VOL. 52 ISSUE 11

WIRC BULLETIN

ISSN 2456-4982

ENGLISH MONTHLY | NOVEMBER 2024 | PAGES 76 | PRICE RS.5/- | RNI NO. 22703/72

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

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

Follow us on:

ICMAI
THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
(Statutory Body under an Act Of Parliament)

CMA

WESTERN INDIA REGIONAL COUNCIL

is pleased to announce

REGIONAL COST CONVENTION 2025

6 CEP Credit Hours will be provided

Theme

VIKSIT BHARAT 2047:
Strategic Cost Management for a Developed India

Venue:
Yashvantrao Chavan Pratishthan
General Jagannath Bhonsle Rd, Nariman Point, Mumbai 400021

Dates:
Friday & Saturday
21st - 22nd Feb 2025

(Please Block your dates) Details will be available on WIRC Website soon.

ICMAI
THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
(Statutory Body under an Act Of Parliament)

CMA

WESTERN INDIA REGIONAL COUNCIL

is pleased to announce

STUDENTS REGIONAL COST CONVENTION 2025

ज्ञानोत्सव
WIRC REGIONAL STUDENTS COST CONVENTION
2025 | 23-24 JAN | BARODA
Festival of Knowledge and Infinite Opportunities

Hosted By: ICMAI - Baroda Chapter

Venue:
Pandit Dindayal Upaadhyay
Nagpur Gruh, Baroda

Dates:
Thursday & Friday
23rd - 24th Jan, 2025

Student's Delegate Fees: Rs 600/-
Registration will starts Soon

"Behind every successful Business Decision, there is always a CMA"

Table of CONTENT

Vision Statement

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

Mission Statement

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

FROM THE DESK OF THE CHAIRMAN

CMA ARINDAM GOSWAMI
Chairman, ICMAI-WIRC

Dear Members and Students,

In November, I am honoured to address you on a topic that reflects a critical shift in the economic and environmental landscape— - green jobs and green costing. With the global emphasis on sustainability, the role of Cost and Management Accountants (CMAs) has expanded significantly. We now play a central role in integrating environmental costs into traditional cost accounting models, helping companies manage their environmental footprint and align with sustainable development principles. Whether through environmental cost analysis, carbon footprint assessments or guiding strategic investments in environmentally friendly projects, CMAs are critical to promoting a sustainable economy. Our profession's expertise in green costing enables us to lead the way in environmental impact accounting and meet the demand for responsible financial management.

The global economic landscape is undergoing radical change. Green technologies, digitalization and the transition to net zero commitments have redefined the parameters of growth. These trends, combined with the increasing adoption of environmental, social and governance (ESG) principles, are positioning CMAs at the forefront of economic innovation. CMAs can leverage these changes to add value to businesses by promoting transparency, reducing resource consumption and mitigating environmental risk - supporting the economy's transition to a sustainable future. This issue of the Bulletin provides insights into this evolving responsibility and perspectives on how CMAs can drive sustainability initiatives in different sectors.

It gives me great pleasure to inform you that the WIRC website (icmai-wirc.in) has been redesigned to provide a fresh and user-friendly look and feel for both members and students. With improved navigation and enhanced features, the new website aims to make access to information and resources even more efficient. We hope this digital upgrade will enrich your experience and better meet your needs.

In our efforts to encourage future CMAs, I am pleased to announce the WIRC Scholarship Programme for deserving undergraduate, middle school and graduate students. This initiative aims to promote the CMA degree programme and provide financial assistance to deserving students so that they may pursue their academic goals without hindrance. I encourage eligible students to take advantage of this opportunity and utilise the funds available to advance on their path to the CMA profession.

We are pleased to announce that WIRC will be organizing the 2nd Regional Tax Conclave on 14th December 2024 in Surat. This conclave promises to be a unique platform to interact with renowned tax experts, gain insights on emerging tax trends and discuss the latest developments in GST, Income Tax and other key tax areas. We are honored to have several eminent speakers and industry leaders joining us to share their insights. I urge all members to attend and actively participate, as this meeting promises to enrich our understanding of complex tax matters, promote networking and expand our collective knowledge in this important area.

As the December exams approach, WIRC is organizing crash courses for Foundation, Intermediate and Final students. These courses are designed to provide a thorough review, cover key topics and reinforce core concepts. We recognize the importance of preparation, and this crash course will provide students with the resources and guidance they need. I urge students to take this opportunity to boost their readiness and confidence for the exams.

As a milestone, WIRC's GST and Income Tax Task Force has published the first quarterly Tax Chronicle. This bulletin provides a comprehensive overview of the latest tax updates, expert insights, amendments, reforms, key rulings and decisions of the GST Council and provides valuable perspectives on practical tax implications to members and students. I am confident that this initiative will be an important tool to keep abreast of the dynamic tax landscape.

On 24th October, the Professional Development Committee organized an insightful seminar on Startup Valuation at the WIRC office in Mumbai. We were privileged to have CMA Rammohan Bhave, an esteemed faculty member and consultant on IFRS and startup valuation, lead the session. His expertise provided participants with invaluable knowledge on start-up valuation — a critical skill in today's fast-growing entrepreneurial ecosystem.

To celebrate Diwali, the Student Coordinating Committee and the Taskforce to Empower Young CMAs organized an Instagram Rangoli Contest for our members and students, as well as a physical Rangoli Contest on 4th November at the WIRC office. I encourage you to participate and showcase your artistic talents as we celebrate this festival of lights together and spread positivity and joy to our CMA community.

Wishing each one of you a prosperous Diwali. May this festive season bring you success, happiness and new achievements.

I hereby conclude by remembering Guru Nanak Dev Ji on his birthday with his most inspirational quote:

He fears none; he is without hate. He never dies; He is beyond the cycle of births and death. He is self-illuminated." "If the people use the wealth bestowed on them by God for themselves alone or for treasuring it, it is like a corpse.

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

Exciting News

Scholarship Scheme for the Meritorious Students

Objectives of the scheme:

1. To promote the education of Cost & Management Accountancy.
2. To encourage academic excellence and provide financial support to deserving students in their pursuit of the CMA course
3. To identify and enrich the intellectual capital of such meritorious students, so as to fulfill their desire to be equipped with professional education.
4. To promote women-empowerment through professional education

Scholarship Scheme to Students for (WIRC Oral Admission)

<table>
<tr><th>Course</th><th>Eligibility</th><th>Amount</th></tr>
<tr><td>FOUNDATION</td><td>75% & above marks in 12th Board Examination</td><td>Rs. 500/-</td></tr>
<tr><td rowspan="2">INTERMEDIATE</td><td>Through Foundation: 75% & above marks in the aggregate in the Foundation Course Examination</td><td rowspan="2">Rs. 1,000/-</td></tr>
<tr><td>Through Graduation: CGPA 8 & above marks</td></tr>
<tr><td>FINAL</td><td>Intermediate Rank Holders</td><td>Rs. 1,500/-</td></tr>
</table>

FROM THE DESK OF CHIEF EDITOR

CMA MIHIR NARAYAN VYAS
Vice Chairman ICMAI -WIRC &
Chief Editor, WIRC Bulletin

Dear Members and Students,

It gives me immense pleasure to present to you the November 2024 edition of the WIRC Bulletin, centered on the theme: "The Role of a Cost and Management Accountant in Green Jobs and Green Costing: Accounting for Environmental Costs." This theme explores how CMAs are essential in the emerging realm of green jobs and green costing, addressing the increasing need for sustainable and eco-friendly business practices. Through green costing, CMAs help organizations account for environmental costs, identify cost-effective sustainable options, and encourage eco-conscious decision-making. The role of CMAs is crucial in embedding sustainability into financial strategies, demonstrating the value of environmental accountability, and guiding businesses toward greener operations. With CMAs at the forefront, companies can both improve their environmental footprint and achieve financial resilience.

In this edition, we explore the depth and breadth of CMAs' roles in supporting green policies, from renewable energy cost accounting to waste management and eco-friendly supply chain analysis. Our authors delve into real-world applications, discuss frameworks for environmental cost allocation, and share insights on how CMAs can lead the charge in environmental accountability. This edition includes a knowledge-packed collection of 18 articles, with 13 insightful articles dedicated to our theme, alongside other articles on various professional matters.

I am delighted to share some wonderful news! On this auspicious occasion of Deepawali, WIRC introduced a **"Scholarship Scheme for Meritorious Students of 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 and fostering their academic growth

To further enhance the visibility and growth of the CMA profession, WIRC is organizing a **"Career Counselling Programme Competition for WIRC Chapters"** from 1st November 2024 to 13th January 2025. This competition aims to increase student enrolments and spread awareness about the career opportunities within the CMA profession. I encourage all WIRC Chapters to participate actively and make this initiative a success.

WIRC announced the **2nd Regional Tax Conclave** on 14th December 2024 at Surat. This event will feature renowned speakers and thought leaders who will provide valuable insights into current tax trends and developments. I urge all members to attend in large numbers and benefit from this rich learning experience. Moreover, the Taskforce for Income Tax and GST has proudly released the first edition of the WIRC Tax Chronicle – a resource designed to keep members informed on key tax updates and insights.

WIRC announced intensive **"Crash Course for Foundation Intermediate and Final Students"** for their upcoming December 2024 term of Examination via virtual mode. This course will be led by expert faculties who provide an intensive review on subjects matter and help students to excel in their exams. . I urge all students to seize this opportunity to refine their knowledge and skills, enhancing their readiness for the exams. I extend my best wishes for your success in the upcoming exams.

I'm happy to inform you that the WIRC website has been relaunched with a new look and user-friendly design. This revamped site is tailored to meet the needs of both members and students, making it easier to navigate and access essential resources.

In celebration of the auspicious festival of Diwali, Students Coordination Committee and Taskforce for Empowering Young CMAs organised Instagram Rangoli Competition for the members and students to showcase their creativity and festive spirit. Further organised the physical Rangoli competition on 4th Nov 2024 at WIRC Office to celebrate this festive spirit with colours and enthusiasm.

Our Professional Development Committee continues to bring high-value learning experiences to our members, hosting CEPS and webinars on trending topics like Startup Valuations, the new GST Amnesty Scheme, and the strategic role of Cost Management in the financial management of SMEs. These sessions offer timely insights that enable us to stay at the forefront of industry developments.

I extend my sincere gratitude to esteemed contributors who shared their expertise in this month of WIRC Bulletin. Looking ahead, the December edition of the WIRC Bulletin will focus on the theme "Circular Economy and Cost Management", a crucial area in today's sustainable economy. I invite all the members to contribute articles, case studies, and insights for this issue. Your expertise and experiences are invaluable to our professional community, and I encourage you to share your knowledge to enrich our community's understanding of the evolving role of CMAs in a sustainable future.

In closing, I extend my warm wishes to all members, students and their families for a joyful Guru Nanak Jayanti. May this festive season bring wisdom, harmony, and continued professional growth to our entire CMA fraternity.

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

Tax Compliance Calendar

November 2024

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1	2
3	4	5	6	7 **TDS Payments**	8	9
10 **GSTR 7, GSTR8, Professional Tax**	11 **GSTR 1**	12	13 **GSTR-1(IFF), GSTR-5, GSTR-6**	14 **Issue of TDS Certificate**	15 **PF/ESI Challan Payment, Form 24G, issue of TDS Certificate, Form no. 3BB**	16
17	18	19	20 **GSTR 3B, GSTR 5A**	21	22	23
24	25 **PMT-06**	26 **AOC-4/AOC-4-CFS/AOC-4 (XBRL)**	27	28 **MGT-7/7A, GSTR 11**	29 **MGT-7/7A Filing for Companies & OPC**	30 **LLPsForm 8, MSME 1, Quarterly TCS Certificate, Challan-cum-statement Section 194-IA, 194-IB, 194M and 194S, , Report in Form No. 3CEAA, report under section 92E, Form No. 64, Form No. 64D, Form 3CEFA, Form 3CEFB, Labour License Renewal for calendar year 2025.**

ROLE OF A COST AND MANAGEMENT ACCOUNTANT IN GREEN JOBS AND GREEN COSTING: ACCOUNTING FOR ENVIRONMENTAL COSTS.

written by,
CMA ARJYA PRIYA SINHA
Mob. 8918860947
E.mail - cmaarjyapriyasinha13@gmail.com

Abstract:

As businesses grapple with the realities of climate change, resource depletion, and environmental degradation, the adoption of sustainable practices has become a key strategic focus. The evolving concept of "green jobs" and "green costing" plays a central role in addressing these challenges. Cost and Management Accountants (CMAs) are at the forefront of this transformation, leveraging their financial and cost management expertise to support organizations in measuring, reporting, and managing environmental costs. This article delves into the role of CMAs in the green economy, particularly in facilitating green jobs and advancing green costing strategies, and explores the tools and frameworks that enable them to drive sustainability in business operations.

Introduction

The global push for environmental sustainability is driving significant changes across industries. Governments and businesses are increasingly focused on reducing the environmental footprint of economic activities, which has led to the creation of "green jobs" and the concept of "green costing." Green jobs are roles that contribute to preserving the environment and promoting sustainable practices, while green costing emphasizes accounting for the environmental impacts of business activities.

Cost and Management Accountants (CMAs) play a pivotal role in these developments. They are uniquely positioned to help organizations identify, measure, and manage environmental costs while providing insights that support strategic decisions aimed at reducing environmental impact. This article explores the growing relevance of green jobs and green costing, the role of CMAs in these areas, and the tools and frameworks that support CMAs in their efforts to integrate environmental sustainability into business practices.

Understanding Green Jobs

Green jobs are defined by the International Labour Organization (ILO) as jobs that contribute to environmental sustainability. These jobs exist across various sectors, from renewable energy and sustainable agriculture to waste management and eco-friendly construction. Green jobs aim to reduce environmental harm, increase energy efficiency, and preserve biodiversity.

Governments worldwide are actively promoting green jobs through incentives, regulations, and initiatives such as the European Green Deal and the U.S. Inflation Reduction Act, which focuses on renewable energy and reducing carbon emissions. These policies have driven businesses to adopt environmentally sustainable practices, thereby creating demand for green jobs. As the green economy expands, the role of professionals such as CMAs becomes increasingly vital in ensuring that organizations remain financially viable while meeting their environmental responsibilities.

Role of Cost and Management Accountants in Green Jobs

CMAs are instrumental in supporting green jobs by integrating environmental costs into financial management and decision-making processes. Their role in green jobs includes:

1. **Environmental Cost Measurement and Reporting**
   One of the key responsibilities of CMAs is identifying, measuring, and reporting environmental costs, such as energy consumption, waste management, emissions control, and environmental compliance. By providing a clear picture of these costs, CMAs enable businesses to understand the financial implications of their environmental impact and to develop strategies for reducing costs through sustainable practices.

2. **Sustainability Reporting and Disclosures**
   CMAs play a crucial role in the preparation of sustainability reports, which detail a company's environmental, social, and governance (ESG) performance. These reports are essential for communicating with stakeholders, including investors, customers, and regulatory authorities, about the company's commitment to sustainability. Common reporting frameworks, such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB), guide CMAs in ensuring transparency and accountability in environmental performance.

3. **Life-Cycle Costing (LCC)**
   CMAs use life-cycle costing to assess the total cost of ownership of products and services, taking into account environmental costs incurred throughout their entire life cycle—from raw material extraction to disposal. LCC helps businesses make informed decisions about green investments, such as energy-efficient technologies or renewable energy sources, by demonstrating the long-term financial and environmental benefits of such initiatives.

4. **Sustainable Investment Decisions**
   CMAs provide strategic financial insights that support investment in sustainable practices. By evaluating the costs and benefits of green projects, such as solar energy installations or water conservation systems, CMAs help businesses make decisions that are not only environmentally responsible but also economically viable.

5. **Carbon Accounting and Carbon Footprinting**
   CMAs assist organizations in calculating their greenhouse gas (GHG) emissions and developing strategies to reduce their carbon footprint. Carbon accounting helps companies quantify their emissions and take steps to offset or reduce them, including through participation in carbon trading schemes or investments in carbon-neutral projects.

Green Costing: Accounting for Environmental Costs

Green costing, also referred to as environmental management accounting (EMA), focuses on integrating environmental costs into a company's overall cost structure. These costs, which have traditionally been treated as overheads, can include waste disposal, emissions management, energy usage, and compliance with environmental regulations. By applying green costing techniques, CMAs enable organizations to fully account for the financial implications of their environmental activities.

Key Components of Green Costing

1. **Identification of Environmental Costs**
   Environmental costs can be broadly categorized into prevention costs (e.g., investments in pollution prevention), detection costs (e.g., environmental audits), internal failure costs (e.g., fines for non-compliance), and external failure costs (e.g., environmental clean-up costs). CMAs help businesses identify and segregate these costs to ensure that they are accounted for accurately.

2. **Cost Allocation**
   CMAs use methodologies like Activity-Based Costing (ABC) to allocate environmental costs to specific products, services, or processes. This enables companies to pinpoint the activities that contribute the most to environmental degradation and identify opportunities for improvement, such as reducing waste or using renewable materials.

3. **Incorporation into Strategic Decision-Making**
   By integrating environmental costs into business decision-making, CMAs ensure that sustainability considerations are factored into pricing, product design, and capital investment decisions. For example, CMAs can help businesses determine whether investing in a waste-reduction technology will result in long-term cost savings and environmental benefits.

4. **Total Cost Accounting (TCA)**
   Total cost accounting involves considering both internal and external environmental costs when making business decisions. CMAs can provide a comprehensive view of how environmental factors affect the overall financial performance of an organization, helping businesses balance short-term profitability with long-term sustainability.

5. **Regulatory Compliance and Reporting**
   As governments impose stricter environmental regulations, CMAs ensure that businesses comply with reporting requirements related to emissions, waste management, and resource use. CMAs also assist in preparing documentation for regulatory authorities, ensuring that companies meet their legal obligations while managing the financial impact of compliance.

Tools and Frameworks for Green Costing

Several tools and frameworks assist CMAs in implementing green costing and environmental management practices. These include:

1. **Environmental Management Systems (EMS)**
   EMS frameworks, such as ISO 14001, provide a structured approach for businesses to manage their environmental impact. CMAs can utilize these systems to track and report environmental costs, ensuring continuous improvement in environmental performance.

2. **Material Flow Cost Accounting (MFCA)**
   MFCA is a tool used to trace and quantify the flow of materials within an organization. By tracking material usage and identifying waste, CMAs can help businesses reduce their environmental footprint and improve resource efficiency.

3. **Sustainability Balanced Scorecard (SBSC)**
   The SBSC integrates sustainability considerations into the traditional balanced scorecard framework. This tool allows CMAs to align environmental performance with overall business objectives, ensuring that sustainability goals are factored into financial and operational decision-making.

4. **Carbon Footprint Accounting**
   Carbon footprint accounting tools help CMAs measure and report a company's carbon emissions. These tools are critical in helping businesses track their progress towards carbon reduction targets and manage their participation in carbon trading or offset schemes.

Challenges and Opportunities for CMAs in Green Costing

While CMAs play a crucial role in driving green costing and sustainability initiatives, they face several challenges:

- **Lack of Standardization**

There is no universally accepted standard for measuring and reporting environmental costs, which can lead to inconsistencies across industries and companies. CMAs must navigate this lack of standardization while providing accurate and comparable environmental cost data.

- **Data Availability and Accuracy**

Environmental cost accounting requires precise data on resource use, emissions, and waste. However, collecting this data can be challenging, particularly for businesses that do not have robust environmental monitoring systems in place.

- **Cultural and Organizational Resistance**

Despite growing awareness of the importance of sustainability, some businesses may still prioritize short-term profits over long-term environmental goals. CMAs must work to demonstrate the financial benefits of green investments and convince stakeholders of the value of sustainable practices.

Conclusion

As the global focus on environmental sustainability intensifies, CMAs are playing an increasingly pivotal role in green jobs and green costing. CMAs are essential in helping businesses measure, report, and manage environmental costs while supporting decision-making that promotes both financial performance and environmental responsibility. By embracing green costing techniques and leveraging advanced tools and frameworks, CMAs can guide organizations toward a more sustainable future.

References

1. Burritt, R., & Schaltegger, S. (2010). Environmental Management Accounting and Corporate Sustainability: A Comprehensive Review of the Evidence. Accounting, Auditing & Accountability Journal, 23(7), 848-872.

2. Epstein, M. J. (2008). Making Sustainability Work: Best Practices in Managing and Measuring Corporate Social, Environmental, and Economic Impacts. Greenleaf Publishing.

3. Schaltegger, S., Bennett, M., & Burritt, R. (2006). Sustainability Accounting and Reporting. Springer.

4. International Organization for Standardization (ISO). (2020). ISO 14001: Environmental Management Systems. ISO Standards.

5. Global Reporting Initiative (GRI). (2023). Sustainability Reporting Standards. GRI.

ROLE OF A COST AND MANAGEMENT ACCOUNTANT IN GREEN JOBS AND GREEN COSTING: ACCOUNTING FOR ENVIRONMENTAL COSTS.

written by,
CMA JAYKUMAR CHAUHAN
Mob. 84608 39267
E.mail - chauhan.jay.7965@gmail.com

Abstract

With growing environmental concerns and a shift toward sustainable business models, the role of a Cost and Management Accountant (CMA) has expanded beyond traditional financial management to include environmental cost accounting. Green jobs and green costing are essential components in this new paradigm, where organizations must balance profitability with environmental responsibility. CMAs are uniquely positioned to guide companies in integrating environmental costs into their business strategies by identifying, measuring, and reporting these costs. This paper explores the role of CMAs in green jobs, green costing, and environmental cost management, examining the tools, challenges, and best practices they employ to help organizations achieve both financial and environmental goals. Through case studies, examples, and performance metrics, this article highlights how CMAs can drive the green economy forward, creating value through sustainable practices while ensuring regulatory compliance and long-term viability.

Introduction

In today's rapidly evolving economic landscape, sustainability is no longer a choice but a necessity. Environmental concerns, regulatory pressures, and the need for socially responsible business practices are reshaping industries across the globe. At the heart of this transformation lies the concept of green jobs—roles that contribute directly to environmental preservation—and green costing, which integrates environmental costs into the traditional financial accounting model.

Cost and Management Accountants (CMAs) play a pivotal role in this transformation. As businesses increasingly focus on sustainability, CMAs are tasked with not only managing the financial health of organizations but also ensuring that environmental costs are accurately measured and incorporated into decision-making processes. This paper delves into how CMAs contribute to green jobs and green costing, providing a roadmap for integrating environmental responsibility into cost management.

Green Jobs: Driving Sustainability

Green jobs refer to employment opportunities that contribute to environmental sustainability. These jobs are found in various sectors, including renewable energy, waste management, conservation, and pollution control. A key aspect of green jobs is their contribution to reducing carbon footprints, conserving resources, and fostering sustainable development.

For CMAs, green jobs represent an emerging area where financial expertise intersects with environmental stewardship. CMAs are involved in the financial planning and analysis of green initiatives, helping organizations budget for sustainability projects, evaluate the financial impact of eco-friendly investments, and ensure the long-term viability of green jobs.

Case Study: Renewable Energy Sector

In the renewable energy sector, CMAs assist companies by analyzing the financial implications of shifting from fossil fuels to renewable sources such as solar, wind, and hydro energy. By conducting cost-benefit analyses, CMAs help determine the profitability of investing in renewable energy technologies, ensuring that businesses align their operations with sustainability goals while maintaining financial health.

Example: Wind Power Investment
In this scenario, Company B, an automotive manufacturer, is considering wind energy:
Initial wind turbine installation cost: $8,000,000
Annual savings from reduced fossil fuel use: $1,200,000
Annual wind turbine maintenance costs: $200,000
Useful life of wind turbines: 25 years

In this case, the CMA applies similar analysis techniques to evaluate the financial and environmental benefits of wind energy, focusing on long-term sustainability and profitability. The projected NPV for wind energy investments over 25 years is approximately $3,500,000, with an IRR of 14% and a payback period of 7.5 years.

These numeric examples illustrate how CMAs use financial tools to assess the long-term profitability and sustainability of investments in the renewable energy sector, ensuring businesses can transition smoothly towards greener operations while safeguarding their financial health.

Green Costing: Integrating Environmental Costs

Understanding Green Costing

Green costing refers to the process of accounting for environmental costs in business operations. Traditional costing models often overlook the financial implications of environmental damage, resource depletion, and waste management. By contrast, green costing emphasizes the need to internalize these costs, ensuring that businesses account for the environmental impact of their activities.

CMAs play a crucial role in green costing by identifying, measuring, and reporting environmental costs. These costs can include pollution control expenses, waste disposal costs, energy consumption, and water usage. By integrating these costs into overall financial models, CMAs help businesses make informed decisions that align with both financial and environmental objectives.

Example: Environmental Costs in Manufacturing

In a manufacturing setting, environmental costs might include the expenses related to managing hazardous waste, reducing emissions, and complying with environmental regulations. CMAs can help companies allocate these costs to specific departments or processes, providing a clear picture of how different operations contribute to environmental impact. This approach not only ensures transparency but also highlights opportunities for cost savings through waste reduction and resource efficiency.

Role of CMAs in Environmental Cost Accounting

1. **.Identifying Environmental Costs**
   CMAs begin by identifying all relevant environmental costs. These costs may be direct, such as waste disposal and energy consumption, or indirect, such as the costs associated with regulatory compliance or potential fines for environmental violations. CMAs ensure that these costs are accurately captured and attributed to the appropriate business activities.

2. **Allocating Costs to Departments or Processes**
   Once identified, environmental costs must be allocated to specific departments or processes. CMAs use tools like activity-based costing (ABC) to trace environmental costs to the activities that generate them. This allows organizations to better understand the environmental impact of each process and make more informed decisions about where to invest in sustainability improvements.

3. **Budgeting for Sustainability Initiatives**
   CMAs are instrumental in budgeting for sustainability initiatives, ensuring that resources are allocated efficiently to achieve both environmental and financial goals. By using financial models that integrate environmental costs, CMAs can help businesses evaluate the long-term return on investment (ROI) of green projects, such as installing energy-efficient equipment or adopting renewable energy sources.

4. **Developing Environmental KPIs**
   CMAs also help organizations develop key performance indicators (KPIs) that track environmental performance. These KPIs might include metrics such as energy efficiency, carbon footprint reduction, waste diversion rates, and water conservation. By monitoring these indicators, businesses can assess their progress toward sustainability goals and make data-driven decisions.

Challenges in Green Costing

While the benefits of green costing are clear, there are also challenges that CMAs must navigate. One of the primary challenges is the lack of standardized frameworks for measuring and reporting environmental costs. Additionally, the initial costs of adopting green technologies can be significant, making it difficult for some businesses to justify the investment.

However, CMAs can overcome these challenges by working closely with environmental experts to develop customized approaches to green costing that suit the specific needs of their organizations. By focusing on the long-term benefits of sustainability, CMAs can help businesses recognize the value of investing in green technologies and practices.

The Future of CMAs in Green Jobs and Green Costing

As the global focus on sustainability intensifies, the role of CMAs in green jobs and green costing will continue to grow. In the coming years, CMAs will be expected to take on more responsibilities related to environmental reporting, carbon accounting, and green auditing. With advances in technology, including artificial intelligence (AI) and data analytics, CMAs will have access to more sophisticated tools for tracking and managing environmental costs.

