THE MANAGEMENT ACCOUNTANT

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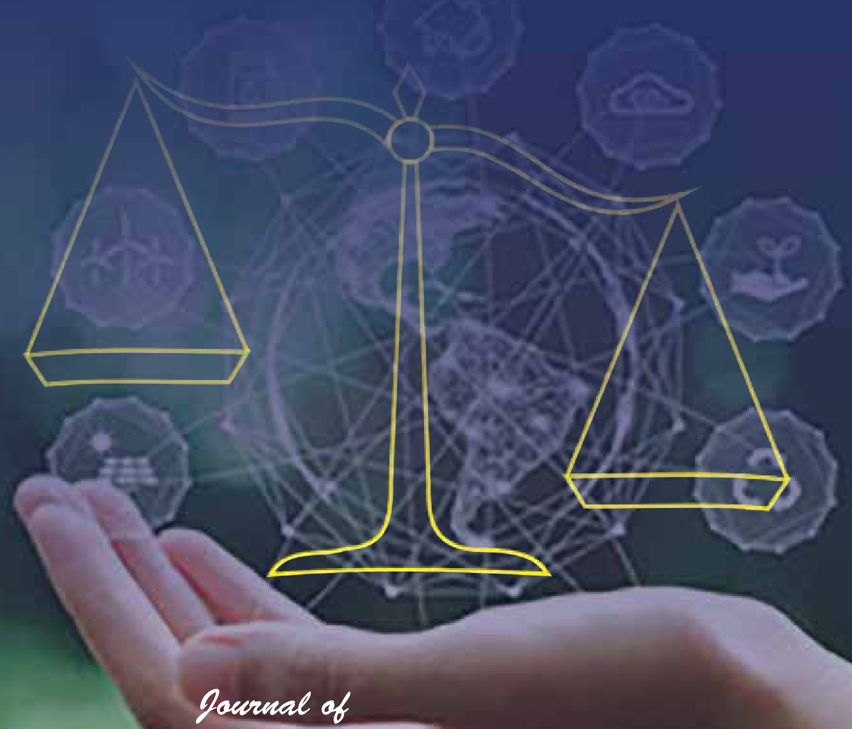
CHANGING LANDSCAPE OF Valuation Ecosystem IN INDIA



Journal of

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory Body under an Act of Parliament)

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- **THE INSTITUTE OF COST ACCOUNTANTS OF INDIA** (erstwhile The Institute of Cost and Works Accountants of India) was established in 1944 as a registered company under the Companies Act with the objects of promoting, regulating and developing the profession of Cost Accountancy.
- On 28 May 1959, the Institute was established by a special Act of Parliament, namely, the Cost and Works Accountants Act 1959 as a statutory professional body for the regulation of the profession of cost and management accountancy.
- It has since been continuously contributing to the growth of the industrial and economic climate of the country.
- The Institute of Cost Accountants of India is the only recognised statutory professional organisation and licensing body in India specialising exclusively in Cost and Management Accountancy.

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 CMA 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."

IDEALS THE INSTITUTE STANDS FOR

- *to develop the Cost and Management Accountancy profession*
- *to develop the body of members and properly equip them for functions*
- *to ensure sound professional ethics*
- *to keep abreast of new developments*

Behind every successful business decision, there is always a **CMA**

The Management Accountant, official organ of The Institute of Cost Accountants of India, established in 1944 (founder member of IFAC, SAFA and CAPA)

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Chairman, Journal & Publications Committee -
CMA (Dr.) K Ch A V S N Murthy

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We have expanded our Readership from **1** to **94** Countries

Afghanistan, Algeria, Argentina, Australia, