CMA विद्यार्थी

For The CMA Students, By The CMA Students | **November '24**

Lighting the Lamp of Knowledge:

Diwali Special Edition

शुभ दिपावली

Behind Every Successful Business Decision, There is always a CMA

ICMAI
THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
(Statutory body under an Act of Parliament)

iCMA

WESTERN INDIA REGIONAL COUNCIL

Wishing a sparkling and joyous Diwali filled with prosperity, happiness, and warmth! May the festival of lights bring peace and illuminate your path with success and good fortune.

Happy Diwali

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Chairman's Communique

CMA Arindam Goswami

Chairman,
ICMAI - WIRC

"Just as Diwali celebrates the triumph of light over darkness, true leadership is about overcoming challenges and uplifting the team."

Dear Students,

As we celebrate the auspicious festival of Diwali, symbolizing the triumph of light over darkness, it is also a time to kindle the flame of knowledge within us. The path of a CMA student is a journey filled with dedication, resilience, and a commitment to continuous learning, and I am incredibly proud of each one of you for embracing this path.

In this issue we launched a special corner "Shining Lights of CMA: Inspiring Journeys of Young Achievers", where we showcase the inspiring stories of young CMA achievers. Their dedication, resilience, and accomplishments are a testament to what each one of you can achieve. We hope these stories motivate you to set higher goals, persevere, and emerge as shining lights in your own right.

In furthering our commitment to supporting academic excellence, I am pleased to announce the WIRC Scholarship Scheme for Meritorious Students of Foundation, Intermediate & Final. This initiative aims to promote the CMA course and provide financial assistance to deserving students, helping them pursue their academic aspirations without hindrance. We believe this will empower talented students like you to excel and make a significant impact in your chosen fields.

On the joyous occasion of Diwali, the Students Coordination Committee and the Taskforce for Empowering Young CMAs have organized an Instagram Rangoli Competition and a physical Rangoli Competition at the WIRC office in Mumbai on November 4th. This is a wonderful opportunity to showcase your creativity and celebrate the festival with your peers. I encourage each one of you to participate enthusiastically and make this event a memorable one.

As we approach the upcoming examination season, I would like to remind you that the WIRC is here to support you in your preparation journey. WIRC will be conducting a crash course for Foundation, Intermediate, and Final students starting from November 18th in a virtual mode. These sessions are designed to reinforce key concepts, clarify doubts, and provide you with focused guidance to help you excel in the exams. I urge you to make the most of this opportunity to strengthen your preparation and build confidence.

Remember, each of you has the potential to achieve greatness, and every effort you put into your studies is a step closer to realizing your dreams. Stay determined, stay disciplined, and keep your focus on your goals. Embrace challenges as learning experiences, and let the light of knowledge guide your way forward.

Wishing you all a joyous, safe, and prosperous Diwali. May this festival bring brightness, success, and wisdom to your lives and mark the beginning of a new chapter in your journey as aspiring CMAs.

Happy Diwali and Best Wishes for Your Exams!

With Warm Regards,

CMA Arindam Goswami
Chairman
Western India Regional Council of
The Institute of Cost Accountants of India

Chief Editor's Communique

CMA Mihir Narayan Vyas
Vice Chairman
Chairman, Editorial Board, Students Coordination Committee &
Taskforce for Empowering Young CMAs
ICMAI-WIRC

"A team united is like a rangoli of vibrant colors; each one unique, yet together they create a beautiful masterpiece."

Dear Students and CMA Community,

As we step into the season of Diwali, the festival of lights, it brings me immense joy to connect with you all through this "Lighting the Lamp of Knowledge - Diwali Special Edition of CMA Vidyarthi". Diwali symbolizes the triumph of light over darkness, knowledge over ignorance, and wisdom over confusion – values that are fundamental to our journey as learners and future CMAs. Let us each light the lamp of knowledge within ourselves and continue to shine brightly on the path to success.

In this Diwali edition, I am delighted to introduce a new segment "Shining Lights of CMA: Inspiring Journeys of Young Achievers". This corner features inspiring stories from young achievers who have excelled in their CMA journey. We hope these stories serve as motivation for each one of you to strive for excellence and achieve your goals.

I am delighted to share some wonderful news! On this auspicious occasion, WIRC of ICMAI is launching a Scholarship Scheme for meritorious students across Foundation, Intermediate, and Final levels. This scheme is exclusively for students enrolling in the Oral Coaching Program at WIRC, Mumbai, and is designed to encourage academic excellence and provide financial support to deserving students in their pursuit of the CMA qualification. This initiative reaffirms our commitment to promoting CMA education and supporting outstanding students in their professional pursuits. We hope this initiative inspires and motivates you all to strive for excellence.

In addition, WIRC is pleased to announce a Crash Course for Foundation, Intermediate, and Final students from 18th November via virtual mode. This program is tailored to support you as you prepare for the December 2024 examinations. I urge all students to seize this opportunity to refine their knowledge and skills, enhancing their readiness for the exams.

Students Coordination Committee and Taskforce for Empowering Young CMAs of WIRC ICMAI have organized an Instagram Rangoli Competition for students and members. Last date of upload Rangoli is 3rd November 2024. Also we arranged physical Rangoli Competition at the WIRC Office in Mumbai on 4th November 2024. This is your chance to blend art with tradition and showcase your creativity. I encourage you

As we step into this season of celebration, let me also remind you that your upcoming exams are just around the corner. Let Diwali inspire you to bring out your inner light and achieve your best. Embrace your preparation with dedication and let your hard work pave the way for success.

Wishing each of you a joyful Diwali filled with prosperity, knowledge, and success. May the festival’s light illuminate your path, helping you reach new heights in your academic journey and beyond.

With Warm Regards,

CMA Mihir Narayan Vyas
Vice Chairman,
Chairman, Editorial Board, Students Coordination Committee &
Taskforce for Empowering Young CMAs
ICMAI-WIRC

Shining Lights of CMA:

Inspiring Journeys of Young Achievers

Diwali Special Edition

CMA Digvijay Ghadge

Shining Lights of CMA: Inspiring Journeys of Young Achievers

I have lived the dream of every middle-class boy. I hugged my father once in my entire life, and that was on the day of my CMA Final results. I still remember that day: 19th February 2022. I was sitting in my bedroom when I saw the notification that the CMA results were out. I tried checking the result from my laptop but was unable to, so I switched to my mobile. I typed my registration number, clicked enter, and the first thing I saw was "Congratulations!" A huge sigh of relief washed over me. It had been a journey of around four years, full of ups and downs, but the ultimate treasure was finally in front of me. My mother had gone to visit relatives, so my father and I were at home. After I checked my result, I went directly to my father and told him that I had cleared. He was so happy that he hugged me in joy. After that, I informed my mother, then my sister, and my relatives and friends as well. One of my uncles, who is a well-educated and respected man in society with several degrees, including L.L.B., M. Com, B. Com, and other banking certificates, had always dreamed of becoming a CMA. When I started this journey, I met him, and on the day of the results, I called him to share the news that I had become a CMA. Accomplishing someone else's dream and making them feel as if they achieved it themselves is a feeling that can't be expressed in words. I won't lie; the sleep I got that night was the most peaceful of my entire life. Perhaps the purpose of achieving dreams is to grant us that peaceful sleep. While the result is what matters most, the journey behind it is equally significant. The purpose of professional exams is not just to assess your preparation but to test your perseverance and attitude as well. The lessons I learned during those eight days will stay with me for the rest of my life.

After the results, I thought this was it, but the real battle lay ahead: getting a job through campus placement. The interview was scheduled for 11:00 AM. When I entered, I was a bit hungry, and my hands were shaking. One of the interviewers asked me if I was tense; I replied, "No sir, I'm just a bit hungry," and that broke the ice. The interview lasted around forty minutes and went positively. I got selected mainly due to my positive attitude and the orientation program conducted before the interviews by ICMAI. In April of this year, I had the opportunity to address freshly qualified CMAs from December 2023 at the same place where I once sat for my orientation program. The feeling was surreal–returning to that place with a wide smile on my face, which I had left with tears of happiness two years earlier.

It felt like the circle of life was complete. Moments like these make you realize that you have to give back what you have received. Ultimately, nobody is going to remember your salary, your position, or your apartment; what they'll remember is the good you did for society. Take the example of the late Mr. Ratan Naval Tata. The whole of India felt a sense of loss at his passing because he was a man of the people, known for his kindness and the legacy of good deeds he left behind. I started my corporate journey on 23rd May 2022 with L&T Constructions. I wore a properly ironed blue shirt and black pants. We were told to report at 9:00 AM, so I left home early, took a crowded local train to Andheri, and arrived at the huge Landmark Building by 8:50 AM. The HR team inducted us, gave us an orientation, and introduced us to our manager. Then we were handed laptops, calculators, and all the necessary stationery. The day felt like the culmination of four years of struggle and sleepless nights, all leading to this moment–the moment I saw the nameplate on my desk. For a middle-class boy who had studied in a vernacular medium, who didn't know the meaning of the word "far" when he was eleven, who never knew what CMA was until he was eighteen, and whose parents had only graduated from college, this was a significant achievement. Becoming a CMA and getting placed in an MNC like this one was truly a big deal.

The company recognized me as a CMA, and the designation offered was the same. The work I was assigned was incredibly fulfilling. When you do the work, you love and get to apply the knowledge you have gained over the years, it is the most satisfying feeling. Since then, my journey has been remarkable. I also had the opportunity to teach some young children spoken English through the company's CSR program. I discovered my interest in teaching and decided to explore this field further, ultimately teaching CMA Final students at Aditya Professional Academy–the coaching institute where I was once a student. All of this happened because of those three precious letters: CMA. Whatever opportunities I have received and whatever little I have achieved all belong to this degree. More than just achievements, the amount of mental peace it brings me is immeasurable. We often overlook the importance of peace, which deserves more recognition. I always looked at the sky but never realized this before becoming a CMA: we will never know how vast the sky is unless we start flying. We all start somewhere, and this might be the start of my journey called life.

CMA Rahul Prajapati

Shining Lights of CMA: Inspiring Journeys of Young Achievers

I would like to share my personal journey as a student from a government Hindi medium school, where I was once considered average or perhaps even below average academically, at that time, I had neither a clear direction for the future nor any knowledge of what the ICMAI profession entailed, yet it turned out to be the catalyst that changed my life.

The Beginning: Discovering CMA

During my junior college years, I first encountered the concept of CMA. At that time, I had an innate desire to achieve something meaningful through education, though I didn't immediately recognize that CMA would be the path I would ultimately choose. After this initial exposure, I pursued a Bachelor's degree in Accounting and Finance (BAF). I briefly considered pursuing an MBA, believing it might offer better career prospects, and assuming that CMA might not be the right fit for me. However, the high costs associated with MBA programs discouraged me from following that route. I knew I could not burden my parents with such an expense, especially since my father, an auto driver, had suffered a heart attack, and our family was struggling financially.

Amidst these challenges, I was fortunate to secure a job at TCS (Tata Consultancy Services) through campus recruitment, which offered some financial stability.

A Turning Point: Realizing My True Calling

While working at TCS's BPO division, I soon realized that this was not the career path I had envisioned for myself. This was the pivotal moment when I decided to pursue CMA. However, I knew I couldn't afford to leave my job due to the financial situation at home. So, I developed a plan to advance step by step while managing my work commitments.

The CMA Journey: From Preparation to Achievement

I enrolled in the CMA program and began self-preparation for the exams. Balancing work and study were challenging, but I managed to dedicate around four hours a day and additional time on weekend to my studies. Due to time constraints, I could not attend formal coaching classes, but the foundation I had built through my BAF degree proved invaluable.

The knowledge I had gained helped me grasp the CMA Intermediate syllabus with relative ease. I decided to approach the exams methodically, taking one group at a time and I successfully cleared the Intermediate level, securing exemptions in every subject.

During my final year of CMA, I had significant doubts about how I would manage to complete the remaining syllabus. However, modern technology and my brother, who was pursuing CA (Chartered Accountancy), became instrumental in my journey. His support and guidance helped me clear my doubts and master the remaining concepts.

Ultimately, I cleared both groups of the CMA Final exam, earning exemptions in most subjects. The sense of achievement I felt upon seeing my results was indescribable. It was a moment of immense satisfaction as I reflected on how far I had come from being an average student to achieving this significant milestone.

Career Milestones and Reflections

After obtaining my CMA qualification, I had the opportunity to work with L&T Construction through campus recruitment. Today, I am employed at Lupin Pharmaceuticals. I can confidently attribute every success I've achieved, both in my career and personal life, to the CMA program, which provided the direction and guidance I needed.

Conclusion: A Journey of Determination and Perseverance

In conclusion, I would like to share a quote that resonates with me: "Where there's a will, there's a way." My life was filled with uncertainty, but once I decided to pursue CMA, I refused to let my past or present circumstances dictate my future. I remained determined and found a way to achieve this prestigious qualification.

This journey has taught me that with determination, perseverance, and the right mindset, anyone regardless of their background can achieve their dreams.

Path To Success:

From CMA Aspirants to Achievers

Diwali Special Edition

A Journey of Growth: My CMA Experience and Beyond!!

CMA Om Naresh Potalwad

Selected in Engineers India Limited Package 14.18 LPA

I am thrilled to share my journey as a CMA, which has been both challenging and rewarding. I qualified as a CMA in the June 2024 batch, and the moment my results were declared on 23rd August, I was overwhelmed with emotion. Securing an All India Rank of 17 was a dream come true. Seeing the pride and joy in my parents eyes made all the sacrifices worth it. Their unwavering support, along with the encouragement from my friends and teachers, fueled my determination throughout this journey.

Shortly after the results, I participated in a 12-day Pre-Placement Orientation Program organized by ICMAI WIRC in Mumbaillowing the results. This experience was nothing short of transformative. The program was rich in knowledge and provided invaluable insights into the industry. Meeting experienced CMAs and hearing their stories was inspiring, and I learned so much from their journeys. Additionally, I formed meaningful connections with my peers, creating memories that I will cherish for a lifetime.

After the orientation, ICMAI WIRC hosted a felicitation program that celebrated our achievements. The presence of the Vice President of Reliance Industries as the chief guest added a remarkable touch to the event, reminding us of the impact we can make in the professional world.

Soon after, I was ecstatic to learn that I had been shortlisted for Engineers India Limited. The interview process was an enriching experience, lasting about 25 minutes, during which I was asked a range of questions–personal and technical alike. Most of the questions were based on my resume, which made me realize the importance of being well-prepared.

When I received the confirmation of my selection later that evening, it felt surreal. I couldn't wait to share this incredible news with my parents and teachers. Their happiness echoed my own, and it was a moment filled with gratitude and fulfillment.

I want to express my heartfelt thanks to the entire ICMAI WIRC team for their relentless support and guidance throughout this journey. Your mentorship has been instrumental in shaping my career path, and I am deeply grateful for everything you have done.

Thank you for allowing me to share my story with you all !

From Aspiration to Achievement: My CMA Journey

CMA Priyam Assudani

Selected in Indian oil corporation LTD Package 17.19 LPA

It gives me immense pleasure to share my CMA and campus placement journey with the readers. It all started when the results were announced in the morning of 23/08/2024 and it was a memorable morning for me as I woke up as qualified CMA clearing My CMA finals that with An All India rank was very satisfying moment for me as my continuous hardwork for last 5 years has Finally paid off. But then it was time for next big hurdle which is campus placements so after my results only I started my preparation for campus Right from preparing the CV preparing about self introduction and General interview questions I also gave 2 mock interviews both of them really helped to Boast my Confidence.

A brief about my CMA journey it started in the year 2019 when after my high school I out of my interest decided to pursue CMA as a career I cleared my CMA foundation in December 2019 I was determined to clear my intermediate within next 1 year but the COVID pandemic has some other plans for me so after that I finally cleared my intermediate in December 21 attempt of institute with an AIR-9 the wait was worth it as after that I got the opportunity to undergo my 15 months industrial training in HUDCO LTD Managing CMA final studies with training was always going to be challenging and I was well aware of it so I decided from day 1 itself that I am not going to give any attempt of CMA final until I am done with my training at HUDCO so I have to wait again to give my shot and this wait was also worth it as my training was over by Jan 2024 and I finally gave my First and Final attempt of CMA final in June 2024.

Reflecting on My campus placement journey, To begin with I decided to opt for Mumbai as my preferred location for orientation program and campus placements. It started with the 12 days orientation program which was filled with many insightful sessions regarding soft skills, technical sessions, interview tips and mock GD sessions which really helped me a to boast my confidence and I got the opportunity to interact with many fellow CMA’s and I made some great Networks and connections We got guidance from many experienced CMA’s from various fields where we got to know some new perspectives and ideas.

Right after the end of 12 days orientation we were part of an amazing Student convocation program organised by WIRC for all the qualified CMA’s then one day after that the campus interviews were scheduled.

For campus placements Most companies conducted GD and group task (GT) and many companies even took the online MCQ test before campus.

Talking about my experience I got shortlisting in Two companies including IOCL but in campus IOCL was priority for me so I gave online GD and Group task (GT) which were held a day before main PI round then I started studying the annual reports of IOCL thoroughly so that I can be well prepared. So here I would like to point out this thing that if you are appearing for interview of any big or listed company do study their annual reports to understand about their business their product portfolio ,value chain, revenue and profit margins and most importantly their future plans because if they ask you that do you know anything about our company and if you don't know then it is inexcusable as their complete data is available in public forums.

My personal interview round of IOCL lasted for around 20 minutes it was a panel of 4 and mostly questions were from My CV only and a serous of questions were asked from my past experience of 15 Months industrial Training from HUDCO and some basic and technical Financial related questions were asked I Was not able to answer 2 questions so there I clearly said to interviewer that "Sorry sir I am not able to recall this as of now and I will work on it " in the end few behavioral questions were asked.

After That I went to give interview in second company as I was just about to enter interview room i got a call from institute to kindly reach to IOCL interview floor urgently when I reached there the panelist called me in the interview room again and congratulated me for my selection and they asked me that if I want I can inform my parents straightaway so I informed my parents over a call in front of them only which was a really precious and special moment for me.

After my selection I was congratulated by WIRC Chairmen CMA Arindam Goswami Sir and Vice chairman CMA Mihir vyas sir I would like to them for their guidance and also I would like to thank entire team WIRC For organizing and managing such a smooth conduct of orientation ,student convocation program and then finally the campus those were really 2 memorable weeks of my CMA journey.

In the end I would like to say that when I look back at this journey of last 5 years from deciding to pursue CMA till getting placement I would say by doing this course I myself has evolved a lot as a person from a very under confident and a confused guy filled with self doubts to a young CMA filled with self belief and a Hunger to achieve my goals and this journey made me realize importance of patience and perseverance all I would say that selecting CMA as a career was one of the decisions that I have made.