Conclusion

The role of Cost and Management Accountants in green jobs and green costing is critical to the success of sustainable business practices. By accounting for environmental costs and incorporating sustainability into financial decision-making, CMAs help businesses balance profitability with environmental responsibility. As the demand for green jobs and sustainable business practices continues to rise, the expertise of CMAs will be indispensable in driving the green economy forward.

References

1. Burritt, R. L., & Schaltegger, S. (2010). Sustainability accounting and reporting: Fad or trend?. Accounting, Auditing & Accountability Journal, 23(7), 829-846.

2. Institute of Management Accountants (IMA). (2014). Accounting for the Sustainability of a Green Economy. Montvale, NJ: IMA.

3. Schaltegger, S., & Zvezdov, D. (2015). Expanding material flow cost accounting. Journal of Cleaner Production, 108, 1333-1341.

4. United Nations Environment Programme (UNEP). (2020). Green Jobs: Towards Decent Work in a Sustainable, Low-Carbon World. Nairobi: UNEP.

Hearty Congratulations

Prof. (Dr.) Paresh Shah, FCMA (7386) has been appointed as an Expert of the subject Management and Business Studies, (BBA., MBA., B.Com., M.Com., B.A. (Economics)., etc. for various Academic and Research Activities of the Shobhit University, Meerut, - Shobhit Institute of Engineering & Technology : (NAAC Accredited Grade 'A' - Deemed - to - be - University)'s : Board of Studies, Research Degree Committees, Board of Examiners etc. for a period of Two Years w.e.f. October 4, 2024.

Earlier in this year he is deeply honoured with the esteemed "Certificate of World Record" with Medal and Trophy from "Book of World Records – London" in absentia; as on February 19, 2024. This certificate of World Record is based on recommendation by European Union.

GREEN ACCOUNTING-CONCEPT INTRODUCTION

written by,

CMA SANTOSH SADASHIV KORADE

Mob: No: 9730577016

E-mail ID: santoshkorde77@gmail.com

1. Abstract-

Green accounting is a popular term for combined environmental and economic accounting at national and corporate levels. It is a method of measuring and reporting the environmental impact of economic activities. It aims to provide a comprehensive picture of the true costs and benefits of these activities, promoting the integration of environmental factors into decision-making processes. The purpose is to capture the long-term sustainability of economic performance, undermined by environmental impacts. Long lists of environmental and sustainable development indicators fail to assess sustainable economic growth and development in a comprehensive and transparent manner. The more systematic greening of the national accounts succeeds in defining and measuring the environmental sustainability of economic activity. Environmental or green accounting is comparable to traditional commercial accounting in the sense that natural resources are a form of capital: they produce value for society over time. Green accounting aims to put natural resources on the same footing in the national accounts as other forms of capital. This article describes the concepts, features, objectives, types, methods, advantages & disadvantages of green accounting.

2. Green Accounting –Meaning:

"Green accounting is a concept that aims to quantify and value of natural resources and ecosystem services in economic terms. It helps to capture the impact of economic activities on the environment and incorporates it into traditional accounting methods. By doing so, green accounting provides a framework for assessing the sustainability performance of businesses, industries, or countries."

"Green accounting, also also known as environmental or sustainable accounting, is an innovative approach to financial and economic analysis that emerged in response to growing concerns about the environmental impact of human activities. It involves integrating ecological and social factors into traditional accounting frameworks to create a more balanced and sustainable perspective on economic performance."

3. Features of Green Accounting-

Green accounting, has several distinctive features that set it apart from traditional accounting practices. These features reflect its focus on integrating environmental and social considerations into economic analysis. Here are the key elements of green accounting:

3.1 **Policy Orientation:** It is often used to inform policymaking and regulatory decisions. Green accounting data can assist governments in designing and evaluating policies that promote environmental protection and sustainability, such as emissions reduction targets and conservation initiatives.

3.2 **Transparency and Reporting:** Green accounting promotes transparency and environmental and social information disclosure. Many organizations produce sustainability reports communicating their environmental performance and social responsibility efforts to stakeholders.

3.3 **International Standards:** To enhance consistency and comparability, green accounting adheres to international standards and guidelines, such as those developed by the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB).

3.4 **Performance Measurement:** It provides tools and metrics for assessing environmental and social performance. This includes indicators related to carbon emissions, energy efficiency, water usage, waste generation, and social impact, among others.

3.5 **Stakeholder Engagement:** Green accounting recognizes the importance of engaging various stakeholders, including investors, consumers, employees, and communities. Involving these parties in sustainability reporting and decision-making processes enhances accountability and transparency.

4. Objectives of Green Accounting

4.1 Assess the value of natural resources and ecosystem services-

One important objective of green accounting is to capture the value of natural resources and ecosystem services. This involves quantifying both tangible assets like forests, water bodies, minerals, etc., as well as intangible assets like clean air, biodiversity, carbon sequestration, etc. By assigning an economic value to these resources and services, green accounting helps highlight their importance in decision-making processes. The core focus remains on incorporating environment considerations into traditional accounting methods.

4.2 Quantify and value environmental assets-

Green accounting goes beyond traditional financial reporting by incorporating environmental considerations into the valuation process. It involves quantifying and valuing environmental assets such as land use, water resources, energy consumption, waste generation, greenhouse gas emissions, etc. This allows for a comprehensive assessment of the true costs and benefits associated with commercial activities.

4.3 Assess sustainability performance-

Another objective of green accounting is to provide a framework for assessing the sustainability performance of businesses, industries, or countries. Integrating environmental factors into financial reporting systems enables stakeholders to evaluate the adverse impact of various entities. This information can be used to identify areas for improvement and make informed decisions regarding resource allocation and management of its.

5. Types of Green Accounting-

Green accounting encompasses various types or approaches, each with a specific focus and objectives. Here are some common types of green accounting:

5.1 Environmental Management Accounting (EMA):

Focus: Its focus on Internal Management

Objective: EMA is primarily concerned with helping organizations assess and manage their internal environmental costs and resource use more effectively. It aims to identify opportunities for cost savings and resource efficiency within the organization. It is the identification, collection, estimation, analysis, internal reporting and use of materials and energy flow information.

5.2 Environmental Financial Accounting:

Focus: EFA focus on Financial Reporting

Objective: Reporting is one of important aspect. focuses on reporting environmental liability costs and other significant environmental costs. This type of green accounting concentrates on integrating environmental data into financial reports. It aims to provide investors, creditors, and other stakeholders with a clearer understanding of a company's environmental risks, opportunities, and impacts on financial performance.

5.3 Social Accounting:

Focus: Social Impacts

Objective: Social accounting expands the scope of green accounting to include social and community impacts. It aims to measure and report on an organization's social performance, such as its contributions to job creation, community development, and social responsibility.

5.4 Ecological Footprint Analysis:

Focus: Resource Use and Sustainability

Objective: Ecological footprint analysis assesses the environmental impact of human activities by measuring the consumption of natural resources and comparing it to the Earth's capacity to regenerate those resources. It aims to determine whether human activities are within planetary boundaries.

5. **Life Cycle Assessment (LCA):**
Focus: Product/Process Analysis

Objective: LCA is used to assess the environmental impacts associated with the entire life cycle of a product, process, or service, from raw material extraction to disposal. It aims to identify opportunities for reducing environmental impacts at various life cycle stages.

6. Advantages/Disadvantages of Green Accounting-

Advantages	Disadvantages
1. Improved Decision-Making: Helps organizations and governments make more informed decisions by considering environmental and social factors.	1. Complexity and Data Requirements: Implementation can be complex and data-intensive, requiring resources and expertise.
2. Sustainability Planning: Facilitates long-term planning for sustainability, reducing the risk of environmental and social issues.	2. Subjectivity: Valuing environmental and social factors can involve subjective judgments and estimations.
3. Resource Efficiency: Encourages resource efficiency and cost savings through reduced waste and improved resource management.	3. Resistance to Change: Some organizations may resist green accounting due to a perceived burden on existing practices.
4. Transparency and Accountability: Enhances transparency by disclosing environmental and social performance to stakeholders, fostering trust.	4. Lack of Standardization: Lack of uniform standards and regulations can lead to inconsistency in reporting and data comparison.
5. Risk Mitigation: Identifies and manages environmental and social risks, reducing potential liabilities and reputational damage.	5. Initial Costs: Implementing green accounting systems and standards can require significant upfront investments.

7. Green Accounting in India

In India, green accounting has gained significant attention in recent years due to the country's growing awareness about environmental degradation and the need for sustainable development. The government has recognized the importance of valuing natural resources and incorporating their economic value into decision-making processes for social well-being.

One of the key initiatives in green accounting in India is the implementation of the System of Environmental-Economic Accounting (SEEA). SEEA is a framework developed by the United Nations that provides guidelines for integrating environmental and economic data. India has been actively working towards adopting SEEA and incorporating it into its national accounting systems.

8. Challenges in Implementing Green Accounting

The implementation of green accounting poses several challenges that need to be addressed for its successful integration into economic frameworks. These challenges include data availability, valuation methods, and political will.

8.1 Data Availability:

One of the primary concerns in implementing Green Accounting is the availability of accurate and reliable data. To accurately measure the impact of economic activities, comprehensive information on resource consumption, pollution levels, and ecosystem services is required. However, gathering such data can be a difficult or complex task due to various factors, including limited resources, lack of standardized methodologies, and difficulties in obtaining data from diverse sectors.

8.2 Valuation Methods:

Valuing ecosystem services accurately is another significant challenge in implementing green accounting. Ecosystem services refer to the benefits that humans derive from nature, such as clean air, water purification, carbon sequestration, and biodiversity conservation. However, assigning a monetary value to these intangible services is complex due to their diverse stakeholder perspectives and inherent difficulty in quantifying their worth. Different valuation methods exist, but selecting an appropriate approach that considers social preferences while capturing ecological significance remains a challenge.

8.3. Political Will:

Political will plays a crucial role in implementing green accounting. It requires governments to prioritize environmental sustainability alongside economic growth. However, there may be resistance from certain interest groups or industries that perceive green accounting as a threat to their profitability or competitiveness.

9. Green Accounting vs Social Accounting-

	Green Accounting	Social Accounting
Focus	Primarily focuses on environmental aspects, including ecological impacts, resource use, and emissions.	Primarily concentrates on social and human aspects, such as labour practices, community engagement, and societal well-being.
Environmental Impact Assessment	Evaluates the environmental impacts and sustainability of economic activities.	Assesses the social and societal impacts and contributions of organizations.
Objectives	Quantify environmental costs and benefits. Promote sustainability and resource efficiency. Support environmental decision-making and policy.	Measure social impacts and performance. Encourage ethical and responsible business practices. Enhance social responsibility and stakeholder engagement.
Examples of Metrics	Carbon emissions, Water usage, Energy efficiency – Waste generation	Labour practices (fair wages, working conditions) - Community involvement - Employee diversity - Philanthropic activities
Measurement Challenges	Valuation of natural capital - Addressing externalities – Complex data collection and estimation	Subjectivity in assessing social impact - Data accuracy and relevance - Accounting for intangible social benefits
Policy Implications	Informs environmental regulations and sustainability initiatives.	Influences labour laws, corporate social responsibility (CSR), and community development policies.

10. How is Green Accounting Superior to Conventional Accounting System?

Traditional accounting always focus on internal factor. Green accounting offers several advantages over traditional methods. By considering externalities that are often ignored in conventional approaches, green accounting provides a more comprehensive understanding of the true costs and benefits associated with business activities. Conventional accounting does not take into consideration a lot of factors like environmental expenditure or expenditure incurred to prevent pollution. It does not study the cause and effect relationship that an environmental incident may cause to a business or organization. Conventional accounting does not study or measure the exhaustion of environmental resources or take into consideration the degradation of the environment. Green accounting demonstrates organization's commitment to the most important aspects of the 'triple bottom line': people, planet and profitability.

OBITUARY

The institute and its members deeply mourn the demise of **CMA (Dr.) Sreehari Chava,** (M/8657) who left for heavenly adobe on 21st September 2024.

CMA (Dr.) Sreehari Chava was bestowed the first-ever Doctor of literature (DLitt) in Commerce and Management faculty by the Nagpur University. He was also served as Chairman of Nagpur Chapter of Cost Accountants.

Our heartfelt condolences & respected homage to the departed soul.

GREEN JOBS: ACCOUNTING FOR ENVIRONMENTAL COSTING

written by,
CMA HARSHIT VERMA
Mob - 7003431422
Email - cmaharshitverma@gmail.com

Abstract:

In today's fast paced world, green jobs are employment opportunities that contribute to preserving or restoring the environment, encompassing roles in renewable energy and conservation. Environmental costing involves assessing the economic impacts of environmental degradation and resource depletion, enabling businesses and governments to account for ecological health in their financial decisions. Cost Accountants (CMA) can play the role of integrating environmental costs into economic models so stakeholders can better understand the long-term benefits of green jobs and enhance sustainability. Ultimately, fostering green jobs while consideringenvironmental costs supports a transition to a more sustainable economy, balancing economic growth with ecological stewardship.

Introduction:

Accounting for environmental costs involves identifying, measuring, and reporting thefinancial implications of a company's environmental impact. This can include costs related to compliance with regulations, waste management, resource conservation, and the long-term effects of environmental practices. This dual focus on green employment and environmental accountability provides a pathway to sustainable development and CMA's can be the light bearer in this sector.

Significance of Green Jobs and Environmental Costing

Prime Minister Narendra Modi has highlighted the critical role of green jobs in national discourse many times, pushing for initiatives that foster green growth while creating employment opportunities that safeguard the environment. The government has launched various programmes, including the Smart City Mission and the National Solar Mission, aimed at stimulating demand for green skills across sectors. The Significance can be summarised as:

1. **Environmental Protection:** They directly contribute to reducing pollution, conserving natural resources, and combating climate change, fostering a healthier planet.

2. **Economic Growth:** The green sector is rapidly expanding, creating new employment opportunities that stimulate local economies and drive innovation.

3. **Energy Independence:** By promoting renewable energy sources, green jobs help reduce reliance on fossil fuels, enhancing national energy security.

4. **Social Equity:** Green jobs can promote inclusivity by providing training and employment opportunities for marginalized communities, helping to bridge socioeconomic divides.

5. **Public Health Benefits:** By improving air and water quality and promoting sustainable practices, green jobs contribute to better public health outcomes, reducing healthcare costs.

Integration with Environmental Costing:

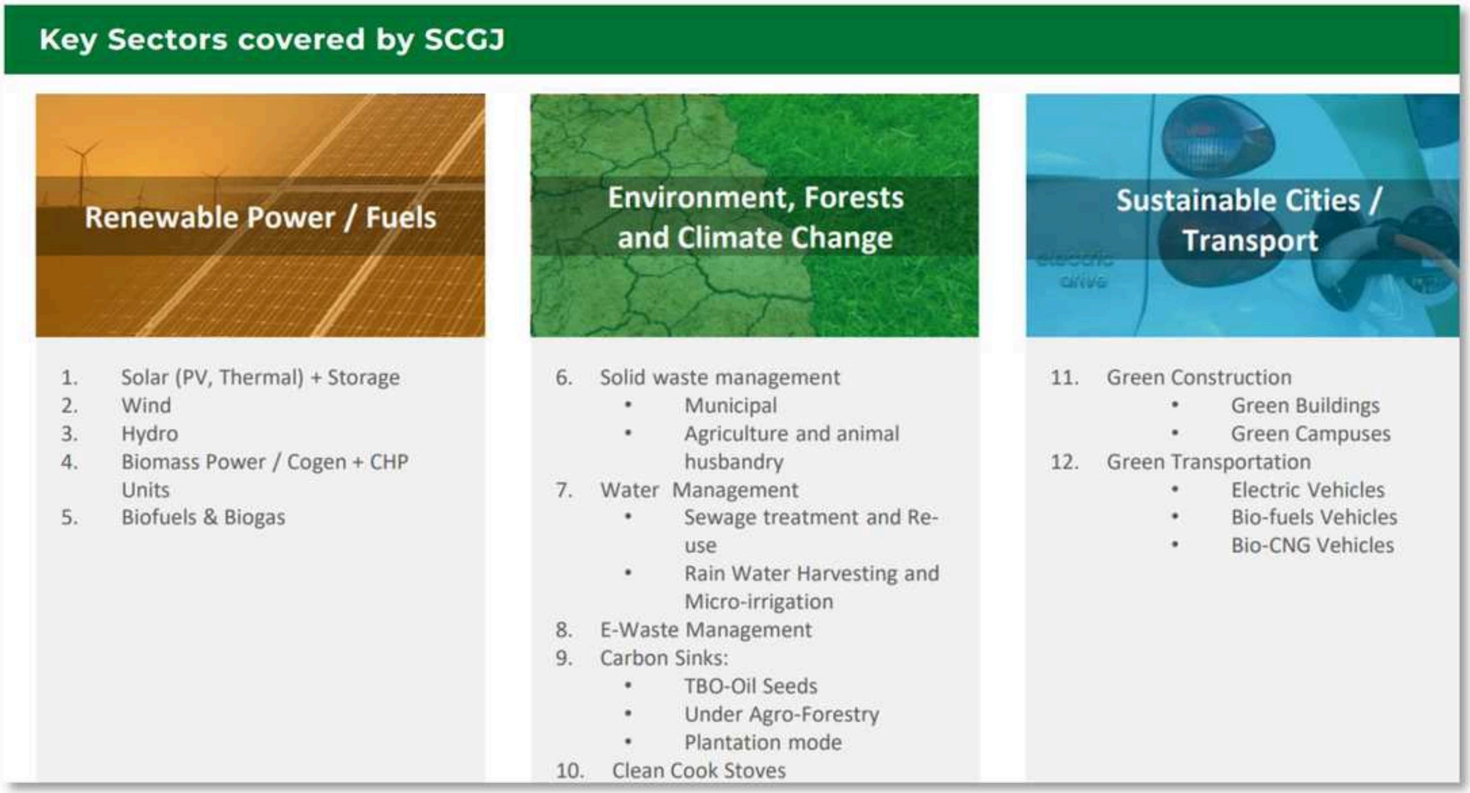
- It helps to assess the economic impacts of environmental degradation.

- Enable informed decision-making that accounts for ecological health.

- Facilitate a better understanding of long-term benefits of green jobs, linking economic growth with environmental sustainability.

Government Initiatives on Green jobs

Skill Council for Green Jobs (SCGJ) is one of the most recently launched initiatives of the Government of India aligned to the National Skill Development Mission. It is promoted by the Ministry of New and Renewable Energy (MNRE) and Confederation of Indian Industry (CII). The creation of the SCGJ was approved in the 10th meeting of National Skill Qualifications Committee held on 28th September 2015. It is established as a not-for-profit, autonomous and industry-led society.



One such other initiative is PM Surya Ghar Muft Bijli Yojana for rooftop solar plants and the policy for pumped storage projects indicate a strong push towards renewable energy, which could significantly generate green jobs and improve the renewable energy supply chain.

How Cost Accountants can play a pivot role?

In a developing nation like India, it is important that all the concern shouldn't be about just profit making and growth expansion at the cost of the nature and hence, Cost and management accountants can play a pivot role in the development and sustainability of green jobs in our country by integrating environmental considerations into financial decision-making. Here are several key functions they can perform:

1. **Cost Analysis and Control:** Analyze the costs associated with green initiatives, such as renewable energy projects or waste reduction strategies, helping organizations identify the most cost-effective approaches.

2. **Budgeting and Forecasting:** Accountants develop budgets that reflect the financial implications of adopting sustainable practices. They forecast future costs and savings associated with green technologies.

3. **Performance Measurement:** Establish metrics to assess the effectiveness of green initiatives, such as carbon footprint reductions or energy savings, ensuring that organizations meet their sustainability goals.

4. **Lifecycle Costing:** By evaluating the total costs of a product or project over its entire lifecycle, accountants help organizations make informeddecisions about resource use and sustainability.

5. **Regulatory Compliance:** By ensuring that organizations adhere to environmental regulations and standards, helping avoid fines and promoting sustainable practices.

6. **Training and Development:** They can play a role in training staff on the financial implications of sustainable practices, fostering a culture of sustainability within the organization.

By fulfilling these roles, CMA's can help organization's transition to more sustainable practices, ultimately supporting the growth of green jobs and a more sustainable economy.

Challenges

The main challenge still resides on the fact that people lack the skills needed to work in green or sustainable jobs. The demand has risen over the supply, which means that there are a lot more companies offering positions where sustainability knowledge is required, but there are not enough employees skilled enough to fill those positions. There is a huge knowledge gap in the market, where people drop terms such as "sustainability", "green jobs" and "planet-friendly" indiscriminately, without having the clear knowledge of what they mean. Education is the main priority when it comes to having a skilled workforce that is equipped with practical tools to bring sustainability innovations into their daily work and decision-making process.

Opportunities in these sectors

The main opportunity arising with green jobs is that every job has the potential to be made more relevant and to be turned into a green job. For actual lasting change to happen, all employees in a company, from the front of house staff to the CEO, need to be educated and aware of how they can implement sustainability into their everyday jobs and business decisions. Change will only come through joined effort, from everyone involved. Green jobs are not just a trend anymore, but a necessary move to be implemented in every economic sector such as:

1. **Environmental Consulting:** Opportunities for consultants who assess environmental impact, regulatory compliance, and sustainability strategies for businesses.

2. **Green Construction:** Careers in sustainable building practices, including architects, construction managers, and LEED-certified professionals.

3. **Waste Management and Recycling:** Jobs focused on waste reduction, recycling programs, and circular economy initiatives, such as waste management coordinators.

4. **Water Conservation:** Positions in water resource management, such as hydrologists and water quality specialists.

5. **Sustainable Transportation:** Opportunities in electric vehicle (EV) infrastructure, public transit planning, and sustainable logistics.

Conclusion

In conclusion, green jobs and environmental costing represent a vital and growing sector that plays a crucial role in addressing environmental challenges and promoting sustainability. As the global economy increasingly shifts towards renewable energy, energy efficiency, and sustainable practices, the demand for skilled workers in these fields continues to rise and Cost Accountants have a large role to play in it.

References

- https://aware-theplatform.com
- https://www.enelgreenpower.com/
- https://sscgj.in/

Cost and Management Accountants: Pioneers in Digital Transformation.

In an era driven by data, Cost and Management Accountants lead the way in digital transformation. By implementing advanced analytics and automation, they streamline financial processes, enhance accuracy, and improve decision-making. Their role in integrating technology with accounting ensures that organizations remain agile, efficient, and competitive in a rapidly evolving landscape. Through their efforts, accountants are shaping a future where data and technology fuel business innovation and growth.

ROLE OF COST AND MANAGEMENT ACCOUNTANT IN GREEN INITIATIVES OF THE COMPANIES

written by,
CMA DILIP BATHIJA
Mobile No: 9422478735 / 8600697765
Email ID: dilip_bathija@rediffmail.com

Since last few years, we hear a lot about green initiatives , Green Products, Green technologies, Green Pricing, Green Premium, ecological products etc. In simple language, Companies while producing Green Products or ecological products use the safe chemicals or materials in place of hazardous ones and use safe processes. Green technologies use those processes which reduce the adverse effect on environment and human beings upto the minimum level. When companies use safe chemicals and use safe operations, cost increase a bit. Hence price increase a bit. Consumers are willing to pay little more for ecofriendly products that is what we understand by Green Premium and Green Pricing. Green jobs are jobs in those companies which believe in preserving natural resources, or whose products and activities are environment friendly. Examples of green jobs are Environment Manager, Solar technician etc.

Present Cost Records and Cost Audit Mechanism and Green Initiatives

- CRA 1: It describes how cost items are to be shown in cost records. It describes what records company has to maintain in respect of Pollution Control Expenses. What cost elements are to be taken in Pollution Control Cost and various other things.

- CAS 14: Cost Accounting Standard 14 is a Standard on Pollution Control Cost. This standard deals with principles and methods of classification, measurement and assignment of pollution control cost, for determination of cost of product or service and the presentation and disclosure in cost sheets.

- Cost Auditing Standard 104: This standard is on Knowledge of Business, its Processes and the Business Environment.

Important Points of CRA 1, CAS 14 and Cost Auditing Standard 104 in brief

1. Pollution Control Cost shall consist of direct and indirect cost relating to pollution control activity.

2. Company may carry out Pollution control activity inhouse or it may be outsourced.

3. Each type of Pollution control e.g. Water, Air and Soil etc. will be treated as separate activity, if material and identifiable.

4. Definitions of various types of pollutants \ Pollution given.

5. Direct cost of pollution control will be assigned directly to the product, wherever traceable.

6. If Costs are not directly traceable to the product but are traceable to a process which causes pollution, costs will be assigned to the products passing through the process based on the quantity of pollutant generated by the product.

7. Where the pollution control cost is not directly traceable to cost object, it will be treated as overhead and assigned on either of the two principles (i) Cause and Effect (ii) Benefits received.

8. Necessary to consider Energy supply sources & cost and Environmental requirements & problems while auditing.

It can be seen from the above that there is no direct reference of green initiatives but pollution control is one part of green initiatives. Similarly, Knowledge of Business, Processes, Environment, Energy Supply sources & cost are all part of green initiatives.

Cost Sheet of Pollution Control Activity(In house)		Month			
Name of Activity					
Unit of Measurement					
Quantity Processed		Current Month		Previous Month	
Sr.No.	Particulars	Amount	Cost/Unit	Amount	Cost/Unit
1	Materials Consumed				
2	Utilities				
3	Man power				
4	Direct Expenses				
5	Consumable Store & Spares				
6	Repairs & Maintenance				
7	Depreciation				
8	Other Costs				
9	Total				
10	Less: Credits for Recoveries, if any				
11	Less: Subsidy received, if any				
12	Total Cost				

Notes:

1. Materials Consumed can be chemicals or cleaning agents, these may be shown separately.

2. Direct Expenses can be hire charges of equipments used, if any or testing charges or certification fees paid, if any.

3. Cost of inhouse activity can be compared with cost payable to outside agency, if outsourced.

Cost is very important part of the Green Initiatives taken by the Companies

Following example will make the point clear.
Company was using nitrite, nitrate and phosphate based oils till last year. In current year, as part of its green initiatives, It has taken the following steps.

- Company has started using biocide free high quality oils which are environment friendly and due to this, carbon emissions have reduced.

- Company has installed Motor vibration monitoring tools and variable frequency drives which has resulted into efficient use of motors. Total cost of variable frequency drives will include cost of drive, Programming Cost and Installation Cost etc.

- There is positive effect on the health of workers working in the plant.

- There is positive effect on the environment.

Due to the above two measures, Utilities cost has gone down little , R.M. Cost has increased a bit Repairs & Maintenance Cost has gone down and Depreciation has increased.

Cost measurement sheet for knowing impact on product cost due to green initiatives can be prepared in the following manner.

Role of Cost and Management Accountants in Green Initiatives.

Cost and Management Accountants play a vital role in advancing green initiatives by analyzing the financial impacts of sustainable practices and guiding resource-efficient strategies. Their expertise in environmental costing turns eco-friendly actions into viable business choices, helping companies meet sustainability goals while maintaining profitability. By aligning environmental responsibility with financial insight, these accountants support a future where businesses thrive and protect the planet.

