CGST Act, 2017. It also clarifies that the place of supply of advertising services in such cases can neither be decided as per Section 13(3)(a) [as no goods involved] nor as per Section 13(3)(b) [as services do not require physical presence of the recipient] of the IGST Act. The services were clarified to be coveredas export of services under Section 13(2) of the IGST Act.

It is however noted that when an advertising company located in India merely acts as an agent of the foreign client in engaging withthe media owner, with a direct agreementbetween the media owner and the foreignclient, the servicesof an advertising agency in India will be covered under 'intermediary'.

A) Notified the certain amendment proposed in the Finance (No. 2) Act, 2024

No. 17/2024 – Central Tax Dated 27th Sept'24

The Finance Act, 2024 (No. 2) introduced several significant amendments to the CGST Act, 2017. The government has issued Notification No. 17/2024 – Central Tax, specifying that Sections 118, 142, 148, and 150 of the said Finance Act will come into force from September 27, 2024. Additionally, Sections 114 to 117, 119 to 141, 143 to 147, 149, and 151 to 157 will come into force from November 01, 2024.

A detailed list of some important provisions notified are outlined in the table below.

Section of FA 2024	Relevant Section of CGST Act and the Key Amendment
Provision Notified from 27th September – 2024	
118	Insertion of section 16(5) and 16(6) • Section 16(5) – Provides for extending the time limit of 30 November 2021 for availing ITC for FY 2017-18 to FY 2020-21 • Section 16(6) — Providing time limit to avail ITC in case of revocation of cancelled registration
148	Provides for insertion of the proviso to state that, from the date of notification, the anti-profiteering authority shall not accept any verification as required under the said section
150	Section 118 of the Finance Act, 2024 introduced Sections 16(5) and 16(6) of the CGST Act, 2017, thereby extending the time limit for availing ITC for year 2017-18 to 2020-21 till 30 November 2021. As a result of these changes, Section 150 provides that there will be no refunds of tax or ITC that have already been paid but were not actually payable, in view of the retrospective insertion of the said sections.
Provision Notified from 01st November – 2024	
116	Insertion of section 11A enabling Government to provide waiver of tax not paid/short paid due to generally prevalent practice followed in respect of supply of goods or services.
117	Amendments to time of supply provisions in section 13 with respect to inward supplies liable to reverse charge.
122	Amendment to tax invoice provisions in section 31 with respect to inward supplies liable to reverse charge.
124	Amendment in section 39 to mandate monthly filing of TDS return.
138	Insertion of new section 74A for determination of tax, interest and penalty for both fraud and non-fraud cases.
141	Reduction in pre-deposit maximum threshold to INR 20 Crores for filing appeal before Appellate authority in section 107.
143	Reduction in pre-deposit threshold to 10% of disputed tax subject to maximum of INR 20 Crores; for filing appeal before Appellate Tribunal in section 112.
146	Insertion of new section 128A providing waiver of interest, penalty, or both with respect to demands of section 73.

No. 19/2024 – Central Tax Dated 30 Sept'24

It has been notified that from 1 April 2025, the National Anti-Profiteering Authority shall not accept any request for examination as to whether input tax credits (ITC) availed by any registered person or the reduction in the tax rate have resulted in a proportional decrease in the price of the goods or services or both supplied by him.

Happy Reading...!

Tax Compliance Calendar

October 2024

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
29	30	1 GSTR - 7 , GSTR - 8, Professional Tax	2	3	4	5
6	7 TDS Payments , Audit Report in Form 3CB-3CD and 3CA-3CD	8	9	10 GSTR 7, GSTR8, Professional Tax	11 GSTR 1	12
13 GSTR-1(IFF), GSTR-5, GSTR-6	14 Issue of TDS Certificate, ADT 1 filing	15 PF/ESI Challan Payment, Form 24G, issue of TDS Certificate, Form No. 15G/15H, Form no. 3BB	16	17	18 CMP 08	19
20 GSTR 3B, GSTR 5A, PMT06	21	22 GSTR-3B-QRMP	23	24	25 ITC-04	26
27	28	29 AOC-4/AOC-4-CFS/AOC-4 (XBRL)	30 LLPs Form 8, MSME 1, Quarterly TCS Certificate, Challan-cum-statement Section 194-IA, 194-IB, 194M and 194S,	31 Form no. 3CEAB, Form 10BBB, Quarterly TDS Deposit, Annual Audit, Quarterly Return of Non-deduction, Form No. 60, Filing of Return of Income, Audit Report Under Section 44AB, Form 3CEB, Form No. 3CEJ,	1	2

Attention Members!!!