Student's Corner

Diwali Special Edition

Illuminating the Path to Excellence: The Power of Cost Accounting in a Knowledge-Driven Era

Shravani Tulshidas Thorat
CMA Final

Introduction

Diwali, the festival of lights, is a celebration of knowledge, triumph, and new beginnings. In the professional world, the light of knowledge is what guides businesses towards sustainability, efficiency, and success. Just as Diwali illuminates our homes and hearts, cost accounting lights the way for organizations, helping them navigate complex financial landscapes with precision and clarity.

In this special edition of CMA Vidyarthi, we explore how cost accounting is not only a tool but a beacon that empowers businesses to thrive in a competitive, evolving world.

The Unseen Power of Cost Accounting: A Strategic Asset

While financial accounting reports past performance, cost accounting actively shapes the future. It provides granular insights into where a company's resources are being spent and how they can be optimized. Whether it's controlling production costs, streamlining supply chains, or identifying inefficiencies, cost accounting equips businesses with the tools to make data-driven decisions that foster long-term sustainability.

This proactive approach is crucial in today's fast-paced economy, where agility and insight are vital. In fact, cost accounting can be seen as the 'Diya' that illuminates hidden corners, revealing the true cost of doing business and highlighting opportunities for growth and improvement.

Cost Accounting: The Catalyst for Innovation and Sustainability

The world is shifting towards sustainable practices, and cost accounting plays a pivotal role in this transformation.

By identifying the most cost-effective and eco-friendly options, cost accountants help businesses integrate sustainability into their core strategies without sacrificing profitability.

For instance, the role of a cost accountant is crucial in conducting life-cycle costing to understand the environmental impact of a product from its inception to disposal. This ensures that businesses not only comply with regulations but also lead the charge in corporate responsibility–lighting the way towards a greener planet.

Diwali & The Spirit of Young CMAs: Lighting the Future

Diwali symbolizes the victory of light over darkness, and in the world of finance, young CMAs embody this principle. With fresh perspectives, innovative approaches, and a strong grounding in technical knowledge, young cost accountants are becoming the torchbearers of change in their organizations.

Today's young professionals aren't just focused on the bottom line—they're shaping the future of industries by integrating digital tools like AI, blockchain, and data analytics into traditional cost accounting practices. This fusion of technology and expertise enables businesses to achieve new heights of efficiency and innovation, setting a higher standard for future generations of CMAs.

Knowledge as the Brightest Light: A Lifelong Journey

Diwali reminds us that knowledge is the brightest light of all, and in the field of cost accounting, continuous learning is essential. The ever-changing economic landscape requires cost accountants to stay updated with industry trends, regulations, and emerging technologies.

Young CMAs must see themselves as lifelong learners, always ready to adapt and grow. Whether it’s mastering global standards like IFRS or embracing automation tools, the commitment to learning is what keeps the flame of knowledge burning bright in the profession

Conclusion: Lighting the Way to a Brighter Future

As we celebrate Diwali, let us reflect on the power of knowledge and its role in our professional lives.

Cost accounting is not merely a technical function; it is a strategic partner in driving business success. By embracing this philosophy, we can light the way for businesses to not only survive but thrive in a complex, ever-evolving world.

Let this Diwali be a reminder of our potential as young CMAs to lead with insight, integrity, and innovation–just as the festival lights up the night sky, may we continue to light the way for a brighter future.

Intermediate & Final Examination Time Table & Programme (December ’24)

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

Cleaning & Maintenance of Books of Accounts on the occasion of Diwali!

Shubham Mulane
CMA Final

Introduction

Circuit (Fictional Character) & Munna Bhai (Fictional Character) engage in a conversation about the cleaning and maintenance of financial records in the spirit of Diwali. Diwali, the festival of lights, is not only a time to refresh our homes but also an occasion to tidy up our financial books and embrace the new. In this dialogue, we explore the legal obligations related to record-keeping under various acts and how they align with the deeper values of Diwali.

Circuit (Fictional Character): Munna Bhai, with Diwali approaching, I see many preparing their homes and businesses for the celebration. As people engage in cleaning and renewing their spaces, can you guide us on how to handle old financial records under the various Acts? This will help businesses declutter.

Munna Bhai (Fictional Character): Certainly, Circuit. Diwali is a time for renewal, letting go of the old, and embracing the new. Goddess Laxmi, who cherishes cleanliness, blesses those who keep their surroundings pure. In the domain of business, multiple tax regulations exist. Each of these laws has specific guidelines on record-keeping. So, it's essential to understand and follow these regulations when deciding to dispose of old books.

Circuit (Fictional Character): Munna Bhai, can you enlighten me about the provisions of the Income Tax Act concerning record-keeping?

Munna Bhai (Fictional Character): See Circuit, as per Income Tax, books of accounts should be maintained for a period of 6 financial years from the end of the relevant Assessment Year in the following cases:

1.) Specified professionals are required to maintain their books of accounts irrespective of their gross receipts and income except where a presumptive taxation scheme under Section 44ADA is opted.

2) For individual or HUF: if the income from such profession exceeds Rs. 2,50,000 or Gross receipts exceeds Rs. 25 lakhs, in any of the 3 years immediately preceding the previous year.

3) For others: if the income from such profession exceeds Rs. 1,20,000 or Gross receipts exceed Rs. 10 lakhs, in any of the 3 years immediately preceding the previous year.

4) Businesses eligible for presumptive tax scheme under section 44AD For resident individuals or HUFs – a) if the income of the assessee exceeds the maximum exemption limit and he has opted for the presumptive scheme in any of the last 5 previous years but does not opt for the same in the current year. B) For resident partnership firm – The taxpayer has opted for the scheme in any of the last 5 previous years but does not opt for the same in the current year.

5) Businesses eligible for presumptive tax scheme under Section 44AE – if the taxpayer (engaged in plying, hiring, or leasing goods carriage) claims that the profits are lower than the deemed profits.

6) Businesses eligible for Presumptive Tax Scheme under Section 44BB – if the taxpayer (non-resident assessee engaged in the exploration of mineral oil) claims that the profits are lower than the deemed profits.

Circuit (Fictional Character): Munna Bhai, how long should books of accounts be maintained under GST Law?

Munna Bhai (Fictional Character): Circuit, every registered person has to maintain correct accounts of Stock of Goods, ITC availed, Output Tax Payable, Outward & Inward Supply, etc. u/s 35 at the principal place of business for the period not less than period of 6 years from the last date of filing of the annual return for that year.

In case of Composition Dealer, no need to maintain details of ITC availed. For Ex: Anand company" Chinki Traders Pvt. Ltd." filed Annual return GSTR-9 & GSTR-9C for the financial year 2023-2024 on December 31, 2024, such company need to keep books of accounts for the years 2018-2019 to 2023-2024 to comply with the GST Act.

Circuit (Fictional Character): Munna Bhai, how long should companies maintain books of accounts under Companies Act?

Munna Bhai (Fictional Character): Circuit, every company should maintain books of accounts for 8 years from the end of relevant year. For Ex: Astana company "MBBS Enterprises Ltd." whose financial year ends on 31/03/2024. According to the Companies Act, the company should maintain books of accounts for 8 years from the end of the relevant year, which in this case is 2015-2016.

Circuit (Fictional Character): Munna Bhai, what about the books of accounts maintained in computer software?

Munna Bhai (Fictional Character): Circuit, even if books of accounts are maintained in computer software there shall be a proper system for storage, retrieval, display or printout. As per Income Tax Act the books of accounts may be kept in electronic form or in digital form or as printouts or electromagnetic storage devices. Officers can verify these devices, so always check the saved data regularly on external devices. In old days, changes were difficult as books of accounts were maintained manually. However now computerized data is easy to change, so beware of it.

Circuit (Fictional Character): Munna Bhai, what are the implications of not maintaining books of accounts as stipulated by all these acts?

Munna Bhai (Fictional Character): Circuit, If the books of accounts and other documents are not maintained as required by Income Tax Act, then income tax department may impose penalty of Rs.25,000/-. Further if books of accounts are not properly maintained department may compute income on estimated basis. If in case one fails to maintain such books of accounts in accordance with CGST Act, then he shall be liable to pay a penalty of Rs.10,000/- or an amount equivalent to the tax evaded whichever is higher and person benefiting from such be liable to penalty which may extend to Rs.25000/-. If Managing Director, whole-time director or any other person in charge do not maintain books as required by Companies Act and do not comply with other provisions of Section 128 then they shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than Rs. 50,000 but which may extend to Rs. 5,00,000 or both.

Circuit (Fictional Character): Munna Bhai, how do books of accounts relate to the spirit of Diwali, and what should we take away from this tradition?

Munna Bhai (Fictional Character): Circuit, Diwali is not just a festival of lights but also signifies the victory of light over darkness, knowledge over ignorance. When people worship money on "Dhanteras" and their books of accounts on "Laxmipujan", it symbolizes the importance of honest wealth creation and diligent financial record-keeping. While the fiscal year for financial laws commences from 1st April and concludes on 31st March, our Hindu traditions celebrate a new beginning with "Padva" during Diwali, this implies that while financial prudence is crucial, it must align with our moral and ethical values. Goddess Laxmi represents wealth, and she blesses those who uphold integrity, honesty, and righteousness in their financial endeavours. Hence, the importance of Diwali lies not just in the external celebrations but also in imbibing these deeper values in our daily lives, especially in our financial transactions.

Diwali and the Economy: Impact on the Indian Market

Mithilesh Prashant Pathak
CMA Intermediate

Introduction

Diwali, also known as the Festival of Lights, is one of India's most significant and widely celebrated festivals. Beyond its cultural and spiritual significance, Diwali also plays a crucial role in shaping the Indian economy. The festival marks a period of heightened economic activity across various sectors, with consumers engaging in increased spending, businesses boosting production, and service providers experiencing higher demand. In this article, we will explore the multifaceted impact of Diwali on the Indian market, analyzing both the positive effects and the challenges it brings to the economy.

The Consumer Spending Surge

During the Diwali season, consumer spending sees a remarkable surge, driven by several factors:

Cultural Practices: Diwali is traditionally associated with gift-giving, home renovations, and the purchase of new clothes, jewelry, and electronics. Families often buy new items as a symbol of prosperity and to welcome the goddess Lakshmi, believed to bring wealth and fortune.

Bonuses and Discounts: Many companies give bonuses or festive incentives to employees, which increases disposable income and encourages higher spending. Retailers and e-commerce platforms also offer significant discounts, cashback offers, and flash sales during this period.

Wedding Season Alignment: Diwali often coincides with the beginning of the wedding season in India, leading to an additional spike in spending on luxury items, apparel, and gold, which is considered auspicious.

The surge in consumer spending has a multiplier effect on the economy, driving growth in various sectors such as retail, manufacturing, hospitality, and logistics.

Impact on Key Sectors

Diwali's economic impact is not confined to a single industry but spans multiple sectors. Here's a closer look at some of the key industries affected:

Retail and E-commerce: Diwali is akin to Black Friday in the West, with retailers and online platforms witnessing some of their highest sales of the year. The sale of consumer electronics, apparel, home décor, and appliances sees a substantial uptick. E-commerce giants like Amazon and Flipkart, as well as offline retail stores, launch extensive sales campaigns that can generate billions in revenue. This surge not only benefits large businesses but also boosts small vendors and local markets.

Gold and Jewelry: Gold has a special significance during Diwali, especially on Dhanteras, when purchasing gold is considered auspicious. The festival season typically leads to increased sales of gold and jewelry, with jewelers witnessing a significant rise in demand. The price of gold often fluctuates during this period due to high demand, affecting import levels and impacting the country's trade deficit.

Automobile Sector: Diwali is also a popular time for purchasing vehicles, as many Indians believe that buying a new car or bike during this period brings good luck. Automobile companies frequently introduce new models or offer festive discounts to capitalize on this sentiment, leading to a temporary surge in vehicle sales.

Real Estate: The real estate sector sees a rise in transactions during Diwali, as developers offer special deals, and buyers are motivated by the belief that it is an auspicious time to invest in property. This period often sees an increase in the registration of new properties, thereby benefiting construction materials suppliers, real estate agents, and the broader housing market.

Employment and Production Boost

The increase in demand during Diwali necessitates a boost in production across various industries, leading to temporary employment growth. For instance:

Manufacturing Sector: Factories ramp up production of consumer goods, such as electronics, clothing, and packaged foods, to meet the heightened demand. This surge can lead to temporary job creation and extended working hours for laborers.

Logistics and Supply Chain: The surge in online and offline sales results in increased demand for logistics services, including warehousing, transportation, and delivery. Companies often hire additional staff or third-party services to manage the increased volume of shipments, resulting in higher employment levels.

Advertising and Marketing Boom

With Diwali being a peak sales season, companies invest heavily in advertising and marketing to attract customers. The media and advertising industry benefits significantly from this increased spending:

Advertising Revenue: Media companies, including television, radio, newspapers, and digital platforms, see a rise in ad bookings as companies launch festive campaigns. The Diwali season is one of the most lucrative times for broadcasters and publishers.

Brand Partnerships: Celebrities often endorse products or participate in festive campaigns, and social media influencers engage in branded content to promote Diwali-related sales, leading to a surge in influencer marketing.

Impact on Small Businesses and Traditional Markets

While large corporations and e-commerce platforms benefit significantly from Diwali sales, the festival is also a crucial period for small businesses and traditional markets:

Handicrafts and Artisan Goods: There is a spike in the demand for traditional handicrafts, clay lamps (diyas), sweets, and decorative items, benefiting local artisans and small-scale producers.

Many consumers prefer buying ethnic goods during Diwali, which helps preserve cultural heritage and supports local economies.

Street Markets and Local Shops: Local vendors in street markets experience higher footfall, with people purchasing festival essentials like home décor, firecrackers, and sweets. This boost in sales can be a significant part of their annual revenue.

Vocal for Local Initiatives

In recent years, the "Vocal for Local" movement has gained traction in India, especially during Diwali. This initiative encourages consumers to prioritize locally made products, supporting small businesses and boosting the domestic economy. The government's push for "Aatmanirbhar Bharat" (self-reliant India) has further promoted this trend, encouraging people to buy locally manufactured goods, traditional handicrafts, and artisanal products during the festive season.

Increased Demand for Local Products: With the Vocal for Local movement, there is a growing preference for buying products made by Indian artisans, craftsmen, and small-scale manufacturers. Items such as handwoven textiles, handcrafted decorations, organic products, and traditional sweets see a surge in sales. This shift helps sustain local industries and preserves India's cultural heritage.

Support for Indigenous Crafts and Employment: By promoting local markets, the movement directly benefits rural artisans, craftsmen, and cottage industries, generating employment and income opportunities. This support plays a crucial role in reviving traditional arts and crafts, preventing them from fading into obscurity.

Impact on E-commerce and Online Marketplaces: Many e-commerce platforms have started featuring local brands and products prominently during Diwali sales, aligning with the Vocal for Local message. This inclusion gives small businesses an opportunity to compete with larger brands, helping them reach a broader audience and boosting sales.

Emphasizing the Vocal for Local initiative during Diwali not only strengthens India's domestic economy but also fosters a sense of community and cultural pride by celebrating indigenous products and craftsmanship.

Economic Challenges During Diwali

While the Diwali season brings economic benefits, it also poses several challenges:

Inflation: The surge in demand can lead to temporary inflationary pressures, especially for essential goods such as sweets, cooking oil, and dairy products. The increased price of gold and consumer goods can also strain household budgets.

Environmental Concerns: The use of firecrackers during Diwali has environmental and health implications, leading to increased air and noise pollution. This not only affects public health but also adds to the costs for governments trying to manage pollution levels.

Debt and Financial Strain: Many households may resort to borrowing or credit spending during Diwali, which can lead to financial strain if they overextend themselves. This increased credit usage can have longer-term effects on household savings and financial stability.

Post-Diwali Economic Trends

The economic impact of Diwali extends beyond the festival period, with potential post-Diwali slowdowns:

Drop in Consumer Spending: Following the festive season, there may be a lull in consumer spending as households recover from the increased expenditures. This can result in a temporary slowdown in retail sales.

Restocking and Inventory Adjustments:

Businesses may have to deal with surplus inventory or manage supply chain disruptions after the festive rush, potentially impacting production schedules and logistics planning.

The Role of Government Policies and Economic Reforms

Government policies can influence the extent of Diwali's economic impact. Initiatives to support small businesses, regulate gold imports, or manage environmental concerns can shape market dynamics during the festive season:

Incentives for Small Businesses: Policies that provide financial support, such as subsidies or tax breaks for small retailers, can help them better capitalize on Diwali's economic opportunities.

Gold Import Regulations: With India being one of the largest consumers of gold, government measures to regulate gold imports can help manage the trade deficit and currency fluctuations during the high-demand Diwali season.

Pollution Control Measures: Regulatory efforts to curb pollution, such as banning certain types of firecrackers, can reduce the environmental impact of Diwali and improve public health outcomes.

The Long-term Cultural and Economic Significance

Diwali's economic impact goes beyond just annual sales figures. It plays a crucial role in shaping consumption patterns, influencing investment behaviors, and even driving cultural trends. The festival encourages:

Consumer Confidence: Diwali boosts consumer confidence, as people feel optimistic about the economy and are willing to spend. This positive sentiment can carry over into other periods, supporting sustained economic growth.

Brand Loyalty: Companies that effectively engage with consumers during Diwali can build long-term brand loyalty, which benefits them in the off-peak seasons as well.

Conclusion

Diwali is not just a festival; it is an economic phenomenon that significantly impacts the Indian market. Its effects permeate multiple sectors, from retail and e-commerce to manufacturing and real estate. While it brings economic opportunities, it also poses challenges such as inflation, environmental concerns, and financial strain on households. Understanding the economic implications of Diwali allows policymakers, businesses, and consumers to make informed decisions that can harness the festival's economic potential while mitigating its downsides.

In the broader context, Diwali's economic significance reflects India's cultural richness and diversity, where traditional practices meet modern economic realities. The festival serves as a vital driver of economic growth and social cohesion, marking a period of prosperity and optimism in the Indian economy.

Diwali & Taxes: A Comprehensive Guide to Managing Your Finances During the Festive Season

Suyog Malpure
CMA Final

Diwali, the Festival of Lights, is a time of celebration, joy, and togetherness with family and friends. The festivities often involve gift-giving, gambling, donations, and significant business activities, but it's important to remember that these activities also have financial and tax implications. Whether you're an individual celebrating with loved ones or a business owner navigating a surge in sales, staying informed about the tax rules can help you make the most of the festive season without running into financial difficulties.

Gift Tax Regulations

Understanding the Limits:

During Diwali, gifts are often exchanged between family members, employees, and business associates. Let's break down the tax treatment of each type with practical examples.