Cost Sheet of Product

Period
Unit of Measurement

Quantity Produced		Before Green Initiatives		After Green Initiatives	
Sr.No.	Particulars	Amount	Cost/Unit	Amount	Cost/Unit
1	Materials Consumed				
2	Utilities				
3	Man power				
4	Direct Expenses				
5	Consumable Store & Spares				
6	Repairs & Maintenance				
7	Depreciation				
8	Other Production Overheads				
9	Total				
10	Less: Credits for Recoveries, if any				
11	Packing Cost				
12	Total Cost				
13	Admn.and S&D Overheads				
14	Finance Cost				
15	Total Cost of Sale				

Differential Cost can be calculated showing increase\decrease in cost due to green initiatives taken by the company. Any increase in cost is the cost of green initiatives and if Selling price is increased due to this impact, then it is green premium.

Role of CMAs in Green Initiatives

- Many companies are involved in energy conservation and green initiatives. There are also Business Responsibility and Sustainability Reporting (BRSR) requirements for listed companies satisfying specified criterias. Here CMAs working in industries can play a great role as a team leader/active member as all activities and initiatives revolve around cost. CMAs with their sound knowledge of costing methods and modern techniques like Life Cycle Costing can help the companies in proper cost estimation and meeting disclosure requirements.

- Practicing CMAs providing consultancy to the SME Sector can play very important role. Many companies want to switch to green energy sources. Many companies want to reduce the pollution impact inside work environment and outside environment. There are various options available to the companies. CMAs can help the companies in deciding which option is best for them, how they can manage finance, what will be payback period, what will be cost of recycling waste etc.

Looking to the future

- Green is not going to vanish in the time to come. Green initiatives moment will become more stronger. Companies due to regulatory requirements and also due to pressure groups like environmetalists, consumer groups etc. will be forced to take green initiatives.

- Institute of Cost Accountants of India has moved in the right direction by introducing Environmental, Social and Governance (ESG) in the Syllabus of 2022 and by forming Sustainability Standards Board in 2022.

- Since all these things are new or of recent origin, All are in sailing in the learning boat.

- Knowledge sharing and updation of skills will equip the CMAs in showing excellence in these fields.

- Those who enter early will get the first mover advantage and also profile improvement. They can command green premium in salaries\Professional fees.

Conclusions

Understanding regulatory requirements relating to green movement is important. Equally important are learning new costing methods like Life Cycle Costing, Environmental Costing etc.CMAs are best to handle the green initiatives related work either in the employment or in practice.

ROLE OF A COST AND MANAGEMENT ACCOUNTANT IN GREEN JOBS

Written by,
CMA ANJANA SHELAR
Mob.: 9821530967
E-mail: as20061974@gmail.com

This is the 4th generation of Industrial Revolution, as coming along the way entire world has faced various environmental issues from these growing environmental issues there are growing concerns for protection preservation and restoration of the environment as much as possible arouse. By the time all world understood the importance of co-existence and sustainable progress.

So also, the whole world started searching various ways of getting control by

- Minimizing contamination of resources.
- Wastage minimization by Reduce, Resue and Recycle method.
- Protecting and preserving the natural resources – Air, Water and Energy.
- Searching various alternatives for usage of the scare resources and so on,

As we say Behind every successful business there is always a CMA,
In this new journey of protecting environment a Cost and Management Accountant also has a role to play.

1. Entry of CMAs in Green Jobs:

Green Jobs are the jobs adopted by environment friendly people by using fewer natural resources or due to their jobs they protect the mother earth.

While performing of Jobs as Internal Auditor, we may emphasize on the use of Green Accounting method. While providing Management Information System (MIS) to the Management we will also make sure to provide Environment Management Systems (EMS) to enable the management.

- Manage the Environmental framework related to the Business.
- Review the Policies and procedures adopted by the organization. And guide for environment friendly approach.
- Conducting Environmental Audit and suggest ways to improve on measures.
- Suggest various Performance indicators for better usage of resources – Land, Air, Water and Energy as per the industry.
- Emphasis the importance of Environmental Audit to the Management.
- Help the organization to set goals and target towards the Environment Management.

2. LIFE CYCLE COSTING:

For environment protection a CMA can use all of his tools and techniques which he is using to establish proper Cost analysis through the Life of the product. Through usage of Life cycle costing organization can evaluate the impact on environment due to the product or service, right form Cradle to Grave of the product. Thereby help the business organization to reduce the negative on the environment and thus guide the organization to reduce their carbon footprints.

3. Full Cost Accounting (FCA):

By performing total Cost accounting of the organization, a CMA will help an organization to get a total economic, social and environmental cost of a product or service it is offering to the society as a whole.

Thus, performing Social Cost Benefit Analysis (SCBA) for the organization as a whole it will make the organization aware of true cost of a product or service to the organization and to the society.

4. Sustainability Report:

After using various measures, the organization come to know the true cost of its product or service to the organization and society at large.

Reporting it in the Sustainability Report organization can engage the stake holders in the environment friendly decision making and if any measure to be taken voluntarily accepting the changes leads to the increase in the reputation of the organization fruits of which it will reap in form of loyal customers and Sustainable growth.

Indian government has launched one initiative in 2014 National Green Accounting Systems (NAGS) through it, it has launched various initiatives such as National Action Plan on climate change, Swachh Bharat Abhiyan due to which business entities also encouraged to have such activities under their CSR activities.

Thus, the business organizations and governments are now aware of the fact "Vasudhaiva Kutumbakam" and for our growth and prosperity we must respect our Environment and in this journey Cost and Management Accountant has a very crucial role to play.

WIRC WELCOMES NEW ASSOCIATE MEMBERS – OCTOBER 2024

Sr.No.	Member No.	Name	City
1	56162	Preksha Ashokbhai Parekh	Ahmedabad
2	56225	Dhananjay Singh	Ahmedabad
3	56177	Akanksha Sharma	Bhopal
4	56166	Chandrakant Lahare	Durg
5	56219	Shashi Kashyap	Durg
6	56185	Shruti Singi	Indore
7	56195	Jigyasa Yogesh Acharya	Kalyan
8	56126	Nikesh Deoo Shelar	Mumbai
9	56132	Manish Sureshchandra Joshi	Mumbai
10	56137	Jyoti Ramdarash Pal	Mumbai
11	56190	Tulasi Chekuri	Mumbai
12	56205	Akash Chandrashekhar Gupta	Mumbai
13	56229	Saloni Hemal Kapadia	Mumbai
14	56233	Anusha Ravi	Mumbai
15	56236	Ranjani K S	Mumbai
16	56237	Renu Ramchand Ajwani	Mumbai
17	56239	Chotaliya Meghna Kanaiyalal	Mumbai
18	56240	Rukhshana Kersy Panthaki	Mumbai
19	56123	Mukesh Parmanand Jha	Nagpur
20	56199	Jain Sandeep Suresh	Navi Mumbai
21	56218	Anjali Arvindbhai Parikh	Navi Mumbai
22	56207	Mohmadfaishal Abdulvahab Mulla	Navsari
23	56235	Tushar Santosh Pawar	Pune
24	56140	Mihir Kumar Lalitkumar Jha	Silvassa
25	56142	Vedant Manoj Shah	Vadodara
26	56186	Praved Mithailal Dubey	Vapi

COST ACCOUNTING FOR SUSTAINABILITY: HOW MANAGEMENT ACCOUNTANTS CAN FOSTER GREEN JOBS AND ECO-FRIENDLY PRACTICES

Written by,

CMA MAITHILI MALPURE

Mob.: 94 21 51 4777

E-mail: maithilimalpure@gmail.com

Abstract

This paper explores the emerging role of cost and management accountants in fostering green jobs and promoting sustainable practices through green costing frameworks. It explains the focus on how cost and management accountants can contribute to environmental sustainability by promoting green jobs and eco-friendly practices through green costing frameworks. It emphasizes the need to embed environmental costs into financial decision-making to drive sustainability.

As organizations increasingly shift towards environmentally conscious operations, management accountants play a pivotal role in integrating environmental costs into decision-making. The study highlights significance of sustainable accounting practices and attempts to examine how the Accountants can support eco-friendly innovations and green employment opportunities. Through a literature review and conceptual analysis, the paper presents strategies for management accountants to lead in sustainability efforts and discusses challenges in implementing green costing systems.

Key Points:

The study includes below-mentioned key aspects:

- Organizations are moving toward sustainability, creating green jobs.
- Management accountants are essential in identifying & managing environmental costs.
- The paper proposes a framework for green costing & explores challenges & opportunities

Keywords:

Cost accounting, sustainability, management accountants, green jobs, eco-friendly practices, green costing, environmental costs.

1. Introduction:

A Climate change and the environmental degradation have urged organizations to adopt sustainable practices. Governments and businesses worldwide are embracing sustainability initiatives, leading to the rise of green jobs-roles that contribute to environmental protection. The accounting profession, traditionally focused on financial performance, is evolving to include environmental considerations through green costing. Management accountants are now tasked with identifying, measuring, and managing environmental costs to ensure sustainable growth. Organizations must adopt sustainable practices due to climate change, pollution, and resource depletion. As a result, many are shifting toward green practices that create employment (green jobs) and reduce environmental impact.

This paper explores how management accountants can contribute to sustainability by embedding environmental costs into traditional cost accounting systems, supporting the creation of green jobs, and fostering eco-friendly practices. The objective is to bridge the gap between sustainability and cost management, ensuring organizations meet environmental goals without compromising profitability.

3. Research Methodology

The paper uses a **conceptual research approach,** analysing **secondary data** (published research, industry reports, and government policies). The study examines **qualitative case studies** to explore how management accountants can:

a. Integrate environmental costs into
b. Promote eco-friendly practices.
c. Support the creation of green jobs.

The **qualitative method** allows for a deep exploration of **theoretical concepts** and **practical case examples** without collecting primary data through surveys or experiments.

3. Role of Management Accountants in Green Jobs and Eco-Friendly Practices

This section discusses **how management accountants can foster sustainability and eco-friendly business operations** through various initiatives:

3.1 Integrating Environmental Costs into Decision-Making

- Management accountants can use **Activity-Based Costing (ABC)** to allocate environmental costs to specific products or processes.

- For example, **waste management and emissions costs** can be added to product pricing, allowing businesses to identify environmentally costly activities and **reduce wasteful practices.**

3.2 Promoting Resource Efficiency

- By analysing data, accountants can help organizations **reduce waste, optimize energy consumption, and improve resource efficiency.**

- **Example:** A manufacturing company can adopt **lean production techniques** after accountants identify areas with excess material wastage or energy use.

3.3 Supporting Green Job Creation

- Management accountants can promote **budget allocations for sustainability projects,** creating green job opportunities.

- **Example**: Hiring personnel for environmental audits, renewable energy installations, or waste management systems.

3.4 Compliance with Environmental Regulations

- Accountants ensure compliance with **environmental laws and standards,** avoiding penalties.

- They also help businesses **develop policies and systems** to remain aligned with local and international environmental guidelines.

3.5 Facilitating Environmental Reporting and Disclosures

- Accountants prepare sustainability reports, which demonstrate the company's efforts toward **reducing carbon emissions and adopting green practices.**

- These reports build trust among stakeholders, including **customers, investors, and regulatory bodies.**

4. Review of Literature

This section **reviews existing research** on the topic, helping establish a foundation for the study. Key findings from past studies are summarized here:

a. Environmental Management Accounting (EMA):

Burritt and Schaltegger (2010) argue that **EMA** combines environmental data with financial data to guide better decision-making. Example: Including energy and waste costs in product costing.

b. Green Costing:

Hansen and Mowen (2015) highlight how green costing identifies both **visible and hidden environmental costs** (e.g., pollution fines, waste disposal expenses).

c. Management Accountants as Sustainability Agents:

Parker (2011) noted that **accountants are moving beyond financial roles** to help organizations align with environmental and social goals.

d. Green Jobs:

UNEP (2018) found that organizations adopting **clean technologies** or sustainable practices contribute to economic growth through green jobs.

The review shows that green costing and sustainability are **interdisciplinary topics,** requiring collaboration between accountants, environmental experts, and policy-makers.

5. Challenges in Implementing Green Costing Systems

Despite the benefits of green costing, several challenges exist:

a. **Lack of Awareness and Expertise:** Many organizations lack the knowledge to integrate environmental costs into accounting systems.

b. **Inconsistent Regulatory Frameworks:** Varying environmental policies across regions can complicate compliance.

c. **High Initial Costs:** Implementing eco-friendly practices may require significant upfront investment, deterring smaller firms.

d. **Resistance to Change:** Organizations may resist shifting to green costing due to a focus on short-term profits.

6. Findings

The conceptual analysis reveals the following insights:

a. a.Management accountants are pivotal in embedding environmental considerations into business strategies.

b. b.Green costing promotes transparency by identifying hidden environmental costs, enhancing decision-making.

c. c.Organizations adopting sustainable practices tend to attract environmentally conscious consumers and investors.

d. d.Green jobs are expanding as companies allocate resources toward eco-friendly operations, aligning with global sustainability goals.

7. Conclusion

Cost and management accountants have a vital role in promoting sustainability through green costing frameworks. By integrating environmental costs into accounting practices, they support eco-friendly operations and contribute to the creation of green jobs. However, challenges such as regulatory inconsistencies and resistance to change must be addressed to foster widespread adoption. Future research could explore case studies of organizations implementing green costing successfully and quantify the financial impact of sustainable practices.

8. Recommendations

a. **Capacity Building:** Organizations should invest in training accountants on environmental cost management and green costing frameworks.

b. **Collaboration with Regulators:** Harmonizing environmental regulations across regions can encourage sustainable practices.

c. **Incentivizing Green Initiatives:** Governments should offer tax incentives for companies adopting eco-friendly practices and green jobs.

d. **Developing Green Accounting Standards:** Standardizing green costing practices will facilitate consistent reporting and benchmarking across industries.

9. References

1. Burritt, R. L., & Schaltegger, S. (2010). Environmental Management Accounting for Cleaner Production. Springer.

2. Hansen, D. R., & Mowen, M. M. (2015). Cost Management: Accounting and Control. Cengage Learning.

3. Parker, L. D. (2011). "Twenty-one years of social and environmental accountability research: A coming of age." Accounting Forum, 35(1), 1-10.

4. UNEP (2018). Green Jobs: Towards Decent Work in a Sustainable, Low-Carbon World. United Nations Environment Programme.

GREEN INITIATIVES AND COST AND MANAGEMENT ACCOUNTANTS

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

Going green means being mindful of the natural environment and making economic choices that are not harmful to the earth.

Green initiatives means educating people about the need to protect the environment and the activities that can cause harm to the environment.

Activities which management may undertake with respect to Green Initiatives may inter alia include the following:

1. To have in place plans for energy management, renewable , green house emissions, water management, water waste management etc
2. To have Disaster Management Plan
3. To have a detailed emergency preparedness plan
4. To invest in renewable energy projects such as rooftop and offsite solar power, wind energy, and biomass power to meet its energy requirements. Where Power cost is dominant cost component, this shall also help in reducing cost of product apart from achieving Green Environment .
5. To explore the possibility of recycling of solid waste from operations.
6. To have waste management practices in place
7. To reduce carbon emissions, to increase recycling programs and use more renewable energy
8. Planting of trees across India towards contributing for creating a carbon sink
9. Use of Green Bonds
10. To launch Green and Sustainable depositors for retails depositors which shall be used for green housing
11. To promote paper free culture to the extent possible
12. To use equipments of highest quality standards to reduce environmental contamination
13. To make contribution to Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga and other lake cleaning initiative
14. To use environment friendly refrigerant gases in all manufacturing plants
15. To develop production process involving zero solid and liquid discharge
16. Identification of the materials which are used in the office on a daily or frequent basis and focusing on purchasing and use materials of lower environment, social and health impact
17. Immediately solving problem of water leaks in tap
18. To instal rooftop solar panels across plants to meet energy requirements of these plants
19. To use recycled material for packing
20. To ban plastic bags and to encourage use of paper bags
21. For communications, making use of new technologies and minimising communication on paper

.

Cost and Management Accountants: Champions of Green Initiatives

Cost and Management Accountants play a crucial role in advancing green initiatives by identifying sustainable practices that optimize resource use and reduce waste. Their financial expertise enables businesses to implement eco-friendly strategies without sacrificing profitability. By providing data-driven insights, they support the integration of environmental policies into corporate planning, helping organizations meet sustainability goals. Through their efforts, accountants drive both economic and environmental success, ensuring a future where business growth and ecological responsibility go hand in hand.

Merits of Green Initiatives :

1. **Enhanced Reputation**
   Employing green initiatives can aid business in enhancing their reputation as customers, investors and employees who value green initiatives shall become more attracted to it as a result .

2. **Risk Reduction**
   Green Initiative can assist the businesses in identifying and reducing possible risks, including those related to the environment, the supply chain, and reputation

3. **Saving money**
   Using green initiative can save money in areas including energy use and waste reduction. ,

4. **Long Term Value Creation**
   By putting Green Initiative policies into practice, businesses may generate value for all parties involved including communities, employees, and shareholders.

Reasons for Adopting Green Initiatives in Business Practices

1. **Improved Brand Recognition and Image**
   The beneficial impact green initiative practices may have on a company's reputation And brand image is one of the main advantage of implementing them

2. **Suitable for Investors**
   Investors understand that businesses with sound green initiatives policies are better equipped to handle economic downturns and that it is in a strong position to succeed in the long run

3. **Improved recruitment and retention of employees**
   Employing Green Initiatives strategies can assist businesses in luring top talent, keeping them on Board.

4. **Enhanced operational effectiveness**
   Prioritizing Green Initiatives in business operations can enhance supply chain management, waste reduction, and energy efficiency, lower operating expenses, lower risk and better overall performance are possible outcomes of these measures

5. **Government Regulations**
   Governments are enacting new laws and regulations to encourage to embrace green initiatives practices.
   So by imbibing green initiatives in company culture, shall result in complying with new laws n regulations with respect to green initiatives

Role of Cost and Management Accountants As cost and management accountants are

1. Closely associated with entire supply chain management of which green initiative is an integral part

2. And also closely associated with cost benefit analysis which is often required for green initiatives like rooftop and offsite solar power, wind energy, and biomass power to meet its energy requirement

3. To make sure that green initiative are included in the company strategy, risk management and decision making process, he can collaborate with the Board of Directors and other stake holders

4. Handling Green Initiative Communication

He can engage himself with respect to Green Initiatives Communications.

He is the most eligible professional to act as a friend, philosopher and guide to the company with respect to its green initiative

(VIEWS EXPRESSED ARE PERSONAL VIEWS OF THE AUTHOR)

3.

ROLE OF GREEN DEPOSITS FOR LOW-CARBON TRANSITION

written by,

DR. DILEEP KUMAR S. D.

Mob: No: 8747831460

E-mail ID: dileepsd87@gmail.com

Abstract:

With a populance of 1.486 billion, India faces an extensive energy demend to power its swiftly expanding econoy. Transitioning from a deficit in power at the time of Independence, the pursuit of enery self-suffiency has persisted for over seven decades. The Reserve Bank of India's green deposit framework has spurred the growth of a green finace ecosystem in India. The RBI and other Banks are instrumental in channeling finance to encourage private investments, steering the transition towards a climate-resilient economy. However, climate change stands as one of the most significant challenges for 21st century economies and socities. India's vulnerability to climate risks positions it among the countries most susceptible to thses changes. To address these mounting challengs, the RBI and the Goventment of India are initating a series of steps. In this context, the present paper puts an effort to examine and present the key dimensions of the green deposits framework and its implications for stakeholders within this context.

Introduction:

India's journey post-Independence saw a heavy reliance on coal to fulfill its energy needs. Nevertheless, the nation has consistently sought alternative energy sources to fuel sustainable development. The initial shift commenced with the integration of hydropower, marking a significant presence in India's energy landscape. Over the years, a series of policies and regulatory measures have fostered hydropower development, encouraging investments. Aligned with sustainable development objectives, India's power generation paradigm has swiftly pivoted towards an amplified reliance on renewable energy. At 40% of its electrical capacity, non-fossil fuel sources currently rank the nation as the third-largest generator of renewable energy in the world. India presently produces more electricity than it needs, with installed capacity exceeding four lakh MW. Access to financing, however, appears to be a key motivator for directing policies in the direction of reaching net-zero goals and a planned transition to a low-carbon economy. At this moment, the nation ranks as the world's 3rd largest producer of renewable energy, utilizing non-fossil fuel sources to account for 40% of its electricity capacity. India presently maintains an excess in power generation, surpassing four lakh MW in installed electricity capacity. Nevertheless, securing adequate financial resouces emerges a a pivotal driver to implement strategies aimed at achieving Net-Zero goals and orchestrating a systematic transition toward a low-carbon economy.

The **"Inter-governmental Panel on Climate Change Sixth Assessment Report"** underscores climate change as the paramount threat to our planet. It stands as one of the most pressing challenges confronting the world economy, arising from rapid industrialization, urbanization, and detrimental human activities like fossil fuel combustion, deforestation, and unsustainable agricultural practices. In response, global efforts are underway to counter the challenges posed by climate change. Addressing these challenges necessitates an extensive transformation and overhaul of the global economic landscape. India stands as the 7th most vulnerable country regarding climate extremes, with a substantial number of its districts categorized as extreme event hotspots, demonstrating a prevalent and concerning trend across 40% of its districts.

Addressing these climate commitments demands substantial financial mobilization to steer climate adaptation and transition. **The World Economic** Forum estimates that around USD 50 trillion in incremental investments will be necessary by 2050 to facilitate a global economy shift toward net-zero emissions, averting an impending climate catastrophe. These investments will primarily focus on enhancing access to energy-efficient technologies, promoting carbon capture, advancing hydrogen-based fuels, and decarbonizing challenging sectors like iron & steel and cement production. Exclusively for India, achieving two simultaneous goals viz., a) Securing an estimated investment of US Dollor 10.1 trillion to achieve net-zero emissions by 2070 and improving to the status of an advanced economy and b) Requires a substantial rise in the share of green energy in major energy consumption, aimimg for 82% by 2070. This shift demands an intial annual reduction in emmisions by 5.4% calling for investments surpassing USD 8.4 trillion specifically directed towards the power sector. While, domestic financial institutions and markets will shoulder a substantial portion of this financing, external financial flows will be imperative to bridge significant gaps in funding for India to realize its climate goals.

Table – 1: Net-Zero Target - Investment gap in decade wise for India's 2070

Decade (1-5)	2040 – 2070 (Net-zero)		2040 – 2060 (Net-zero)		2030 – 2050 (Net-zero)	
	Total	Mean (Annual)	Total	Mean (Annual)	Total	Mean (Annual)
2020-30	82	8	85	9	90	9
2030-40	122	12	405	40	471	47
2040-50	352	35	547	55	801	80
2050-60	442	44	635	64	-	-
2060-70	420	42	-	-	-	-
Total Net-Zero from 2020 till the respective year	1,419	-	1,672	-	1,363	-
Net-Zero Mean (Annual) from 2020 till the respective year	-	28	-	42	-	45

Source: Compiled from the data retrieved from,https://www.ceew.in/cef/publications/investment-sizing-india-s-2070-net-zero-target

India's Climate Commitment and Sustainability

In the Budget Speech for 2023-24, the Finance Minister introduced the Green Credit Programme aimed at incentivizing environmentally responsible activities among companies, individuals, and local bodies, while also facilitating additional resource mobilization for such endeavors. Simultaneously, the SEBI enforced sustainability disclosure standards through a major policy effort, requiring 1,000 listed businesses based on market value to implement BRSR (Business Responsibility and Sustainability Reporting). Furthermore, in accordance with the Companies Act of 2013, the Ministry of Corporate Affairs is currently enforcing mandatory reporting on the advancement of Corporate Social Responsibility (CSR). In addition to advancing green finance, these disclosures will help lenders evaluate risks associated with climate change.

The tangible impact of environmental risks on financial and macro-economic stability necessitates central banks to establish micro and macro-prudential frameworks that account for climate change and environmental risks. The RBI, through its regulatory oversight of credit and the financial system, plays a key role in fostering the development of sustainable financial approaches. The Department of Regulation at the Reserve Bank of India created the Sustainable Finance Group (SFG) in May 2021, with the responsibility of leading initiatives and implementing regulations related to climate risk and sustainable finance. In order to promote sustainable practises and reduce the risks associated with climate change in the Indian context, the SFG plays a critical role in developing policies and creating the regulatory framework, which includes requiring banks and other regulated firms to make certain disclosures.

In keeping with the foregoing, banks must develop a plan for integrating ESG (environmental, social, and governance) principles into their operations. They also need to increase their portfolio of sustainable financing, shift to low-carbon exposure, and make financial disclosures connected to climate change.

Green Finance – The Role Banks and other Finanical Institutions

Despite its early stages, the landscape of green finance in India has experienced notable growth in recent years, owing to proactive measures undertaken by the Indian government, regulatory bodies, and the banking sector. The Government of India has positioned green finance as a focal point within its **"Panchamrit"** agenda. In 2017, India's Securities and Exchange Board of India (SEBI) expeditiously recognized the potential of green bonds and formalized regulations for the issuance and listing of green debt securities. Subsequently, India has emerged as one of the foremost issuers of green bonds among emerging economies, raising a cumulative sum of USD 43 billion to date. The inception of India's green bond market traces back to February 2015 when YES BANK launched the nation's inaugural green Infrastructure bond, laying the foundation for the market's growth.

As part of its Priority Sector Lending (PSL) criteria, the Reserve Bank of India (RBI) has instituted incentives for lending to green businesses and projects, with a special emphasis on renewable energy initiatives. From 2012, bank loans for the installation of off-grid solar and other renewable energy systems for homes were included in the central bank's portfolio. The scope of this was extended by 2015 to include bank loans up to INR 15 crore for a variety of uses, such as micro-hydel plants, wildmills, solar- and biomass-powered power generators, street lighting systems, and remote village electrification. The cap on these bank loans was doubled to INR 30 crore in 2020, underscoring the ongoing support for green initiatives. In an effort to raise awareness about climate risk and underscore the significance of green finance among financial intermediaries, the RBI published a 'Discussion Paper on Climate Risk and Sustainable Finance' in 2022. This pivotal document serves to guide and inform the industry regarding the importance of sustainable financial practices in tackling climate-related challenges.

Keeping in the mind, the large investments needed the role of banks and other monetary institutions is pivotal in supporting India'sinitiative in adapting to climate change by allocating adequate/sufficient finance to combat climate risk. ESG-compliant investments are considered to be better positioned when facing external risks because of their robust governance and commitments to the world. In this connection, the banks and other financial institutions with good business opportunities to diversify the current portfolio. At present, the green portfolio of most banks and other financial institutions are still very low. By virtue of having a good outreach and diverse client base, banks and other financial institutions can help multiple and address the climate threats by offering financing for low-carbon and environmental-friendly investments.

RBI's Green Deposits – A Few Observations and Implications

Several factors contribute to the limited progress of Green Deposits, both within India and on a Global Scale. Below are a few Key Observations.

- One of the observations is the appreciating this felt need on April 11, 2023, the RBI came out with a circular on, 'Framework for acceptance of Green Deposits for Regulated Entities' which guides and encourages banks and other financial institutions to mobilize green deposits and allocate the same the specified green projects/activities.

- Another observation, with the objective of providing a spur to the green finance eco-system in India, the framework has been brought out.This initiative will motivate Regulated Entities to provide environmentally friendly deposits to customers, safequard depositors' interests, and assist customers in their pursuit of sustainable endeavors.

- The third notable point is that the framework applies to all Regulated Entities, including Scheduled Commercial Banks and Deposit Taking Non-Banking Financial Companies. Its objective is to incentivize these entities to gather green deposits, goals, and tackle emerging concerns, among other aims.

- The policy document initiates a much needed Indian taxonomy on Green Finance.

- Green deposits can be issued as accumulative or non-cumulative deposits which can be renewed or withdrawn at maturity by the depositor.

- The policy framework mandates regulated entities to develop and design a board-approved policy on green deposits which will provide all the guidelines relating to the issuance and allocation of green deposits.

- The board-approved policy on green deposits, the regulator insists on a board-approved financing framework to be developed regulated entities.

- The regulated entities will have to ensure that the funds from the green deposits are allocated to only eligible green projects.

- This also covers reporting and disclosure for annual third-party verification and impact, assessment, transparency etc.

- The framework lays down an illustrative list of impact indicators to be covered. This will bring robustness to checks and balances, ensuring the channelization of investment toward becoming a climate-resilient economy.

- The disclosures in annual financial statements regarding the allocation of green deposit funds have to be in a prescribed Performa involving detailed portfolio level information thereof.

Implications

The analysis above underscores the point to the fore that there is a strong implication on its stakeholders.

- The framework on Green Deposits will provide a much needed stimulus to the green finance eco-system in India. However, the banks and other monetary institutions will be benefited by the clarity in terms of the various aspects of green deposits, their allocation, monitoring, reporting and disclosures.

- The framework will also enhance opportunities for the banks as investors are increasingly looking for options compliant with ESG criteria. Compliance with these norms will help the good image/name of banks in terms of responsible corporate citizenship.

- The increasing awareness of ESG motivates corporates to invest their capital in green financial activities/projects. The availability of finance will help this most significant change and businesses will be able to contribute to society and the economy by becoming a partner in combating the threats of climate change.

- These deposits will help those who wish to contribute to the environment through their savings and investments. The transparency covered by this comprehensive framework the reporting and disclosures will build the confidence in customers' towards the investment and it's intended to end use.

Concluding Remarks:

from the foregoing discussion, it can be concluded that there has been a continuous increase in the volume of green finance, financing of renewable energy projects and electric vehicle financing all over the world including India. But, for India and the global community, the path to sustainable financial necessitates a collaborate approach that combines Government policy, financial sector innovation, and active participation from all stakeholders would be increasing the momentum and achieving India's ambitious climate commitments. In addition to the aforementioned measures, it is crucial to raise awareness about the imperative for conserving natural resources and safeguarding the environment. It's essential to instill in citizens the understanding that they hold both the right and the responsibility— the right to utilize natural resources and the responsibility to preserve these resources for future generations. Collective efforts should be directed towards achieving sustainable development. Corporate entities, in particular, carry a significant role and responsibility in the preservation of natural resources and the protection of the environment.

References

- https://www.ceew.in/cef/solutions-factory/publications/CEEW-CEF-Investment-Sizing-India%E2%80%99s-2070-Net-Zero-Target.pdf

- https://www.cnbctv18.com/economy/indian-issuersraised-nearly-43-billion-in greenbonds- from-january-2014-tomarch-2023-16859331.htm. 6 June 2023

- Discussion Paper on Climate Risk and Sustainable Finance, July 22, 2022. Retrieved from,https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/CLIMATERISK46CEE62999A4424BB731066765009961.PDF

- https://rbidocs.rbi.org.in/rdocs/notification/PDFs/CIRCULARGREENDEPOSITS55FFC86E3BD94C4A8BFF8946C6C282EA.PDF

Role of Green Deposits in Supporting a Low-Carbon Transition.

Green deposits are instrumental in funding the shift toward a low-carbon economy. These deposits, dedicated to financing sustainable projects, provide essential capital for initiatives focused on renewable energy, clean technology, and carbon reduction. By offering a secure investment channel for environmentally conscious funds, green deposits help businesses and communities make eco-friendly choices that align with global climate goals. As more organizations commit to reducing emissions, green deposits play a crucial role in directing financial resources toward a cleaner, more sustainable future.

GREEN COSTING

Written by,

MR. MOHD ASIF

Dy. Chief Accounts Officer

Uttar Pradesh Power Corporation Limited,

E-mail: ca.asiffarooqui@gmail.com

In recent years, organizations strive to minimize their environmental impact, so green costing has emerged as an essential tool in the present scenario. Green costing refers to the practice of identifying, measuring, and managing environmental costs associated with business operations. This article explores the principles of green costing, its benefits, methodologies, and its significance in fostering sustainable business practices.

Definition and importance

Green costing encompasses various activities, including Identification, measurement and management of Environmental Costs. These costs can be direct, such as waste disposal fees, or indirect, such as costs associated with regulatory compliance and potential fines for environmental violations. Quantifying/Measuring these costs helps organizations understand their financial impact as well as applying effective measures to reduce these costs and mitigate environmental impacts.

With increasing environmental regulations, organizations must account for compliance costs to avoid fines and legal repercussions. Understanding environmental costs encourages efficient resource use, leading to cost savings. Accurate environmental costing can influence investment decisions, guiding organizations toward more sustainable practices.

Methods for Green Costing

1. **Life Cycle Costing:** Life Cycle Costing considers all costs associated with a product or service throughout its entire life cycle, from raw material extraction to disposal. This approach allows organizations to identify opportunities for cost savings and environmental impact reduction at every stage.

2. **Activity-Based Costing:** Activity-Based Costing allocates costs to specific activities that consume resources. By applying ABC to environmental costs, organizations can pinpoint the activities contributing most to environmental impact and focus their improvement efforts accordingly.

3. **Environmental Management Accounting:** Environmental Management Accounting integrates environmental and financial information. It helps organizations assess the environmental costs of their operations and make informed decisions that align financial performance with environmental sustainability.

Benefits of Green Costing

1. Organizations can reduce waste and improve operational efficiency by identifying and managing environmental costs, leading to significant cost savings.

2. Accurate environmental costing provides data-driven insights that facilitate strategic decision-making.

3. Transparency in environmental costing can enhance trust and collaboration with stakeholders, including customers, investors, and regulators.

4. Organizations that effectively manage their environmental costs can differentiate themselves in the marketplace, appealing to a growing segment of eco-conscious consumers.

Conclusion

Green costing represents a critical shift in how organizations account for environmental impacts. Businesses can enhance their sustainability efforts while reaping financial benefits by effectively identifying, measuring, and managing environmental costs. As the global emphasis on sustainability continues to grow, organizations that embrace green costing will be better positioned to navigate the challenges and opportunities of the modern business landscape. The transition to greener accounting methods is not merely a compliance exercise; it represents a commitment to responsible stewardship of the planet and a pathway to innovation and growth.

Source: -Internet

INTEGRATING FINANCIAL, ENVIRONMENTAL, SOCIAL AND GOVERNANCE ACCOUNTING AND REPORTING PRACTICES - A MANAGEMENT ACCOUNTANT'S PERSPECTIVE

Written by,

MS. JYOTHI G. H.

ASSISTANT PROFESSOR

Mob.: 9742673452

E-mail: jyothiguntnur@gmail.com

Abstract:

FESG accounting integrates financial performance with environmental sustainability, social responsibility, and governance practices, offering a comprehensive view of a company's impact. This framework responds to growing demands for transparency and accountability from stakeholders. FESG practices help businesses identify risks, build stakeholder trust, and ensure regulatory compliance. Despite challenges like data collection and standardization, FESG integration supports sustainable growth and long-term value creation, positioning companies to meet modern market complexities and contribute to global sustainability goals.

Introduction:

Financial, Environmental, Social, and Governance (FESG) accounting represents a comprehensive approach to measuring and reporting a company's performance beyond traditional financial metrics. This multifaceted framework integrates financial performance with environmental sustainability, social responsibility, and governance practices, reflecting a holistic view of a company's impact on its stakeholders and the broader society. Historically, corporate reporting focused primarily on financial performance, emphasizing factors like revenue, profit margins, and return on investment. However, growing awareness of environmental issues, social justice, and corporate governance has driven the demand for more transparent and inclusive reporting standards. The evolution of FESG accounting stems from the recognition that financial success alone does not capture the full spectrum of a company's activities and their impacts.

The importance of FESG accounting lies in its ability to provide a more accurate and comprehensive picture of a company's overall performance. Investors, regulators, customers, and other stakeholders increasingly seek information on how companies address environmental risks, social equity, and ethical governance. This demand has led to the development of various reporting frameworks and standards that guide companies in disclosing relevant FESG information. Despite its benefits, FESG accounting faces challenges such as the lack of standardized reporting frameworks, data collection difficulties, and varying regulatory requirements across regions. However, ongoing efforts by international organizations and regulatory bodies aim to harmonize FESG standards and improve the consistency and comparability of reports.

As the global business landscape continues to evolve, the integration of FESG accounting will likely become more prevalent. Companies that proactively adopt comprehensive FESG practices will be better positioned to navigate the complexities of modern markets, meet stakeholder expectations, and contribute to sustainable development goals.

Integrating FESG in Modern Business Practices – Motives

Integrating Financial, Environmental, Social, and Governance (FESG) considerations into business practices is crucial for providing a comprehensive view of a company's performance. Traditional financial factors alone are insufficient to capture the full scope of a company's impact. FESG integration offers a holistic approach that includes environmental sustainability, social responsibility, and governance factors, helping businesses identify and address risks and opportunities that may not be apparent through financial analysis alone.

In today's business environment, stakeholders including investors, customers, employees, and regulators demand greater transparency and accountability. FESG integration builds trust by demonstrating a company's commitment to ethical conduct, sustainable practices, and social responsibility. Transparent FESG reporting reassures stakeholders that the company is proactive in managing its impacts and risks, leading to stronger relationships and increased loyalty.

Risk management is another significant benefit of FESG integration. Environmental risks, such as climate change and resource scarcity, can have substantial financial implications. Social risks, including labor disputes and community relations, can affect operational continuity and brand reputation. Governance risks, such as unethical behavior and poor management practices, can lead to legal issues and loss of stakeholder confidence. Addressing these areas through integrated FESG practices enhances a company's resilience and reduces potential liabilities.

Long-term value creation is a key outcome of sustainable business practices. Companies that prioritize environmental stewardship, social responsibility, and strong governance are better positioned for sustainable growth. These practices can lead to cost savings through improved resource efficiency, attract and retain talent, and foster innovation. Additionally, companies with robust FESG practices are more likely to attract investment from socially conscious investors, who increasingly consider these factors in their investment decisions.

FESG integration also provides a competitive advantage in the marketplace. Consumers are increasingly making purchasing decisions based on a company's environmental and social impact. Businesses that demonstrate strong FESG commitments can differentiate themselves from competitors, attract more customers, and build a stronger brand reputation. Furthermore, companies that lead in FESG practices can set industry standards and influence regulatory developments, positioning themselves as leaders in their fields.

Regulatory compliance and anticipation are other critical aspects of FESG integration. Governments and regulatory bodies worldwide are implementing stricter regulations related to environmental protection, social responsibility, and corporate governance. Companies that integrate FESG practices are better prepared to comply with these regulations, avoiding penalties and legal issues. Proactively adopting FESG standards can also position companies ahead of regulatory changes, allowing them to influence and shape future policies.

Attracting and retaining talent is enhanced through FESG integration. Employees increasingly seek to work for companies that align with their values and demonstrate a commitment to sustainability and social responsibility. By integrating FESG practices, companies can attract and retain top talent, enhance employee engagement, and foster a positive workplace culture. Employees who are proud of their company's ethical and sustainable practices are more likely to be motivated and productive.

Finally, integrating FESG practices contributes to achieving the United Nations Sustainable Development Goals (SDGs), addressing global challenges such as poverty, inequality, climate change, and environmental degradation. Aligning with the SDGs can enhance a company's reputation and strengthen its relationships with international stakeholders.

Current Standards and Frameworks for FESG Reporting

Financial, Environmental, Social, and Governance (FESG) reporting have been developed to guide companies in disclosing relevant and reliable information. These frameworks help ensure consistency, comparability, and transparency in reporting, making it easier for stakeholders to assess a company's FESG performance. Some of the most widely recognized standards and frameworks.

1. **Global Reporting Initiative (GRI):** The Global Reporting Initiative (GRI) is one of the most widely used frameworks for sustainability reporting. GRI Standards provide a comprehensive set of guidelines for organizations to report their economic, environmental, and social impacts. GRI Standards are modular, allowing companies to report on specific topics relevant to their operations and stakeholders.

2. **Sustainability Accounting Standards Board (SASB):** The Sustainability Accounting Standards Board (SASB) provides industry-specific standards for reporting financially material sustainability information to investors. SASB Standards identify the sustainability topics that are most likely to impact the financial condition or operating performance of companies within an industry.

3. **Task Force on Climate-related Financial Disclosures (TCFD):** The Task Force on Climate-related Financial Disclosures (TCFD) develops recommendations for disclosing clear, comparable, and consistent information about climate-related risks and opportunities. TCFD's recommendations focus on governance, strategy, risk management, and metrics and targets. Widely endorsed by investors, regulators, and companies globally.

4. **Integrated Reporting (IR) Framework:** The International Integrated Reporting Council (IIRC) developed the Integrated Reporting (IR) Framework to promote integrated thinking and reporting. The IR Framework encourages organizations to communicate how their strategy, governance, performance, and prospects lead to value creation over the short, medium, and long term.

5. **United Nations Global Compact (UNGC) and Sustainable Development Goals (SDGs):** The United Nations Global Compact (UNGC) encourages businesses to adopt sustainable and socially responsible policies and report on their implementation. The UNGC's Ten Principles cover human rights, labor, environment, and anti-corruption. The Sustainable Development Goals (SDGs) provide a universal framework for addressing global challenges, and businesses are encouraged to align their strategies and report their contributions to the SDGs.

6. **CDP (formerly Carbon Disclosure Project):** CDP is a global disclosure system that enables companies to measure and manage their environmental impacts. CDP collects data on climate change, water security, and deforestation, providing a platform for companies to disclose their environmental performance to investors and other stakeholders.

7. **ISO Standards:** The International Organization for Standardization (ISO) has developed several standards related to sustainability and social responsibility. Key standards include ISO 14001 for environmental management systems, ISO 26000 for social responsibility, and ISO 37001 for anti-bribery management systems.

Traditional Accounting v/s FESG Accounting

Traditional accounting focuses on financial performance, emphasizing profit, loss, assets, and liabilities. In contrast, FESG accounting integrates financial metrics with environmental, social, and governance factors, providing a holistic view of an organization's sustainability and ethical impact. Some of the key differences are identified below

Management Accountants in FESG Reporting – A Few Issues

Management accountants face several challenges/issues when engaging in Financial, Environmental, Social, and Governance (FESG) reporting due to the complexity and evolving nature of sustainability practices. Some of the key challenges/issues

- Gathering reliable and comprehensive data on environmental, social, and governance metrics can be challenging.
- Incorporating non-financial metrics (e.g., carbon emissions, social impact indicators) into financial reporting frameworks.
- Multiple and evolving reporting frameworks (e.g., GRI, SASB, TCFD) with different requirements and guidelines.
- Defining and measuring the impact of environmental, social, and governance initiatives in quantitative terms.
- Limited expertise among management accountants in sustainability practices and reporting.
- Meeting diverse stakeholder expectations regarding FESG reporting transparency and relevance.
- Allocating sufficient resources (e.g., time, budget, personnel) to FESG reporting initiatives.
- Keeping pace with evolving regulatory requirements and compliance obligations related to sustainability reporting.

Implications for Management Accountants and Businesses

The integration of Financial, Environmental, Social, and Governance (FESG) considerations has significant implications for both management accountants and businesses across various dimensions.

I. Implications for Management Accountants

1. **Expanded Role and Responsibilities**
   a. **Implication:** Management accountants are increasingly tasked with analyzing and reporting on non-financial metrics alongside traditional financial data.
   b. **Impact:** This expands their role from financial reporting to include sustainability reporting, requiring them to develop expertise in environmental impact assessment, social responsibility metrics, and governance practices

2. **Skills Development and Training**
   a. **Implication:** Management accountants need to acquire new skills in data analytics, sustainability reporting frameworks (e.g., GRI, SASB), and integrated reporting principles.
   b. **Impact:** Continuous learning and professional development are essential to meet the evolving demands of FESG integration and to effectively communicate sustainability impacts to stakeholders.

3. **Strategic Advisers on Sustainability Initiatives**
   a. **Implication:** Management accountants play a crucial role in advising senior management on integrating sustainability into strategic decision-making.
   b. **Impact:** By providing financial analysis of sustainability initiatives, they help businesses identify cost-saving opportunities, assess risks, and align sustainability goals with overall business objectives.

4. **Enhanced Stakeholder Communication**
   a. **Implication:** Management accountants are responsible for communicating FESG performance to stakeholders, including investors, regulators, employees, and communities.
   b. **Impact:** Effective communication of sustainability initiatives and impacts builds trust and credibility with stakeholders, enhancing the company's reputation and supporting long-term relationships

5. **Data Management and Technology Integration**
   a. **Implication:** Management accountants must leverage advanced technologies for data collection, analysis, and reporting of FESG metrics.
   b. **Impact:** Implementing robust data management systems and analytics tools improves the accuracy, reliability, and transparency of FESG reporting, facilitating informed decision-making and compliance with regulatory requirements

II. Implications for Businesses

1. **Enhanced Risk Management and Compliance**
   a. **Implication:** Businesses can identify and mitigate a broader range of risks, including environmental, social, and governance risks.
   b. **Impact:** Proactive management of these risks reduces potential liabilities, enhances operational resilience, and ensures compliance with evolving regulatory standards.

2. **Improved Financial Performance**
   a. **Implication:** Integrating FESG considerations can lead to cost savings through improved resource efficiency and operational optimization.
   b. **Impact:** Businesses that prioritize sustainability often experience enhanced profitability, as they attract socially responsible investors, reduce operational costs, and capitalize on market opportunities for sustainable products and services..

3. **Stakeholder Engagement and Reputation Management**
   a. **Implication:** Transparent reporting on FESG metrics builds trust with stakeholders and enhances brand reputation.
   b. **Impact:** Strong stakeholder relationships contribute to customer loyalty, employee satisfaction, and community support, creating a positive impact on business growth and resilience

4. **Strategic Differentiation and Market Leadership**
    a. **Implication:** Businesses that effectively integrate FESG considerations differentiate themselves as leaders in sustainability.
    b. **Impact:** They gain a competitive advantage by meeting consumer preferences for environmentally and socially responsible products, attracting talent aligned with their values, and influencing industry standards and regulatory developments

5. **Long-Term Value Creation and Sustainable Growth**
    a. **Implication:** Aligning business strategies with sustainability goals supports long-term value creation and resilience in a rapidly changing global landscape.
    b. **Impact:** Businesses that prioritize sustainable practices are better positioned to navigate environmental and social challenges, capitalize on emerging opportunities, and contribute positively to society and the environment.

References

- https://www.accaglobal.com/in/en/professional-insights.html
- https://www.ifac.org/publications/2022-financial-statements
- https://www.ifrs.org/
- https://www.globalreporting.org/
- https://www.iso.org/standards.html
- https://www.fsb-tcfd.org/publications/

WIRC ACTIVITIES

During the month Professional Development Committee of Western India Regional Council of ICMAI organised following programmes.

Date	Faculty	Topic	Venue
24th October 2024	CMA R.N. Bhave	CPE on Start-up Valuations	WIRC Office
5th November 2024	CMA (Dr.) Sanjay Bhargave, Former CCM ICMAI & Mentor - Indirect Taxes, WIRC	Webinar on New GST Amnesty Scheme	Webinar
8th November 2024	CMA (Dr.) Chaitanya Shah, Practicing Management Advisor SMEs	CPE on Role of Cost Management in Effective Financial Management - for SME Owners	WIRC Office

Rangoli Competition

On the occasion of Diwali Festival, Students Coordination Committee & Taskforce for Empowering Young CMAs organised Rangoli Completion at WIRC Office on 4th November 2024 and also Instagram - Rangoli Competition where winners were declared based on Highest Likes received on the Instagram Post. Many students participated in the competition.

ENVIRONMENTAL COST ACCOUNTING: MEASURING AND REPORTING CARBON FOOTPRINTS

Written by,
CMA MUKUNDA HANDE
Mob.: 8981573574
E-mail: quantumukunda@gmail.com

Introduction

Environmental cost accounting (ECA) has gained increasing attention as businesses worldwide face growing pressure to mitigate their environmental impacts. Among the most significant of these impacts is the emission of greenhouse gases (GHGs), which contribute to climate change. Measuring a company's carbon footprint—the total amount of GHGs produced directly or indirectly by its activities—has become a critical component of environmental cost accounting.

Environmental cost accounting is a critical tool in modern corporate sustainability, enabling businesses to measure and report the environmental costs associated with their operations. One of the most pressing environmental concerns today is the emission of greenhouse gases (GHGs), particularly carbon dioxide (CO_2).

The accurate measurement and reporting of carbon footprints are essential for businesses aiming to reduce their environmental impact, comply with regulations, and meet the expectations of environmentally conscious stakeholders. However, integrating environmental costs, particularly carbon emissions, into traditional financial statements presents several challenges, including data collection, valuation of emissions, and appropriate accounting frameworks.

Techniques for Measuring Carbon Footprints

Measuring a company's carbon footprint involves quantifying the total amount of GHGs emitted as a result of its operations. Several methodologies and standards are available to guide businesses in measuring their carbon footprints accurately. These include:

1. The Greenhouse Gas Protocol

The Greenhouse Gas Protocol (GHG Protocol), developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), is the most widely used international standard for measuring and managing greenhouse gas emissions. It categorizes emissions into three scopes:

- **Scope 1:** Direct emissions from owned or controlled sources, such as fuel combustion in company vehicles.
- **Scope 2:** Indirect emissions from the generation of purchased electricity, steam, heating, and cooling consumed by the company.
- **Scope 3:** Other indirect emissions that occur throughout the value chain, including emissions from suppliers, waste disposal, and employee commuting.

The GHG Protocol provides a framework for businesses to calculate emissions from all three scopes, offering a comprehensive view of the company's carbon footprint.

2. ISO 14064 Standard

The International Organization for Standardization (ISO) 14064 standard provides specific requirements for quantifying and reporting greenhouse gas emissions and removals. It helps organizations manage GHG inventories and establish reduction targets. ISO 14064 focuses on:

- Quantifying GHG emissions.
- Verifying GHG assertions.
- Establishing organizational boundaries for emissions measurement.

By adhering to ISO 14064, companies can ensure that their carbon footprint calculations are robust and consistent with international best practices.

3. Life Cycle Assessment (LCA)

Life Cycle Assessment (LCA) is another methodology that can be used to measure carbon footprints. LCA evaluates the environmental impacts of a product or service throughout its entire life cycle, from raw material extraction to disposal. By incorporating carbon footprint measurement into LCA, businesses can assess the total environmental impact of their products and services, allowing for more sustainable decision-making.

LCA helps companies understand the full carbon cost associated with their operations, enabling them to identify areas for improvement and develop strategies to reduce their carbon footprint over time.

Environmental Management Accounting (EMA)

Environmental Management Accounting (EMA) is a tool that helps businesses track and report their environmental costs, including carbon emissions. EMA goes beyond traditional financial accounting by incorporating non-financial data, such as resource consumption, waste generation, and emissions, into financial statements. This enables businesses to:

- Identify environmental cost drivers.
- Allocate environmental costs to specific products, services, or activities.
- Track progress in reducing environmental impacts.

EMA also supports the development of carbon pricing strategies, which assign a monetary value to each ton of CO2 emitted. By including these costs in their financial statements, companies can assess the financial implications of their carbon footprint and make informed decisions about how to reduce emissions.

Carbon Pricing

One way to integrate carbon emissions into financial statements is through carbon pricing. Carbon pricing involves assigning a monetary value to greenhouse gas emissions, either through an internal carbon price or through participation in carbon markets. Two main types of carbon pricing mechanisms are commonly used:

- **Carbon Taxes:** Governments impose taxes on GHG emissions, forcing companies to pay for the carbon they emit. These taxes create a financial incentive for businesses to reduce their emissions.
- **Cap-and-Trade Systems:** Companies are given emission allowances, and those that emit less than their allowances can sell the excess to other companies that exceed their limits. This market-based approach encourages companies to reduce their carbon footprint while also generating financial returns for efficient operations.

By incorporating carbon pricing into their financial reports, businesses can better understand the cost of their emissions and make decisions to minimize their financial and environmental risks.

Reporting Standards

Several international reporting standards require businesses to disclose their carbon emissions in financial reports. Some of the most commonly used frameworks include:

- **Global Reporting Initiative (GRI):** The GRI standards provide guidelines for reporting environmental impacts, including carbon emissions. GRI's environmental indicators require companies to disclose their total direct and indirect GHG emissions and describe the methodologies used to calculate them.
- **Sustainability Accounting Standards Board (SASB):** SASB standards focus on industry-specific sustainability issues, including carbon emissions. Companies are encouraged to report their carbon footprints, emission reduction targets, and performance against those targets.
- **Task Force on Climate-related Financial Disclosures (TCFD):** TCFD guidelines recommend that companies disclose information on how climate-related risks, including carbon emissions, impact their financial performance. This includes integrating carbon emissions data into financial statements to ensure transparency for investors and stakeholders.

By adhering to these reporting standards, businesses can ensure that their carbon footprint measurements are integrated into their financial reports in a consistent and transparent manner.

Benefits of Environmental Cost Accounting for Carbon Footprints

Integrating carbon footprints into financial statements offers several benefits for businesses, including:

a. **Improved Decision-Making**
By incorporating carbon costs into financial statements, businesses can make more informed decisions about product development, resource allocation, and investment strategies. Understanding the financial implications of their carbon footprint enables companies to identify cost-saving opportunities and reduce their environmental impact simultaneously.

b. **Regulatory Compliance**
As governments around the world implement stricter environmental regulations, businesses are under increasing pressure to measure and report their carbon emissions. Environmental cost accounting helps companies comply with these regulations by providing a structured approach to carbon measurement and reporting.

c. **Enhanced Corporate Reputation**
Transparency in reporting carbon footprints can enhance a company's reputation among environmentally conscious consumers, investors, and stakeholders. Companies that demonstrate a commitment to reducing their carbon emissions are more likely to attract positive attention and build long-term customer loyalty.

d. **Risk Management**
Carbon-intensive businesses face significant financial risks, including regulatory penalties, supply chain disruptions, and reputational damage. By measuring and reporting their carbon footprint, companies can identify and mitigate these risks, ensuring that they remain competitive in a low-carbon economy.

Role of Management Accountant in Environmental Cost Accounting

Management accountants play a crucial role in environmental cost accounting, a specialized area that focuses on identifying, measuring, and reporting the environmental costs associated with a company's operations. By providing financial insights into environmental performance, management accountants can help businesses make informed decisions about resource use, pollution control, and sustainable practices. Management accountants can help businesses achieve both financial and environmental sustainability. They can provide the necessary financial information to support informed decision-making, improve environmental performance, and enhance the company's reputation.

Conclusion

Environmental cost accounting, particularly in the measurement and reporting of carbon footprints, is an essential tool for businesses striving to achieve sustainability. Techniques such as the Greenhouse Gas Protocol, ISO 14064, and Life Cycle Assessment provide standardized methodologies for quantifying emissions. Management accountants play a key role in integrating these environmental costs into financial statements, helping businesses make informed decisions, manage risks, and enhance transparency.

By incorporating carbon footprints into financial reports through Environmental Management Accounting, carbon pricing, and compliance with reporting standards, businesses can not only reduce their environmental impact but also improve their financial performance. As the world moves toward a low-carbon economy, the ability to measure and report carbon footprints will become increasingly important for long-term business success.

References

1. Schaltegger, S., Burritt, R., & Petersen, H. (2003). **An Introduction to Corporate Environmental Management: Striving for Sustainability.** Greenleaf Publishing.

2. International Federation of Accountants (IFAC). (2005). **Environmental Management Accounting: International Guidance Document.**

3. World Resources Institute (WRI) & World Business Council for Sustainable Development (WBCSD). (2004). **The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard.**

4. International Organization for Standardization (ISO). (2006). **ISO 14064-1: Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals.**

5. Task Force on Climate-related Financial Disclosures (TCFD). (2017). **Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures.**

Bibliography

- Global Reporting Initiative (GRI). (2020). **GRI Standards: Consolidated Set of GRI Sustainability Reporting Standards.**

- Epstein, M. J., & Roy, M. J. (2003). **Sustainability in Action: Identifying and Measuring the Key Performance Drivers.** Long Range Planning, 36(6), 585-604.

- United Nations Framework Convention on Climate Change (UNFCCC). (2015). **Paris Agreement.**

DEMYSTIFYING ENVIRONMENTAL COST ACCOUNTING

Written by,
DR. S K GUPTA
Mob.: 98101 62341
E-mail: cbst.skgupta@gmail.com

A company's attitude to the environment is likely to be seen as a benchmark of its commitment to innovation and good management. Companies setting the pace on environmental issues will be seen as the leaders of the corporate sector' (Lickiss, 1991)

The Perspective

Today's challenges to business to improve environmental performance come from many quarters. They arise from new legislation and government regulations, market pressures from the "green" consumer, interests of stakeholders such as investors and employees, and general public awareness focused by the activities of environmental groups and media reporting. It has become essential for companies to increase their responsibility regarding all aspects of the environment and to adapt existing practices to cause less environmental damage

The rapid growth of global population and development of industrial economy led to an unprecedented increase in the consumption of resources. Environmental self-healing is far behind the speed of people's seeking and pollution, mankind has entered the "borrowing from future" era. The increase in environmental pollution has led people to start thinking about the relationship between the natural environment and economic growth. The way to save resources, to reduce pollution and environmental costs is becoming a hot topic today. In this background, the low-carbon economy is gradually recognized by the society

Environmental Accounting

In today's dynamic business landscape, Environmental Accounting emerges as a transformative force, weaving ecological considerations into the financial fabric of organizations. This method extends beyond traditional profit metrics, aiming to measure and manage the environmental impact of business activities. From natural resource utilization to greenhouse gas emissions, it illuminates the complex interplay between commerce and the planet.

The sustainable development of the economy requires that the enterprises should bear the corresponding environmental responsibility while developing. Environmental accounting, as a tool to reflect and monitor economic activities related to the environment, was first incorporated into the accounting category since the 1970s. In 1971, F. A. Beams, "The Social Cost Control of Pollution Control," and J. T. Malin, 1973, "The Problem of Pollution Accounting," unveil the environmental accounting research. In 1990, Rob Gray published "Green Accounting

The phenomenon of environmental pollution is not recent, but the interest in environmental costs is relatively recent. The historical trace indicates that the owners of the companies were not concerned about the damage and environmental pollution caused by the operations of their companies to the air, water and soil. This neglect is due to the absence of environmental awareness and environmental culture that environmental resources are subject to depletion and because polluters must bear the full cost of any environmental damage resulting from the production of goods and services.

Environmental Costs

Many organisations vary in their definition of environmental costs. It is neither possible nor desirable to consider all of the great range of definitions adopted. A useful cost categorisation, however, is that provided by the US Environmental Protection Agency in 1998. They stated that the definition of environmental costs depended on how an organisation intended on using the information. They made a distinction between four types of costs:

- conventional costs: raw material and energy costs having environmental relevance
- potentially hidden costs: costs captured by accounting systems but then losing their identity in 'general overheads'
- contingent costs: costs to be incurred at a future date – for example, clean -up costs

- preparing environmental reports.

Classification	Content1	Content2	Content3
Internal Environmental Costs	Environmental Prevention Costs	Environmental management costs	Management salaries, Technology R & D expenses
		Environmental monitoring costs	Employee Salary, Operating expenses
		Environmental facility cost	Facility operating costs, Depreciation of facilities
	Environmental Pollution Cost	Sewage charges	
		Pollution compensation	
External Environmental Costs	Resource Value Cost	Coal, iron ore and other natural resources' mining costs	
	Pollution Discharge Cost	Waste water, waste gas, solid waste, atmospheric dust emission loss	

Table 1: The Classification of Environmental Costs

The environmental cost of any company is the sacrifice incurred by society in the form of resources consumed by the company as a result of carrying out its activities. As well as the importance of the process of measuring the damage it causes to the environment. Environmental cost is the price of the management actions that organisations take or are required to take for the environmental impact that results from the organization's activity. The categories of costs would be as follows:

- Environmental prevention costs: the costs of activities undertaken to prevent the production of waste.
- Environmental detection costs: costs incurred to ensure that the organisation complies with regulations and voluntary standards.
- Environmental internal failure costs: costs incurred from performing activities that have produced contaminants and waste that have not been discharged into the environment.
- Environmental external failure costs: costs incurred on activities performed after discharging waste into the environment

Managing environmental costs

There are three main reasons why the management of environmental costs is becoming increasingly important in organisations:

- First, society as a whole has become more environmentally aware, with people becoming increasingly aware about the 'carbon footprint' and recycling taking place now in many countries. A 'carbon footprint' (as defined by the Carbon Trust) measures the total greenhouse gas emissions caused directly and indirectly by a person, organisation, event or product. Companies are finding that they can increase their appeal to customers by portraying themselves as environmentally responsible.
- Second, environmental costs are becoming huge for some companies, particularly those operating in highly industrialised sectors such as oil production. In some cases, these costs can amount to more than 20% of operating costs. Such significant costs need to be managed.
- Third, regulation is increasing worldwide at a rapid pace, with penalties for non-compliance also increasing accordingly.

But the management of environmental costs can be a difficult process. This is because first, just as EMA is difficult to define, so too are the actual costs involved. Second, having defined them, some of the costs are difficult to separate out and identify. Third, the costs can need to be controlled but this can only be done if they have been correctly identified in the first place.

Objectives of Environmental Accounting

Environmental accounting is crucial for businesses to consider their impact on the environment when making decisions. Here's what it aims to do:

1. **Separating Environmental Accounts:** By keeping track of separate accounts for environmental expenses, companies can understand the costs involved in protecting the environment. This includes fixing any issues like pollution caused by their actions. This helps in managing environmental risks and finding opportunities to be more sustainable.
2. **Linking Environment & Resources Accounts:** Environmental accounting connects environmental factors, resources, and finances to see their relationship. By understanding how these aspects intertwine, companies can make better decisions to use resources more efficiently and increase profits

3. **Assessing Environmental Costs and Benefits:** This involves evaluating the positive and negative impacts of a company's activities on the environment. By measuring factors like pollution and resource usage, companies can avoid legal issues and protect their reputation by making environmentally conscious choices.

4. **Accounting for Tangible Asset Maintenance:** Environmental accounting also monitors the maintenance of assets like machinery to ensure they operate efficiently without harming the environment. This involves tracking their energy and resource usage and finding ways to minimize environmental risks

5. **Green Product and Income Metrics:** Environmental accounting includes developing and measuring indicators to assess how products affect the environment. Traditional financial metrics often overlook environmental costs, so these new metrics provide a more accurate understanding of a product's economic value and its environmental impact. This helps in making more informed decisions

Environmental Cost Accounting

Environmental cost accounting (ECA) is a subset of accounting that focuses on capturing and managing environmental costs associated with a company's operations. It integrates traditional accounting methods with environmental and sustainability considerations to provide a more comprehensive view of a company's financial performance and its environmental impact. Here are some key aspects of ECA:

- **Identifying environmental costs:** ECA involves identifying and quantifying costs associated with environmental impacts, such as waste management, pollution control, resource depletion, and environmental compliance.
- **Internal costs:** costs directly borne by the company, such as waste disposal, emissions control, and resource use.
- **External costs:** Indirect costs borne by society, such as environmental degradation and health impacts, are often not reflected in a company's financial statements.
- **Cost Allocation:** ECA allocates environmental costs to specific products, processes or activities, helping businesses understand the true costs of their operations and identify areas for improvement.
- **Decision Support:** By providing detailed information on environmental costs, ECA helps management make informed decisions about investments, process improvements and sustainability initiatives.
- **Regulatory Compliance:** ECA helps companies comply with environmental regulations by accurately tracking and reporting environmental costs and liabilities.
- **Sustainability Reporting:** ECA supports sustainability reporting frameworks, such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB), by providing data on environmental performance.
- **Cost savings:** Identifying and managing environmental costs can result in cost savings through more efficient use of resources, waste reduction and process improvements.
- **Improved stakeholder relationships:** Transparency about environmental costs and performance can improve relationships with stakeholders, including investors, customers, regulators and the community.
- **Risk management:** ECA helps identify and mitigate environmental risks that can impact a company's financial performance and reputation.
- **Competitive advantage:** Companies that effectively manage and report environmental costs can gain a competitive advantage by demonstrating their commitment to sustainability and reducing their environmental footprint.

Overall, environmental cost accounting provides a comprehensive view of the financial and environmental impacts of a company's operations, enabling more sustainable and responsible business practices

Success in linking strategic cost management to environmental accounting will depend on at least five factors:

1. The motivation for environmental protection and/or pollution prevention initiatives

2. A systematic procedure for identifying costs

3. Achievable but demanding objectives and targets

4. The integration of various corporate strategies in the organization as a whole; and

5. A reporting system that provides a monitoring and corrective feedback system for the strategy.

Management Accounting Techniques for the identification and allocation of environmental costs:

Input/outflow analysis: This technique records material inflows and balances this with outflows on the basis that, what comes in, must go out. The purchased input is regarded as 100% and balanced against the outputs – which are produced, sold and stored goods and the residual (regarded as waste). Materials are measured in physical unit and include energy and water. By accounting for outputs in this way, both in terms of physical quantities and, at the end of the process, in monetary terms too, businesses are forced to focus on environmental costs.

Flow cost accounting: This technique uses not only material flows but also the organisational structure. It makes material flows transparent by looking at the physical quantities involved, their costs and their value. It divides the material flows into three categories: material, system, and delivery and disposal.

- The material values and costs apply to the materials which are involved in the various processes.

- The system values and costs are the in-house handling costs which are incurred to maintain and support material throughput e.g. personnel costs and depreciation.

- The delivery and disposal values and costs refer to the costs of flows leaving the company, e.g. transport costs or costs of disposing waste.

The values and costs of each of these three flows are then calculated. The aim of flow cost accounting is to reduce the quantity of materials which, as well as having a positive effect on the environment, should have a positive effect on a business' total costs in the long run.

Activity-based costing (ABC): ABC allocates internal costs to cost centres and cost drivers on the basis of the activities that give rise to the costs. In an environmental accounting context, it distinguishes between environment-related costs, which can be attributed to joint cost centres (e.g. incinerators and sewage plants), and environment-driven costs, which tend to be hidden on general overheads, e.g. increased depreciation or higher cost of staff.

Lifecycle costing: Within the context of environmental accounting, lifecycle costing (full costing) is a technique which requires the full environmental consequences, and, therefore, costs, arising from production of a product to be taken account across its whole lifecycle, literally 'from cradle to grave'.

Total Cost Assessment: Total cost assessment refers to the long-term, comprehensive financial analysis of the full range of internal (i.e., private) costs and savings of an investment. The framework for the total cost assessment (TCA) technique represents an expanded approach to traditional financial analysis. It is a tool for preparing business cases that facilitates identifying and analysing internal project costs and savings. Total cost assessment builds upon conventional cost accounting models by including: • direct and indirect financial costs, and • recognized contingent costs

Environmental full-cost accounting: Environmental full-cost accounting (EFCA) is different than LCA. In addition to the indirect costs noted above, EFCA accounts for additional indirect costs called externalities. Externalities are the environmental costs to society that are not reflected in the cost of the good or service. Examples of externalities include climate change, loss of biodiversity, air/water pollution, etc. It is difficult for purchasers to fully understand the supply chain and manufacturer impacts on the environment. However, sustainable procurement is asking us to include externalities when making purchasing decisions.

Challenges and Solutions for Environmental Accounting

Implementing environmental accounting can pose various challenges for organizations. However, there are potential solutions and strategies to address these challenges. Here are common challenges and suggested solutions:

CHALLENGES	SOLUTIONS
Difficulty obtaining accurate data	Implement robust systems, invest in tech, and conduct regular audits
Lack of standardized frameworks	Advocate for industry-specific standards, collaborate for standardization
High implementation costs	Begin with pilots, seek incentives, highlight long-term savings
Difficulty integrating environmental and financial data	Develop integrated frameworks, collaborate with accountants, and use software solutions
Subjectivity in valuing environmental impacts	Use recognized methods, consult experts, and transparently communicate approaches
Limited awareness and resistance	Conduct campaigns, provide training, and communicate benefits
Difficulty tracking global environmental impacts	Collaborate with suppliers, implement transparency, and join industry standards

Addressing these challenges requires a holistic and strategic approach involving collaboration among departments, industry partners, and external stakeholders. Organizations that successfully navigate these challenges can reap the benefits of improved environmental performance and long-term sustainability.

Conclusion

Environmental awareness is growing among people, prompting businesses to pay closer attention to Environmental Accounting. Governments are tightening environmental regulations, making it vital for businesses to monitor their environmental footprint. Implementing environmental accounting can benefit organizations, helping them integrate sustainability considerations into their business operations

References

- https://www.accaglobal.com/in/en/student/exam-support-resources/fundamentals-exams-study-resources/f5/technical-articles/Env-MA.html
- file:///C:/Users/HP/Downloads/GaleStokoe2001EnvironmentalCostAccountingandBusStrategy.pdf
- https://www.quora.com/What-is-the-environmental-cost-accounting
- https://www.oxfordreference.com/display/10.1093/oi/authority.20110803095753535
- https://nap.nationalacademies.org/read/4982/chapter/17
- https://www.pw.live/exams/ca/environmental-accounting/
- https://www.acowtancy.com/textbook/acca-pm/environmental-accounting/accounting-for-environmental-costs/notes
- Bebbington J. R. Gray, I. Thomson, and D. Walters. 1994. Accountants' Attitudes and Environmentally-sensitive Accounting. Accounting and Business Research 94: 109
- Bennett, M., and P. James. 1994. Financial Dimensions of Environmental Performance: Developments in Environment Related Management Accounting. Presented at British Accounting Association Annual Conference, Winchester.
- Butler, D., C. Frost, and R. Macve. 1992. Environmental Issues. Pp. 53-76 in Financial Reporting 1991-1992, L. Skerratt, ed.London: ICAEW.
- Environmental Protection Agency. 1996. An Introduction to Environmental accounting as a Business Management Tool: Key Concepts and Terms. United States, EPA, Washington, D.C
- Epstein, M. J. 1994.The Integration of Environmental Measurements into Management Decision Making. Presented at British Accounting Association Annual Conference, Winchester.
- Federation des Experts Compatibles Europeans (FEE). 1993. Environmental Accounting and Auditing: Survey of Current Activities and Developments. Brussels: FEE.

- National Academies of Sciences, Engineering, and Medicine. 1997. The Industrial Green Game: Implications for Environmental Design and Management. Washington, DC: The National Academies Press. https://doi.org/10.17226/4982.
- Milne, M.J. 1994.Sustainability, The Environment and Management Accounting. Interdisciplinary Perspectives on Accounting Conference, Manchester.
- Society of Management Accountants of Canada. 1996. Tools and Techniques of Environmental Accounting for Business Decisions. The Society of Management Accountants of Canada, Hamilton, Ontario.
- Solomon J.F. and Thomson I, "An illustration of Victorian external environmental accounting "in Accounting Forum, 2009, pp. 74-87 [9].
- Tellus Institute. 1992.Total Cost Assessment: Accelerating Industrial Pollution Prevention Through Innovative Project Financial Analysis.Washington, D.C.: US Environmental Protection Agency.
- Zhou zhi-fang and Xiao Xu," Research on the Construction of Enterprise Carbon Accounting System in Low Carbon Economy" in Journal of Environmental Accounting and Economic Development in Western China,2010, pp.55-60.
- Letmathe, P. and Doost, R.K. (2000), "Environmental cost accounting and auditing", Managerial Auditing Journal, Vol. 15 No. 8, pp. 424-431
- EPA Project, 1995. An Introduction to Environmental Accounting as a Business Management Tool, Washington.
- Gray, Rob-Jean, Bebbington-Walters, Diana, 1993. Accounting for the Environment, Founded by the Chartered Association of Certified Accountant, London

---

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA (STATUTORY BODY UNDER AN ACT OF PARLIAMENT)		
INTERMEDIATE AND FINAL EXAMINATION TIME TABLE & PROGRAMME – DECEMBER 2024		
	ATTENTION: INTERMEDIATE & FINAL EXAMINATION (DECEMBER – 2024 TERM) WILL BE HELD ON ALTERNATE DATES FOR EACH GROUP.	
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)**
	PROGRAMME FOR SYLLABUS 2022	**PROGRAMME FOR SYLLABUS 2022**
Tuesday, 10th December, 2024	Corporate and Economic Laws **(P-13)**	Business Laws and Ethics **(P-05)**
Wednesday, 11th December, 2024	Cost and Management Audit **(P-17)**	Operations Management and Strategic Management **(P-09)**
Thursday, 12th December, 2024	Strategic Financial Management **(P-14)**	Financial Accounting **(P-06)**
Friday, 13th December, 2024	Corporate Financial Reporting **(P-18)**	Corporate Accounting and Auditing **(P-10)**
Saturday, 14th December, 2024	Direct Tax Laws and International Taxation **(P-15)**	Direct and Indirect Taxation **(P-07)**
Sunday, 15th December, 2024	Indirect Tax Laws and Practice **(P-19)**	Financial Management and Business Data Analytics **(P-11)**
Monday, 16th December, 2024	Strategic Cost Management **(P-16)**	Cost Accounting **(P-08)**
Tuesday, 17th December, 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)**

A SYSTEMATIC LITERATURE REVIEW ON FINTECH AND FINANCIAL INCLUSION

Written by,
KHUSHBOO PATEL
Research Scholar
Kalyan Post Graduate College, Sector 7, Bhilai Nagar,
E-mail: patelkhushboo657@gmail.com

Written by,
CMA DR SHASHI KASHYAP
Assistant Professor, Dept. of Commerce
Dr. Manrakhan Lal Sahu Govt. College, Jamul, Durg
E-mail: shashikashyap15090@gmail.com

Abstract

Purpose - The purpose of the study is to get more knowledge about the impact of fintech on financial inclusion. This paper aims to study the related topics around usage and adoption of fintech to achieve financial inclusion.

Design/methodology/approach – This is a conceptual review paper. This study was compiled and reviewed based on prior literature in this field. Data has been collected from a variety of secondary sources including journal articles, newspapers, thesis, magazines, books, or annual reports of KPMG, Global findex Report,and so on. Data for the last 10 years was analysedi.e., 2012 to 2022.

Findings - we found that there is a strong positive relationship between financial inclusion and fintech. These studies revealed that despite of many initiatives taken by the Government, regulators, and financial institutions to achieve financial inclusion, create awareness, to create digital platforms but still there is a gap. Several reasons were discussed as what are reasons behind this. Enough number of studies were done from the users (demand side) point of view and few studies from bankers (supplier side) who have responsibility of implementation.

Research implication - Future research should include more financial inclusion metrics (variables to measure) that can measure properly because the existing indicators are not much relevant to measure, they become obsolete in this tech era.
Originality / value – This study enhances the previous knowledge and understanding of reviewers and provide support to the subject knowledge.

Keywords: Financial inclusion, Fintech, inclusive growth, Sustainable Development,
JEL Classification: D14, D83, G02
ORCHID: 0000-0002-4977-2904

Introduction

Finance is working as a life blood for any economy and there should be an equal distribution of finance. But in most of the countries the majority part of wealth is held by only few group of people. Strong financial system is required for sustainable development and inclusive growth of nation. Financial inclusion is one of the ways to achieve inclusive and equitable growth of the nation. Through a complete financial inclusion, we can provide financial product and services to each and every person of the country at affordable cost, on time. (Shahid, 2019) Financial inclusion stands for the delivery of appropriate financial services at an affordable cost, on timely basis to vulnerable groups such as low-income groups and weaker sections who lack access to even the most basic banking services. Especially those with low incomes, such people are unable to access basic banking and financial services and goods such as access of bank accounts, which are used for receiving payments and depositing money, remittances, affordable credit, insurance, and other financial services, etc. In a digital era of technology this, only can be possible with the help of Fintech. The main objective of this article is to provide an overview of detailed research patterns in the literature on the effects of fintech on financial inclusion.

(Morgan, 2022)Financial inclusion, that is, access of excluded households and small firms to financial products and services, is seen as a way to promote more inclusive growth by providing the previously unbanked with access to means for savings, investment, consumption smoothing, and insurance. Financial technology (Fintech), that is, using software, applications, and digital platforms to deliver financial services to consumers and businesses through digital devices such as smartphones, has become recognized as a promising tool to promote financial inclusion. (Gupta & Xia, 2018) In terms of Deposits & Lending, Fund Raising, Investment Management, Payments, and Insurance, it highlights the development of FinTech in Asia. A developing countries like India's economy, which was mostly depend on cash. Now India has been in a path of achieving the target of complete financial inclusion through digital India like never before in history. This sector is continuously growing, and by 2026, digital paymentsin India are expected to reach $1 trillion. Now we have a banking system built on values that provides better to their customers, minimizes risk to society, and increases shareholder profits due to the technological revolution.

A Review on flowchart of last 10 years in chronological order

2012 Financial Inclusion was an important activity to achieve for sustainable development. They found that the level of financial inclusion in northeast area was very low due to low level of awareness among people.

2013 Bank employee's opinion on perceived ease of use, social influence, improves perceived usefulness, whereas tech facility & computer self-efficiency impact on behavioral Intention & perceived usability of Core Banking system (CBS).

2014 Garg & Agrawal found that major reason behind financial exclusion is female enrolmentis half of the male, which indicates gender gap.

2015 Sahoo suggested some measures to increase awareness among unorganized sector due to weak relationship between financial inclusion and unorganized sector.
Also Ravi offered suggestion to financial institution, collaboration with registered Chit Funds with to reduce fraudulent activities.

2016 According to T.I. Sherline In short term demonetization would be helpful to drive financial inclusion.
Paramasivan & V observed that both Literacy, Branch Penetration and Technology plays a significant role in extending financial inclusion.
Poonam & Archana evaluated state wise financial inclusiveness based on No. of offices, deposit amount & credit amount only Goa had highest FI.

2017 Kamala & Rajavalli found a positive impact of demonetization on financial inclusion due to constantly increasing number of digital transaction.
Carlin, Olafsson, and Pagel (2017), It has been discovered that in comparison to baby boomers, younger generations are ready adopt and appreciate the benefits of FinTech services.

2018 Contributes to the literature as majority of bankers agree that banking technology makes it easier& more efficient for them to achieve their aim for financial inclusion.

2019 Hu, Ding, Li, Chen,and Yang found that consumers' perceptions toward adoption of FinTech services are highly influenced by cyber threats & cybersecurity.

2020 Generation X & Baby boomer having trust issues due to unawareness and misconception about fintech services.
However, Gen Y & Z mostly use and trust on all tech-based services.
Fintech affect monetary policy due to changes in payment system structure and its impact on inflation in short run.

2021 Fintech has potential to connect unbanked and uneducated people because there is limited influence of financial literacy on the adoption of fintech services.
Financial inclusion in MSME is strongly correlated with improvement in fintech.

2022 Identified unique relationship between variables CBDC, Cryptocurrency and fintech for financial inclusion & Innovation , Collaborative practices may leads to sustainable development of economy.

Objective of the study

1. To understand the current scenarioof fintech and financial inclusion
2. To know the relationship between fintech and financial inclusion
3. To explore the research gap in this field.

Research Gap

In order to determine the ways that Fintech is contributing or in future may contribute to significant impact on financial inclusion, the study further examined the developments in financial inclusion through fintechin India. Based on the below research papers, most of this existing research papers contribute toward TAM (Technology acceptance model) and consumer experiences towards bank and fintech services. Further researchers can find out the reason behind unfamiliarity of Fintech in low level income group. A detailed study can be done on the fintech ecosystem with bank in India. Studying women's attitude toward Fintech and financial inclusion also can bedone.

Research Methodology

This paper is analytical research where a critical evaluation of existing research paper in this topic. This study was compiled data and reviewed based on prior literature in this field. The information was gathered from multiple second arysources, such as journal articles, newspapers, Thesis, magazines, books, yearly reports from KPMG, the Global Findex Report, and more. Data of the last 10 years research papers was analyzed i.e., 2012 to 2022.

Literature Reviews

1. **(Bhanot et al., 2012)** conducted study in the northeast area of India. They suggested some measures to cover the untouched or unbanked area to make inclusive. Their respondents were households from Assam and Meghalaya. They used a logistic regression model for data analysis. They found that low level of financial inclusion in this region, and a very less numberof the respondent had aware regarding financial products and services.

2. **(Nath et al., 2013) Author** tries to identify the impact of perceived usefulness, ease of use on behavioral intention & IT. They used TAM model and extend this model by adding variables social influence and technological facility. They found that significant impact of social influence on perceived usefulness. Hence, manager should kept this in mind.

3. **(Garg & Agarwal, 2014)** In this study, the researcher makes an effort to explain financial inclusion and its relevance for the overall growth of society and the economy of the country. This study focuses on strategies used by different Indian banks to achieve and maintain the ultimate objective of financial inclusion for inclusive growth in India and analyses the progress based on previous years. When we look for the cause of financial exclusion, they also found that the enrolment of females is only half that of males, this is a signal of the gender divide.

4. **(C. Singh et al., 2014)** had a focus on making use of the already resources, like as mobile phones, banking technologies, the India Post Office, fair price shops, and business correspondents (BCs), to make it more effective and user-friendly for the benefit of the rural inhabitants as well as for banking sectors.

5. **(Sahoo, 2015) "Financial Inclusion in India: An Empirical Studyof Unorganized Sectorin Gujarat"** They gave meaning to financial inclusion, it may be a solution of various problems like poverty, inequality, also it can be increased savings, which ultimately all leads to sustainable economic growth. They further stated that there is a weak relationship between financial inclusionand unorganized sectors. The author made several recommendations on how the Gujarat government may increase awareness among unorganized or unregistered firms.

6. **(Ravi et al., 2015)** Encourage poor households to save money by offering innovative products that cater to their specific needs. For maximum impact, incorporate indigenous "bottom-up" financial institutions like registered Chit Funds and the vast postal network into the national financial inclusion policy. Increase efforts to test novel insurance products and expand the use of effective insurance instruments. To ensure strong and sustainable financial inclusion, promote technological solutions that lower its operating expenses and support innovations in the management strategies used by financial institutions. Promote financial literacy and awareness to improve the use of financial instruments and minimise the chances of fraudulent activities.

7. **(Gupta & Xia, 2018) (Sidhnani, 2018) A paradigm shift in banking: Unfolding Asia's fintech adventures** They had mentioned in their research that a total of 49% of global investment in fintech deals is during 2017. They talked about how financial technology (FinTech) is reshaping the old banking structure that is now in place. The majority of Asia has seen the development of retail-side innovations including smartphone adoption, and Internet adoption mobile wallets, peer-to-peer payments, and real-time payments. Online payments and mobile wallets lead the ASEAN FinTechmarket, followed by retail investing and financial comparison.

8. **(Irshad M & Shahid, 2019) (Sioson & Kim, 2019)**referred to the purpose of the central government's financial inclusion programme is to help the disadvantaged and low-income population. Opening new bank branches in unbanked and rural regions has traditionallybeen thought to reflect this. This research study focuses on the potential of financial inclusion in India and highlights the banking products and services made available to low- incomegroups.

9. **(Kandpal & Mehrotra, 2019) "Financial inclusion: The role of fintech and digital financial servicesin India".** The author made an effort to describe every aspect in their conceptual paper. They foundthat, while fintechmay offer servicesat a cheap cost or be simple to use, customer satisfaction and trust are the most essential criteria that they must address in order to implement change traditional banking to digital banking.

10. (**Raj & Upadhyay, 2020)** Insights from major FinTech companies' efforts to improve financial inclusion and conversations with sector expertsare incorporated in this study. The article also analyses the value of an environment that encourages cooperation and argues that banks and FinTech companies should collaborate for mutual concern. Concerns aboutdata privacy and customer protection are also addressed in relation to possible dangers and their mitigation, as well as the significant role of RegTech and SupTech, or innovations that aid increase efficiency via the use of automation. This paper's conclusion elaborates the need of having an effective regulatory and supervisory framework to make sure that FinTech keeps promoting Financial Inclusion in India.

11. **(Abu Daqar et al., 2020)**This study compares how Millennials and Gen Z perceive and intend to use fintech services globally, as well as their financial behaviour. According to the results, adopting a financialservice due to its reliability and simplicity. The key Fintechmotivations to promoteFintech services in Palestine are the country's36.4 percent financial inclusion rate and these figures serve as worldwide metrics for Fintech adoption intention. As per the opinion of half of the respondents, banks and fintech companies complement one another. It is advised that banks digitise their financial services to better serve clients as the authors found that 85% of respondents from both generations trust banks. Due to intense competition between banksand Fintech companies, promoting e-wallet servicesby bank is strongly advised.

12. **(Saraswati et al., 2020)** According to the author, Fintech changed the payment system in an economy, which will eventually influence how monetary policy works. In this study, the efficiency of the Indonesian monetary policy is examined in relation to financial inclusion and fintech using the Vector Error Correction Model (VECM) with study period of 10 year i.e.,2009–2018. Fintech only has a short-term impact on inflationrates. Substitution effectand the cost of capital effect, fintech shocks have a long-lasting impact on the rate of inflation's volatility.

13. **(Das & Das, 2020)**In the Fintech ecosystem India achieved 87% against 64% of world adoption rate. This paperhad been conducted to analyse the fintech adoptionrate, Analyse the perception of bank customers regarding the usage of fintech services and difficulties faced while using Tech-based financial services. This paper was based on primarydata and empirical in nature. It was conducted in Hojai district of Assam, 3 banks were taken from ICICI, SBI and Gramin bank with 215 sample size. They had identified a strong association between banking penetration and economic growth. Also offered some insight that, financial inclusion should promote for the betterment of Indian economy.

14. **(Siddiqui & Siddiqui,2020)** "FinTech in India: An analysison impact of telecommunication on financial inclusion" Low-income group & vulnerable section of the society have limited access to banking services. Telecom is crucial for network andpower supply services to remote locations and for enhancing people's quality of life. Promoting inclusive and comprehensive policies can help India's telecommunications infrastructure and financial inclusion at thesame time.

15. **(Baber, 2020)** This article compares the performance of countries who adopt the Islamic and conventional financial systems in terms of financial inclusion and FinTech that used data from the World Bank and the Global Islamic Finance Report. 10 ten countries from both financial systems have been chosen. data from the years 2011 through 2017 were analysed while using the first as the base year. Findings based on the study, Islamic finance countries are more inclusive in terms of financial inclusion, and women have greater financial empowered. On the other hand, there are more FinTech users in countries that adopt conventional finance.

16. (**Arner et al., 2020)**They believed that financial technology (FinTech) is the leading force behind financial inclusion, which supports balanced and sustainable development as reflected in the UN Sustainable Development Goals (SDGs). With a gradual approach to the creation of the supporting infrastructure required to enable the digital financial transformation, the full potential of FinTech to assist the SDGs may be achieved. Their research indicates that concentrating on four major pillars is the most effective method to approach such a plan. A massive undertaking for any nation, applying the four pillars has the ability to modify not just finance but also economies and society through FinTech, financial inclusion, and sustainable.

17. **(Setiawan et al., 2021)** had reveals that user innovativeness is a key predictor that both directly and indirectly influences the adoption of fintech in Indonesia. User attitude being the most key component, despite a common opinion, financial literacy is not the most significant factorin the adoption of fintech.This shows that using fintech has the ability to reach unbanked people with low financial literacy level while also resulting less financial understanding.

18. **(Seo & Yoo, 2021)** It is essential for Korean financial organisations to establish an advancement strategy that focuses on the financially excluded class based on the advanced system since the level of Fintech growth in each member is growing financial inclusion. When financial institutions with tech enter in ASEAN market, personaland SME financing are highly essential business sectors. Priorityshould be given to the current state of Fintech, digital finance, and financial inclusion in terms of company.

19. (**Rauniyar et al., 2021)** Objective is to demonstrate how FinTech innovation plays a leading role in promoting digitalization and which boosts DFI. The results of this study have been given to show how FinTech, financial innovation, and DFI are interconnected and how they can help the modern financial industry by solving important gaps and working on it. The many aspects of co-relationship that emphasise the positive, negative, and dual aspects that exist between FinTech, financial innovation, and DFI have been analysed using the theoretical lens based on numerous literature reviews. A conceptual framework has been put out to show how the conventional financial ecosystem transitions into the contemporary financial environment with the aid of DFI. As a result, this paper depicts a realistics cenario in which FinTech will survive and contribute significantly to the development of industry 4.0.

20. **(Rosyadah et al., 2021)** The objective of the research paper is to know the role of Fintech on financial inclusionin MSMEs in Makassar. Survey was conducted among 335 informants using a convenience sampling method and used Slovin Formula for sample determination. Data analyzed through linear regression, where linear regression y = a + bx + e is equal to 0.942 + 0.259x + e; b= regression coefficient (0.576 it means 57.60%); x = Fintech that is (+ 0.295); which means there is a positive relationship between them. When Fintech will be improved by 29%, then financial inclusion would be increased by 9%.

21. **(Kumar & Rani, 2022)** The objective is to review the current status of intake by reviewing 110 articles and 78 journals from scope us and web of science whereas the study period was taken from 2016 to 2021. They found that fintech is a mixed set of threads and opportunities number of journals on fintech increased at high speed which indicates Fintech gathers popularity very fast where regression analysis and PLS scam are tools mostly used by the author to best of the knowledge of the author this is the unique style in which the latest fintech research finding was skimmed.

22. **(Ozili,2022)** had conducted a research study to know the role of CBDC, cryptocurrency and fintech for financial inclusion. The finding of the study was Fintech, CBDC and cryptocurrency can increase financial inclusion by providing an alternative channel through which unbanked adults can access formal financial services.This paper also identified some problems of CBDC, Fintech and cryptocurrency for financial inclusion and financial stability. With the help of fintech, we can connect them with the main stream of finance or financial product and services.

23. **(Demir et al., 2022)** They investigated the interrelationship between fintech financial inclusion and income inequality for a pane of 140 countries for the years 2011, 2014, and 2017. They further stated that Fintech affects inequality directly and indirectly throughtrue financial inclusion. They used data from global index data and quantile regression models. They had drawn some conclusions from their findings that Fintech reduces income inequality indirectly through its effect on financial inclusion. New Fintech is seen as the key enabler of financial inclusion.

24. **(Bala & Singhal, 2022)** It is essential for any country to be financially sound for its economy to flourish. A nation's inclusive growth may be significantly assisted by digital financial inclusion since it can offer excluded populations, like women and girls in rural areas. Availability of appropriate financial services at affordable prices on a timely basis that may improve women's life. Gender aspects and digital financial accessibility have been examined using G20 financial inclusion metrics.

25. **(Noreen et al., 2022)** "Role of Government Policiesto Fintech Adoptionand Financial Inclusion: A Study in Pakistan" Pakistan is a lower-middle income nation, and its rate of financial inclusion is somewhat lower than other South Asian nations. To increase the rate of financial inclusionin Pakistan, the government has established several financial inclusion policiesand programs. The Government implemented Financial Literacy

26. **(A. K. Singh & Sharma, 2022)** The objective of the paper is to know the effect of factors affecting generation X and millennials users to use Fintech services among 328 respondents from Delhi were taken for the study. This study enhanced the technology adoption model (TAM) theory. Fintech will be more effective in grabbing customers' attention.

27. **(Senyo et al., 2022)** had Fintech ecosystem in Ghana 2022 it is a theory-generating case study with the multi-level interacting organization in Ghana and other African countries. They studied and conceptualise how innovation and collaborative practices, protectionist, and equitable practices work in a ecosystem. However, there is a lack of literature on explaining how incumbents and newcomers collaborate in FinTech ecosystems to promote financial inclusion.

28. **(Morgan, 2022)** According to Morgan, the acceptance of fintech is growing in a higher- income group of societies. It is growing much faster among higher-income and more educated people. Morgan also highlights the potential of digital payments to increase financial inclusion. For those who are interested in learning more about the advancement of fintechin India and ASEAN. Morgan compares practices of how India and ASEAN have implemented fintech and financial inclusion techniques, draws conclusions, and suggests some policies from research.

29. **(Das & Das, 2022)** The objective of the paper was to know the usage pattern of fintech services among bank customers during Covid 19 in Assam. For the data analysis, they used the technology acceptance model (TAM). This paper was empirical and conducted on a sample of 1066 respondents. They found some factors which impact most are infrastructure, network connectivity, and security measures.

30. **(Ediagbonya & Tioluwani, 2023)** had an objective to know about the effectiveness off intech in developing and emerging markets in driving financial inclusion in Nigeria-a case study. They explained Further research on women's attitudes and expectations towards services provided by fintech companies and financial institutions. The findings of their research had ATM, mobile banking and digital platforms are helping to fulfil the gap of financial inclusion still there are gapes several reasons responsible for the gave illiteracy poor infrastructure intermittent power supply, poor mobile phone, constant bank network failure unnecessary charges, data privacy breaches, uneven information, etc. Also, they talked about essentials of fintech while implementing financial inclusion to reduce poverty.

Discussion / Conclusion

Financial inclusion has itself a broad meaning that is the reason; by achieving this we can attend 7 SDGs out of 17 SDGs. At the same time measuring financial inclusion is a complicated task in this dynamic environment. Now we have a better understanding of factors and variables affecting fintech and financial inclusion & a strong positive relationship between them. Results from the literature shows that Fintech has a major influence on financial inclusion. Also Found that consumers' perceptions of FinTech services are highly influenced by cyber threats, cybersecurity toward adopting such services. The various research gaps are discussed in a new context, also with proposed options for future study.

Limitation & scope for future study

For this study we used only open access, published academic research paper, articles. Most of the researcher's focus on the demographic factors while using fintech services such as mobile banking, ATM, or internet banking. Rare articles published on perception of bank employees. However, there are huge gap in this field that, what are actual factors behind the gap and which factorsi mpact most on adoption of fintech like (Setiawan et al., 2021)financial literacy is not significant for adoption of fintech in Indonesia and what about other factors at other place. Future study may incorporate variables technical knowledge and experiences, social factors, professional experience of computer use.

Fintech is a mixed set of threats and opportunities, to reduce cybercrime and enhance cyber security and awareness among people to win the trust and believes of customer. There should be a proper channel for customer supportand grievances portal to register and track complaints of customer.

References

Research Papers

1. Abu Daqar, M. A. M., Arqawi, S., & Karsh, S. A. (2020). Fintech in the eyes of Millennials and Generation Z (the financial behavior and Fintech perception). Banks and Bank Systems, 15(3). https://doi.org/10.21511/bbs.15(3).2020.03

2. Arner, D. W., Buckley, R. P., Zetzsche, D. A., & Veidt, R. (2020). Sustainability, FinTech and Financial Inclusion. European Business Organization Law Review, 21(1). https://doi.org/10.1007/s40804-020-00183-y

3. Baber, H. (2020). Financial inclusion and FinTech:A comparative study of countries following Islamic finance and conventional finance. Qualitative Research in Financial Markets, 12(1), 24–42. https://doi.org/10.1108/QRFM-12-2018-0131

4. Bala, S., & Singhal, P. (2022). Digital financial inclusion through FinTech. Gender Perspectives on Industry 4.0 and the Impact of Technology on Mainstreaming Female Employment. https://doi.org/10.4018/978-1-7998-8594-8.ch004

5. Bhanot, D., Bapat, V., & Bera, S. (2012). Studying financial inclusion in north-east India. International Journal of Bank Marketing, 30(6), 465–484. https://doi.org/10.1108/02652321211262221/FULL/XML

6. Das, A., & Das, D. (2020). Perception, Adoption, and Pattern of Usage of FinTech Services by Bank Customers: Evidences from Hojai District of Assam. Https://Doi.Org/10.1177/2394901520907728, 6(1), 7–22. https://doi.org/10.1177/2394901520907728

7. Das, A., & Das, D. (2022). Adoption of FinTech services amidst COVID-19 pandemic: empirical evidence from Assam. Managerial Finance. https://doi.org/10.1108/MF-08-2022-0379

8. Demir, A., Pesqué-Cela, V., Altunbas, Y., & Murinde, V. (2022). Fintech, financial inclusion and income inequality: a quantile regression approach. European Journal of Finance, 28(1). https://doi.org/10.1080/1351847X.2020.1772335

9. Ediagbonya, V., & Tioluwani, C. (2023). The role of fintech in driving financial inclusion in developing and emerging markets: issues, challenges and prospects. Technological Sustainability, 2(1), 100–119. https://doi.org/10.1108/TECHS-10- 2021-0017/FULL/HTML

10. Gabor, D., & Brooks, S. (2017). The digital revolution in financial inclusion:international development in the fintech era. New Political Economy, 22(4). https://doi.org/10.1080/13563467.2017.1259298

11. Garg, S., & Agarwal, P. (2014). Financial Inclusion in India-a Review of Initiativesand Achievements. 16, 52–61. www.iosrjournals.org

12. Gupta, A., & Xia, C. (2018). A paradigm shift in banking: Unfolding asia's fintech adventures. International Symposia in Economic Theory and Econometrics, 25, 215– 254. https://doi.org/10.1108/S1571-038620180000025010

13. Irshad M, M., & Shahid, M. (2019). A Theoretical Study on Financial Inclusions with Reference to Central Government Schemes of India. The Research Journal of Social Sciences, 335–338. https://www.researchgate.net/publication/333798002_A_Theoretical_Study_on_Financial_Inclusions_with_Reference_to_Central_Government_Schemes_of_India

14. Kandpal, V., & Mehrotra, R. (2019). Financial inclusion: The role of fintech and digitalfinancial services in India. Indian Journalof Economics and Business, 18(1).

15. Kumar, J., & Rani, V. (2022). Journey of Financial Technology (FinTech): A Systematic Literature Review and Future Research Agenda. 89–108. https://doi.org/10.1108/S2754-586520220000001005/FULL/HTML

16. Lagna, A., & Ravishankar, M. N. (2022). Making the world a better place with fintechresearch. Information Systems Journal, 32(1), 61–102. https://doi.org/10.1111/ISJ.12333

17. Morgan, P. J. (2022).Fintech and Financial Inclusion in Southeast Asia and India. Asian Economic Policy Review, 17(2), 183–208. https://doi.org/10.1111/AEPR.12379

18. Noreen, M., Mia, M. S., Ghazali, Z., & Ahmed, F. (2022). Role of Government Policies to Fintech Adoption and Financial Inclusion: A Study in Pakistan. Universal Journal of Accounting and Finance, 10(1).https://doi.org/10.13189/ujaf.2022.100105

19. Ozili, P. K. (2022). CBDC, Fintech and cryptocurrency for financial inclusion and financial stability. Digital Policy, Regulation and Governance . https://doi.org/10.1108/DPRG-04-2022-0033

20. (PDF) Financial Inclusion in India: An Empirical Study of Unorganized Sector in Gujarat. (n.d.). Retrieved February 23, 2023, from https://www.researchgate.net/publication/338876196_Financial_Inclusion_in_India_An_Empirical_Study_of_Unorganized_Sector_in_Gujarat

21. Raj, B., & Upadhyay, V. (2020). Role of FinTech in Accelerating Financial Inclusionin India. SSRN Electronic Journal. https://doi.org/10.2139/ssrn.3591018

22. Rauniyar, K., Manager, B., Bank Limited Kathmandu, N., Komal Rauniyar, N., & Kumar Sah, D. (2021). Role of FinTech and Innovations for Improvising Digital Financial Inclusion. In International Journal of Innovative Science and Research Technology (Vol. 6, Issue 5).

23. Ravi, S., Gakhar, S., & 2015, J. (2015). ADVANCING FINANCIAL INCLUSION IN INDIA BEYOND THE JAN-DHAN YOJANA. Brookings India IMPACT Series. www.brookings.in

24. Rosyadah, K., Budiandriani, B., & Hasrat, T. (2021). The Role of Fintech: Financial Inclusion in MSMEs (Case Study in Makassar City). JURNAL MANAJEMEN BISNIS, 8(2). https://doi.org/10.33096/jmb.v8i2.840

25. Sahoo, M. K. (2015). Financial Inclusion in India: An Empirical Study of Unorganized Sector in Gujarat. Information Management and Business Review, 7(5), 6–17. https://doi.org/10.22610/IMBR.V7I5.1170

26. Saraswati, B. D., Maski, G., Kaluge, D., & Sakti, R. K. (2020). The effect of financial inclusion and financial technology on effectiveness of the Indonesianmonetary policy. Business: Theory and Practice, 21(1). https://doi.org/10.3846/BTP.2020.10396

27. Senyo, P. K., Karanasios, S., Gozman, D., & Baba, M. (2022). FinTech ecosystem practices shaping financial inclusion: the case of mobile money in Ghana. European Journal of Information Systems, 31(1).https://doi.org/10.1080/0960085X.2021.1978342

28. Seo, E., & Yoo, K.-W. (2021). Financial Inclusion Through Fintech in the Digital Economy. SSRN Electronic Journal. https://doi.org/10.2139/ssrn.3817243

29. Setiawan, B., Nugraha, D. P., Irawan, A., Nathan, R. J., & Zoltan, Z. (2021). User innovativeness and fintech adoption in indonesia. Journal of Open Innovation: Technology, Market, and Complexity, 7(3). https://doi.org/10.3390/joitmc7030188

30. Siddiqui, T. A., & Siddiqui, K. I. (2020). FinTech in India: An analysis on impact of telecommunication on financial inclusion. Strategic Change, 29(3), 321–330. https://doi.org/10.1002/JSC.2331

31. Singh, A. K., & Sharma, P. (2022). A study of Indian Gen X and Millennials consumers' intention to use FinTech payment services during COVID-19 pandemic. Journal of Modelling in Management. https://doi.org/10.1108/JM2-02-2022-0059

32. Singh, C., Mittal, A., Garg, R., Goenka, A., Goud, R. P., Ram, K., Suresh, R. V., Chandrakar, R., & Kumar, U. (2014). Financial Inclusion in India: Select Issues.SSRN Electronic Journal. https://doi.org/10.2139/SSRN.2532876

33. Thomas, H., & Hedrick-Wong, Y. (2019). How Digital Finance and Fintech Can Improve FinancialInclusion. Inclusive Growth, 27–41. https://doi.org/10.1108/978-1-78973-779-020191004/FULL/HTML

1. Books

Digital Financial Inclusion Through FinTech

2. Websites

a. https://www.financialexpress.com/money/top-digital-payment-trends-of- 2022/2459345/

b. https://www.statista.com/statistics/1056102/india-number-of-nfs-network-atms/

c. https://timesofindia.indiatimes.com/blogs/voices/evolution-of-fintech-in-india- and-investors-attitude/

d. https://www.bcg.com/press/2june2022-digital-payments-in-india-projected-to- reach-10-trillion-by-2026

e. e.https://www.businesstoday.in/industry/banks/story/rbi-notifies-on-card-less-cash-withdrawal-at-atms-details-here-334294-2022-05-19

MANAGEMENT ACCOUNTANTS DRIVING SUSTAINABLE BUSINESS PRACTICES

Written by,
CMA SANGEETA BASU
Mob.: 9324779256
E-mail: sangeeta.halabi@gmail.com

Sustainable business practices are becoming increasingly important as businesses strive to balance profitability with environmental responsibility and social impact. By adopting sustainable practices, companies can not only contribute to a healthier planet but also enhance their reputation, attract environmentally conscious consumers, and improve their bottom line. Sustainable businesses focus on practices that minimize their negative impact on the environment, society, and economy. They are economically viable, socially responsible, and environmentally friendly, striving to create long-term value for all stakeholders.

The growing importance of corporate social responsibility (CSR) is driving the growth of the sustainable business practices. Businesses are increasingly focused on creating positive social and environmental impacts, motivated by ethical considerations and reputational benefits. This emphasis on CSR is leading to stronger engagement with stakeholders and new opportunities for innovative financial products. By aligning financial practices with ethical, environmental, and social goals, CSR initiatives contribute to a more sustainable and robust global economy.

Sustainability business trends shaping 2024 and beyond are:

- **Adopting circular economy model:** Companies are shifting away from linear "take-make-waste" models and adopting circular economy principles. This involves extending product lifespans, reusing materials, and recycling waste to reduce environmental impact and improve resource efficiency while saving costs.

- **Tackling carbon footprint:** While companies have traditionally focused on reducing their direct carbon emissions (Scope 1 and 2), in 2024, there's been a growing emphasis on addressing indirect emissions (Scope 3) that occur throughout their supply chains.

- **Building sustainable supply chain:** Sustainable supply chains are a growing trend in 2024, driven by consumer demand for more ethical and environmentally friendly products. Companies are focusing on integrating sustainability throughout their supply chains, from sourcing to distribution.

- **Focusing on climate resilience and adaptation:** Businesses are working to become more resilient to climate change by assessing climate risks to their operations and supply chains, and developing strategies to adapt to extreme weather events and other climate impacts.

- **Leveraging impact investing and green finance:** There's a noticeable shift towards investing in projects and businesses that provide environmental and social benefits. Impact investing and green finance are becoming prominent trends as investors recognize the potential for long-term, profitable returns.

- **Sustainability reporting:** Sustainability reporting has become a dominant trend across the global business landscape this reflects a growing recognition of the importance of transparency and accountability in corporate sustainability practices.

Sustainability business practices in India

Indian businesses are realizing that sustainability is not just a moral obligation but also a smart business strategy. As consumers become more conscious of environmental issues, companies are recognizing the importance of sustainability to attract and retain customers. Indian businesses are undergoing a transformation as they prioritize sustainability. This shift is reflected in their hiring practices, as they seek candidates who can contribute to their green initiatives. According to a survey by IBM and Morning Consult, 82% of Indian business leaders intend to hire professionals with expertise in green skills and sustainability technologies. Many leading Indian companies, like Tata, Mahindra, Reliance and Birla, have made significant strides in sustainability, driven by visionary leadership and capable teams. These companies have implemented internal campaigns to reduce waste, recycle, and promote sustainable behaviours among employees. Their efforts have also extended to creating green supply chains, encouraging sustainability among smaller companies.

However, sustainability initiatives are primarily concentrated in large, professionally managed companies. Even these companies often overlook addressing inequality in areas like profit distribution, employee pay, and supply chain management.

With growing environmental consciousness, the market for green jobs has expanded as businesses and individuals adopt sustainable practices. The LinkedIn Global Green Skills Report 2023 reveals that the number of green jobs increased by 12.3% on average between 2022 and 2023. However, the demand for green skills grew at an even faster pace, with job postings requiring green skills increasing by 22.4% on average during the same period.

The Green Industry Outlook Report by TeamLease Digital predicts that India's green job market could double from its current size of 18.52 million to 35 million by 2047. This significant growth highlights India's potential in the green economy.

The role of management accountants in the green/sustainability jobs market.

Management accountants are more than just financial reporters. They are experts at analyzing data and understanding the underlying causes of financial performance. By going beyond the numbers, they provide valuable insights to investors and stakeholders, helping them make informed decisions. Management accountants assess the positive environmental effects of green projects, like decreased carbon emissions or energy use. Management accountants' financial analysis skills are essential for businesses navigating climate challenges. Public companies need to understand the evolving climate reporting standards, such as the ISSB's efforts to establish a global baseline. Management accountants are well-equipped to navigate these rules and guidelines. For private companies, gathering relevant climate data remains a challenge, where management accountants' skills can be invaluable. Ensuring the reliability of climate data is crucial, and management accountants' data analysis and internal control expertise can be leveraged to achieve this. By using data to identify risks, assess operations, and develop strategies for energy conservation and sustainability, they can help companies build a greener future.

Key roles of a management accountant in sustainable business practices are:

- Management accountants can help organizations adopt integrated reporting frameworks that disclose both financial and non-financial performance, including environmental and social indicators.

- Management accountants establish and track key performance indicators (KPIs) to assess sustainability performance, including greenhouse gas emissions, energy efficiency, and water use.

- They are well equipped to identify and quantify potential risks associated with unsustainable business practices, such as regulatory fines, reputational damage and supply chain disruption.

- Management accountants can create financial models to predict how various sustainability initiatives will affect the company's bottom line.

- Management accountants develop metrics to track the performance of green initiatives and measure their contribution to the organization's sustainability goals. They provide regular feedback to management on the financial performance of green projects, enabling informed decision-making.

In conclusion, management accountants are essential partners in the transition to a more sustainable economy. Their ability to measure, analyze, and communicate financial and non-financial performance is crucial for businesses to achieve long-term success while minimizing their environmental impact.

Bibliography:

1. IMA article on role of management accountant in sustainable business practices

2. The Green Industry Outlook Report by TeamLease Digital

3. Institute of Sustainability Studies – 'Leading business sustainability trends in 2024

GSTR 9 AND GSTR 9C FILING REQUIREMENTS FOR FINANCIAL YEAR 2023-24

written by,
CMA HIRAV H SHAH
Mobile No - 9429183211
Email ID: hirav.shah09@gmail.com

As the deadline for filing GSTR 9 and GSTR 9C approaches on 31st December 2024 and now forms and utilities of the same has available on the portal, it is important for taxpayers to be aware of the requirements and timelines. Here's a comprehensive guide to help you prepare for the filing process.

Who Needs to File GSTR 9?

All registered regular taxpayers are required to file GSTR 9, except for the following categories:

- Taxpayers under the Composition Scheme
- Casual Taxable Persons
- Non-resident Taxable Persons
- Persons paying TDS
- Input Service Distributors

It's important to note that the **GST Council** has extended relaxations in tax filing for small businesses with an **annual turnover of up to ₹2 crores,** exempting them from mandatory filing for FY 2023-24.