Professional Development Committee of ICMAI-WIRC is planning to organise Continuous Professional Education (CPEs) on every Friday of the month after Diwali.

1st Week Friday	WIRC Office, Mumbai
2nd Week Friday	Western Suburbs of Mumbai
3rd Week Friday	Central Suburbs of Mumbai
4th Week Friday	Webinar

Detail Schedule will be share soon on WIRC website.

Members are requested to take benefit and attend in maximum numbers.

CHAPTER NEWS

AHMEDABAD

Pre-placement Orientation Program

Chapter organized a 12 Days Pre-placement Orientation Program for June'24 qualified CMAs from 5th to 15th September 2024. In an inaugural function of the Orientation program on 5th September 2024, CMA Nikunj Shah, Vice Chairman of Chapter and Chairman of Training & Placement Committee, CMA Mitesh Prajapati, Secretary & Chairman Oral Coaching Committee, CMA Sunil Tejwani, Treasurer and other committee members were present. CMA Kalpesh Patel, Director and Regional Head of M/s. Care Rating Ltd. was the Chief Guest of the inaugural function. CMA Mitesh Prajapati, Secretary and Chairman-Oral Coaching Committee welcomed all dignitaries in his inaugural speech and also briefed about the chapter's activities. CMA Nikunj Shah, Vice Chairman of Chapter and Chairman of Training & Placement Committee introduced the Chief Guest and welcomed by offering memento. . CMA Kalpesh Patel, Chief Guest gave an inspirational speech to the participants and information about the importance of CMAs in the corporate world. The vote of thanks proposed by CMA Sunil Tejwani, Treasurer of the Chapter. There were many eminent faculties who gave detailed presentations on various topics during the scheduled days, which are useful to the participants in their professional careers.

A valedictory session of the Orientation Program was organized on 22nd September 2024. Vice Chairman & Chairman of Training & Placement Committee CMA Nikunj Shah, Secretary & Chairman-Oral Coaching Committee CMA Mitesh Prajapati and Treasurer CMA Sunil Tejwani were present in the valedictory session. Certificate of Participation were distributed by the dignitaries. CMA Sunil Tejwani, Treasurer proposed vote of thanks.

CEP – ESG & Sustainability

Chapter organized webinar series on ESG & Sustainability on 6th to 14th September 2024. CMA Malhar Dalwadi, Chairman PD Committee welcomed the members and introduced speaker CMA Siddhartha Pal and felicitates the speaker CMA Siddhartha Pal by offering memento. Speaker gave a detailed presentation and explained the subject of the webinar.

Celebration of Hindi Diwas

Chapter organized Sher-O-Shayari, Hindi Kavita & Gazal competition on the occasion of Hindi Diwas on 14th September 2024 in which about 16 students enthusiastically participated. Secretary& Chairman of Oral Coaching CMA Mitesh Prajapati & Treasurer CMA Sunil Tejwani were present in the program. Mr. Mihir Pujara was the jury of the competition. Secretary & Chairman of Oral Coaching CMA Mitesh Prajapati introduced Jury Mr. Mihir Pujara.

Jury Mr. Mihir Pujara and Secretary& Chairman Oral Coaching Committee CMA Mitesh Prajapati also presented share-O-Shayari in Hindi on Hindi Diwas occasion.

Out of the participants, Ms. Prerna Pandey and Mr. Satendra Jaiswal were declared the first, Mr. Jay Lakhani was declared the second and Mr.Ayush Rawal, Mr. Nitin Jinjala and Mr. Yug Patel were declared the third winner. CMA Sunil Tejwani, proposed vote of thanks.

IOTP for Final Students

Chapter has organized Industry Orientation Program for final students during 19th to 28th September 2024. Large number of final students participated in the program. Eminent faculties have delivered lectures on various topics.

BARODA

Felicitation Function

Chapter organized a Felicitation function to felicitate Students who have cleared Foundation, Intermediate & Final Students in June, 2024 examination at Delicacy Restaurant & Banquet, Vadodara on 10th September 2024. Total Students from all streams 131.

Chief Guest Dr. Mangla Chouhan, CEO & Founder-Midas Consultancy & Chairperson Women Empowerment Committee, BMA & CMA Vikas Chaurasia –Founder & CEO Sparring Player was the guest of honour.