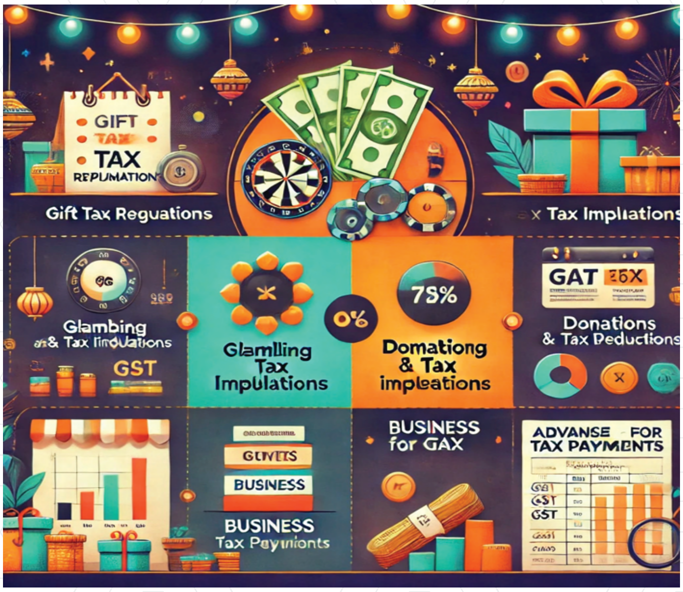
Personal Gifts: Gifts given to relatives or friends are generally not taxable.

Gifts to Employees: Gifts given to employees during Diwali are considered taxable perquisites. However, there are certain exemptions and limits that apply.

Gifts to Clients or Business Associates: Gifts given to clients or business associates may be considered business expenses and can be deducted from taxable income. However, there are specific guidelines and limits to follow.

Example 1: Personal Gifts

Ravi receives a gold necklace worth ₹60,000 from his friend during Diwali. Since the gift is from a non-relative, and the total value of gifts Ravi received from friends in the financial year exceeds ₹50,000, the excess ₹10,000 (₹60,000 - ₹50,000) is taxable under "Income from Other Sources." However, if his sister had gifted him the necklace, no tax would be applicable since gifts from relatives are fully exempt.



Example 2: Gifts to Employees

A company gives its employees Diwali gifts worth ₹4,500 each (non-cash). Since the value of each gift is below ₹5,000, these gifts are exempt from tax. However, if the company gave cash bonuses instead of gifts, the entire amount would be treated as part of the employee's taxable salary.

Image Description: The first section of the info-graphic illustrates gift boxes with a balance scale, symbolizing the balance between giving and tax rules.

Gambling and Tax Consequences

Many people indulge in friendly card games and lotteries during Diwali. It's important to understand how winnings from these activities are taxed.

- Gambling Winnings: If you win a significant amount from gambling, you may need to report it on your tax return.

- Gambling Losses: In some cases, gambling losses can be deducted from gambling winnings, but there are specific conditions and limitations.

Example 3: Gambling Winnings

Amit plays a card game during Diwali and wins ₹20,000. His winnings are taxable at a flat rate of 30%. He will need to declare this amount while filing his income tax return, and pay a tax of ₹6,000 (30% of ₹20,000) even though his regular income is taxed at a lower rate.

Example 4: Lottery Winnings

Sunita wins ₹1,00,000 in a Diwali lottery. Since the amount exceeds ₹10,000, the lottery organizer deducts TDS at 30%, so Sunita only receives ₹70,000. When she files her income tax return, she must report the total ₹1,00,000 as her income and adjust the TDS already deducted.

Image Description: The second section of the info-graphic shows playing cards, money, and a tax percentage to symbolize gambling winnings and their tax consequences.

Donations and Their Tax Benefits

Diwali is a season of generosity, and many people donate to charitable causes during this period. Donations can also help reduce your tax burden.

- Deductible Donations: Donations made to recognized charitable organizations are generally deductible from taxable income.

- Donation Receipts: Ensure you obtain proper receipts for your donations to claim the tax benefits.

Example 5: Charitable Donations

Raj donates ₹20,000 to an NGO recognized under Section 80G. The NGO qualifies for a 50% deduction. Raj can claim a tax deduction of ₹10,000 (50% of ₹20,000) from his taxable income. However, had he donated to a Prime Minister's Relief Fund, which qualifies for a 100% deduction, he could claim the full ₹20,000.

Image Description: The third section of the info-graphic depicts symbols of charity, including hands holding hearts, illustrating the connection between donations and tax deductions.

Managing Business and GST Compliance

For retailers and business owners, Diwali often brings a surge in sales. This is a great opportunity, but it also comes with increased responsibility for managing taxes and GST compliance.

Stock Control: Maintaining an accurate record of your inventory is crucial during high-volume sales periods like Diwali. Mismanagement can lead to discrepancies in income reporting and GST filings.

Inventory Valuation: Ensure that you carry out an accurate valuation of inventory, as this will affect your taxable income and GST calculations.

Invoicing: Every sale should be properly invoiced, and GST should be collected where applicable.

Filing Returns: It's crucial to file GST returns in a timely manner. For instance, the filing of ITC-04 for job work and annual returns (GSTR-9) are due shortly after Diwali. Non-compliance or delays can result in penalties.

Claiming Input Tax Credit (ITC): Ensure you accurately track and claim ITC on purchases to reduce your overall GST liability.

Example 6: Inventory Management and GST

A retail store experiences a spike in sales during Diwali. The owner ensures that all invoices are recorded accurately, and GST is collected on all sales. After Diwali, he prepares for his quarterly GST return by checking his inventory and ensuring that all records are up-to-date. Additionally, he files ITC-04 for job work and gets ready for GSTR-9 filing after the end of the financial year.

Example 7: GST Compliance During Diwali

A business gives Diwali gift hampers to clients, and the value of these hampers is deducted as a business expense. Since the hampers include taxable items, the business must charge GST, but they can also claim an Input Tax Credit (ITC) on the purchases made for those hampers.

Image Description: The fourth section of the info-graphic illustrates a retail store with shelves of goods and a GST return form, emphasizing the importance of compliance during high sales periods.

Financial Planning for Diwali Expenses

Planning your expenses ahead of Diwali can prevent financial stress and help you enjoy the festival without overspending.

Example 8: Budgeting for Diwali

Nina sets a budget of ₹50,000 for Diwali, which includes gifts, decorations, and celebrations. She tracks her expenses throughout the festival and ensures she stays within the limit. This helps her avoid using her credit card excessively, preventing debt after the celebrations.

Example 9: Post-Diwali Financial Review

After the festival, Ramesh sits down to review his Diwali spending. He notices that he overspent by ₹10,000, mostly on last-minute purchases. He uses this insight to plan better for the next year by starting his savings earlier and being more mindful of unplanned expenses.

Image Description: The fifth section of the infographic shows a budget chart with festive symbols like diyas and gift boxes, reflecting the need for proper financial planning.

Advance Tax Payments and Year-End Considerations

For self-employed professionals and business owners, Diwali is a timely reminder to assess and finalize advance tax payments.

Example 10: Advance Tax Payments

Priya is a self-employed consultant, and during Diwali, she reviews her earnings for the year. Since her tax liability exceeds ₹10,000, she makes an advance tax payment to avoid penalties. By paying 60% of her expected tax liability by December 15 (around the time of Diwali), she ensures compliance with advance tax regulations.

Image Description: The final section of the info-graphic shows a calendar with a payment reminder icon, emphasizing the importance of making timely advance tax payments.

Conclusion: Celebrate Diwali with Financial Responsibility

Diwali is a season of joy and prosperity, but it's essential to approach it with a sound financial mindset. Whether you're giving gifts, engaging in gambling, donating to charity, or running a business, understanding the tax implications can help you avoid surprises and ensure financial well-being. By planning ahead and complying with tax regulations, you can fully enjoy the festival of lights, free from financial stress. Diwali is a time of joy, but understanding the financial and tax implications of your festive activities helps ensure that your celebration doesn't lead to financial stress or tax issues. Whether it's through mindful gift-giving, staying compliant with GST, or planning your expenses in advance, you can make the most of the festival while staying financially responsible.

Festival of Innovation: How Tech is Revolutionizing Management Accounting

Pranali Fattarfode
CMA Intermediate

As we light the diya's and ignite the sparklers this Diwali, let us also kindle the flame of innovation in our profession. May the festival of lights dispel the darkness of outdated techniques and illuminate the path to a brighter, more efficient future for management accounting."

Introduction:

As we celebrate the festival of lights, Diwali, we are reminded of the triumph of light over darkness, knowledge over ignorance, and innovation over tradition. In the realm of management accounting, a similar transformation is underway. The advent of cutting-edge technologies is disrupting traditional practices, illuminating new pathways to improved decision-making, and redefining the role of management accountants. In this article, we will explore the impact of technology on management accounting, highlighting the opportunities, challenges, and future directions.

The Disruptors: Emerging Technologies in Management Accounting

1. Artificial Intelligence (AI) and Machine Learning (ML): Automating routine tasks, predictive analytics, and identifying patterns in financial data.
2. Cloud Computing: Enhancing collaboration, scalability, and real-time data access.
3. Blockchain: Ensuring transparency, security, and accuracy in financial transactions.
4. Internet of Things (IoT): Integrating financial data with operational metrics.
5. Robotic Process Automation (RPA): Streamlining financial processes, reducing errors.

Impact on Management Accounting:

1. Data-Driven Decision-Making: Advanced analytics and AI-powered insights enable more informed decisions.
2. Process Automation: RPA and AI reduce manual errors, freeing up time for strategic analysis.
3. Real-Time Financial Reporting: Cloud-based solutions provide instant access to financial data.
4. Risk Management: AI-powered risk assessment and mitigation.
5. Compliance and Governance: Blockchain-based solutions ensure transparency and regulatory adherence.

Examples of Technology Adoption in Management Accounting:

1. Amazon's AI-Powered Financial Forecasting: Uses ML algorithms to predict revenue and optimize resource allocation.
2. Siemens' Cloud-Based Financial Planning: Utilizes cloud-based solutions for real-time financial reporting and collaboration.
3. Coca-Cola's Blockchain-Based Supply Chain Management: Ensures transparency and accountability in financial transactions.

Challenges and Concerns:

1. Skills Gap: Management accountants must develop technical expertise to leverage emerging technologies.
2. Data Security: Protecting sensitive financial data in a digital environment.
3. Change Management: Adapting to new technologies and processes.

Conclusion:

As we celebrate Diwali, the festival of lights, we recognize that technology is illuminating a brighter future for management accounting. Embracing emerging technologies will enable management accountants to provide more strategic insights, drive business growth, and ensure organizational sustainability. While challenges exist, the opportunities presented by technology far outweigh the risks. As we step into this new era, management accountants must be prepared to adapt, innovate, and shine.

Recommendations:

1. Invest in training and development programs to bridge the skills gap.
2. Implement robust data security measures.
3. Foster a culture of innovation and experimentation.
4. Collaborate with IT departments to leverage technology.
5. Stay updated on emerging trends and technologies.

Call to Action:

As management accountants, it's time to harness the power of technology to drive business success. Let's embark on this transformative journey, illuminating the path to a brighter future.

Foundation Course Examination

(Multiple Choice Questions through Offline OMR based from Centre)

Date & Time	Foundation Course Examination Syllabus-2022	
	Time 10.00 A.M. to 12.00 Noon. - IST Paper – 1 & 2 (200 Marks)	**Time 02.00 P.M. to 04.00 P.M. IST Paper – 3 & 4 (200 Marks)**
Sunday, 15^{th} December, 2024	**Paper 1:** Fundamentals of Business Laws & Business Communication (100 Marks 50 Multiple Choice Questions) **Paper 2:** Fundamentals of Financial & Cost Accounting (100 Marks 50 Multiple Choice Questions)	**Paper 3 :** Fundamentals of Business Mathematics & Statistics (100 Marks 50 Multiple Choice Questions) **Paper 4 :** Fundamentals of Business Economics & Management (100 Marks 50 Multiple Choice Questions)

Diwali Sales Economy: Is It A Deal Or A Steal?

Yashaswee Soni
CMA Final

Festival season is here and we all come across some kind of sales or very attractive offers quite frequently. Are these offers actually benefiting us or is it just another offer-washed scam?

Let us explore how this portion of the economy operates. As we all know our economy would collapse if consumerism is limited by any parameter particularly, in this situation hyper-consumerism basically takes the role of a backbone in the economy. Since majority of our population is intimidated by the high prices of premium category products and also usually look for an occasion to purchase certain high end products in order to justify the "unnecessary expenses", since this is what our culture is all about the marketing of these big labels don not hold themselves back to make profits out of this. So the companies have no other option than to please their unsold stock on certain auspicious occasions in the name of any particular festival centric offer that they have going on. But why would any company want to sell off their unsold stock when they can simply sell it in further coming seasons or maybe send it back to repurpose it another way for the new season? Well sending it back and repurposing would cost them more than what they actually spent in making it in the first place. So in this situation pushing the unsold stock at a lower price is the best alternative they have, this also allows them to get recognition in the market which will attract customers furthermore and also boost their sales somehow to reflect on their financial statements. Also the retail stores are under certain pressure to clear the stocks as soon as possible in order to keep the sales high, at the end of season that usually takes place during the festive season since they are expected to come up with a new winter collection after the festivals. Also this cycle of selling off the unsold stock and bringing new collections for every season pushes the customers to boost the sales and somehow as customers ourselves we fall for it and become a part of this hyper-consumerism centric economy subconsciously. Overall this helps the companies to trick consumers into buying more and more and they make good profits out of it. This tactic of mass production and mass consumption altogether will help our economy boost to the new level and improve our lifestyles as well but then incidentally it also conflicts with the concept of sustainability. It is all about our perception on these sales, it could be a deal or a steal in itself but as consumers we shall always remain mindful about what we spend our hard earned money on and not always fall for this trap of hyper consumerism. That is all for this time.

Understanding Cost-Volume-Profit Dynamics: Insights for Seasonal Enterprises

CMA Aman Jain
Qualified CMA

Festivals like Diwali bring a surge in demand for certain products, including firecrackers, decorative lights, sweets, and gifts etc. While the festive season offers great opportunities for businesses to generate substantial profits, it also involves unique risks due to seasonality. To make informed financial decisions, businesses can do Cost-Volume-Profit (CVP) analysis, which can help them understand how costs, sales volume, and profits interact each other. This article explores the application of CVP analysis in a seasonal business, with a focus on the Diwali cracker and lighting industry.

What is Cost-Volume-Profit analysis

Cost-Volume-Profit (CVP) analysis is a financial tool used to understand the relationship between costs, sales volume, and profits. It helps businesses determine the level of sales necessary to cover fixed and variable costs (break-even point) and achieve a targeted profit. Key components of CVP analysis include:

1. Fixed Costs: Costs that remain constant regardless of sales volume (e.g., rent, salaries).
2. Variable Costs: Costs that vary directly with sales volume (e.g., raw materials, sales commissions).
3. Sales Price per Unit: The revenue earned for each unit sold.
4. Contribution Margin: The difference between sales revenue and variable costs, which contributes to covering fixed costs and generating profit.

Challenges & It's Application in Seasonal Business

Now, Let's take an example of firecrackers and decorative lighting businesses & let's understand what are the challenges they generally face and how CVP Analysis can help them to resolve there challenges :

Planning for Off-Seasons: Firecrackers and lights demands increases very drastically during festivals season specially Diwali. Post Diwali the demand will slow down. Now, the businesses needs to determine their break-even point and required sales for profitability, businesses should also plan for off-seasons and should make decisions about cost-cutting or inventory management.

Pricing Sensitivity: These types of businesses face intense competition during festive season as most of the businesses offers discount which affects the margin. Therefore, CVP helps to set prices strategically during peak seasons to maximize profits while covering fixed costs during low seasons.

Inventory Management: Unsold crackers and lights post-festive season results in very less profit or even in loss, since the demand falls drastically. Therefore CVP guides decisions about stocking levels, avoiding overstocking in slow seasons and stock outs in peak seasons.

Cost Control: Renting storage space and taking license for explosive goods require upfront cost. Therefore, it can help to identify the high-impact cost areas and enables businesses to adjust fixed and variable expenses based on expected seasonal sales.

CVP Analysis: firecrackers and Diwali lights business

Let's consider a hypothetical example of XYZ Fireworks Pvt. Ltd. A firecracker manufacturing company operating in Delhi. Suppose the company incurs fixed cost such as license cost (5,00,000), Warehouse rent (300000) and salaries (200000) etc. Totaling Rs. 1000000 and variable cost like raw material, packaging and other costs amount to 50 per box of crackers and each box is sold at Rs. 100 per box.

Contribution Margin Ratio or Pv ratio:

Contribution Margin per box = Selling Price – variable cost = Rs. 50
Contribution Margin Ratio = (Contribution/Selling Price) = 50%
This indicates that 50% of the revenue from each box contributes towards Fixed cost and profit.

Break-even Analysis :

Break-even point = (Total Fixed cost/Contribution per unit)
= 20000 boxes.
This means that company need to sell 20000 boxes just to covers it's costs.

Profit Planning:

If the company wants to earn profit of Rs. 500000 during Diwali season, then required sales will be

Sales for Desired Profit = (Fixed cost + Desired Profit)/Contribution p.u
= 30000 boxes.
Thus to achieve desired profit company needs to sale 30000 boxes.

Key insights from CVP Analysis

Importance of Early Sales: Since the business is seasonal, achieving Break-even point in Diwali Season is critical to avoid the unsold inventory. Once business achieve BEP then focus should be to achieve desired profit.

Pricing decision: Due to intense competition businesses needs to offer some discounts also. But offering excessive discount can erode the profit. In above eg if company offers 10% discount will reduce the SP to 90 and contribution to 40 per box.

Cost Control: Businesses should try to lower it's costs mainly fixed cost like rent by negotiation with the other party. Reducing fixed cost significantly reduces the BEP.

Strategies to Manage Risk in seasonal business

Pre booking offers: Business should encourage customer for advance booking. As it will reduce the unsold inventory and also helps in early sales of the goods.

Product Bundling: Nowadays, it common that business offers product bundling. In this, bundle of Crackers, lights, chocolate, decorative items etc. can be offered to the customer which will help in generating higher profits.

Flexible Pricing: Adjust the prices according to the demand of the customers. If customer demands high some discount can be offered which will attract the customer to buy more. Therefore, business should adjust the prices on demand to maximize the contribution without alienating the customer.

Conclusion

In this article, we got to know how CVP Analysis plays a important role for the seasonal business to identify it's BEP, Contribution margin, Margin of safety, Profit Margin etc. Using CVP business can plan better, manage its risk & make better decisions. With the right strategies business can achieve profitability delivering festive joy to customers.