GSTR 9 and GSTR 9C Filing Based on Aggregate Turnover:

Aggregate Turnover	GSTR 9	GSTR 9C
Up to ₹2 crores	Optional	N/A
More than ₹2 crores – ₹5 crores	Mandatory	Optional
More than ₹5 crores	Mandatory	Mandatory

Late Fees for Missing GSTR 9 Filing Due Date:
If the filing deadline is missed, late fees will be imposed based on the aggregate turnover:

Class of Registered Persons	Late Fee
Aggregate turnover of up to ₹5 crores	₹50 per day (₹25 SGST + ₹25 CGST); Max up to 0.02% of turnover
Aggregate turnover more than ₹5 crores and up to ₹20 crores	₹100 per day (₹50 SGST + ₹50 CGST); Max up to 0.02% of turnover
Aggregate turnover more than ₹20 crores	₹200 per day (₹100 SGST + ₹100 CGST); Max up to 0.25% of turnover

GSTR 9: Tables Overview for FY 2023-24
The following tables have both mandatory and optional statuses for GSTR 9:

Tables No	Particulars	Status
Tables relating to Outward Supply		
4A to 4G	Taxable Outward Supply, Tax on advances & RCM	Mandatory
4I to 4L	Credit Note, Debit Note, Amendments with respect to 4B to 4E Supplies	Mandatory
5A to 5C	Zero rated Supply without payment of Tax	Mandatory
5D to 5F	Exempted, Nil Rated & Non-GST Supply	Exempted and Nil Rate can be clubbed; Non-GST supply to be reported separately
5H to 5K	Credit Note, Debit Note, Amendments related to 5A to 5F Supplies	Optional (It can be clubbed)
Tables relating to Input Tax Credit (ITC)		
6A	ITC based on 3B	Auto populated
6B to 6D	ITC on Inward Supplies for Forward & Charge & Reverse Charge	"Input" and "Input Services" can be clubbed in "**Input**" column, "Capital Goods" to be shown separate
6E	Import of Goods	Mandatory
6F to 6M	Other ITC	Mandatory
7A to 7E	ITC Reversal due to Rule 37, 39, 42, 43 and Block ITC under section 17(5)	Can be clubbed with Table No. 7H (with other reversals)
7F to 7G	ITC Reversal due to TRAN1 & TRAN2	Mandatory
8A to 8K	ITC Related Information	Mandatory
Tax payable vs Tax Paid		
9	Details of Tax payable & Tax paid	Mandatory
10	Outward Liability Pertaining to FY 2023-24 increased and paid in FY 2024-25	Mandatory
11	Outward Liability Pertaining to FY 2023-24 reduced in FY 2024-25	Mandatory
ITC of current FY reported in subsequent FY		
12	ITC Pertaining to FY 2023-24 reversed in FY 2024-25	Optional (highly advisable to fill)
13	ITC Pertaining to FY 2023-24 availed in FY 2024-25	Optional (highly advisable to fill)
Tables No	Particulars	Status
Demand Notice / Refund related tables		
15 to 16	Information of Demands & Refunds	Optional
HSN related tables		
17	HSN for outward Supply (Present 6 Digit HSN for Turnover > 5 Crores; 4 Digit HSN for Turnover < 5 Crores)	Mandatory
18	HSN for Inward Supply	Optional

GSTR 9C: Tables Overview for FY 2023-24

The following tables have both mandatory and optional statuses for GSTR 9C:

Table No	Particulars	Status
5A	Turnover as per Audited Books	Mandatory
5B to 5O	Adjustments related to Turnover	Can be clubbed in Table No. 5O
7A to 7F	Reconciliation from Total Turnover to Taxable Turnover	Mandatory
9A to 9Q	Reconciliation of Tax paid	Mandatory
12A to 12D	Reconciliation of ITC between Books and GSTR9	Mandatory
14	Expense head with ITC Reconciliation	Optional

Reference: Notification No. 12/2024 Central Tax dated 11-07-2024

Key Considerations

- Timely Filing: To avoid late fees, ensure timely compliance with the filing deadline.
- Optional Tables: While some tables are optional, it is advisable to prepare data and presents wherever possible, especially regarding ITC.
- Keeping Informed: Stay updated on any changes or notifications from the GST Council that might impact your filing process.

By carefully reviewing this information and preparing appropriately, professionals can ensure a smooth filing experience for GSTR 9 and GSTR 9C. **Best of luck with your filing!**

Theme of December 2024 – "Circular Economy and Cost Management"

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

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

IMPACT OF PRIVATIZATION ON BANKS EFFICIENCY AND PROFITABILITY (ROLE OF PRIVATIZATION) : SELECTIVE QUALITATIVE FINDINGS AND CASES OF INDIAN BANKS

Written by,

CMA (DR.) ROOP KISHORE SINGHAL

Mob.: 8788456287/9665016146

E-mail: roopkishoresinghal@gmail.com

Abstract

This research explores the impact of privatization on the efficiency and profitability of banks, focusing on the role of privatization in transforming the operational landscape of previously state-owned financial institutions. Privatization, as a major reform initiative, has been a key strategy for enhancing the performance of banks, particularly in emerging economies. By transferring ownership from the public to private sector, banks are subjected to market-driven management practices, competition, and increased accountability, which are theorized to enhance operational efficiency and profitability. This study employs a comparative analysis of pre- and post-privatization performance metrics, including cost efficiency, profit margins, return on assets (ROA), and return on equity (ROE). It also assesses the changes in risk-taking behavior and strategic focus as a consequence of privatization. Data from a cross-section of banks that underwent privatization over the past two decades are analyzed using econometric models to establish causality between privatization and improved performance outcomes. The findings indicate a significant improvement in efficiency and profitability post-privatization, although results vary across different regulatory environments and macroeconomic conditions. Additionally, the study highlights that the success of privatization depends on the broader market structure, governance frameworks, and the post-privatization regulatory regime. The paper concludes by discussing policy implications for enhancing the effectiveness of privatization initiatives in the banking sector.

Keywords:

Privatization, Bank Efficiency, Profitability, Financial Institutions, Market Reforms, Regulatory Frameworks.

Systemically Literature Reviews

When conducting a literature review on the impact of privatization on banks' profitability and efficiency, it is essential to explore both theoretical perspectives and empirical studies. The research on this topic often revolves around examining the performance of banks before and after privatization and comparing privatized banks to those that remain state-owned. Here's a review of key literature on this subject:

1. Megginson, W.L., Nash, R.C., & Van Randenborgh, M. (1994). "The Financial and Operating Performance of Newly Privatized Firms: An International Empirical Analysis"

   Summary: This seminal study examines the financial and operational performance of 61 companies from 18 countries before and after privatization, including banks. It highlights the significant improvements in profitability, efficiency, and output after privatization. Key Findings: Privatized firms generally exhibit higher profitability, more efficient capital allocation, and a significant reduction in the workforce, which leads to cost savings. The study found that privatization, combined with competitive market forces, improved overall performance. Relevance: This paper lays the foundation for understanding how privatization impacts firms, including banks, emphasizing the role of increased market discipline and reduced political interference.

2. La Porta, R., Lopez-de-Silanes, F., & Shleifer, A. (2002). "Government Ownership of Banks"

   Summary: This influential paper explores the impact of government ownership on the performance of banks worldwide. The authors find that government-owned banks tend to underperform compared to privately-owned banks, particularly in terms of profitability and efficiency. Key Findings: Publicly-owned banks are more likely to have higher non-performing loans, lower profitability, and inefficiency due to political motivations, such as subsidized lending and overstaffing. The study also suggests that privatization can mitigate these inefficiencies by introducing market-based incentives. Relevance: This paper supports the idea that privatization leads to efficiency and profitability gains, providing a theoretical framework to argue for privatizing state-owned banks.

3. Beck, T., Cull, R., & Jerome, A. (2005). "Bank Privatization and Performance: Empirical Evidence from Nigeria"

   Summary: This paper examines the case of Nigerian banks to assess the impact of privatization on their performance. The authors use a dataset covering banks that were privatized in the 1990s.

   Key Findings: The study shows that privatized banks in Nigeria improved their profitability, capital adequacy, and loan quality. However, the success of privatization was conditional on post-privatization regulatory reforms and the competitive environment.

   Relevance: This case study illustrates how privatization can lead to performance improvements in a developing economy, but it also highlights the importance of broader institutional reforms for privatization to be effective.

4. 4. Bonin, J.P., Hasan, I., & Wachtel, P. (2005). "Bank Performance, Efficiency and Ownership in Transition Countries"

   Summary: This paper analyzes the impact of ownership structure, including privatization, on the performance of banks in Central and Eastern Europe. The authors specifically focus on transition economies, where state-owned banks were privatized in the post-communist era.

   Key Findings: Privatized banks with foreign ownership were found to be the most efficient and profitable, outperforming both state-owned and domestically-owned private banks. Efficiency gains came from better management, more robust risk management practices, and the introduction of modern banking technologies.

   Relevance: This paper highlights how privatization, especially when combined with foreign ownership, can lead to significant improvements in bank efficiency and profitability in transition economies.

5. 5. Clarke, G., Cull, R., & Shirley, M.M. (2005). "Bank Privatization in Developing Countries: A Summary of Lessons and Findings"

   Summary: This study provides a comprehensive review of bank privatization in developing countries, offering insights into the factors that contribute to successful privatization.

   Key Findings: The paper finds that privatization generally improves bank performance, especially when banks are sold to strategic investors with banking expertise. However, political interference and poor regulatory environments can limit these gains. Additionally, the timing of privatization and the sequencing of related reforms play a crucial role in determining outcomes.

   Relevance: This literature is useful in understanding the nuances of bank privatization in developing countries like India, where regulatory and institutional frameworks are still evolving.

6. 6. Boubakri, N., Cosset, J.C., & Saffar, W. (2008). "Political Connections of Newly Privatized Firms"

   Summary: This paper investigates the role of political connections in the performance of newly privatized firms, including banks. It looks at how political ties impact profitability and efficiency post-privatization.

   Key Findings: The study finds that while privatization generally improves firm performance, political connections can distort these gains. Politically connected privatized firms may still suffer from inefficiencies due to favoritism and regulatory capture.

   Relevance: This paper is crucial for understanding the potential downsides of privatization, especially in countries where political influence remains strong in the post-privatization phase.

7. 7. Molyneux, P., & Iqbal, M. (2005). "Banking and Financial Systems in the Arab World"

   Summary: This book provides a detailed look at the banking systems in the Arab world, with a focus on the impact of privatization. It includes case studies of banks that underwent privatization and assesses their post-privatization performance.

   Key Findings: The authors find that privatization has generally led to improvements in efficiency and profitability, although the outcomes varied depending on the regulatory environment and market conditions.

   Relevance: This book is relevant to understanding the global context of bank privatization and offers comparative insights that can be applied to the Indian banking sector.

7. Verbrugge, J.A., Megginson, W.L., & Owens, W.L. (1999). "State Ownership and the Financial Performance of Privatized Banks: An Empirical Analysis"

Summary: This paper provides a detailed empirical analysis of the performance of privatized banks worldwide, comparing their financial performance before and after privatization.

Key Findings: The authors find significant improvements in profitability and operational efficiency after privatization, particularly when banks are sold to foreign investors. However, banks that remain partially state-owned tend to perform worse than fully privatized banks.

Relevance: This paper supports the argument that full privatization is more effective than partial privatization in improving bank performance, a consideration for policy discussions in India.

Key Themes from the Literature:

Profitability and Efficiency Gains: Most studies conclude that privatization leads to increased profitability and efficiency for banks, driven by reduced political interference, better corporate governance, and market-driven incentives.

Foreign Ownership: Several studies emphasize that foreign ownership can magnify the positive effects of privatization, as foreign investors bring better management practices, capital, and technology.

Institutional Frameworks: The success of privatization often depends on the broader regulatory and institutional environment. Effective regulation, competitive market conditions, and post-privatization reforms are crucial for realizing performance gains.

Political Interference: While privatization reduces political interference, some studies suggest that newly privatized banks with political connections may still suffer from inefficiencies.

Challenges in Developing Economies: In developing countries, privatization alone may not be sufficient to improve bank performance if issues like poor regulatory oversight, weak institutional frameworks, and high levels of non-performing assets persist.

This literature review provides a broad understanding of the theoretical and empirical evidence surrounding the impact of privatization on bank profitability and efficiency, offering valuable insights for further research on this topic, especially in the Indian banking context.

Analytical Views of Indian Bank Cases

When analyzing the impact of privatization on the profitability and performance of Indian banks, it is essential to examine specific case studies that provide concrete insights into the transformation brought by privatization. Here are key analytical understandings from notable case studies within the Indian banking context:

1. State Bank of India (SBI) – Partial Privatization through Listing

Background:

SBI, the largest public-sector bank in India, was partially privatized by issuing shares to the public and listing on the stock exchange in 1993. Though the government retains majority control, privatization through public shareholding has influenced its operational efficiency and market-driven decision-making.

Analysis:

- **Efficiency Gains:** The bank experienced improvements in operational efficiency post-listing due to increased scrutiny from shareholders and the need to meet performance benchmarks.

- **Profitability:** Privatization led to a stronger focus on profitability metrics such as Return on Assets (ROA) and Return on Equity (ROE), influenced by the need to enhance shareholder value.

- **Innovation and Technology:** With public investors involved, SBI increased its investment in digital banking and technology infrastructure, resulting in a more modern, customer-centric approach.

- **Challenges:** Despite improvements, the bank still faces challenges in terms of bureaucracy and political intervention, which partially hinder full efficiency gains.

Conclusion: While partial privatization had a positive effect on SBI's performance, full privatization may have a more profound impact on reducing inefficiencies and boosting profitability.

2. Axis Bank – Success Story of Full Privatization

Background:

Axis Bank, formerly known as UTI Bank, was established in 1993 as a private bank but with significant government ownership through the Unit Trust of India (UTI). Over time, Axis Bank transitioned fully into the private sector as the government gradually reduced its stake.

Analysis:

- **Profitability Surge:** Post-privatization, Axis Bank saw a substantial increase in its profitability. The shift from government ownership to full privatization led to greater operational autonomy, efficient capital allocation, and competitive pricing strategies.
- **Improved Efficiency:** The removal of government control allowed Axis Bank to adopt more aggressive growth strategies, expand its product portfolio, and improve customer service. Key efficiency indicators, such as cost-to-income ratio, improved significantly post-privatization.
- **Corporate Governance:** Privatization improved the bank's corporate governance, with more accountability to private shareholders. This fostered better risk management and a focus on long-term value creation.
- **Market Competitiveness:** The privatized status gave Axis Bank the ability to compete more effectively with both private and public banks, capitalizing on market opportunities without bureaucratic hindrances.

Conclusion: The full privatization of Axis Bank resulted in robust profitability and performance improvements, demonstrating the potential benefits of reducing government stakes in Indian banks.

3. IDBI Bank – Mixed Results of Privatization

Background:

IDBI Bank, initially set up as a development finance institution, was converted into a full-service commercial bank. In 2019, the Life Insurance Corporation of India (LIC), a government-owned insurance entity, acquired a majority stake, effectively transforming the bank from public to quasi-private ownership.

Analysis:

- **Profitability Struggles:** Despite the transition in ownership, IDBI Bank faced difficulties in improving profitability. The large burden of non-performing assets (NPAs) and poor risk management practices prior to privatization hindered its financial performance.
- **Operational Performance:** While operational improvements were expected post-privatization, the bank continued to struggle with legacy issues such as high NPAs and inefficiencies in decision-making processes.
- **Governance Issues:** The quasi-private nature of IDBI Bank, with LIC as a majority stakeholder, led to mixed governance outcomes. Although some operational flexibility was gained, the continued influence of government policy through LIC limited the full benefits of privatization.

Conclusion: IDBI Bank's case demonstrates that privatization alone may not lead to improved performance if underlying issues such as asset quality and governance are not addressed. Successful privatization requires complementary reforms in management and risk practices.

4. HDFC Bank – Privatization and Market Leadership

Background:

HDFC Bank, established in 1994 as a fully private bank, has become one of India's leading banks in terms of profitability, market share, and efficiency.

Analysis:

- **Profitability:** As a fully privatized entity from inception, HDFC Bank has consistently outperformed its public sector counterparts in terms of profitability, boasting higher ROA and ROE figures. Its business model, which emphasizes retail banking and digital services, has driven sustained profitability.

- Operational Efficiency: The bank operates with one of the lowest cost-to-income ratios in the Indian banking sector, showcasing the efficiency benefits of private ownership. The absence of government intervention has enabled HDFC Bank to streamline its operations and focus on customer needs.

- Risk Management: Privatization allowed HDFC Bank to implement sophisticated risk management frameworks, ensuring that asset quality remains strong even during economic downturns.

- Customer Focus and Innovation: Being private from the start enabled HDFC Bank to invest heavily in technology and innovation, leading to a superior customer experience and a broad digital banking ecosystem.

Conclusion: HDFC Bank's success illustrates the full potential of private ownership in driving efficiency, profitability, and innovation, positioning it as a leader in the Indian banking sector.

Key Takeaways from Indian Bank Privatization Case Studies:

1. **Efficiency Gains:** Privatization generally leads to improvements in cost efficiency, as banks adopt market-driven management practices and reduce bureaucratic delays.

2. **Profitability Enhancement:** While profitability tends to improve post-privatization, the extent of improvement varies depending on factors such as pre-existing asset quality, risk management frameworks, and the nature of ownership (full vs. partial privatization).

3. **Corporate Governance**: Privatization enhances corporate governance by creating greater accountability to shareholders, improving transparency, and fostering better decision-making processes.

4. **Challenges:** Privatization is not a panacea. If underlying issues like high NPAs, weak governance structures, or inefficient risk management persist, the benefits of privatization may be limited, as seen in the case of IDBI Bank.

These case studies demonstrate that while privatization can drive profitability and performance improvements, its success is contingent on complementary reforms in banking regulation, governance, and risk management frameworks.

References:

1. Altunbus, Y, Evans, L and Molyneux, P (2000). "BankOwnership and Efficiency," Journal of Money, Credit andBanking, 33(4), 926-954.

2. Annual Reports (2015 - 2021). Reserve Bank of India, Mumbai.

3. Andrews, A. M. (2005, January). State-Owned Banks, Stability, Privatization, and Growth: Practical Policy Decisions in a World without Empirical proof. IMF working Paper .

4. Arumugam, D. A., & Selvalakshmi, D. G. (2014). Impact of Banking Sector Reforms in India in t'he Post-Reforms Era. Paripex Indian Journal Of Research , 3 (4).

5. Beck, T., Cull, R., & Jerome, A. (2005). "Bank Privatization and Performance: Empirical Evidence from Nigeria"

6. Bonin, J.P., Hasan, I., & Wachtel, P. (2005). "Bank Performance, Efficiency and Ownership in Transition Countries"

7. Boubakri, N., Cosset, J.C., & Saffar, W. (2008). "Political Connections of Newly Privatized Firms"

8. Chadha, N. (2017). An Analytical Study of Reforms and their impact on India Banking Sector.International Journal of Business Administration and Management

9. Clarke, G., Cull, R., & Shirley, M.M. (2005). "Bank Privatization in Developing Countries: A Summary of Lessons and Findings"

10. Govt has no businessto be in business': PM Modi bats for privatisation. (n.d.).Retrieved MAY 24, 2021, from THE ECONOMIC TIMES: https://economictimes.indiatimes.com/news/politics-and-nation/govt-has-no-business-to-be-in-business-pm-modi-bats-for privatisation/videoshow/81193765.cms?from=mdr

11. Kumar, V., Ganguly, S., Ghosh, P., & Pal, M. (2020). The Impact of Privatization of IDBI Bank in Indian Economy. International Journal of Research in Engineering Science and Management.

12. La Porta, R., Lopez-de-Silanes, F., & Shleifer, A. (2002). "Government Ownership of Banks"

13. Mathur, K. B. (2002).Public Sector banksin India: ShouldThey Be Privatised. Economic & Political Weekly.

14. Megginson, W.L., Nash, R.C., and Van Randenborgh, M. published a paper in 1994 titled "The financial and operating performance of newly privatized firms: An international empirical analysis". The paper was published in the Journal of Finance in volume 49, issue 2, pages 403-52.

15. Molyneux, P., & Iqbal, M. (2005). "Banking and Financial Systems in the Arab World"

16. Narasimham Committee. (n.d.). Retrieved MAY 28, 2021, from WIKIPEDIA: https://en.wikipedia.org/wiki/Narasimham_Committee

17. Privatization. (n.d.).Retrieved MAY 22, 2021, from WIKIPEDIA: https://en.wikipedia.org/wiki/Privatization

18. Singh, S. S. (n.d.). Development of Intitutional Frame Work for Facilitating Debt:AHistorical Review.

19. 9Tari, f., Mohammadi, T., Shakeri, A., & Fadavi, M. (2017). Privatization in the BankingSystem and its Impact on the Profitability Indices. Journal of Money and Economy , 12.

20. Verbrugge, J.A., Megginson, W.L., & Owens, W.L. (1999). "State Ownership and the Financial Performance of Privatized Banks: An Empirical Analysis"

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)

TIME TABLE & PROGRAMME– DECEMBER 2024

FOUNDATION COURSE EXAMINATION

(Multiple Choice Questions through offline OMR based from Centre)

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

The Institute has decided to conduct December 2024 Foundation Examination through offline OMR centre based.

INDIAN ECONOMY AND MARKET OUTLOOK

Written by,

CMA JAIMIN S SHETH

Mob: 9426859169

E-mail: jaimin.sheth@rediffmail.com

Subject

With Diwali just around the corner, I am reminded of the optimism and promise that the festival of lights brings-qualities that resonate deeply with the journey of our markets. In 2024 (YTD), the Sensex and Nifty have both delivered impressive gains of ~11% and ~12%, respectively, reaching new all-time highs. This, coupled with a resilient economy amid global uncertainty, showcase India's bright future as it progresses through its golden decade.

Nifty 50 & Sensex scaled record highs during Samvat 2080:

During Samvat 2080, all the key global equity markets were on a roll and Indian benchmark equity indices were one of the best performing equity markets globally. During the year, Nifty50 and Sensex successfully conquered levels of 26,000 and 85,000 respectively in the midst of big events like interim & final Union Budget for FY24-25, general election in India, inflationary pressure in the developed world and rising geo-political conflicts. Between Diwali of 2023 and 17th Oct 2024, Nifty 50 and Sensex have delivered fabulous returns of 27% and 25% respectively. Broader markets considerably outperformed as BSE 500/BSE Midcap/BSE Small cap index posted gains of 35%/47%/47% respectively. Rally was seen across the board as companies from sectors like Railway, Defence, PSU, Power, Metals, Capital goods, Realty, Oil & Gas delivered astonishing returns.

Street managed to overcome multiple headwinds:

Domestic equity markets were resilient during the year despite multiple events and setbacks like

(a) coalition government from Jun'24 onwards v/s full majority earlier

(b) increase in short term / long term capital gains tax from 15%/10% earlier to 20%/12.5% respectively

(c) escalation in geo-political tensions and pursuant volatility in commodity prices

(d) increase in populist measures by State governments to woo the voters and

(e) inflationary macro environment with flip-flop by global central banks on commencing interest rate cuts on one hand and Japan going in the other direction with tightening of monetary policy.

Robust domestic inflow in equity markets has been the biggest driver for the buoyant domestic equity market:

India's domestic equity inflows remained on strong footing with gross MF SIP inflow at record highs of Rs 24,509 cr in Sep'24, up 52.8% YoY. Net equity inflow in mutual fund during Nov'23-Sept'24 period grew by robust 165.6% YoY to Rs 3.1 trillion. DIIs have been pumping money consistently since last 14 months and have invested Rs 4.4 trillion during Nov'23-Oct'24 (till 18th Oct'24) period. During Nov'23-Sept'24 period, Indian capital markets have added 4.3 cr demat accounts taking the total tally to record highs of 17.5 cr.

Easing monetary policy and escalation in geopolitical tension:

US FED started the interest reversal cycle as it reduced interest rate by 50 bps in Sep'24 FOMC meeting for the first time in 4 years. The European Central Bank has cut interest rates by a cumulative 75 bps in CY24 as inflation subsides in the Eurozone. With controlled inflation, upbeat economic data and decent corporate earnings, the US is expected to have a soft landing. During the year, geopolitical tensions further escalated in Middle East thereby leading to disruption in global trade. This coupled with stimulus package from China to kick-start its economic growth led to high volatility in commodity prices.

Overview:

India, with its rapidly growing economy, diverse market, and demographic advantages, presents a compelling investment opportunity for both domestic and international investors. As one of the fastest-growing major economies in the world, India has showcased resilience and adaptability, making it an attractive destination for various sectors.

Nifty has experienced a healthy correction of 1,900 points, which equates to a 7.23% decline from its lifetime high. This pullback offers a strategic buying opportunity as the market sets up for a potential recovery. The current chart structure indicates the market is stabilizing, and the correction could be reaching its final phase, providing a favorable environment for long-term investors. For investors with a long-term horizon, the ongoing correction presents a golden opportunity to accumulate quality stocks at attractive valuations. If Nifty holds above the 24,000-24,200 support range, it may serve as a strong base for future gains.

Looking ahead, Nifty is expected to target 26,500 and 28,000 by Diwali 2025, offering substantial upside potential. Investors who position themselves during this correction could benefit from a robust market recovery as economic fundamentals remain supportive of growth, and the correction nears its conclusion. This Diwali, building a portfolio of resilient stocks can set the stage for significant long-term wealth creation.

Samvat 2080 has been one of landmark years with NIFTY and yellow metal making new lifetime highs, NDA forming 3rd successive Govt in India and widespread geopolitical uncertainty. India remains the fastest growing economy as growth drivers like young population, “Make in India” and Infrastructure development continue to power growth. Although US FED has cut interest rates, rising concerns on state of US and Chinese economy and geopolitical uncertainty is making Gold as a preferred currency. India continues to face climatic and democratic challenges, thus delaying interest rate cuts. Weather patterns are affecting crops and keeping food inflation high while election freebies can cripple growth. Although rural demand has been showing signs of recovery, urban demand remains volatile. Next few months are crucial given US presidential elections, state elections in India, demand scenario in festival and wedding season and food inflation trends in India. Markets have been holding strong due to sustained DII inflows even as FII flows have been very patchy and negative. We believe froth in small caps, primary markets is coming off, and larger mid-caps and large caps are likely to outperform. Focus on businesses with strong moats will help investors preserve capital and generate returns in coming year.

Some Liking from my side for coming year till next Diwali (2025)

SCRIPT NAME	CMP	POTENTIAL GROWTH 1	POTENTIAL GROWTH 2
BEL	272	310	340
ICICI BANK	1255	1400	1530
HDFC LIFE	709	840	904
ABB	7521	9200	12500
P.G. ELECTROPLAST	566	650	740
DOMS	2535	2900	3350
SAFARI	2222	2700	3000
LAURUS LAB	443	650	730
CAMS	4315	5200	5800
CDSL	1419	1650	1900
NEWGEN SOFTWARE	1226	1600	1800
PROTEAN E-GOV TECHNOLOGY	1776	2250	2900
TITAGRAH RAIL SYSTEMS	1146	1450	1650

CMP date 25/10/24

Disclaimer:

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

CHAPTER NEWS

AHMEDABAD

Industrial Visit

Chapter has organized Industry visit (Factory visit) at Amul (Chocolate Plant & Dairy Plant), Anand on 1st October'2024 for final students as a part of IOTP. Plant in-charge guided and explained in details the manufacturing process of Amul Chocolates and Dairy Products from raw materials to finished product including packing process. The queries and doubts of the students were solved by them in very lucid manner.