CMA Priyank Vyas Chairman of Baroda Chapter welcomed, introduced & felicitated the Chief Guest Dr.Mangla Chouhan. CMA Amruta Vyas Hon. Secretary of Baroda Chapter welcomed & felicitated CMA Vikas Chaurasia.

CMA Priyank Vyas Chairman of Baroda Chapter congratulated the students & their family for the successful completion Exam & guided the students with tips to help them embark on a successful professional journey.

CMA Mihir Vyas, Vice Chairman WIRC also congratulated Students for their success.

All Students were felicitated at the hands of Chief Guest Dr. Mangla Chouhan, CMA Vikas Chaurasia CMA Mihir Vyas, Vice Chairman WIRC, CMA Priyank Vyas, Chairman, CMA Amruta Vyas, Hon. Secretary, CMA Kartik Vasavada Vice Chairman of the Chapter.

Activity of Placement

Chapter arranged various activities regarding Placement & Training, Large number of Members & Students take benefit of this placement.

INDORE-DEWAS

Factory visit Under IOTP

The final group of students visited M/s Mangla Enterprises Private Limited (Foundry Division) and M/s Mangla Engineering Limited (Pumps Manufacturing Unit) at Dewas on 31st August 2024 under Industrial Orientation Training Program (IOTP) . There were 17 students in the group. Shri Girish Mangla Ji – Chairman & Managing Director of Mangla Group, gave a brief introduction of the group, its products, marketing network and strategy, raw material procurement and the challenges faced by the company. The entire process stepwise from Raw Material issue to Dispatch of finished goods was explained in detail by production heads Mr. Deep Patel in Mangla Engineering Limited and Mr. Vinayak Kadam in Mangla Enterprises Private Limited. At the end Mr. Balakrishna Pillai- Head Finance & Accounts explained the Costing, Management Accounting, Cost Audit and Inventory related aspects of the business. After the visit, the team replied to the questions raised by students. Shri Girish Mangla was present with the students. CMA Rahul Jain, Vice Chairman & CMA Yash Vagrecha, Treasurer accompanied the students.

Teachers Day Celebration

The Teachers Day was celebrated at Chapter on 5th September 2024. This year's program was organized by students. They invited all their faculty members and Managing Committee members. The faculty members CMA Supriya Bandi, CS Nidhi Ekbote, Mr. Amber Choudhary and Ms. Ritika Joshi were honored by students. Mementoes were given as token of remembrance. Everyone highlighted the importance of teachers in the life of students and shared their practical experience. CMA Vijay Joshi was the Chief Guest of the function. CMA Rahul Jain, Vice Chairman, CMA Pankaj Raizada, Hon. Secretary, CMA Yash Vagrecha, Treasurer, CMA Ravindra Dubey, MC Member, CMA Uddhav Aage, MC Member, CMA Rajat Gupta, MC Member, CMA Sumit Jain, MC Member and CMA Rajesh Agrawal, Senior member attended the function.

Career Counseling Program

The career counseling program was organized at Kendriya Vidyalaya (Central School) , MHOW (near Indore) on 20th September 2024 for 11th and 12th Class Commerce students. It was attended by more than 50 students. CMA Vijay Joshi gave a brief introduction of ICMAI and told students that it is the right time for them to think about their future and decide about the options available for them. CMA Pankaj Raizada explained the importance of CMA in an organization and explained the course structure & professional opportunities available for them after completion of the course. CMA Rahul Jain explained about the examination pattern and CMA Yash Vagrecha gave information about oral coaching. The program was very much appreciated by students and their faculty members.

NAGPUR

Workshop on “CMAs Role in Automated Product Coding and Pricing”

Chairman CMA P S Patil welcomed the guest speaker Shri Atanu Dutta, General Manager (Costing & Management Account). The programme commenced with the tradition of lighting of lamp and floral welcome of the guest speaker

Shri Atanu Dutta, General Manager (Costing & Management Account) presented the power point presentation on the topic.

Prominently present in the workshop, CMA G R Paliwal, CMA Renu Kulkarni, CMA K M Rao, CMA Pushparaj Kulkarni, CMA Kiran Badve, CMA Dayashankar Sharma, CMA Anil B Verma, CMA Suresh Saluja, CMA Pravin Nemad, CMA Pankaj Bhusari and other members of the chapter.

CMA Renu Kulkarni conducted the proceedings and CMA Manish Pandey, Secretary proposed formal vote of thanks.

PUNE

Pre-Placement Orientation Programme Inaugural session

Chapter conducted a 12 days Pre-Placement Orientation Programme from 5th September 2024 to 16th September 2024 for newly qualified CMAs at CMA Bhawan Pune Chapter.

Thirty-five students participated in the Pre-Placement Orientation Programme at the Pune location.

On the first day of Inaugural session CMA Meena Vaidya, Advisor of Chapter was special Invitee. CMA Rahul Chincholkar, Secretary, ICMAI-Pune Chapter welcomed the newly qualified CMAs. CMA Himanshu Dave, Treasurer, felicitated CMA Meena Vaidya, and CMA Abhay Deodhar. CMA Nilesh Kekan, Chairman, ICMAI-Pune Chapter felicitated Faculty CMA Milind Date, CMA Shrikant Ippalpalli, Vice Chairman ICMAI-Pune Chapter was felicitated by newly qualified CMA for inaugural session.

Valedictory Session

CMA Lalit Pimpalgaonkar was Chief Guest for the programme who is General Manager Tata Motors Pune as plant controller. He shared his experience in industry with Newly qualified CMAs. CMA Amit Apte, Past President ICMAI, CMA Chaitanya Mohrir, Treasurer, WIRC-ICMAI, CMA Nilesh Kekan, Chairman, CMA Rahul Chincholkar, Secretary, CMA Himanshu Dave , Treasurer, ICMAI-Pune Chapter were present for the program.. PPOTP session ended with HR round on 16th September 2024.

Certificates were distributed in the hands of the Chief Guest and other Special Invitees to the participants. Participants really enjoyed the session. Students appreciated the efforts taken by Chapter for faculty guidance, food and other facilities. Session concluded with the National Anthem.

Examination of CAT Course Part – I under DGR

Chapter conducted CAT Course batch -2 for JCOs/OR under the Directorate General Resettlement (DGR) Department of Ex-Servicemen Welfare (Ministry of Defence, Govt. of India) from 24th June 2024, at CMA Bhawan, Karvenagar.

The batch consists of 42 Defence Personnel.

Chapter conducted examination of CAT Course Part - I on 25th September 2024 at CMA Bhawan Karvenagar successfully as per Institute's norms.

Webinar on Topic - Procedural and Practical insights of SME Listing

Chapter arranged a Webinar on 28th September 2024 on Topic" Procedural and Practical insights of SME Listing"
X`
Speaker for the Webinar was CS Manoj Soni.

CMA Rahul Chincholkar, Secretary, Pune Chapter welcomed the participants and introduced the speaker. Speaker, CS Manoj Soni explained Procedural and Practical insights of SME Listing. Lecture was very lucid and informative.

SURAT SOUTH GUJARAT

Pre placement Orientation Programme

Chapter hosted a Pre Placement Orientation Programme for June 2024 term qualified Students for upcoming Campus placement during 9th September to 20th September 2024 at Chapter's premises. 22 participants were in attendance, benefiting greatly from the sessions

Valedictory Session:

On 20th September 2024 Valedictory session for Pre placement orientation programme was organised. CMA Nanty Shah, Hon. Secretary-WIRC, & CMA Kailash C Gupta, Chairman, CMA Kishor Vaghela, Vice-Chairman, CMA Vipinkumar Patel, Treasurer of the Chapter attended the Valedictory Session and felicitated all the Qualified Students with small Gift & Certificate.

Vapi Daman Silvassa

Full day seminar post Union Budget

Chapter organized a full day seminar post Union Budget on 26th July, 2024 at Hotel Kamat, Silvassa. CMA Ashok Nawal, CMA B F Modi were the speakers and Advocate Dinesh Mehta, was the Special Guest from Silvassa Industries Associations. Overall, 68 persons from CMA fraternity and industries attended. The seminar covered Budget changes and recommendations of 53rd GST Council.

Half day seminar on GST covering 54th GST Council meeting

A half day seminar on GST covering 54th GST Council meeting was organized at CMA Study center, Vapi on 21st September 2024. Shri Parimal Rana, Assistant Commissioner of State GST and Advocate Mayur Desai were the speakers.Over 30 participants attended. Participants had excellent interaction with GST officer on the "Decoding of ITC provisions under GST". CMA Nanty Shah, Hon. Secretary, WIRC was also present on the occasion.
Students passed in June, 24 examinations were felicitated at the hands of CMA Nanty Shah and other dignitaries.