From Diyas to Data: The Digital Transformation of Diwali Shopping

Vaidik V Shahane
CMA Final

Wishing you a Diwali filled with abundant joy, prosperity, and financial growth! May your investments flourish like the brightest diyas, your savings multiply like the sweetest treats, and your family bonds strengthen like a well-balanced portfolio. Here's to a festival of lights that illuminates your path to financial success and happiness.

As the festival of Diwali approaches, the excitement in the air is palpable. Homes are being decorated with colourful lights, families are preparing festive meals, and the atmosphere buzzes with anticipation. This year, as we celebrate the triumph of light over darkness, let's explore how technology is transforming the way we shop and celebrate during this beloved festival.

Traditionally, Diwali shopping has involved bustling markets, crowded streets, and vibrant bazaars filled with colourful merchandise. However, the digital revolution has reshaped this landscape, introducing a new era of convenience and choice. E-commerce platforms and digital payment systems have made it easier than ever for consumers to shop from the comfort of their homes.

Understanding the E-Commerce Boom:

The rise of online shopping during Diwali is a trend that cannot be ignored. With the convenience of browsing a vast array of products at our fingertips, consumers are increasingly turning to e-commerce platforms for their festive shopping. The ease of online shopping, combined with special discounts and offers, has transformed how families prepare for Diwali.

Wider Selection: Online platforms offer a diverse range of products–from traditional clothes and jewellery to modern home decor–allowing consumers to find exactly what they need without the constraints of physical store inventories.

Time-Saving Convenience: With busy schedules, many families appreciate the ability to shop online, avoiding long lines and crowded stores. This shift has become particularly significant during the pandemic, where safety and convenience have taken precedence.

The Role of Social Media in Shaping Trends:

Social media has become a powerful influencer in the world of Diwali shopping. Platforms like Instagram, Facebook, and Pinterest are not just social networks; they serve as dynamic marketplaces where brands can engage with consumers directly.

Influencer Marketing: Many brands collaborate with social media influencers to promote their products during Diwali. This approach helps reach a wider audience and lends credibility to their offerings, as consumers often trust recommendations from relatable figures.

Visual Inspiration: Social media allows brands to showcase their products visually, inspiring consumers with festive decor ideas, outfit choices, and gift suggestions. This visual appeal can significantly impact purchasing decisions.

The Future of Diwali Shopping:

The future of Diwali shopping is set to be transformed by innovative technologies that enhance consumer experiences while honouring the festival's traditions. Augmented and virtual reality (AR/VR) will allow shoppers to visualize products in their homes or try on outfits virtually, creating immersive experiences. Additionally, artificial intelligence (AI) will personalize shopping by analysing consumer behaviour and offering tailored recommendations through chatbots.

Social commerce will thrive, enabling shopping directly through social media platforms while brands engage audiences through influencer marketing. An omnichannel approach will seamlessly integrate online and offline experiences, offering personalized

A Joyful Conclusion:

This Diwali, as we light diyas and celebrate with loved ones, let's also embrace the digital transformation that has changed the way we shop. The integration of technology into our festive preparations offers convenience, variety, and personalized experiences that enhance the joy of the season. As we navigate this new landscape, may your Diwali be filled with love, light, and the excitement of discovery–both in our traditions and in our shopping. Wishing you a bright and prosperous Diwali!

Cost Management Strategies for Festive Seasons

Shravani Shukla
CMA Intermediate

Effective Business Management During Diwali

Diwali, one of the most significant festivals in India, presents a unique opportunity for businesses to boost sales and enhance brand visibility. However, the festive season also comes with its own set of challenges, particularly in terms of managing costs effectively. Here are some strategies that businesses can implement to optimize their cost management during Diwali:

Effective Inventory Management

Demand Forecasting: Use historical sales data and market trends to forecast demand accurately. Advanced analytics can help in predicting which products are likely to sell best during Diwali.

Just-in-Time Inventory: Adopt a just-in-time (JIT) inventory system to reduce holding costs. This approach ensures that products are available when needed without overstocking.

Supplier Collaboration: Build strong relationships with suppliers to negotiate better terms and flexible delivery schedules, allowing for quicker restocking of popular items.

Budgeting for Festive Promotions

Comprehensive Budgeting: Develop a detailed budget that encompasses all aspects of the festive season, including marketing, promotions, staffing, and operational costs.

Cost-Benefit Analysis: Assess the potential return on investment (ROI) for each promotional activity. Focus on campaigns that offer the best cost-to-benefit ratio.

Contingency Funds: Set aside a portion of the budget for unexpected expenses or opportunities that may arise during the festive season.

Dynamic Pricing Strategies

Promotional Discounts: Strategically plan discounts and offers that attract customers while ensuring that profit margins are not severely impacted.

Tiered Pricing: Implement tiered pricing strategies based on customer segments, encouraging higher spending through exclusive offers for premium customers.

Cost Control in Marketing

Targeted Advertising: Utilize data analytics to identify the most effective channels for reaching your target audience. Digital marketing can often provide a more cost-effective solution compared to traditional media.

Leverage Social Media: Engage customers through social media campaigns that require minimal investment but can yield high engagement and visibility.

Influencer Collaborations: Partner with influencers to promote your products during Diwali. This can provide a cost-effective way to reach a larger audience without heavy advertising costs.

Monitoring and Reporting

Regular Monitoring: Continuously track expenses and sales throughout the festive season. Use dashboards and reports to analyze performance against the budget in real-time.

Post-Season Review: After Diwali, conduct a comprehensive review of financial performance, identifying what strategies worked, what didn't, and areas for improvement for future festive seasons.

Enhancing Operational Efficiency

Staff Training: Invest in training staff to improve efficiency in operations, particularly in customer service and inventory handling during peak times.

Technology Adoption: Implement technology solutions such as inventory management software and point-of-sale systems to streamline operations and reduce labor costs.

Sustainability Practices

Eco-Friendly Products: Introduce sustainable products or packaging, which can attract eco-conscious consumers and potentially command higher prices.

Waste Reduction: Implement practices to minimize waste during the festive period, such as efficient inventory turnover and responsible sourcing.

Conclusion

Effectively managing costs during the Diwali season requires a multifaceted approach that combines strategic planning, operational efficiency, and market awareness. By focusing on inventory management, budgeting, dynamic pricing, and efficient marketing, businesses can maximize their profitability while celebrating the festive spirit. This not only contributes to financial health but also enhances brand reputation, paving the way for sustained success in the future.

CMA - Balancing Books, Empowering Success.

CMA Tanpreet Kaur Saluja
Qualified CMA

In the ever-evolving landscape of business, the role of a cost accountant has become increasingly crucial. Cost accountants are not only responsible for tracking costs and ensuring financial efficiency, but they also play an important role in strategic decision-making. To bloom in this profession, the continuous chase of knowledge is essential– just like lighting a lamp that illuminates the path toward professional excellence.

The Importance of Knowledge in Cost Accounting

Knowledge in cost accounting is fundamental for several reasons:

1. Complex Financial Aspect: Organisations face complex financial situations that require meticulous cost management. Understanding various costing methods–such as standard costing, activity-based costing, and marginal costing–enables cost accountants to provide accurate insights and recommendations.

2. Strategic Decision-Making: Cost accountants contribute crucially to strategic decisions by analysing cost behaviour, budgeting, and forecasting. Their insights can influence pricing strategies, resource allocation, and overall business strategy.

3. Compliance and Ethical Standards: The profession demands adherence to regulatory standards and ethical practices. A sound understanding of laws, regulations, and ethical guidelines is important for maintaining integrity and trustworthiness in financial reporting.

The Role of Technology in Cost Accounting

The emergence of technology has transformed the cost accounting profession. Familiarity with accounting software, data analytics, and artificial intelligence is becoming increasingly important. Understanding how to leverage these tools not only improves efficiency but also enhances the quality of analysis and reporting.

Cost accountants must adapt to technologies that automate routine tasks, allowing them to focus on strategic analysis and decision support. Embracing digital skills is essential for staying relevant in a competitive job market.

Conclusion

Lighting the lamp of knowledge in the cost accountant profession is not a one-time event but a continuous journey. As the business environment becomes more complex and dynamic, cost accountants must commit to lifelong learning and professional development. By enhancing their knowledge, they not only improve their own career prospects but also contribute significantly to the organisations they serve. The radiance provided by this knowledge enables cost accountants to navigate challenges, drive efficiency, and add value to their companies, ultimately shaping a brighter future for the profession.

Venture Capitalists and Angel Investors Boosting India’s Startup Ecosystem

Ketan Ulhas Dharmadhikari
CMA Final

India’s startup surroundings have witnessed an unparalleled boom in recent years, positioning the country as one of the world’s most dynamic entrepreneurial hubs. The success of this atmosphere hinges heavily on the aid of early-level financiers, in particular task capitalists (VCs) and angel traders, whose roles are pivotal in reworking modern thoughts into marketplace realities. Both kinds of traders have distinct traits however proportion the not unusual goal of helping startups in their growth journey.

Venture Capitalist (VC):

Introduction:

A Venture Capitalist is an investor who provides capital to initial start-ups and small companies in exchange for an equity stake in the company. Venture capitalists are highly selective and only invest in such few out of many companies. Venture capitalists can be individuals or groups of investors who work together through investment firms. Venture capitalists typically look for teams with strong control teams, large market capabilities, unique industries, or products with strong competitive advantages They also look for prospects in known or familiar industries and threaten to buy business offices a large percentage to impact downstream.

Understanding VCs:

Venture capitalists are professional investors who manage pooled capital from individuals. Institutional investors and funds to invest in startups with high potential VCs typically come into play in the later stages of a startup’s growth when a business model shows traction and is ready for scale. VCs are often expected to bring managerial and technical expertise, as well as capital, to their investments. High net worth individuals (HNWIs), insurance companies, pension funds, foundations, and corporate pension funds can pool money into funds managed by VC firms Venture capital firm acts as general partners (GP), and other firms or individuals form partnership Firms. All partners own part of the fund.

Important characteristics of VC:

Large Investments: VCs typically make large investments. These are often worth millions of dollars. Some of the investments made in India include-
a. Zepto: Received $665 million.
b. Meesho: Received $300 million.

Stock Ownership: They hold a significant stake i.e. typically between 10% to 50% of the company depending on the amount of money invested and often sit on the board of directors Which influences strategic decisions.

Focus on growth and scalability: VCs value businesses with high growth potential that can scale quickly. Their Goal is to get a good return on their investment in the Long term view rather than the short term.

Exit strategy: Their goal is to profit through an initial public offering (IPO) or acquisition within 5-7 years and to maximize returns and provide liquidity for investors. Timing is considered to be one the important whether to exit or not.

Sector Specialization: Many VCs have specific expertise, such as fintech, e-commerce, SaaS, health care, technology-driven, clean energy, education, etc.

Famous VC Companies in India

Peak XV Partners: One of the Largest and Most Influential VCs (formerly known as Sequoia Capital India) Founded in the year 2000. It supports companies like Oyo, Byju's, and Zomato. Peak XV has grown to manage over $9bn in funds across 13 funds and has invested in over 400 companies, 40 of which have raised over $100MM in funding. Our professional team works in 5 offices – Bangalore, Mumbai, Delhi, Singapore, and Dubai and covers 14 countries.

Accel Partners: An American VC firm founded in the year 1983 that works with startups in seed, early and growth-stage investments. It is known for its early investments in companies like Flipkart, Swiggy Urban Company, And Myntra.

Tiger Global: Founded in 2001, Tiger Global is an investment firm pursuing a long-term approach to investing in leading, global public and private companies that leverage technological innovation. A key player in the Indian startup ecosystem. It is known for its proactive and prompt investment approach.

Nexus Venture Partners: Founded in 2006, Nexus Venture Partners is a venture capital firm that supports extraordinary founders in building product-first companies. The firm takes a high-conviction approach, serving as inception, seed, or series-A stage partner to founders, actively engaging with them throughout the company lifecycle. With $2.6 billion capital under management, Nexus focuses on two primary investment areas: enterprise software companies in the US and digitally-powered businesses within India. This is especially true in technology startup businesses.

Angel Investors

Introduction:

First Promotion Angel Investors are high-net-worth individuals who provide financial backing to startups. Often it is still in its infancy. They typically invest with their own money, unlike VCs who manage money. Angel investors are important for startups that need initial funding to develop a minimum product and conduct market research or build an initial customer base. Unlike venture capitalists, angel investors leverage their wealth. They are wealthy private investors whose purpose is to raise funds to finance start-ups and venture capital projects. They patiently and persistently engage with entrepreneurs and donate small amounts of dollars over some time.

But it is also seen as an exit strategy to gain profit through acquisition or public offering. Another feature of these investors is the funding of projects in various sectors One of the best examples is the Shark Tank India.

Understanding Angel Investors:

A fund is a wealthy private equity investor that focuses on lending money to small businesses in exchange for investments. The best part about working with an angel investor is that they don't use an investment fund like venture capital firms. Instead, they use their resources.

Concept Of Shark Tank:

The show features a panel of potential investors or angel investors, termed "Sharks", who listen to entrepreneurs pitch ideas for a business or product they wish to develop. These self-made multi-millionaires judge the business concepts and products pitched and then decide whether to invest their money to help market and mentor each contestant.

Key characteristics of angel investors:

Early-stage focus: Angels often provide their first round of outside funding before the VC is even willing to take the risk. It is a financing mechanism for start-up businesses that are difficult to get funding for early in life from established sources.

Small Investment Size: A typical investment ranges from Rs 10 Lakh to Rs 5 Crore. At various stages, they do not want to invest more than 5-10% of the total portfolio funds in a single company.

Direct Involvement: Many angel investors mentor founders. Provide strategic advice Networking opportunities and domain expertise. They make their own decisions about investing in startups. Most angels tend to invest in local or regional startups.

Higher risk tolerance: Because they invest in emerging companies. So they take more risks compared to VCs, but they also reap huge rewards if the startup is successful.

Have a Passion for Entrepreneurship: Many angel investors are successful entrepreneurs and have a passion for fostering innovation. An angel helps a start-up by bringing an extensive external contact network, including potential customers, vendors, and financing institutions.

Main angel networks in India:

Indian Angel Network (IAN): Indian Angel Network is a group of specialized Indian angel investors who fund early-stage startups Founded in the year 2006 in New Delhi. In 2017, the group had 450 members from 11 countries.

Mumbai Angels: Mumbai Angels is India's leading private equity firm for early-stage venture investments, headquartered in Mumbai, takes the lead in building this asset class Now we are 360 ONE (formerly known as IIFL Wealth & Asset Management), India's wealth- strategies first focus part companies assets. Founded in 2006, the network has 1200+ customers from 60+ cities worldwide. The network has one of the strongest divisions in the country with 200+ companies, 100+ exits, and next-round investments with an IRR of 35% (before the savings plan).

Chennai Angels: Chennai Angel is one of the leading angel finance groups in India. TCA's network includes successful leaders who have successfully built, operated, and in many cases exited businesses across a variety of industries and industries. Known for nurturing early-stage businesses in sectors such as education, healthcare, and IT.

Lead Angels: Lead Angels is India's first privately owned angel network launched in 2014 by a team of three from IIT Bombay and aimed at improving grassroots economic growth The group seeks to hire entrepreneurs to assist investor members in company valuation and portfolio companies.

Venture capitalists and angel investors: A comparative perspective.

Aspect	Venture Capitalists (VCs)	Angel Investors
Stage of Investment	Later stages (growth, expansion)	Early stages (seed, pre-seed)
Investment Amount	Large (typically millions)	Small to moderate (INR 10 lakhs to 5 crores)
Source of Funds	Managed funds from external sources	Personal funds
Exit Strategy	IPOs, buyouts within 5-7 years	Often long-term, but flexible

Rise of Syndicates and Micro-VCs in India:

In the past few years A new type of investor–micro-VC that gathered–was born in India. By bridging the gap between angel investing and traditional VC funding, syndicates allow multiple angel investors to pool small amounts of capital together to make larger investments. Micro VCs, on the other hand, are small funds that operate like venture capital firms. But focus on the previous stage. Use less capital and they tend to be more flexible.

Challenges and Opportunities:

Although venture capitalists and angel investors play a key role in the growth of Indian startups, there are some challenges that both sides face as follows:
Valuation Bubbles: Too much financing in certain sectors can cause valuations to inflate. Which leads to a market correction.
Issuance Restrictions: The Indian startup ecosystem continues to have a limited number of successful IPOs. This makes it difficult for investors to withdraw.
Regulatory Barriers: Complex regulatory and compliance issues in India sometimes discourage foreign VCs from investing.
On the positive side, India's internet penetration rising middle class and government initiatives such as Startup India and Digital India are attracting a wealth of domestic and international capital. The startup scene in India is more dynamic than ever and VCs and angel investors continue to play a key role in the growth of companies.

Summary: The interaction between venture capitalists and angel investors is the lifeblood of India's startup ecosystem. While angel investors provide early support, VCs take startups to the next level of growth and scalability. Together they are creating an ecosystem where innovation thrives. Dreams come true and a new wave of unicorns in India was born. With the right combination of financial support and strategic support. Indian startups are heading towards global prominence.

AI Transforming Costing

CMA Hitesh Kumar Junghare
Qualified CMA

Artificial Intelligence is fundamentally reshaping the landscape of costing, bringing forth a new era of precision and insight that significantly enhances organizational performance AI into costing practices is not just an incremental improvement but a revolutionary change that empowers organizations to operate more efficiently and strategically. By harnessing the power of AI, businesses can enhance their financial management processes, adapt quickly to market changes, and ultimately achieve greater profitability.

The AI tools used in costing are:

Predictive Analytics Tools

Tableau **Power BI**

Automated Cost Calculation Software

SAP S/4 HANA **Oracle cloud ERP**

Dynamic Pricing Algorithms

Ziliant **PROS**

Supply Chain Management Platforms

IBM Watson **SAP**

Scenario Analysis Tools

Adaptive Insight **Anaplan**

Real-Time Monitoring and Reporting Tools

Domo **Qlik Sense**

Cost Modelling

Cost modelling is a mathematical process that models the cost or pricing of a product or service. Cost modelling may take many variables into account to produce the most accurate and predictive estimate of cost.

How cost modelling was done historically

Historically, cost modelling has been done using statistics or algorithms to produce a final estimate. These estimates were typically based on samples of past data

How AI is improving cost modelling

Cost modelling has been taken to a whole new level with the introduction of AI, particularly machine learning and deep learning. Advanced machine learning algorithms can consider complex, dynamic factors such as inflation and provide more accurate and predictive estimates for future costs.

These cost models unlock automation - they can be updated in real-time and can be built without the need for technical experts or data scientists, so businesses can quickly and easily predict cost information as a part of automated decision-making

Sectors benefitted by cost modelling

- Healthcare
- Finace & Insurance
- Manufacturing
- Agriculture
- Construction
- Infrastructure
- Transportation & logistics

Healthcare - Enhances cost management for patient care, resource utilization, and facility operations

Finance and Insurance- Enhances risk assessment, pricing models, and operational efficiency

Manufacturing- Optimizes production costs, materials sourcing, and labor efficiency

Agriculture- Supports cost analysis for crop production, equipment, and labor management

Construction- Assists in project budgeting, resource allocation, and risk management

Infrastructure- Cost modelling in infrastructure involves creating predictive models to estimate and analyse the costs associated with planning, designing, constructing, and maintaining infrastructure projects

Transportation and Logistics- Improves route planning, fuel management, and operational efficiency.

Conclusion

Cost modelling in AI represents a significant advancement in financial management, providing organizations with the tools to make data-driven decisions, improve forecasting accuracy, and optimize resource allocation. By harnessing the power of AI, businesses can not only enhance their understanding of cost dynamics but also adapt quickly to changing market conditions, ultimately leading to improved profitability and competitive advantage

"AI revolutionizes costing by transforming data into accurate forecasts, empowering businesses to optimize expenses and drive strategic decisions."

Examining the Economic Impact of NGOs on Bharat

Manthan Deepak Thakkar
CMA Final

Diwali and the Battle Between Good and Evil

Diwali, the festival of lights, is a time of celebration across Bharat (India), symbolizing the victory of good over evil, light over darkness, and knowledge over ignorance. In this article, I seek to explore how, in some sectors, darkness, evil, and ignorance seem to be gaining the upper hand, especially in the context of economic growth. A notable example is Bharat's burgeoning copper sector, now at risk due to external forces that threaten to derail its progress. Non-Governmental Organizations (NGOs), often champions of social change, are also sometimes becoming the unintended instruments for such disruptions.

NGOs: The Double-Edged Sword of Social Advocacy

NGOs have long played a vital role in Bharat's development by advocating for human rights, supporting underserved communities, and working towards sustainable development. Their work is critical in holding corporations and governments accountable, especially in areas like environmental protection. However, certain actions by NGOs have also raised concerns about their impact on economic growth. NGOs, particularly those funded by foreign entities, have at times been accused of derailing crucial sectors of the economy, such as copper production, under the guise of environmental protection.

A prime example is the protest Vedanta's Sterlite Copper Smelter in Tamil Nadu, which led to the plant's closure, significantly impacting Bharat's copper industry. While not all NGOs operate with malicious intent, their actions can sometimes have far-reaching negative consequences.

The Case of Vedanta's Sterlite Copper Plant: A Turning Point

The Sterlite Copper plant in Tuticorin, Tamil Nadu, was one of Bharat's largest copper producers, contributing nearly 40% of the nation's copper output. Beyond its economic contributions, the plant provided substantial employment and bolstered industrial growth in the region. However, in 2018, the plant was shut down following protests led by NGOs, citing pollution and health risks in the surrounding communities.

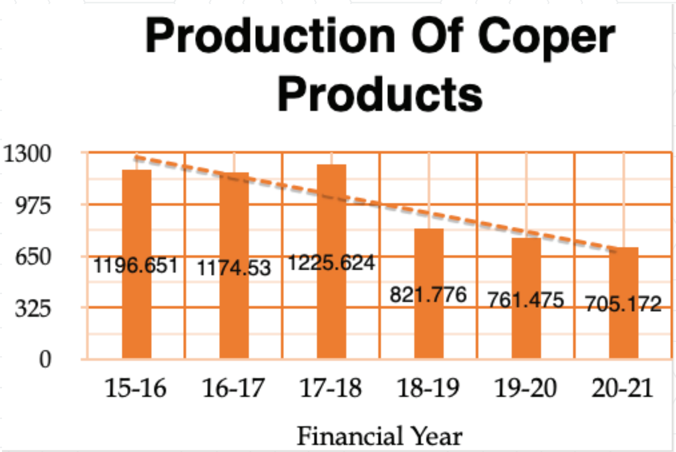
While this shutdown was seen as a victory for environmental protection by some, it has had dire economic repercussions. Bharat, which was once a net exporter of copper, has been forced to become an importer, increasing its dependency on foreign suppliers and negatively affecting its trade balance. The ripple effects have been felt across industries reliant on copper, such as electronics, infrastructure, and renewable energy sectors, which are crucial for Bharat's future growth.

Decline in Copper Production: What the Data Shows

Data from the Indian Bureau of Mines offers a sobering view of the aftermath of the Sterlite plant closure.

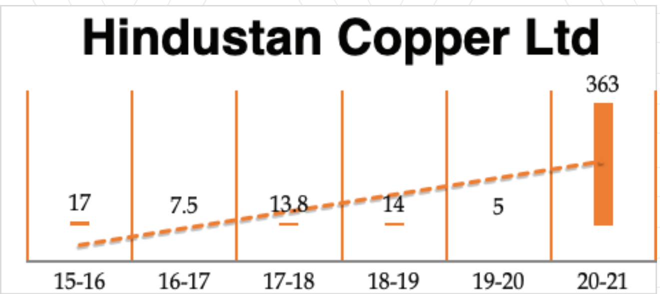
Copper Production from 2015-2021 (in '000 tons): Qty In '000 Tons

Year	Blister	Cathode	CCWR	Total
2015-16	16.69	790.37	389.59	1,197
2016-17	14.96	787.66	371.92	1,175
2017-18	14.61	830.52	380.49	1,226
2018-19	13.29	454.34	354.15	822
2019-20	4.00	408.00	349.48	761
2020-21	-	363.61	341.56	705
Total	**63.55**	**3634.50**	**2187**	**5885**

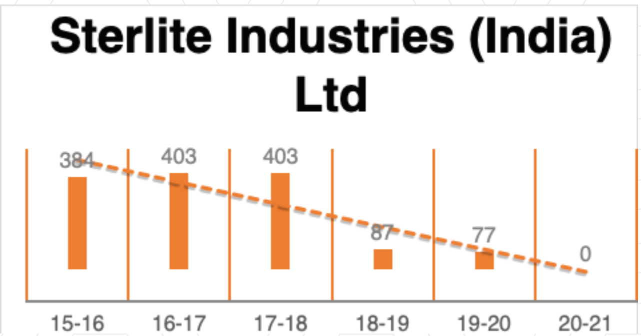


Plant-Wise Copper Ore Production (in '000 tons)

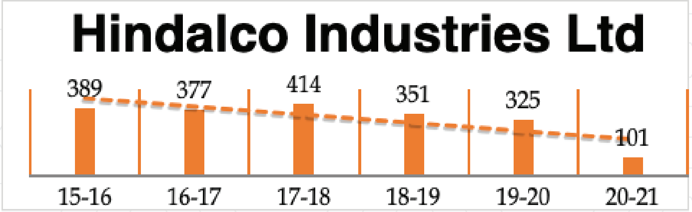
Producer	**15-16**	**16-17**	**17-18**	**18-19**	**19-20**	**20-21**
Hindustan Copper Ltd	17	7.5	13.78	14	4.97	363
Sterlite Industries (India) Ltd	384	403	403	87	77	0
Hindalco Industries Ltd	389	377	414	351	325	101
Jhagadia Copper Ltd	0	0	0	0	0	262
Total	**790**	**787.5**	**830.78**	**452**	**406.97**	**726**



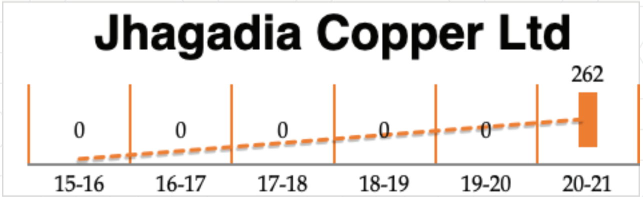
- Hindustan Copper Ltd: Production decreased from 14 in (2018-19) to 4.97 (2019-20).



- Sterlite Industries (India) Ltd: From 384 (2015-16) to 0 (2020-21)



- Hindustan Copper Ltd: Production decreased from 14 in (2018-19) to 4.97 (2019-20).



- Jhagadia Copper Ltd: From 0 (2015-16) to 262 (2020-21)

The data shows a sharp decline in copper production post-2018, particularly after the closure of the Sterlite plant. This decline raises important questions about the trade-offs between environmental concerns and economic realities.

Balancing Environmental Concerns with Economic Growth

NGO-led protests like the one against Sterlite bring to light a critical question: How do we reconcile environmental advocacy with the economic growth necessary for Bharat's development? Industries like copper production are essential to the nation's infrastructure and technological progress. The sudden closure of a major copper producer like Sterlite has crippled industrial output, employment, and export potential.

Was there a way to address the environmental issues without halting production entirely? Could NGOs and businesses have collaborated to implement eco-friendly technologies and more stringent regulations, ensuring both environmental protection and economic progress? This balanced approach has been successfully adopted in other industries, where NGOs work alongside businesses to reduce environmental impact while keeping the economic engine running.

Foreign Influence: A Cause for Concern?

A significant portion of NGOs in Bharat receive funding from foreign sources, some of which may have vested interests in derailing the country's industrial growth.

This raises concerns about the true motivations behind some NGO-led protests. Are these protests genuinely focused on environmental protection, or are they being manipulated by external forces to slow down Bharat's economic ascent?

The Foreign Contribution (Regulation) Act (FCRA), which governs foreign donations to NGOs, was updated in 2020 to address these concerns. Key changes included capping administrative expenses at 20%, requiring a dedicated bank account with the State Bank of India, and prohibiting the sharing of foreign donations between NGOs. These measures were intended to increase transparency and reduce the risk of foreign-funded disruptions in crucial sectors.

Long-Term Impact on Bharat's Self-Reliance

As Bharat aims to become a self-reliant economy, disruptions in key industries like copper production pose a significant threat. The copper industry is vital for sectors like electronics, renewable energy, and infrastructure—pillars of Bharat's future economic growth. The closure of the Sterlite plant has not only affected domestic copper supply but has also forced the country to rely on imports, undermining its path to self-sufficiency.

Potential Misuse of NGO Activities

A hypothetical scenario could involve foreign entities planting individuals within Bharat's NGO sector. These individuals may initially appear as volunteers but could later establish NGOs that gather local support and financial resources, including Corporate Social Responsibility (CSR) funds.

These funds could be misused to spread misinformation and incite protests, ultimately leading to the shutdown of critical industries. This scenario highlights the need for vigilance in regulating foreign involvement in NGO activities.

Alternative Solutions to Industrial Shutdowns

Was shutting down the Sterlite plant the only option? Could there have been regulatory or technological solutions that addressed environmental concerns without halting production? NGOs could play a more constructive role by working with industries to develop sustainable solutions. Rather than advocating for complete shutdowns, NGOs could

promote cleaner technologies and stricter regulations that allow industries to operate while minimizing environmental impact.

Conclusion: The Unseen Side of Social Advocacy

NGOs are crucial for promoting social and environmental causes, but their growing influence on protests that hinder economic growth warrants careful examination. The closure of the Sterlite Copper plant has transformed Bharat from a copper exporter to an importer, with far-reaching consequences for the nation's economic aspirations. Moving forward, it is essential to strike a balance between social advocacy and economic progress, ensuring that Bharat's growth is not sacrificed to external influences or misguided activism.

The Importance of Cost Accounting in the Healthcare Industry

Arnab Chatterjee
CMA Final

Cost accounting is a crucial element across various sectors, but its significance in the healthcare industry is particularly pronounced. By offering deep insights into cost structures, profitability, and operational efficiency, effective cost accounting systems empower healthcare organizations to make informed decisions, optimize expenses, and enhance overall financial performance. In a sector where margins can be tight and accountability paramount, understanding costs is not just beneficial; it is essential.

Key Benefits of Cost Accounting in Healthcare

Revealing the True Cost of Services

Cost accounting goes beyond simply tracking revenues and expenses; it provides a comprehensive analysis of the actual costs associated with delivering healthcare services. This involves a detailed breakdown of both direct costs–such as staff salaries and medical supplies–and indirect costs, including overhead and administrative expenses. By illuminating these financial intricacies, healthcare providers can assess the profitability of individual services. This information is vital for making strategic decisions regarding pricing, resource allocation, and long-term planning, ultimately leading to a more sustainable business model.

Facilitating Informed Decision-Making

Access to accurate financial data enables healthcare organizations to make strategic, evidence-based decisions regarding the services they offer. Insights derived from cost accounting can reveal whether pricing adjustments are necessary or whether certain services should be re-evaluated or discontinued. This data-driven approach helps practices identify opportunities for cost reduction and efficiency improvements. Balancing financial sustainability with high-quality patient care becomes achievable when decisions are based on solid financial understanding.

Enhancing Contract Negotiations

Negotiations with insurers regarding reimbursement rates are a vital aspect of revenue generation in healthcare. Cost accounting provides the detailed financial information needed to support these negotiations. By presenting a clear picture of the costs associated with various treatments and services, healthcare organizations can advocate for better reimbursement rates. This not only helps ensure financial viability but also contributes to a more profitable operational environment, allowing providers to focus on delivering quality care.

Promoting Operational Efficiency

The insights gained from cost accounting can drive operational efficiency in healthcare settings. By conducting thorough analyses of service delivery, organizations can identify waste, inefficiencies, and unnecessary expenditures. This meticulous scrutiny allows management to implement targeted strategies aimed at enhancing operational performance. Streamlining processes and optimizing resource utilization lead to significant cost savings, which can be reinvested into improving patient care and organizational capabilities.

Supporting Regulatory Compliance

The healthcare industry operates under a stringent framework of regulatory requirements, which often include mandates for cost reporting and financial transparency. A robust cost accounting system aids organizations in adhering to these regulations by providing accurate and auditable financial data.

Compliance not only mitigates the risk of penalties but also builds trust and accountability with stakeholders, including patients, regulators, and insurers. This transparency is essential for maintaining a positive reputation and operational integrity.

Conclusion

In conclusion, cost accounting is indispensable for healthcare organizations striving to optimize financial performance, enhance decision-making, and comply with regulatory standards. By mastering the art of cost management, healthcare providers can improve both their operational efficiency and the quality of care they deliver to patients. As the healthcare landscape continues to evolve, the role of cost accounting will only become more critical, ensuring that organizations can navigate challenges while maintaining focus on patient outcomes and financial health.

Navigating Challenges in Inventory Management: A Personal Experience at Eicher Motors Warehouse

Sarthak Dave
CMA Final

During my articleship days in year 2022, I was appointed as an Independent Inventory Auditor at Deeva Logistics, a prominent company providing logistics and warehouse facilities to Eicher Motors (Truck Assembling unit). This assignment was an exciting opportunity to delve into the complexities of managing inventory for a major client like Eicher Motors, which operates around the clock. The experience provided me with valuable insights into the challenges of inventory management in a fast-paced, 24-hour environment, where freezing inward & outward transactions of moving inventory is not allowed. However, during the audit, I encountered a significant issue that shed light on several underlying problems within inventory management system of warehouse operations and offering potential solutions to enhance efficiency and accuracy.

The Incident: Discovery of a Mismatch in Stock Records

During audit procedure, major mismatch has been noticed between the physical stock available in the warehouse and the stock recorded in our SAP (Systems, Applications, and Products in Data Processing) software. This discrepancy was not a small error that could be overlooked; it was substantial enough to raise immediate concerns about the accuracy of our inventory records and the overall efficiency of our warehouse operations. Having perfect standard operating Procedure is the only solution to problems which are being faced by them related to inventory management.

Upon further investigation, it became evident that there were several contributing factors to this mismatch:

Lack of Coordination Between the Store Manager and the SAP Data Maintainer: One of the most glaring issues was the lack of effective communication and coordination between the store manager, who oversees the physical inventory, and the person responsible for maintaining data in the SAP system. There seemed to be a disconnect in the flow of information, leading to inconsistencies between the physical stock and the digital records.

Frequent Updates in Stock Locations: Another significant challenge was the frequent relocation of stocks within the warehouse. As inventory levels fluctuated, the location of specific stocks would change from the location updated in inventory management software. However, these changes were not always updated promptly in the SAP system. This oversight created confusion and made it difficult to accurately track inventory.

24*7 Operations and Shift Coordination Issues within employers in organisation: The warehouse operates continuously, with workers handling inventory movements across multiple shifts. This around-the-clock activity often leads to coordination challenges among shift workers. The lack of effective communication and handover procedures between shifts results in discrepancies in stock handling and recording, as important information may not be conveyed clearly or accurately. This ongoing issue contributes to mismatches between physical inventory and recorded data, affecting overall efficiency and accuracy.

Lack of Specific Designation for Small Inventory: inventory smaller in size (Example – screw, bolts, nails etc) items in the warehouse were not assigned specific locations, resulting in a lack of organization management. This made it easy for items to be misplaced or not accurately recorded in the SAP system. The absence of a designated storage system for these smaller items contributed to frequent discrepancies and inefficiencies in inventory management, complicating efforts to maintain accurate records and streamline operations.

Dual Storage Locations for Stocks: At the warehouse, the stock was managed through a dual storage system, where inventory was kept in two distinct areas. The first storage location was storage racks designated for sealed carton boxes, which were placed there immediately upon arrival. These sealed cartons contained bulk quantities of items and were stored intact until further processing was needed. This area served as a holding zone for large, unopened inventory, facilitating the storage of items in their original packaging.

The second location was intended for inventory that had been unpacked from the sealed cartons which are mostly placed on floor with specific location name. Once the cartons were opened, individual units of stock were removed and placed in this secondary area, ready for outward movement and use. This site was often a more accessible part of the warehouse, allowing for easier picking and packing of items needed for immediate orders or operational requirements. While this dual storage approach was intended to streamline operations by separating bulk storage from immediate use stock, it inadvertently introduced several challenges.

Impact of the Mismatch on Warehouse Operations

Operational Inefficiencies: The discrepancies led to delays in finding the required inventory, slowing down the entire supply chain process. Workers often had to spend extra time searching for items that were either misplaced or not recorded correctly. That results directly delay in receiving of order, placed by Eicher manufacturing plant.

Financial Implications: Inaccurate inventory records can lead to financial losses due to overstocking or understocking. Overstocking ties up capital in unsold goods, while understocking can result in missed sales opportunities.

Having identified these issues, it became clear that a comprehensive solution was needed to address the root causes and prevent such discrepancies from occurring in the future. Below, is the outline detailed plan: which was proposed to Deeva logistics management to tackle these challenges and to improve the inventory management practices.

Proposed Solutions to Address Inventory Management Challenges

To rectify the discrepancies between physical stock and SAP records, a multi-faceted approach was suggested to address both the systemic and human factors contributing to these issues. The following solutions were proposed to Deeva Logistics to enhance coordination, improve data accuracy, and streamline warehouse operations.

Strengthening Coordination and Communication

A. Regular Coordination Meetings: Establish regular meetings between the store manager and the SAP data maintainer to ensure that any changes in inventory are promptly communicated and recorded. These meetings to be held at the start and end of each shift where next shift employees are also a part of it to provide updates on inventory movements and resolve any discrepancies immediately.

B. Develop a Clear Chain of Command: Define a clear chain of command and responsibility for inventory management tasks. Each team member was assigned a well-defined role and were accountable for maintaining accurate records. This structure was suggested for reducing errors caused by miscommunication or lack of clarity regarding responsibilities.

C. Utilize Digital Communication Tools: Introduce digital communication tools such as Slack or Microsoft Teams to facilitate real-time communication between shift workers, the store manager, and the SAP data maintainer. This introduced for instant updates and quicker resolution of any issues that arise.

Enhancing SAP System Updates and Data Accuracy

A. Real-Time Inventory Tracking: Invest in technology that allows for real-time inventory tracking. This could include the use of RFID (Radio Frequency Identification) tags or barcodes that can be scanned to automatically update inventory records in the SAP system as items are moved within the warehouse. This technology will significantly reduce the lag in updating stock locations and quantities.

B. Automate Inventory Updates: Develop automated processes within the SAP system to prompt regular updates of inventory locations. For example, if a stock item is relocated, the system should automatically generate a task for the SAP data maintainer to update the location. This will ensure that the digital records are always in sync with the physical inventory.

(Unfortunately, both the technology are effective in current scenario but on the other hand it is expensive to implement)

C. Conduct Regular Audits and Spot Checks: Introduce a routine schedule of regular audits and spot checks to compare physical inventory with SAP records where managerial persons would form part of it for better results. Audits performed before suggesting this strategy wasn't beneficial and it lacked involvement of managerial persons. Any discrepancies should be immediately investigated and corrected. These checks will help identify any ongoing issues and provide opportunities for continuous improvement.

Improving Shift Coordination

A. Establish Shift Handover Protocols: Develop clear protocols for shift handovers to ensure that all incoming shift workers are fully briefed on the current inventory status and any ongoing issues. A standardized checklist to be implemented to facilitate this process, ensuring that no critical information is missed during the handover.

B. Implement Shift Leader Positions: Designate a shift leader responsible for overseeing the coordination of inventory movements during each shift. The shift leader would be accountable for ensuring that all inventory movements are accurately recorded in the SAP system and that any issues are promptly addressed.

Organizing Small Inventory Items

A. Assign Specific Locations for Small Items: Create designated storage areas for small inventory items and clearly label these areas. Use color-coded bins or shelving units to make it easy for workers to locate and return items to their proper place. This will reduce the chances of items being misplaced.

B. Utilize Inventory Management Software for Small Items: Implement inventory management software SAP for small parts too. This software can track the location and quantity of small items, ensuring that they are properly accounted for in the SAP system.

C. Regularly Review and Update Storage Practices: Periodically review storage practices for small items to ensure they are efficient and effective. Make adjustments as needed to improve organization and minimize the risk of inventory discrepancies.

Streamlining Dual Storage System

A. Standardize Storage Locations: Develop a standardized system for storing sealed cartons and opened boxes. Clearly define specific areas for each type of storage and ensure that all staff are aware of these designations. To reduce confusion and ensure that inventory is stored in a consistent manner.

B. Follow 'First-In, First-Out' (FIFO) System: To improve inventory turnover and reduce the risk of discrepancies, FIFO system to be followed practically, not for name sake which is been followed earlier. This system ensures that older stock is used first, verifying it from batch no. Reducing the chances of overstocking or expired items being left on the shelves.

C. Use Visual Management Tools: Employ visual management tools such as floor markings, signage, and digital displays to clearly indicate storage locations and inventory status. This will help workers quickly identify where items are stored and where they should be moved, reducing the likelihood of errors.

Leveraging Technology and Data Analytics

A. Integrate Advanced Analytics in SAP: Incorporate advanced data analytics tools within the SAP system to predict inventory needs which should be integrated with Eicher motors data management software and identify potential discrepancies before it become significant issue. Machine learning algorithms can analyse historical data to forecast inventory requirements and alert staff to potential stockouts or overstock situations.

B.Utilize IOT (Internet of Things) Solutions: Implement IoT solutions to monitor inventory levels in real-time. Sensors can be placed in storage areas to track inventory movements and provide real-time updates to the SAP system. This technology can help prevent discrepancies caused by human error or delayed data entry.

C. Develop a Centralized Dashboard for Monitoring: Create a centralized dashboard that provides a real-time overview of inventory levels, stock movements, and discrepancies. This dashboard should be accessible to all relevant staff members on their smartphones and provide alerts when there are significant mismatches between physical and digital records.

Fostering a Culture of Continuous Improvement

A. Encourage Staff Feedback and Suggestions: Create a feedback loop where staff can suggest improvements/amendments to present inventory management practices as per their convenience. This had foster a culture of continuous improvement and ensure that the warehouse is always striving to optimize its operations.

B. Provide Regular Training and Development: Conduct regular training sessions for all warehouse staff on best practices in inventory management and SAP usage through outsourcing it to Training agency. Keeping staff up to date on the latest techniques and technologies will help maintain high standards of accuracy and efficiency.

C. Recognize and Reward Accuracy and Efficiency: Implement a recognition and reward program for staff who demonstrate excellence in maintaining accurate inventory records and improving warehouse operations. This will motivate staff to take ownership of their roles and strive for excellence.

Conclusion

The experience of discovering a significant mismatch between physical stock and SAP records at Deeva Logistics warehouse highlighted several critical challenges. However, it also provided an opportunity to identify key areas for improvement and develop comprehensive solutions to enhance operations. By strengthening coordination, improving data accuracy, streamlining processes, leveraging technology and fostering a culture of continuous improvement can result in organised inventory management structure.

> "As Diwali celebrates the victory of light, let's remember that a united team can conquer any challenge."

The Critical Role of Cost and Management Accountants (CMAs) in Energy Audits

CMA Arjya Priya Sinha
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Abstract

Energy management has become a cornerstone of sustainable business practices, with energy audits serving as essential tools for identifying and implementing energy-saving measures. Cost and Management Accountants (CMAs) are uniquely positioned to enhance the effectiveness of energy audits through their expertise in cost analysis, budgeting, and strategic financial planning. This article explores the multifaceted roles CMAs play in energy audits, including cost assessment, data analysis, investment appraisal, regulatory compliance, and strategic decision-making. By integrating financial acumen with energy management, CMAs contribute significantly to reducing energy costs, improving operational efficiency, and fostering sustainable business practices. The article also highlights practical case studies and provides comprehensive references to support the integration of CMAs in energy auditing processes.

Introduction

In today’s energy-conscious world, organizations across various sectors are increasingly prioritizing energy efficiency to reduce operational costs, comply with environmental regulations, and enhance their sustainability profiles. Energy audits, which systematically evaluate energy consumption and identify opportunities for energy savings, have become integral to these efforts. While traditionally conducted by engineers and energy specialists, the involvement of Cost and Management Accountants (CMAs) in energy audits is gaining recognition for their ability to link energy management with financial performance. CMAs bring a unique perspective that combines financial expertise with strategic planning, making them invaluable in translating energy audit findings into actionable, cost-effective strategies.

This article delves into the critical roles CMAs play in energy audits, demonstrating how their skills in cost analysis, budgeting, and financial planning enhance the effectiveness of energy management initiatives. Through detailed exploration and practical examples, the article underscores the importance of integrating CMAs into energy auditing processes to achieve comprehensive and sustainable energy efficiency outcomes.

Understanding Energy Audits

An energy audit is a comprehensive examination of an organization’s energy consumption patterns with the aim of identifying inefficiencies and recommending measures to reduce energy use and costs. Energy audits typically involve the following stages:

1. Preliminary (Walk-through) Audit: A basic assessment to identify obvious energy-saving opportunities and potential areas for further investigation.
2. General Energy Audit: A more detailed analysis that includes historical energy data review, energy cost assessments, and the identification of specific energy-saving measures.
3. Detailed Energy Audit: An in-depth evaluation using advanced measurement and verification techniques to quantify energy losses and determine precise savings potentials.

Energy audits cover various energy sources, including electricity, heating, cooling, and water usage, and are applicable across different sectors such as manufacturing, retail, and public services.

Roles of CMAs in Energy Audits

CMAs bring a distinct set of skills to the energy audit process, enhancing its scope and effectiveness. Their roles can be categorized into several key areas:

1. Cost Analysis and Budgeting

CMAs excel in analyzing costs and managing budgets, making them essential in assessing the financial implications of energy consumption. During an energy audit, CMAs:
Analyze Energy Cost Structures: Break down energy costs to understand consumption patterns and identify cost drivers.
Identify Cost-Saving Opportunities: Pinpoint areas where energy use can be reduced without affecting operational efficiency.
Resource Allocation: Assist in allocating resources efficiently to implement energy-saving measures that offer the best return on investment (ROI).

2. Data Interpretation and Performance Measurement

Energy audits generate extensive data on energy usage and efficiency. CMAs play a crucial role in:
Data Analysis: Utilize their expertise in data interpretation to analyze energy consumption patterns and identify trends.
Developing KPIs: Create Key Performance Indicators (KPIs) to monitor energy efficiency and track the progress of energy-saving initiatives.
Reporting: Prepare detailed reports that translate complex energy data into understandable and actionable financial insights for management.

3. Investment Appraisal for Energy-Saving Projects

Evaluating the financial viability of energy-saving projects is a critical task where CMAs add significant value:

Financial Metrics Calculation: Assess projects using metrics such as payback period, Net Present Value (NPV), Internal Rate of Return (IRR), and ROI.
Feasibility Studies: Conduct feasibility studies to determine the practicality and financial benefits of proposed energy-saving measures.
Risk Assessment: Identify and evaluate financial risks associated with energy projects, ensuring informed decision-making.

4. Regulatory Compliance and Reporting

Compliance with energy-related regulations and standards is mandatory for many organizations. CMAs assist by:

Maintaining Accurate Records: Ensure that all energy usage data and audit findings are accurately recorded and maintained.
Preparing Compliance Reports: Compile and submit necessary reports to regulatory bodies, demonstrating adherence to energy efficiency standards.
Advising on Financial Implications: Guide management on the financial consequences of non-compliance and the benefits of meeting regulatory requirements.

5. Sustainability and Corporate Social Responsibility (CSR)

Energy efficiency is a key component of sustainability and CSR strategies. CMAs contribute by:

Integrating Energy Goals with Financial Objectives: Align energy-saving initiatives with the organization's broader financial and sustainability goals.
Enhancing Sustainability Reporting: Provide financial insights that support sustainability reporting and CSR disclosures.
Promoting Sustainable Practices: Advocate for sustainable energy practices that not only reduce costs but also enhance the organization's reputation and stakeholder trust.

6. Strategic Decision-Making

Beyond technical analysis, CMAs act as strategic advisors, helping organizations make informed decisions about energy management:

Long-Term Planning: Assist in developing long-term energy management strategies that align with business objectives.
Scenario Analysis: Perform scenario analyses to evaluate the potential financial impacts of different energy management strategies.
Aligning with Business Strategy: Ensure that energy efficiency initiatives support the overall business strategy, balancing cost savings with operational effectiveness.

Practical Case Studies

1. Manufacturing Sector

A leading manufacturing firm engaged CMAs to conduct an energy audit. The CMAs performed a detailed cost analysis of the production process, identifying energy-intensive operations and potential areas for improvement. By implementing the recommended changes, the company achieved a 20% reduction in energy consumption, translating to significant cost savings and enhanced operational efficiency.

2. Retail Industry

A nationwide retail chain partnered with CMAs to audit energy usage across multiple store locations. The CMAs focused on optimizing lighting and HVAC systems, conducting financial appraisals for proposed upgrades. As a result, the chain realized a 15% reduction in energy costs, alongside improved customer comfort and store ambiance.

3. Public Sector

A municipal government commissioned CMAs to audit energy usage in public buildings. The CMAs analyzed historical energy data, identified inefficiencies in lighting and insulation, and recommended the installation of energy management systems. These measures led to a substantial decrease in energy expenditure, enabling the government to allocate funds to other public services.

Challenges and Opportunities

Challenges

Technical Knowledge: CMAs may require additional training in energy systems and sustainability practices to effectively contribute to energy audits.
Interdisciplinary Collaboration: Effective energy auditing often necessitates collaboration between CMAs, engineers, and energy specialists, which can be challenging to coordinate.
Data Complexity: Managing and interpreting large volumes of energy data can be complex, requiring advanced analytical tools and techniques.

Opportunities

Professional Growth: Expanding expertise into energy management opens new career pathways and enhances the value CMAs bring to their organizations.
Strategic Influence: CMAs can play a pivotal role in shaping organizational strategies around energy efficiency and sustainability.
Market Demand: With the global emphasis on energy conservation and sustainability, there is increasing demand for CMAs skilled in energy auditing and management.

Conclusion

Cost and Management Accountants are indispensable in the realm of energy audits, bridging the gap between financial management and energy efficiency. Their expertise in cost analysis, budgeting, and strategic planning ensures that energy-saving initiatives are not only technically feasible but also financially viable. By integrating financial insights with energy management, CMAs help organizations reduce energy costs, comply with regulatory standards, and achieve their sustainability goals. As businesses continue to prioritize energy efficiency and sustainable practices, the role of CMAs in energy audits will become increasingly critical, offering substantial benefits to both organizations and the broader environment.

Management Audit & Role of CMA's in Management Audit

Nisha Suvarna
CMA Final

What is Management Audit?

A management audit is an independent examination, assessment and evaluation of proficiency of a company's management in fulfilling the corporate goals. A management audit is a process of evaluating the overall performance of the management, it helps to understand the productivity of the management team. A management audit is performed by the internal team as well as outsourced agencies who critically assesses the overall performance of the management. Management audit identifies various issues and recommends various ways to abstain and resolve the problems. It suggests appropriate cost-effective implementation of plans.

Qualities of a management auditor

A management auditor should have good knowledge and expertise about the managerial functions.

She/he should have in-depth understanding of the organization structure and the decisions taken by the management, challenges faced by the management

She/he should have thorough knowledge of the internal control aspects and about the production process.

She/he should have the ability to evaluate adequacy and effectiveness of controls in use in the organization

Auditor should be focused, dynamic and result oriented, and should have the ability to gauge business problems.

Role of CMA's in Management Audit

A Management auditor is presumed to offer special skills and expertise to his clients. Therefore, he should meticulously perform his duties to ensure a fruitful response to his opinion.

He should be a person with an independent thinking and should recommend unbiased views without any influence.

A Cost Management Accountant plays a crucial role in management audit by providing insights into the organization's financial health and efficiency. Here are some key responsibilities:

Cost Analysis: He analyses the cost structures to identify inefficiencies and areas for improvement, helping management make informed decisions

Budgeting and Forecasting: He assists in preparing budgets and forecasts, ensuring that financial plans align with strategic goals

Performance Measurement: He helps to develop metrics and KPIs to assess operational performance, enabling management to evaluate effectiveness.

Variance Analysis: He investigates variances between budgeted and actual costs, identifying reasons for discrepancies and recommending corrective actions.

Reporting: He prepares detailed reports on cost performance, providing management with insights into profitability and cost control.

Collaboration: He works closely with other departments to ensure that cost management practices align with overall business strategies.

Compliance and Best Practices: He ensures adherence to relevant accounting standards and promote best practices in cost management.

Overall, a Cost Management Accountant helps to ensure that resources are used efficiently, supporting the organization's strategic objectives.

prepares a report making recommendations for improvement in functioning of the management. A good Management audit report can encourage the management and can help them to get desired outcomes. Management audit report highlights scope of improvement, Fraudulent activities, reputational risk, correctives measures are suggested to rectify and address management concerns. The report is drafted and structured so that it makes a logical presentation to the management and makes it easily readable. The report not only points out the problems but also provides solutions to the issues faced by the management.

To conclude, A management audit is a structured examination of the management system, it includes evaluation of a company's entire business areas and overall activities and performances of the entire business. The primary objective is to identify loopholes, errors, in management objectives and activities, suggestions for improvement and possible changes. It guides the management to manage operations most effectively and productively. A management audit is vast not restricted to finance but it also evaluates other features of the company as well. It helps to assess management from top to lower level. It reviews whether the policies and principles adopted by the organization are productive. Thus, management audit is a crucial tool used to measure the efficiency, functions, accomplishments, which helps the company to attain business excellency.

> "A leader is like a Diwali diya, lighting up paths for others while standing strong against the wind. Diwali's brilliance reminds us that success is brightest when every team member's light is allowed to shine."

Understanding the Cost Record Rules 2014: Key Role in Audits and Implications of Non-Compliance

Sarthak Sachin Kulkarni
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"Understanding the Cost Record Rules 2014: Key Role in Audits and Implications of Non-Compliance"

Application of Cost Records: The Companies Act, 2013 empowers the Central Government to make the rules in the area of maintenance of cost records by the companies engaged in the specified industries, manufacturing / providing such goods and services; and for getting such cost records audited, vide Section 148. Two categories (regulated sectors and non-regulated sectors) have been retained and a general threshold of turnover of 35 crores or more has been prescribed for companies covered.

What are Cost records?

"Cost records" means books of account relating to utilisation of materials, labour & other items of cost as applicable to the production of goods or provision of services as provided in section 148 of the Act and these rules.

The following records would form part of Cost Accounting Records.

(1) Production
(2) Work-in-Progress and Finished Goods
(3) Repairs & Maintenance
(4) Utilities (Steam, Power, Water, Air Conditioning, Humidification, Effluent Treatment etc.)
(5) Other Service Cost Centres – Quality Control, Research & Development, Pollution Control etc.
(6) Raw Materials, Process Materials, Colour and Chemicals, Consumable Stores and Spare Parts -
(7) Wages & Salaries
(8) Overheads
(9) Sales
(10) Records of inter-company and related party transactions
(11) Cost Accounts/Records/Statements
(12) Reconciliation of profit/ (loss) as per cost records and financial accounts

What are Utilities of Cost records?

Consumer Forums- Fair Pricing & Curtailing Profiteering

Investor Forums- Corporate Performance and Economic Efficiency

National Economy (Social Cost Benefits)– Optimum Utilization of Scarce Resources.

Regulators– Control Price Mechanism

Banks and Financial Institutions – Early Detection of NPA & Prevention of Sickness

Government- Policy on Taxation, Policy on Subsidies for various sectors, Fight cases of Dumping , Detect Revenue Leakages & Tax Evasion

Industry- Create Cost Consciousness, Specific benefit to SME segment, Analyze Resource Utilization, Improve Productivity and Cost Optimization, Decision Making

What is Significance of Cost records maintenance?