Gandhi Jayanti Celebration

Chapter participated in 'Swachhata Hi Sewa (SHS) 2024 Campaign' as per guidelines issued by the Government of India with the theme of 'Swabhav Swachhata - Sanskaar Swachhata' with Swachh Bharat Diwas celebrated on 2nd October 2024. CMA Mitesh Prajapati, Secretary alongwith large number of students participated in the campaign. The celebration has taken part with plantation of trees.

Volleyball Tournament

Chapter organised CMA Volleyball Tournament 2024 tournament at Gujarat Vidhyapith, Ahmedabad on 6th October 2024 comprising eight teams in two groups.

The tournament was inaugurated by CMA Uttam Bhandari – Chairman of Ahmedabad Chapter, CMA Mitesh Prajapati, Secretary of Ahmedabad Chapter and CMA Sunil Tejwani, Chairman, Sports Committee. Members and Students participated enthusiastically in this tournament.

The tournament finals were held Hurricanes and Blue Balls, with Hurricanes emerging as the winner and Blue Balls teaming as runners-up. Mr. Karan Khatri was announced as Player of the Tournament. Committee. Members & Senior Members are present at the concluding event of the tournament. The winning team and the runners-up teams were felicitated by the officials present.

Campus Placement

Chapter organized campus placement for qualified CMAs of June'2024 exam on 18th & 19th October 2024.

In the inaugural session, CMA Uttam Bhandari, Chairman, CMA Mitesh Prajapati, Secretary & Chairman Oral Coaching Committee, CMA Sunil Tejwani, Treasurer and CMA Ashish Bhavsar, member were present. Representatives from participant organizations were felicitated by the dignitaries on dais with bouquet.

Felicitation Function

On 24th October 2024, Chapter organized felicitation function at H T Parekh Convention center, AMA, Atira, Ahmedabad for all the students, who have passed Foundation, Intermediate & Final Examination of June'24 term. CMA Uttam Bhandari, Chairman of Chapter gave greeting speech and congratulates all the students. CMA Mitesh Prajapati, Secretary and Chairman of Oral Coaching committee welcomed dignitaries on Dias, Managing Committee members, Students and their parents.CMA Uttam Bhandari, Chairman of Ahmedabad chapter felicitates the Chief Guest Ghanshyam G Trivedi, Director- Xphere Group of Companies by offering bouquet and memento. Chief Guest gave motivational and inspiration speech to students and explained about opportunities for CMAs in Industry and Govt. sectors.

Felicitation of successful students was done by the hand of dignitaries on Dais and committee members, members and faculties. The rank holders in Final examination at Ahmedabad Chapter was felicitate by H C Shah Gold Medal and the student who secure highest marks, in the subject of Strategic Cost Management and Highest Marks in Intermediate Examination of Both Groups in Aggregate were felicitates with CMA Hiranand Savlani Gold Medal and certificate of appreciation. At the end of the program, CMA Sunil Tejwani, Treasurer of Ahmedabad Chapter proposed vote of thanks. The program was concluded by National Anthem.

Dhanteras Pooja

Chapter has organized Dhanteras Pooja at the chapter office on the auspicious festival of Diwali on 29th October 2024. Members & Staff members participated in Pooja.

AURANGABAD

CEP on How to conduct Research and preparation for Ph.D

Chapter has conducted a CEP on How to conduct Research and preparation for Ph.D. at Training Hall of the Chapter. CMA Dr. Umesh Ruparel, Advocate High –Court was the speaker. Chairman of Aurangabad Chapter CMA Salman Pathan welcomed the speaker CMA Dr. Umesh Ruparel by presenting a bouquet and Vice Chairman & Chairman of PD Committee CMA Babasaheb Shinde introduced him.

The Speaker in his speech focused on the difficulties in pursuing Ph.D. and explained the solutions and benefits in academics in detail. He also guided about the required qualification, admission process, duration, age limit and overall aspects while pursuing the Ph.D.

CMA Babasheb Shinde coordinated the programme and proposed vote of thanks. Senior member CMA Jayant Galande, CMA Abhishek Bhalerao and other members were present on this occasion.

BARODA

Industry Oriented Training Program (IOTP) for CMA Final Students

For the students who are appearing December, 2024 final exam, chapter organized The Industry Oriented Training Programme (IOTP) from 10th October to 19th October 2024 at Baroda Chapter Office. The students have received a very effective and career oriented training from professionals working in different branches of industries.

MS-Office Training for CMA Intermediate Students

For the students who are appearing December, 2024 intermediate exam, chapter organized The MS Office training from 18th October 2024 onwards on online mode. The students are getting the skillful knowledge from the very qualified faculty.

Activity of Placement & Training

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

INDORE-DEWAS

Swachhata Hi Seva Campaign 2024

The Chapter Premises and nearby areas were cleaned by Members, Students and Chapter Staff on 02nd October 2024 in support of "SWACHHATA HI SEVA CAMPAIGN 2024". Everyone took active part in the campaign. The initiative was taken to create awareness among masses about cleanliness. Everyone took pledge that neither he or she will spread dirt andwill not allow others to do so. CMA Rahul Jain, Vice Chairman, CMA Pankaj Kumar Raizada, Hon. Secretary, CMA Yash Vagrecha, Treasurer and CMA Uddhav Aage & CMA Rajat Gupta, Managing Committee Members were also present on the occasion.

Students Felicitation & CPE Programme

The students of the Chapter who have passed Final & Intermediate examination of June 2024 were felicitated on 19th October 2024 at a function held at Hotel Apna Avenue. Total 4 students of CMA Final and 19 Students of Intermediate passed the examination. CMA Vivek Kumar Singh Finance Controller – Case New Holland Equipment Pvt Ltd and CMA Rajesh Agrawal – Practicing Member were invited as guests for the function.

Under CPE program, as a guest speaker, CMA Vivek Kumar Singh highlighted the role of CMA's in formation of a company's business strategy. Another guest speaker CMA Rajesh Agrawal explained about CSR, Social Audit, Social Audit firm, how to become a social auditor and professional opportunities available for a Social Auditor. CMA Neeraj Maheshwari–Chairman felicitated both the guests. Other Managing Committee Members – CMA Rahul Jain, Vice Chairman, CMA Pankaj Kumar Raizada , Hon. Secretary, CMA Yash Vagrecha, Treasurer, CMA Ravindra Dubey and CMA Uddhav Aage were also present in the function.

NAVI MUMBAI

Webinar on "Green Hydrogen and its Impact"

Chapter conducted a webinar on "Green Hydrogen and its Impact" on 29th September 2024. CMA Vaidyanathan Iyer was the speaker. CMA Arup Bagui, Secretary & PD Committee Chairman of the Chapter welcomed the speaker.

The speaker deliberated on the various types of Hydrogen – Blue, Grey and Green and discussed the benefits, means of extracting Green Hydrogen using electrolysis process and biomass processes, producing and supplying Green Hydrogen to the end users. He then delved deep into the various Incentive schemes promulgated by the MNRE under the National Green Hydrogen Mission (Rs. 19744 crores) for manufacturing Electrolysers, production and supply of GH, setting up of GH Hubs. He emphasised on the various pilot projects in different sectors ranging from Transport, Steel, Shipping, Oil & Gas etc., and the modalities of the schemes. The audience numbering 38 were listening with rapt attention and were deeply enlightened with the facts. CMA Nilmoni Bhakta, MCM of the Chapter thanked the speaker and participants for such a detailed and interactive program and proposed the vote of thanks.

PIMPRI-CHINCHWAD-AKURDI

Teachers' Day Celebration

On September 5, 2024 Chapter conducted celebration of Teachers' Day at CMA Bhawan, Pimpri.

The celebration of Teachers' Day was a heartfelt tribute to the dedication and hard work of our educators. The event commenced with an opening speech by the Chairman CMA Sagar Malpure, who emphasized the vital role teacher's play in shaping the future of students.

Students organized various performances, including:

- Speeches: Selected students delivered speeches expressing their gratitude.
- Gifts: Tokens of appreciation were presented to each teacher.

The day concluded with refreshments, allowing students and teachers to mingle and share experiences. The event was celebrated in presence of large number of Students, Teachers, and Staff

Ganesh Festival Celebration

On September 7, 2024, Chapter celebrated festival of Lord Ganesha at CMA Bhawan, Pimpri.

The Ganesh Festival was celebrated with great enthusiasm, marking a significant cultural event for our Institute community. The celebration included:

- Idol sthapana: A beautifully crafted idol of Lord Ganesh was sthapan, accompanied by decorations that reflected the festive spirit.
- Prayers and Offerings: A collective prayer session was held, where students and teachers offered flowers and sweets to the idol.

Parents Meeting

On September 29, 2024, Chapter conducted Parents Meeting for Foundation Students at CMA Bhawan, Pimpri.

The Parents Meeting served as an essential platform for communication between the Institute and families. The agenda included:

- Academic Progress Updates: Teachers provided insights into student performance and areas for improvement.
- Feedback Session: Parents were encouraged to share their views on Institute policies and suggest improvements.
- Future Events: Upcoming activities and events were discussed, inviting parental participation.

The meeting fostered a collaborative environment, strengthening the partnership between parents and the Institute for the benefit of students.

The Navratri Pulse – Nine Waves of Transformation

Chapter celebrated Navratri by organizing webinars from 3rd October to 11th October with the theme The Navratri Pulse – Nine Waves of Transformation.

With a fitting close to this incredible 9-day series, participants walked away empowered, motivated, and equipped with practical wisdom to embrace the next chapter of their lives with confidence and clarity.

Industry Visit Report to Tedra Automotive Solutions Pvt. Ltd.

Chapter organized an industry visit to Tedra Automotive Solutions Pvt. Ltd., a leading company specializing in automated car park systems on 19th October 2024.

The visit began with an introductory session led by Tedra's senior management, providing an overview of the company's history, mission, and key accomplishments. The students were given insights into the engineering and design principles behind the development of automated parking systems. The students were taken on a tour of Tedra's manufacturing facility, where they witnessed the production and assembly process of automated car park systems. Students provided positive feedback, highlighting the opportunity to witness cutting-edge technology and its application.

The session was not only educational but also inspiring, motivating many students to consider careers in technological innovation and automotive systems.

PUNE

'Swachhata Hi Sewa (SHS) 2024 Campaign'

Chapter actively participated in the 'Swachhata Hi Sewa' (SHS) – 2024 campaign by undertaking the programs like Mega Cleanliness drive (Cleaning of CMA Bhavan), Felicitation of sanitation worker and cleaning staff, Tree Plantation and Creating awareness for Swachha Bharat Program as specified in the action plan of the Institute on ,2nd October 2024.

CMA Rahul Chincholkar, Secretary of the Chapter welcomed the participants for 'Swachhata Hi Sewa (SHS) 2024 Campaign'. He appreciated this Prime Minister's program for swachhata at National level through resources by govt. and non govt. efforts. He also offered his thanks to social media for awareness for sanitation workers. He advised to try to minimise the waste and help these workers.

CMA Nilesh Kekan, Chairman and CMA Rahul Chincholkar, Secretary of ICMAI-Pune Chapter felicitated Health Inspector Mr.Rajesh R.Aher of Karvenagar Kshetriya Karyalay who is CMA student also. Felicitation of Foreman Mr. Ankush Y Sathe and other sanitation workers was also held.

ICMAI-Pune Chapter also felicitated housekeeping staff of Chapter.

CMA Nilesh Kekan, Chairman of ICMAI-Pune Chapter offered his best wishes to all on the occasion of Mahatma Gandhi Jayanti and Lal Bahadur Shastri Jayanti. He also advised everyone to contribute for cleanliness. Mr.Sandip Joshi on behalf of Pune Chapter staff appreciated the noble work of these sanitary workers for doing this service with taking risk.
Vote of thanks delivered by CMA Rahul Chincholkar.

CPE on Topic - Role and opportunities for CMA in Banking Sector

Chapter and The Cosmos Co-Op Bank Ltd. together organized a CPE on 10th October 2024 at Sahakar Sabhagruha, University Road Pune.

Speaker for the program was CMA Keshav Thakar for technical session.

Members for Panel discussion were Mr. Jayant Barve, Director and Mrs.Arti Dhole, Jt.Managing Director of Cosmos Co-op Bank, CMA Shripad Bedarkar, President, WMTPA, CMA Jagdish Moghe ,Manager F & A , Elantas Bank Ltd.

Program started with tribute to Legendary Ratanji Tata.

Lighting of lamp ceremony held by CMA Amit Apte, Past President ICMAI, CMA Neeraj Joshi, CCM-ICMAI, CMA Chaitanya Mohrir, Treasurer, WIRC-ICMAI, CMA Nilesh Kekan, Chairman-ICMAI-Pune Chapter, CMA Rahul Chincholkar, Secretary, CMA Himanshu Dave, Treasurer,ICMAI-Pune Chapter, Mrs.Apekshita Thipase, Managing Director-COSMOS CO-OP.BANK, CA Milind Kale, Chairman, CO-OP.BANK. Institute's Anthem was played after lighting of lamp.

CMA Tanuja Mantrawadi, Managing Committee Member of ICMAI-Pune Chapter welcomed the participants and introduced the speaker and panellist.

CMA Rahul Chincholkar felicitated CA Milind Kale, Chairman, CO-OP.BANK., CMA Amey Tikale felicitated Mrs.Apekshita Thipase, Managing Director-COSMOS CO-OP.BANK.

CA Jayant Barve,Director COSMOS CO-OP.BANK felicitated CMA Amit Apte, Past President ICMAI, Mr.Pravinkumar Gandhi, Director COSMOS CO-OP.BANK felicitated CMA Neeraj Joshi, CCM-ICMAI, Mrs. Arti Dhole, Jt.Managing Director Cosmos Co-Op.Bank felicitated CMA Chaitanya Mohrir, Treasurer, WIRC-ICMAI, CA Yashwant Kasar, Vice-Chairman COSMOS CO-OP.BANK felicitated CMA Nilesh Kekan, Chairman-ICMAI-Pune Chapter, Mrs. Arti Dhole, Jt.Managing Director COSMOS CO-OP.BANK felicitated CMA Himanshu Dave, Treasurer, ICMAI-Pune Chapter.

'CMA Nilesh Kekan, Chairman-ICMAI-Pune Chapter explained the opportunities for CMAs in banking sector like concurrent audit, stock audit, credit management, investment management equity valuation and general insurance, financial statement analysis, project finance, merger acquisition and valuation etc.

CMA Chaitanya Mohrir, Treasurer, WIRC-ICMAI, talked about scheme of loans to organizations, feedback, operating mechanism, capacity utilization & CMAs role in this process.

CMA Neeraj Joshi, CCM-ICMAI, described the relationship between banking fraternity and CMA professionals. He also mentioned that how financial information, micro level analysis will help to banks for distribution and execution of loan process through CMAs. Value proposition by CMA professionals can help in entire banking ecosystem. Also banks can help CMA students by providing article ship which is a part of mandatory training for completing CMA course.

CMA Amit Apte, Past President ICMAI, congratulated Cosmos Co-Op.Bank for winning best co-operative award for 2023-24 and also for a nice infrastructure for value added program for banking & co-operative sector for training and live interaction.

Program consist two parts first technical session and second Panel Discussion.
Panellists shared their experience with bank and financial sector, gave insight on various topic, how cost aspirant will explore new area of banking sector. The program highlighted the role that CMAs can play in the Banking Sector and also the opportunities available for the CMAs in this area.

CMA Nilesh Kekan, Chairman,ICMAI-Pune Chapter felicitated the CMA Prashant Ovalekar, CMA Neha Upasani, CMA Mukta Marathe and CMA Priyanka who took large effort for the success of this program.

Vote of thanks delivered by CMA Himanshu Dave, Treasurer, ICMAI-Pune Chapter. Program concluded with National Anthem.

Mental Health Awareness Booth

Chapter organized Mental Health Awareness Booth at CMA Bhawan premises on 23rd October 2024 for CMA students to develop a mindset for facing an examination without fear and pressure.

Ms. Rasika Agalave was Certified Mental Health Counsellor to interact with students. Mr. Sandip Joshi from ICMAI-Pune Chapter welcomed Ms. Rasika Agalave. CMA Rahul Pore felicitated Ms.Rasika Agalave.

She explained that as Body requires Healthy Diet for physical Fitness, Healthy & Happy mind also requires Healthy Diet for Brain as well. Mental Health is especially important for students to develop their mindset for consistency, discipline & motivation for Study.

CPE on "Critical aspects of GSTR 9 and 9C"

Chapter organized a CPE on "Critical aspects of GSTR 9 and 9C" on 25th October 2024.

Speakers for the program were CMA Dipak Joshi and CMA Rahul Chincholkar.

CMA Dr.Sanjay R.Bhargave was Chief Guest for the program.

CMA Shrikant Ippalpalli, Vice Chairman of the Chapter welcomed the Chief Guest, Speakers and the participants. He also introduced the Chief Guest and speakers.

CMA Himanshu Dave, Treasurer of the Chapter felicitated the Chief Guest CMA Dr.Sanjay Bhargave Sir, CMA N.K.Nimkar felicitated the Speaker CMA Dipak Joshi and CMA Kiran Naik felicitated the Speaker CMA Rahul Chincholkar.

Chief Guest CMA Dr.Sanjay Bhargave in his speech appreciated the well-studied speaker CMA Dipak Joshi and CMA Rahul Chincholkar who always studied the case by thinking out of the box. He also said that critical analysis is also important. Topic is not mere compliance but there are many aspects, changes in laws must be consider for 9 & 9C.

Both the speakers guided the participants on the topic "Critical aspects of GSTR 9 and 9C". Lecture was very lucid and informative. Large number of members attended the program.

SURAT SOUTH GUJARAT

Prize Distribution Function

Chapter-ICMAI hosted "Prize Distribution Function" on 3rd October 2024 at SRK Hall, Nanpura, Surat.

CMA Amit Apte, Past President was the Chief Guest & CMA Neeraj Joshi, Central Council Member was the Guest of Honor. CMA Mhir Vyas, Vice-Chairman, WIRC & CMA Nanty Shah, Hon. Secretary WIRC Grace the occasion. All Dignitaries joined for Lighting of the Lamp. CMA Kailash C Gupta –Chairman of the chapter welcomed all the dignitaries & gave a welcome speech. CMA Vipin Patel-Treasurer gave the introduction of the Chief Guest. CMA Kailash C Gupta felicitated the Chief Guest. CMA Deepali Lakdawala, Hon. Secretary gave the introduction of the Guest of Honor. CMA Kishor Vaghela felicitated the Guest of Honor. CMA Ashvin Amabaliya-Mc Member felicitated CMA Mhir Vyas, Vice-Chairman-WIRC. CMA Mahesh Bhalala –MC member felicitated CMA Nanty Shah, Hon. Secretary, WIRC. Chief Guest & Guest of Honor felicitated Chapter's Past Chairmen, Prize Fund Donor & Oral Coaching Faculties. CMA Brijesh Mali-Past Chairman & CMA Keval Shah-MC Member was also present on the occasion. All the dignitaries gave blessings to all students. The programme was attended by around 220 students of Foundation-Inter-Final passed in the June 2024 term. CMA Ashvin Amabaliya-MC Member proposed vote of thanks.

Visit to Collages

CMA Bharat Savani, Immediate Past Chairman visited J B knowledge Institute, Eklavya classes, Patel classes, Noble Classes, Divyaprabhat Classes, Sadhna School, M & J Patel School, Shreyash Vidhyalaya, JB Carp School, Parth Classes, Vachannamrut Classes, Vedant classes, PP Savani school, Ankur vidhyalaya, Prerna School, MTB College, Aspire School, L P Savani school etc. for spreading CMA Course awareness.

Courtesy visit at MLA Office

CMA Bharat Savani, Immediate Past Chairman took initiative for visit at MLA Shri Purnesh Modi for courtesy visit on 9th October 2024.

Courtesy visit at DEO Office

CMA Bharat Savani, Immediate, Past Chairman & CMA Kishor Vaghela, Vice Chairman took initiative for visit at DEO office and met with Shri Bhagirath Parmarsir, DEO for courtesy visit & awareness of CMA Course on 10th October 2024.

Courtesy visit at SGCCI office

CMA Kailash C Gupta, Chairman), CMA Bharat Savani, Immediate Past Chairman & CMA Mahesh Bhalala, M C Member took initiative for visit at Southern Gujarat Chamber of Commerce & industriesoffice at Surat and met Shri VijaykumarMevawal, President-SGCCI) for courtesy visit & awareness of CMA Course Opportunities on 10th October 2024.

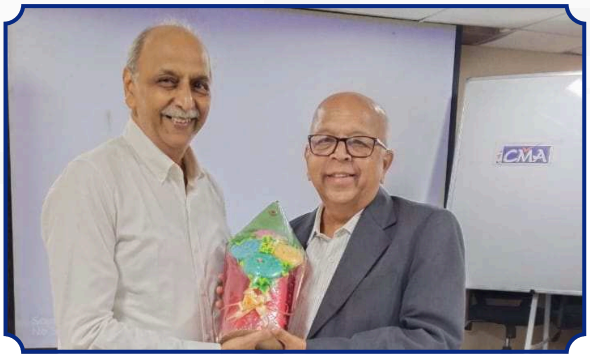
Courtesy Visit at Shri Chhotubhai Patil Office

CMA Kailash C Gupta, Chairman & CMA Bharat Savani, Immediate Past Chairman took initiative for visit at Shri Chhotubhai Patil (PAC MEMBER-Ministry of Railways) office at Surat for courtesy visit & awareness of CMA Course Opportunities on 10th October 2024.

Courtesy visit at VNSGU Office

CMA Kailash C Gupta, Chairman, CMA Bharat Savani, Immediate Past Chairman & CMA Mahesh Bhalala, M C Member took initiative for visit at Veer Narmad South Gujarat University at Surat to meet Shri Kishorsinh Chavdasir, Vice Chancellor-VNSGU) for courtesy visit & awareness of CMA Course Opportunities on 10th October 2024.

View of Students participated in Rangoli competition organised by WIRC on 4th November 2024 at WIRC Office on the occasion of Diwali



CMA Rasesh Chokshi felicitating CMA R.N. Bhave, speaker during CPE on Start-up Valuations organised by WIRC on 24th October 2024 at WIRC office.

Industry visit was organised by Ahmedabad chapter at Amul (Chocolate Plant & Dairy Plant) on 1st October'2024.

View of of Foundation, Inter & Final Pass out Students during Felicitation Function organised by Ahmedabad Chapter on 24th October 2024

CMA Salman Pathan Chairman of Aurangabad Chapter felicitating CMA Dr. Umesh Ruparel during CEP on “How to conduct Research and preparation for Ph.D. organised by Aurangabad Chapter.

View of Students during IOTP Training organised by Baroda Chapter.

MC Member, CMA Member and Students of Indore-Dewas Chapter during Students Felicitation Programme organised by Indore Dewas Chapter on 19th October 2024.

Indore Dewas Chapter participated in “Swachhata Hi Seva Campaign 2024“ on 2nd October 2024.

Industrial Visit organised by Pimpri-Chinchwad-Akurdi Chapter at Tedra Automotive Solutions Pvt. Ltd on 19th October 2024.

Pimpri-Chinchwad-Akurdi Chapter Students celebrated Teacher’s Day on 5th September 2024 at CMA Bhawan. Students present with the faculty CMA Saddam Hussain..

Dignitaries on the Dias during CPE jointly organised by ICMAI Pune Chapter and Cosmos Co-op. Bank on 10th October 2024.

CMA Himanshu Dave, felicitating Chief Guest CMA Dr. Sanjay Bhargave during CPE organised by ICMAI Pune Chapter on 25th October 2024.

Dignitaries during Prize Distribution Function organised by Surat South Gujarat Chapter on 3rd October 2024.

CMA Bharat Savani, Immediate Past Chairman’s meet Shri Purnesh Modi, MLA-Gujarat on 9th October 2024.

RNI No. 22703/72 Posted at Mumbai Patrika Channel on 10th of every month.
Date of Publication is on 10th of every month. Postal Regn. No. MCS/089/2024-26

ICMAI
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
(Statutory Body under an Act Of Parliament)

CMA

WESTERN INDIA REGIONAL COUNCIL

is pleased to announce

REGIONAL TAX CONCLAVE

On

DATE: Saturday 14th December 2024

VENUE: Performing Art Centre
L.P.Savani Road Near Hari Om Circle Adajan, Pal Gam, Surat, Gujarat 395009

TIME: 9.00 am to 6.30 pm

Payment Details
The Cheque/DD should be in the favour of "The Institute of Cost Accountants of India- WIRC".

Details of NEFT Payment
Bank of Baroda. Horniman Circle, Mumbai
SB Account No: 27940100022156. IFSC Code: BARB0PBBMUM (Fifth Character is ZERO)
MICR Code: 400012111.PAN: AAATT9744L GSTIN No. : 27AAATT9744L1ZS

HOSTED BY:

Surat South Gujarat Chapter

PROGRAM SCHEDULE

CEP Credit 4 Hours

Saturday, 14th December, 2024		
From	To	Details
09.00 AM	10.00 AM	Registration & High Tea
10.00 AM	11.30 AM	Inauguration Session
11.30 AM	11.45 AM	Tea / Coffee Break
11.45 AM	01.30 PM	Technical Session 1
01.30 PM	02.30 PM	Lunch Break
02.30 PM	03.45 PM	Technical Session 2
03.45 PM	04.30 PM	Tea / Coffee Break
04.30 PM	06.00 PM	Technical Session 3
06.00 PM	06.30 PM	Valedictory Session

SPONSORSHIP DETAILS

Sponsorship Type	Amount
Event Sponsor	75,000
Gold Sponsor	50,000
Silver Sponsor	25,000

Non-Residential Delegate Fees (Incl of 18% GST)

Delegate Categories	Rs.
Self-Sponsored Members -	590/-
Corporate Delegates	1,180/-
Students	200/-

For Registration please contact:

Western India Regional Council of ICMAI	ICMAI Surat South Guajrat Chapter
Rohit Chambers, 4th Floor, Janmabhoomi Marg, Fort, Mumbai 400 001. Mob: 8828051444 / 9819187416 Email: wirc.admin@icmai.in	103, Ritz Square, NR. Indoor Stadium, Ghod Dod Road, Surat-395007 Tel. 0261-2667057,9499677057 Email: surat@icmai.in

"Behind every successful Business Decision, there is always a CMA"

To,

If undelivered please return to:
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
WESTERN INDIA REGIONAL COUNCIL,
Rohit Chambers, Janmabhoomi Marg, Fort,
Mumbai 400 001

Printed & Published by Mihir Narayanbhai Vyas on behalf of the Western India Regional Council of the Institute of Cost Accountants of India, Printed at Surekha Press, Gala No. A-20, First Floor, Shalimar Industrial Estate, Matunga Labour Camp, Opp. Tata Power Co., Andhra Valley Road, Matunga, Mumbai 400 019. Published at Western India Regional Council of the Institute of Cost Accountants of India, Office No. 32, Rohit Chambers, 4th Floor, Janmabhoomi Marg, Fort, Dist-Mumbai, Pin Code-400 001, Maharashtra. Tel.: 9372045191, 8828061444, 9372036890
E-mail: wirc.admin@icmai.in Website:www.icmai-wirc.in. Editor:Mihir Narayanbhai Vyas