WIRC ACTIVITIES

Celebrating Navratri – Empowering Women's Strength and Resilience

On the occasion of Navratri, Professional Development Committee of Western India Regional Council of ICMAI, "Celebrating Navratri – Empowering Women's Strength and Resilience" via MS Teams from 3rd to 11th October 2024.

Inaugural session was conducted on 3rd October 2024 where CMA Arti Ajit Patil, MD & CEO, Saraswat Cooperative Bank Ltd was the guest speaker. She talk about her professional journey, how she balanced career and personal life and how CMA degree helped her in career. CMA Chaitanya Mohrir, Chairman, Professional Development Committee, ICMAI-WIRC proposed vote of thanks. CMA Arpita Fegde, Co-ordinated the entire programme.

Sr No	Date	Speaker	Topic
1	Thursday 3rd October 2024	CMA Arti Ajit Patil, MD & CEO, Saraswat Cooperative Bank Ltd.	Sharing her professional journey in Banking Sector
2	Friday 4th October 2024	CMA Pradnya Chandorkar	Empowering Board through Women Directorship
3	Saturday 5th October 2024	CMA Uma Deepak Nagansure	Women Empowerment - With Passion to succed
4	Sunday 6th October 2024	CMA (Dr.) Sanvedi Rane	The Role of Women in Governance – Empowerment through Leadership and Policy
5	Monday 7th October 2024	CMA Renu Kulkarni	Financial inclusion and empowerment for Women through various schemes in India
6	Tuesday 8th October 2024	CMA Sujata Budhkar	My journey to Everest Base Camp
7	Wednesday 9th October 2024	CMA Malthi Sriram	Delegation skills to enhance Empowerment
8	Thursday 10th October 2024	CMA Umagandhi. P, Chief Manager Finance, RCF Ltd	Women Empowerment - Sustainable development of a Country"
9	Friday 11th October 2024	CMA Chitralee Goswami	Equality and Equity in Women Empowerment-Need For a Paradigm Shift

Webinar on "CPE on Valuation of Distressed Companies – Approaches and Methods".

Professional Development Committee of ICMAI WIRC conducted webinar on "CPE on Valuation of Distressed Companies – Approaches and Methods" on 26th September 2024 at PTVA's Institute of Management, Vile Parle (East), Mumbai. CMA Murali Raman, Registered Valuer was the speaker.

WIRC Students Felicitation Programme

WIRC has organised Students' Felicitation Programme for the students who have completed Foundation, Intermediate and Final from Mumbai in June 2024 examination on 28th September 2024 at SNDT Patkar Hall, Mumbai.

CMA Jayashri Rajesh, Vice President, Reliance Industries Ltd, was the Chief Guest for the programme.

CMA Arindam Goswami, Chairman WIRC, CMA Mihir Vyas, Vice Chairman & Chairman Students Co-ordination Committee, WIRC, CMA Nanty Shah Hon. Secretary, WIRC, CMA Chaitanya Mohrir, Treasurer, WIRC, CMA Neeraj Joshi, Central Council Member, ICMAI, CMA (Dr) Ashish Thatte, Central Council Member, CMA Harshad Deshpande, Central Council Member, CMA Suresh Gunjalli, Central Council Member, ICMAI, CMA Mahendra Bhombe, RCM-WIRC, CMA Vivek Bhalerao, RCM-WIRC were present on the occasion.

More than 300 students and some of their parents attended the programme. Mementos were distributed to all successful students. WIRC also felicitated all the Rank holders from the Western Region & Fresh CMAs who were attending 11 Days Pre Placement Orientation Programme on this occasion.

12 Days Pre-Campus Orientation Programme

Career Counselling & Placement Committee of the ICMAI, in collaboration with WIRC is conducting Pre-Placement Orientation Program (PPOP) for fresh CMAs passed in the June 2024 term of examination from 18th to 27th September 2024 at Kohinoor Business School, Mumbai. 115 fresh CMAs from all over the Region participated in the orientation programme.

There were many eminent faculties who gave detailed presentations on various topics during the scheduled days, which are useful to the participants in their professional career.

Valedictory session of the Orientation Program was organised by on 27th September 2024. CMA Arindam Goswami, Chairman, WIRC, CMA Mihir Vyas, Vice Chairman and Chairman Students Facilities Committee, WIRC, CMA Chaitanya Mohrir, Treasurer WIRC were present on the occasion and distributed Participation Certificate to fresh CMAs.