Most companies today maintain cost records mainly for internal use or to meet legal requirements. However, keeping cost records in an organized and systematic way offers many additional benefits.

These records help the operations team, company leaders, and government agencies make important business decisions. Management often relies on cost data for decisions related to capital expenses (CAPEX), pricing, inventory valuation, and cost control. Governments also use cost data to set prices for essential products, impose anti-dumping duties, or provide subsidies. Additionally, cost data supports regulatory and tax authorities during audits, offering valuable information beyond just financial data.

How Cost records maintenance can develop strong Management Information System?

Cost records play a crucial role in developing a strong Management Information System (MIS) by providing detailed, accurate, and timely data that supports better decision-making. Here's how they help:

Accurate Cost Reporting: Cost records allow for precise tracking of expenses related to production, operations, and services. This ensures that management has reliable data on where money is being spent, helping to improve budgeting and resource allocation.

Performance Monitoring: By regularly updating cost records, an MIS can track the performance of different departments, projects, or products. It helps in identifying areas where costs are rising unexpectedly or where efficiency can be improved.

Cost Control and Reduction: A detailed cost record system highlights inefficiencies and areas of excessive spending. With this information in the MIS, management can implement cost control measures and track their effectiveness.

Budgeting and Forecasting: Cost records serve as a basis for creating budgets and financial forecasts. The MIS can use historical cost data to predict future trends, helping management plan for upcoming expenses and allocate resources effectively.

Product Pricing: Accurate cost records are essential for setting product prices. The MIS can use cost data to ensure that pricing strategies are based on real production costs, ensuring profitability and competitiveness.

Inventory Management: Cost records help in evaluating inventory levels and costs associated with holding and managing stock. This information is crucial for an MIS to optimize inventory management, reduce carrying costs, and prevent stock shortages or overstocking.

Decision Support: A well-organized system of cost records provides the raw data needed for decision-making tools in the MIS. This helps in decisions related to CAPEX, product mix, market expansion, or cost-benefit analysis.

Regulatory Compliance: Cost records help ensure compliance with legal and regulatory requirements. An MIS can generate reports that demonstrate adherence to government regulations, industry standards, or taxation rules, reducing the risk of non-compliance penalties.

By integrating cost records into the MIS, companies can gain a holistic view of their operations, improve transparency, and make data-driven decisions that strengthen overall business performance.

Secretarial Audit

Is Details of maintenance of cost records considered an integral part of secretarial audit or not?

As per the Manual of secretarial audit published by The Institute of company secretaries of India ,The Companies Act, 2013 and rules made thereunder are the first legislation covered under the scope of the Secretarial Audit. This Chapter provides guidance to the members on law.

Following is a list of documents which a Secretarial Auditor is required to inspect: (Refer 22nd point)

1. Memorandum and Articles of Association.

2. Forms filed with the Registrar of Companies with challans. COMPLIANCES UNDER COMPANIES ACT, 2013 41

3. Notes and agenda of the Board, Committee and General Meetings.

4. Index of Meetings held during the financial year. Minutes of the Board, its Committees and of General meeting.

5. Proof of Circulation of Notice and Agenda of Board meetings, Committee meetings and the General meeting.

6. Proof of circulation of Draft Minutes and Final Minutes of meeting of Board and its committees.

7. Attendance Register of Board and committee meetings

8. All statutory registers

9. Copy of financial statement along with notes to accounts and Auditor Report.

10. Report of Internal Auditor.

11. Notices of annual and event-based disclosure of directors' interests.

12. Copies of contracts made between the company and any of the related parties.

13. Shareholder List, details of Share Transfers which have taken place during the financial year.

14. Copy of Share Transfer Deeds.

15. Instruments creating, modifying or satisfying charges. 16. Forms relating to Disclosures from Directors.

17. Certificate from RTA stating the number of shareholders as on the close of the financial year.

18. Certified true Board Resolution for any type of corporate actions taken by the Company. 19. Details of the Holding and Subsidiary Companies.

20. Complete details of Shares and Debentures issued during the year.

21. Details of change in shareholding of the promoters and top ten shareholders of the Company under Section 93.

22. Details with respect to maintenance of cost records and appointment of cost auditor

CARO

Maintenance of Cost records is under the purview of Company Auditor Report Order (CARO) or not?

CARO 2020 is applicable for all statutory audits commencing on or after 1 April 2021 corresponding to the financial year 2020-21. The order is applicable to all companies which were covered by CARO 2016. Thus, CARO 2020 applies to all the companies currently.

The auditor's report (CARO 2020) shall include a statement on the following matters: (refer 6th point)

1 Details of tangible and intangible assets.

2 Details of inventory and working capital.

3 Details of investments, any guarantee or security or advances or loans given.

4 Compliance in respect of a loan to directors.

5 Compliance in respect of deposits accepted.

6 Maintenance of costing records.

7 Deposit of statutory liabilities.

8 Unrecorded incomes.

9 Default in repayment of borrowings.

10 Funds raised and utilisation.

11 Fraud and whistle-blower complaints.

12 Compliance by a Nidhi.

13 Compliance on transactions with related parties.

14 Internal audit system.

15 Non-cash dealings with directors.

16 Registration under section 45-IA of RBI Act, 1934.

17 Cash losses.

18 Resignation of statutory auditors.

19 Material uncertainties on meeting liabilities.

20 Transfer to fund specified under Schedule VII of Companies Act, 2013.

21 Qualifications or adverse auditor remarks in other group companies.

Statutory Audit:

Whether maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act and whether such accounts and records have been so made and maintained?

According to the guidance notes of statutory audit (revised 2022) published by The Auditing and Assurance Standards Board (AASB) which is constituted by The institute of Chartered Accountants of India it states that clause requires the auditor to report whether cost accounts and records have been made and maintained. The word "made" applies in respect of cost accounts (or cost statements) and the word "maintained" applies in respect of cost records relating to materials, labour, overheads, etc. The auditor has to report under this clause irrespective of whether a cost audit has been ordered by the central government. The auditor should obtain a written Guidance Note on CARO 2020 (Revised 2022) 86 representation from the management stating (a) whether cost records are required to be maintained for any product(s) or services of the company under section 148 of the Act, and the Companies (Cost Records and Audit) Rules, 2014; and (b) whether cost accounts and records are being made and maintained regularly. The auditor should ascertain whether maintenance of cost records has been specified for the company by the Central Government or not. It is possible that maintenance of cost records has been specified for only some of the products/ activities of the company. In such a case, the auditor should limit his procedures to only such products/ activities. If maintenance of cost records has been specified, the auditor should obtain a list of books/records made and maintained in this regard. The Order does not require a detailed examination of the cost records. The auditor should, therefore, conduct a general review of the cost records to ensure that the records as prescribed are made and maintained. He should, of course, make such reference to the cost records as is necessary for the purposes of his audit of the financial statements.

What if Cost records are not maintained according to sec 148 of companies' act 2013?

Penalty for non-maintenance of cost records: If a company fails to maintain cost records as required under Section 148, it may be liable to pay a penalty of up to Rs. 1 lakh. Additionally, the company director in default and Managing Director may be prosecuted under the Companies Act, which may result in fines and imprisonment. The imprisonment may extend from 6 months to one year.

"Just as Diwali dispels darkness, a great leader helps the team overcome obstacles with guidance and clarity. In a team, each person is like a spark; together, we create a firework of innovation and success"

Understanding the Cost Record Rules 2014: Key Role in Audits and Implications of Non-Compliance

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INNOVATION IN ELECTRICAL VEHICLES: As the world shifts Raw Material Costs: EV battery production requires critical materials like lithium, cobalt, and nickel, with fluctuating prices. towards sustainable transportation, electric vehicles (EVs) are becoming increasingly popular. However, this transition poses both challenges and opportunities for businesses, particularly in terms of cost accounting.

ROLE OF COST ACCOUNTANTS: Cost accounting plays a crucial role in helping companies navigate the financial implications of EV production, from research and development to supply chain management.

CHALLENGES

RAW MATERIAL COSTS: EV battery production requires critical materials like lithium, cobalt, and nickel, with fluctuating prices.

HIGHER RESEARCH AND DEVELOPMENT (R&D) COSTS: EV technology requires significant investments in R&D, increasing costs for manufacturers.

SUPPLY CHAIN DISRUPTIONS: Transitioning to EVs disrupts traditional supply chains, requiring cost accountants to re- evaluate inventory management and procurement strategies.

BATTERY TECHNOLOGY COSTS: High battery costs impact EV pricing, making cost accounting crucial for manufacturers to remain competitive.

RECYCLING AND DISPOSAL: EV battery recycling and disposal pose environmental and cost concerns.

DEPRECIATION AND AMORTIZATION: EVs have unique depreciation and amortization requirements for example, the battery cost is a significant component of cost that must be depreciated separately as per component accounting method.

OPPORTUNITIES

COST SAVINGS: EVs reduce operational costs (fuel, maintenance) for consumers, increasing demand. Convert kinetic energy into electrical energy, Extend battery lifespan.

NEW REVENUE STREAMS: EVs enable new business models, such as battery-as-a-service. Developing strategic partnerships with suppliers, expanding supply chain services to other EV manufacturers, Offering value-added services like logistics and warehousing.

GOVERNMENT INCENTIVES: Governments offer tax credits, subsidies, and grants for EV adoption. Tax credits for sustainable supply chain practices, Grants for supply chain innovation and research, Tariff reductions for imported EV components.

DATA-DRIVEN DECISION-MAKING: EVs generate valuable data for cost accounting and performance optimization. Analyze data on EV performance and efficiency.

CARBON CREDITS: EVs enable companies to earn carbon credits, generating additional revenue. Generate revenue from selling credits, Reduce greenhouse gas emissions.

COST ACCOUNTING STRATEGIES

ACTIVITY-BASED COSTING (ABC): Allocate costs accurately to EV-specific. For example:

1.Assigning costs to EV production activities: design, assembly, testing
2.Calculating costs per unit: vehicle (assembly), (testing)
3.Identifying cost drivers: number of designs, battery cells produced

TARGET COSTING: Set cost targets for EV components and production processes. For example:

1. Setting cost targets for EV battery production
2.Reducing material costs through supplier negotiations
3.Implementing efficient manufacturing processes to minimize labor costs

LIFE CYCLE COSTING: Evaluate EV costs across entire life cycles. For Example:

1. Evaluating total costs of EV ownership: purchase price, maintenance, fuel, insurance
2. Calculating costs of EV battery replacement and disposal
3.Considering environmental costs: carbon emissions, resource depletion

KAIZEN COSTING: Continuously improve EV production processes.

1. Continuous improvement of EV production processes
2. Reducing energy consumption through LED lighting and efficient machinery
3. Implementing just-in-time inventory management to minimize storage costs

THROUGHPUT ACCOUNTING: Focus on maximizing EV production throughput. For Example:

1.Maximizing EV production throughput: vehicles/month
2.Identifying bottlenecks: battery production, assembly
3.Optimizing production schedules to reduce idle time

SUPPLY CHAIN COST MANAGEMENT: Collaborate with suppliers to reduce costs. For example:

1. Reduced lead times for battery cells
2. Lower transportation costs
3. Improved quality of chassis and body parts
4. Stabilized raw material prices.

CONCLUSION

The shift to electric vehicles presents both challenges and opportunities for businesses. By understanding these changes and adapting cost accounting strategies, companies can:

Reduce costs and increase efficiency
Stay competitive in a changing market
Make informed decisions with data-driven insights
Drive sustainability and growth
Embracing the future of transportation requires innovative cost accounting solutions. Businesses that adapt will thrive in the electric vehicle era.

CARBON ACCOUNTING: The Key to Unlocking a Greener Future

Devyani Kiran Malvadkar
CMA Intermediate

Introduction:

Every year the excitement of Diwali is at a high level. This is accompanied by the sound and sparkle of the diyas, lanterns and firecrackers.The festival illuminates light high in the sky. The burst of firecrackers not only symbolizes joy but also leaves behind invisible yet tangible consequences that are carbon emissions. In the era of climate consciousness it has become crucial to access and major these emissions through a concept called carbon accounting. The emissions from these firecrackers add to the already rising level of carbon dioxide in the atmosphere. Similarly, the last few decades have witnessed an increasing global concern for the harmful long term impact of industrial activities on nature and human life. In modern times the burning of fossil fuels like Coal,Oil and Natural Gas in industrial production, rising vehicular pollution levels combined with accelerated land clearance and deforestation has led to unprecedented levels of greenhouse gas emissions.

Carbon accounting has become a crucial tool in the global effort to combat climate change. Every year, especially during festivals like Diwali, we contribute to air pollution by lighting firecrackers. Though the joy of celebrations is immense, the environmental impact is often overlooked. The emissions from these firecrackers, like carbon dioxide (CO_2) and other harmful gases, contribute to climate change. Beyond festivals, industrial activities and the everyday consumption of energy are major sources of carbon emissions.

In the modern era, where climate awareness is growing, it’s important to track and measure these emissions through carbon accounting. This practice is critical not only to assess the damage caused but also to develop strategies to reduce it. By managing emissions, we aim to protect the planet for future generations.

Meaning & Concept:

Carbon accounting is the process of tracking and reporting an entity’s greenhouse gas (GHG) emissions. Imagine it as similar to financial accounting, where you track every expense, except here, you’re tracking gases like carbon dioxide, methane, and others that trap heat in the atmosphere. The goal of carbon accounting is to measure how much carbon an organization, country, or even an individual emits, and then take steps to reduce those emissions.

For example, a company can use carbon accounting to understand how much CO_2 is released from its operations, like running factories, transporting goods, or using energy. Once these emissions are measured, the company can develop strategies to reduce them, like switching to renewable energy sources or improving energy efficiency.

Types of Carbon Emissions:

Carbon emissions are categorized into three groups, known as scopes, each representing different sources of emissions:

Scope 1: Direct Emissions (Burn)- These are emissions from sources that are directly controlled by the company or individual. For example:

Fuel burned in company-owned vehicles.

Energy produced by a factory’s generators.

Emissions from industrial processes like chemical reactions.

In short, if your company or household burns fuel directly (e.g., in boilers, generators, or vehicles), the resulting emissions fall under Scope 1.

Scope 2: Indirect Emissions from Energy Purchases (Buy)- Scope 2 covers indirect emissions from the consumption of purchased energy, like electricity, steam, heating, or cooling. While you don't produce these emissions yourself, you are responsible for the emissions created by power plants to supply the energy you use. For example:
The electricity you use to power your office or factory equipment.
Purchased heat or cooling systems.
These emissions are considered indirect because they happen off-site, but they still contribute to your total carbon footprint.

Scope 3: Other Indirect Emissions (Beyond)- These are emissions that result from all other activities that are not directly controlled by your company but are part of your operations. Examples include:
Business travel by employees (flights, trains).
Waste generated by your operations.
The entire supply chain, from the raw materials used to the transportation of finished products. Scope 3 emissions are the hardest to measure because they often involve activities outside your direct control, but they typically represent the largest portion of a company's carbon footprint. In summary:
Scope 1: Emissions from direct fuel burning (Burn)
Scope 2: Emissions from purchased energy (Buy)
Scope 3: Emissions from all other activities (Beyond)

Concept of Carbon Accounting

As we all know that Green-House-Gases (GHG) have drastically increased in concentration. Since the industrial revolution is in fact causing too much global warming and CO_2 equivalents. The emission accounting process entails taking all of different greenhouse gases that exist things which include methane and carbon dioxide as well as some nastier things like fluorinated gases which are commonly used in refrigerants and rolling them up in a common unit of measure CO_2. This is why we call it Caravan accounting. There is math involved here. Karbonn accounting is a framework of methods to measure and track how much greenhouse gas an organization emits. In essence, carbon accounting is about understanding and managing our carbon footprint to mitigate climate change.

Why Carbon Accounting Matters:

Regulatory Compliance: Governments around the world are increasingly enforcing regulations that require businesses to track and report their emissions. In many cases, not complying with these regulations can result in fines or other penalties. By adopting carbon accounting, businesses can ensure they stay compliant with laws and avoid legal troubles.

Building a Positive Reputation: Consumers and investors are becoming more environmentally conscious. Businesses that take responsibility for their carbon emissions and actively work to reduce them often gain a competitive edge. By being transparent about their environmental impact, companies can attract eco-conscious customers and investors who prioritize sustainability.

Cost Savings: Carbon accounting often reveals inefficiencies in operations. For example, a company may discover that it uses more energy than necessary, leading to higher costs. By identifying areas where emissions are high, businesses can improve processes, reduce waste, and save money. This might involve switching to more energy-efficient equipment, reducing fuel consumption, or cutting down on unnecessary travel.

Future Preparedness: As the global economy moves toward lower-carbon practices, businesses that are already tracking and reducing emissions will be better positioned for the future. They'll be more adaptable to changes in regulations, market demands, and energy prices. By preparing today, companies can avoid future disruptions and maintain their competitive advantage.

Importance of Carbon Accounting

These days there is an emphasis on environmentally sustainable industrial development. It has increasingly been realized that economic development without environmental considerations can cause serious environmental damage,in turn, impairing the quality of life of present and future generations. It is therefore, necessary that timely steps are taken by business in industry to control the pollution and to conserve and protect the environment.

How Carbon Accounting Works:

Carbon accounting follows several key steps:

Identify Emission Sources: The first step is to identify all the activities that generate greenhouse gases, such as:
Burning fossil fuels (e.g., coal, oil, natural gas) for energy.
Industrial processes that release gases.
Deforestation or land use changes.

Measure Emissions: Once sources are identified, the next step is to calculate how much CO_2 and other greenhouse gases are emitted. This involves using standard methods and tools to ensure that the measurements are accurate.

Report Emissions: After calculating emissions, companies or organizations need to document them in reports. These reports can be shared with regulatory bodies, investors, or the public. They can also be used internally to track progress over time.

Set Reduction Targets: Organizations should set goals for how much they want to reduce their emissions. This might involve switching to renewable energy, improving energy efficiency, or investing in carbon offset projects.

Monitor Progress: Carbon accounting is an ongoing process. After setting targets, companies must continuously monitor their emissions to ensure they are meeting their goals. In many cases, third-party audits or verification are required to ensure transparency and accuracy.

Challenges in Carbon Accounting:

Data Accuracy: Tracking emissions accurately can be difficult, especially when dealing with complex supply chains or industries that lack reliable data. Without accurate data, it's impossible to set meaningful goals or measure progress.

Standardization: Different industries and regions may follow different standards for measuring emissions, making it difficult to compare results. It's important to adopt globally recognized standards like the Greenhouse Gas Protocol to ensure consistency.

Resource Intensity: Implementing carbon accounting systems can be expensive and time-consuming. It requires expertise, technology, and collaboration across the organization and its supply chain.

Supply Chain Engagement: Scope 3 emissions are the hardest to manage because they involve third parties, like suppliers. Getting suppliers to track and report their emissions can be a complex and lengthy process, requiring significant effort.

Role of Carbon Accounting in Businesses

The regulatory aspect- Companies are increasingly required by law to track and report their emissions. This helps avoid fines and keeps them in line with legal obligations.

Boosts the brand's reputation: Consumers and investors are leaning toward businesses that demonstrate environmental responsibility. By transparently accounting for and reducing emissions, companies can attract eco-conscious customers and investors.

Cost Savings: Identifying where emissions are highest often reveals inefficiencies. Reducing these emissions can cut costs-think energy savings from more efficient processes or waste reduction.

Prepares businesses for the future: As the world transits to a low-carbon economy, companies that have already started their carbon accounting are ahead of the curve. They're more adaptable and ready for changes in the market or stricter regulations.

In short, carbon accounting isn't just about saving the planet—it's a smart business move too.

How is Carbon Accounting initiated ?

Firstly you have to identify sources and all the activities that release greenhouse gases–like burning fossil fuels, industrial processes, or deforestation.Next, you measure how much carbon dioxide and other greenhouse gases each activity emits. This usually involves using standardized methods and tools to ensure accuracy.Once measured, emissions are documented in reports, which can be used for tracking and comparison over time. After this the calculated emissions are being reported. Then the goal is set to reduce emissions. Companies or countries set targets for how much they want to cut down their emissions over a certain period. Various plans and strategies are plotted. To achieve these targets, various strategies are employed–like using renewable energy, enhancing energy efficiency, or investing in carbon offset projects.Along with this continuous monitoring and third-party verification ensure that the reported numbers are accurate and that progress is being made towards the targets.

Carbon Accounting Standard and Framework

These standards help ensure consistency and transparency in carbon accounting, making it easier for businesses and governments to track and reduce their emissions.There are several key standards and frameworks for carbon accounting, but one of the most widely used is the Greenhouse Gas Protocol (GHG Protocol) developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), the GHG Protocol provides comprehensive standards for measuring and reporting greenhouse gas emissions.

Also there are some important GHG protocols standards:-

Corporate Standard:- This helps organizations measure and report their GHG emissions. It's designed for companies and other entities like NGOs, government agencies, and universities.

Product Standard:- This provides guidance for calculating the carbon footprint of products throughout their life cycle.

Scope 3 Standard:- This allows companies to assess their entire value chain emissions impact and identify where to focus reduction activities.

Mitigation Goal Standard:- This offers guidance for designing the national and sub-national mitigation goals and a standardized approach for assessing and reporting progress.

Policy & Action Standard:- This provides a standardized approach for estimating the greenhouse gas effect of policies and actions.

Project Protocol:- This is a comprehensive tool for quantifying the greenhouse gas benefits of climate change mitigation projects.

Measures taken for Carbon Accounting and Environmental Sustainability

People have become increasingly concerned about the effects of global warming and resulting Global Climate Change (GCC). Governments and Supra National bodies have sought to respond to GCC in a variety of waves like by introducing carbon trading or imposing environmental taxes. The need for a reduction in carbon emission was debated at the United Nations Conference on Environment and Development (Earth Summit) in Rio de Janeiro in 1992, resulting in adoption of the United Nations Framework Convention on Climate Change (UNFCCC) which is designed to impose limits on greenhouse gas emissions and does minimise the adverse effect of climate change. Subsequently an international treaty on the environment was entered into known as Kyoto Protocol. The protocol is a 1997 International Treaty which came into force in 2005. It's the first step towards stabilizing Global emissions of carbon dioxide. The main objective of the Protocol is achieving quantified emission limitations through specific policies and measures to minimize the adverse effect of climate change.

List of the Companies and Organization that are actively involved in Carbon Accounting:

Tata Group: Various Tata companies, including Tata Steel, Tata Power, and Tata Motors, have committed to carbon neutrality and are actively involved in carbon accounting and emission reduction.

Infosys: Infosys is known for its sustainability initiatives, including carbon neutrality and energy efficiency. The company has been reporting its carbon footprint and has a comprehensive carbon management plan.

Wipro: Wipro has been transparent in its carbon accounting efforts and sustainability reporting, aligning with international frameworks like the Carbon Disclosure Project (CDP).

Reliance Industries: Reliance is focusing on reducing its carbon footprint through renewable energy investments, hydrogen initiatives, and carbon capture technologies.

Mahindra Group: (Mahindra & Mahindra) This is also involved in carbon accounting and has committed to reducing its emissions. It is part of global sustainability programs like the Science-Based Targets initiative (SBTi).
ITC Limited: ITC has been a leader in sustainability and carbon accounting, achieving carbon-positive status for several years.

Adani Group: Adani is increasingly focused on carbon accounting, particularly with its investments in renewable energy and green hydrogen as part of its sustainability strategy.

Hindustan Unilever: As part of its global sustainability agenda, Hindustan Unilever is involved in carbon accounting and has set ambitious targets to reduce its emissions.

JSW Steel: JSW is actively working on carbon accounting and is exploring carbon capture, utilization, and storage (CCUS) technology to reduce emissions.

Godrej Group: Godrej has committed to carbon neutrality and has been tracking its carbon footprint across its business operations.

Vedanta Resources: Vedanta has been working on the carbon accounting as part of its sustainability and environmental responsibility programs, particularly in mining and metals.

These companies are involved in carbon accounting as part of their larger sustainability strategies, often reporting under global frameworks like the CDP, GRI (Global Reporting Initiative), and SBTi, and setting targets to reduce their carbon emissions in line with India's commitments under the Paris Agreement.

A Final Word:- Conclusion

During the last one and half decade the green accounting, Carbon accounting and Reporting has received increasing attention from academicians, researchers, companies and regulatory authorities. The findings of the study reveal that Accountants in India are well aware of the fact that environmental issues carbon accounting will affect business and industry in the near future. They are convinced by the need for Carbon Accounting. Despite this awareness there is absence of Carbon Accounting need. The companies in India don't have a proper carbon accounting system to determine the environmental related cost benefits,assets and liabilities and also conservation of greenhouse gases. Summing up, carbon accounting is crucial for understanding and managing emissions across all levels–from individual activities to entire organizations. By systematically measuring, reporting, and striving to reduce emissions, businesses not only adhere to regulations but also enhance their reputation, achieve cost savings, and future-proof their operations. Regardless of the challenges, including data accuracy, standardization, and supply chain engagement, adopting established standards like the GHG Protocol helps ensure consistency and transparency. By integrating carbon accounting practices, organizations can contribute to global sustainability goals, enhance their environmental credibility, and gain a competitive advantage. The practice also supports transparent reporting, allowing stakeholders to make informed decisions regarding environmental impact and sustainability efforts. Ultimately, carbon accounting is essential for fostering a low-carbon economy and mitigating the adverse effects of climate change.

Life of a CMA Intermediate Student during Article-ship: From Classroom to Corporate

Nikhil Sandip Auti
CMA Final

The transition from a student to a professional is a journey filled with learning, challenges, and immense growth. For a CMA Intermediate student, the article-ship period is a pivotal phase where theoretical knowledge meets practical application. This is the time when an ordinary student, perhaps with no prior experience, transforms into an industry-ready professional, equipped to navigate the complexities of the business world.

The Importance of Article-ship

Article-ship is not just a requirement; it's a rite of passage for every aspiring CMA. Imagine learning to drive by playing a video game and then expecting to get a real driving license. Sounds absurd, right? The same applies to a CMA career. Without article-ship, it's like having a wealth of theoretical knowledge but no practical experience to back it up. It's during this period that students learn to apply what they've studied in books to real-world situations, gaining insights that no classroom can offer.

Transforming from Student to Professional

During article-ship, the transformation is profound. You start as a student with a textbook understanding of concepts, but soon, the reality of working in an industry setting reshapes your perspective. Tasks that seemed straightforward in theory become complex when applied in real life, teaching you to think critically, adapt, and find solutions. This experience is invaluable, as it shifts your mindset from merely passing exams to truly understanding how businesses operate.

Gaining New Experiences

Article-ship exposes you to a variety of experiences that shape your professional identity. You might find audits, or managing cost analysis for a real business. Each of these tasks adds a layer of depth to your understanding and equips you with the skills needed to excel in your career.

Skills Learned During Article-ship

Article-ship is a period of immense learning, where you acquire skills that are essential for a successful career as a CMA. Some of the key skills you develop include:

Practical Application of Concepts: You learn how to apply accounting, auditing, and cost management principles in real-world scenarios.

Time Management: Balancing multiple tasks and deadlines teaches you how to manage time effectively.

Professional Communication: Interacting with clients and colleagues helps you hone your communication skills, both written and verbal.

Problem-Solving: Real-world challenges require you to think on your feet and find practical solutions.

Ethical Standards: You understand the importance of ethics in business, learning to navigate dilemmas with integrity.

What to Do During Article-ship

To make the most of your article-ship, it's crucial to approach it with the right mindset. Here's what you should focus on:

Be Curious: Ask questions, seek out new learning opportunities, and never hesitate to explore different areas of the business.

Be Proactive: Take initiative in your tasks, show eagerness to learn, and don’t wait to be told what to do.

Network: Build relationships with professionals in your field, as these connections can be valuable for your future career.

Reflect on Your Learning: Regularly assess what you’ve learned and how it can be applied to different situations.

What Not to Do During Article-ship

Just as important as knowing what to do is understanding what to avoid:

Don’t Be Passive: Simply going through the motions without engaging with your work will limit your growth.

Avoid Shortcuts: Don’t look for the easy way out; instead, focus on thoroughly understanding the tasks you’re given.

Don’t Hesitate to Ask for Help: If you’re unsure about something, ask. It’s better to learn the right way than to guess and make mistakes.

Real-Life Experience vs. Classroom Learning

One of the most significant shifts during article-ship is the realization that the world is much bigger than the classroom. Books provide a guide, but the business environment is dynamic, with variables that textbooks can’t always capture. During your article-ship, you’ll encounter situations that require you to adapt and think beyond what’s written in your study material.

Changing Perspective: From Student to Professional

As you progress through your article-ship, you’ll notice a shift in how you perceive your role. Initially, you may see yourself as a student trying to learn, but gradually, you’ll start thinking like a professional—analyzing problems, making decisions, and understanding the broader impact of your work. This shift is crucial, as it prepares you for the responsibilities you’ll face as a fully qualified CMA.

Conclusion

The life of a CMA Intermediate student during article-ship is transformative. It’s a journey from being an ordinary student to becoming an industry-ready professional, ready to take on the challenges of the corporate world. Through practical experience, you gain insights and skills that no textbook can teach, making the article-ship not just an educational requirement but a cornerstone of your future career. Embrace this period, for it’s the bridge that connects your academic knowledge with the real world, turning you into the professional you aspire to be.

Mastering Essential Skills for CMA Success: Why Strategic Preparation Outperforms Hard Work

Abhishek Sandip Auti
CMA Interediate

Introduction :

Failure Due to Lack of Student Skills Development

One of the key reasons for the low passing percentage in the CMA exam is that students often fail to develop essential skills from their early academic years. These skills, if nurtured from 1st grade until the CMA exam, can significantly enhance the chances of success. Here's a breakdown of how developing these skills helps, and what happens when students fail to develop them over time.

I) Good Handwriting
Means: Clear and legible handwriting helps convey your thoughts effectively and ensures that examiners can easily understand your answers.
Developed: Students with good handwriting make their answers easy to read, which creates a positive impression on examiners.
Not Developed: Poor handwriting leads to difficulty in understanding answers, and examiners may skip over unclear portions, resulting in lost marks.

II) Memory Techniques
Means: Techniques like mnemonics, mind maps, or pictograms help in quickly remembering and retaining information for longer periods.
Developed: Students who use memory techniques can recall information faster and more accurately during the exam.
Not Developed: Without memory techniques, students struggle to retain information, leading to confusion and slow recall during exams.

III) Time Management Skills
Means: Managing time effectively means knowing how to balance study time, revision time, and personal time to avoid burnout.
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Developed: Efficient time managers complete their syllabus on time, revise properly, and maintain a balanced life.
Not Developed: Poor time management leads to incomplete syllabus coverage and rushed revisions, resulting in stress and lower exam performance

IV) Syllabus Scheduling
Means: Planning out the entire syllabus with specific timelines ensures timely completion and leaves room for revision.
Developed: Students with a clear schedule complete their syllabus on time and enter the revision phase well-prepared.
Not Developed: Lack of proper scheduling results in incomplete syllabus coverage, leaving students unprepared for the exam.

V) Completing Syllabus Within Time
Means: Following the planned syllabus without delays ensures there's enough time to cover all topics.
Developed: Completing the syllabus on time leaves room for focused revision and problem-solving practice.
Not Developed: Students who fail to complete the syllabus are often underprepared and lack confidence going into the exam.

VI) Leaving Time for Revision
Means: Proper planning should always include sufficient time for revision, as it's crucial to reinforce knowledge.
Developed: Those who leave ample time for revision can consolidate their learning and avoid last-minute cramming.
Not Developed: Lack of time for revision results in missed details and poor retention of key concepts, affecting performance.
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VIII) Paper Analysis
Means: Analyzing previous papers gives insights into question patterns, frequently asked topics, and the overall structure of the exam.
Developed: Those who analyze papers gain a clear understanding of what to expect and prepare strategically for the exam.
Not Developed: Lack of paper analysis leads to surprises in the exam, as students are unaware of common question patterns and time requirements.

IX) Solving Past Papers, RTPs, MTPs
Means: Practicing with past papers, Revision Test Papers (RTPs), and Mock Test Papers (MTPs) familiarizes students with exam conditions.
Developed: Students who solve these papers repeatedly improve their time management and understand question formats.
Not Developed: Without this practice, students are unfamiliar with the exam format, leading to time mismanagement and incorrect answers during the real exam.

X) Healthy Daily Routine
Means: A consistent routine that includes regular sleep, meals, study, exercise, and breaks helps maintain mental and physical health.
Developed: Students with a healthy routine are more focused, alert, and prepared, leading to better performance in both study and exams.

Not Developed: Inconsistent routines disrupt sleep and cause fatigue, negatively impacting both concentration and memory during preparation and exams.

XI) Meditation to Keep Mind Focused
Means: Meditation or mindfulness exercises help in calming the mind and improving focus, especially during stressful exam periods.
Developed: Students who meditate regularly can handle stress better and stay focused on their studies and during the exam.
Not Developed: Without mental focus techniques, students may feel overwhelmed, anxious, and easily distracted.

XII) Daily Exercise to Stay Fit
Means: Physical activity keeps the body healthy and the mind sharp, which is essential for long study hours and exam endurance.
Developed: Regular exercise boosts stamina and mental sharpness, helping students to study efficiently and stay energized.
Not Developed: Lack of physical activity leads to fatigue, poor concentration, and reduced mental capacity during exams.

XIII) Keeping Motivated by Talking to Teachers and Parents
Means: Staying motivated involves regularly interacting with teachers for guidance and with parents for support, ensuring constant encouragement.
Developed: Regular communication with teachers and parents keeps students on track and motivated toward their goals.
Not Developed: Without motivation from a support system, students often feel isolated, lose focus, and become demotivated.

XIV) Avoiding Distractions (Mobile, TV, OTT, Wrong Friends)
Means: Avoiding distractions means limiting time spent on mobile phones, TV, and unnecessary socializing, focusing instead on studies.
Developed: Students who avoid distractions stay focused, get more study done, and improve their performance significantly.
Not Developed: Constant distractions waste time and lead to poor concentration, inconsistent study patterns, and incomplete preparation.

XV) Knowing How to Study
Means: Effective studying involves using a single study material and following one teacher's guidance for consistency.
Developed: Students who use a focused study method avoid confusion and can deeply understand the subject matter.
Not Developed: Using multiple study sources or teachers causes confusion, overloads information, and leads to poor understanding of concepts.

XVI) Proficiency in Exam Language (English)
Means: If the exam language is English, being proficient in reading, writing, and understanding the language is crucial to grasp the material effectively.

Developed: Students proficient in English can understand study materials easily, express answers clearly, and avoid grammar and spelling mistakes.
Not Developed: Weak language skills lead to misinterpretation of questions, difficulty expressing thoughts, and loss of marks due to grammatical errors.

XVII) Paper Management During the Exam
Means: Effective paper management involves deciding which questions to attempt first and how to allocate time during the exam.
Developed: Those with good paper management skills prioritize easier or higher-mark questions and finish the exam in time.
Not Developed: Poor paper management results in rushed or incomplete answers, leaving questions unanswered and losing easy marks.

XVIII) Paper Presentation Skill
Means: Good paper presentation includes structuring answers with proper headings, logical flow, and neatness to make it easier for examiners to grade.
Developed: Students with good presentation skills make their papers easier to read and understand, improving their chances of scoring well.
Not Developed: Messy, unstructured answers make it hard for examiners to follow the logic, leading to a loss of marks.

XIX) Consistency in Attending Lectures
Means: Attending lectures regularly ensures that students don't miss out on key concepts and stay updated with the syllabus.
Developed: Students who consistently attend lectures are better prepared and less likely to fall behind on any topic.
Not Developed: Irregular attendance creates backlogs of missed topics, causing confusion and last-minute rushes to catch up before exams.

XX) Backlog Management
Means: Clearing backlogs immediately after missing a lecture or falling behind ensures that the student stays on track with their studies.
Developed: Efficient backlog management keeps students updated and ensures no gaps in their knowledge leading into the exam.
Not Developed: Allowing backlogs to pile up leads to stress, rushed preparation, and incomplete understanding of important topics.

XXI) Note-Making Skill
Means: Making concise and clear notes helps in revision by summarizing key points for easy reference.
Developed: Students with good note-making skills can revise more effectively, focusing on the most important aspects of each topic.
Not Developed: Without proper notes, students spend too much time revisiting textbooks and struggle to recall key points during exams.

XXII) Students With Skills Are Years Ahead
Students who have developed essential skills are years ahead of those who haven't. They use scientific techniques like time management, memory aids, and strategic revision to optimize their efforts. This allows them to save time and prepare more efficiently. On the other hand, students without these skills rely solely on hard work, which isn't enough to compete with those using smarter methods. The competitive gap between these two groups is significant, and this is a key reason why the passing percentage in the CMA exam remains low. Hard work alone can't match strategic preparation.

Conclusion: The students who develop these skills over time have a significantly higher chance of passing the CMA exam. Conversely, students who fail to develop these essential skills often struggle with their preparation, leading to a lower passing percentage. By nurturing these abilities from the start, students can build a strong foundation, ensuring they are well-prepared both mentally and physically for the challenges of the CMA exam.

CMA विद्यार्थी

Behind Every Successful Business Decision, There is always a CMA

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