Campus Placements

The Institute of Cost Accountants of India conducted Campus Placement for the June 2024 Final passed Students on 30th October & 1st November 2024 at Kohinoor Business School, Mumbai. Total 19 Companies participated in Campus. The highest package was from BPCL amounting to Rs.20.10 lakh per annum. CMA Arindam Goswami, Chairman WIRC present on the occasion.

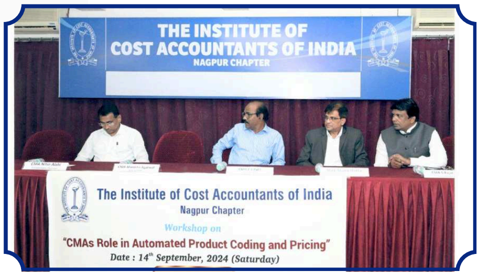
Sl No	Name of Company
1	Indian Oil Corporation Ltd (PSU)
2	Bharat Petroleum Corporation Limited (PSU)
3	Hinduja Renewables Energy Private Limited
4	Dow Chemical International Pvt. Ltd
5	Engineers India Ltd. (PSU)
6	MASO Group of Companies
7	Shriram Finance Ltd
8	ITC Limited - Hotels
9	Saraswat Cooperative Bank Ltd.
10	EXPOUNDTECHNIVO
11	LTIMindtree Limited
12	RSM Astute Consulting Pvt. Ltd
13	Morde Foods Pvt. Ltd.
14	AFCONS Infrastructure Ltd.
15	KRIBHCO Green Energy Private Ltd (KGEPL
16	Khosla Profil Pvt. Ltd
17	Sharp & Tannan Associates
18	Invenio Business Solutions
19	R. Devendra Kumar & Associates

View of June 2024 qualified CMAs during 12 days Pre-placement Orientation Program organised by Ahmedabad Chapter from 5th to 15th September 2024.

CMA Malhar Dalwadi, Chairman PD Committee felicitating speaker CMA Siddhartha Pal during Series of webinar on ESG & Sustainability organised by Ahmedabad Chapter from 6th to 14th September 2024.

Dignitaries on dais during Felicitation programme organised by Baroda Chapter on 10th September 2024.

Factory visit at M/s Mangla Enterprises Private Limited organised by Indore-Dewas Chapter on 31st August 2024.



CMA Nitin Alshi, Chairman PD Committee CMA P S Patil, Chairman NCCA Shri Atanu Dutta, Speaker CMA S Rajat Naidu, Vice Chairman and CMA Manish Pandey, Secretary during Workshop of NCCA on "CMAs Role in Automated Product Coding and Pricing" organised by Nagpur Chapter

View of June 2024 term qualified Students during Valedictory session of Pre Placement Orientation Programme organised by Pune Chapter on 16th September 2024.

View of June 2024 term qualified Students during Pre Placement Orientation Programme organised by Surat South Gujarat Chapter during 9th to 20th September 2024 at chapter's Office.

Teachers Day celebrated at Indore-Dewas Chapter on 5th September 2024.

Dignitaries during Full day seminar on post Union Budget organized by Vapi Daman Silvassa on 26th July 2026.

Dignitaries during Half day seminar on GST organized by Vapi Daman Silvassa on 21st September 2024.

CMA Amruta Vyas, Hon. Secretary of Baroda Chapter felicitating Chief Guest Dr.Mangla Chouhan during Felicitation function organised by Baroda Chapter on 10th September 2024.

CMA Ajit Guruji felicitating CMA Murali Raman during CPE on Valuation of Distressed Companies organised by WIRC at PTVA Institute, Mumbai on 26th September 2024.

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Glimpses of Felicitation function organised by WIRC on 28th September 2024

CMA Jayashri Rajesh, Vice President, Reliance Industries Ltd lighting the lamp.

CMA Arindam Goswami, Chairman WIRC felicitating Chief Guest CMA Jayashri Rajesh.

WIRC Office Bearers, RCMs & CCMs alongwith Chief Guest CMA Jayashri Rajesh.

CMA Arindam Goswami, Chairman WIRC and CMA Neeraj Joshi, CCM-ICMAI felicitating Mr.Tahiruddin Sirajuddin Shaikh, AIR 2 Rank in Final examination.

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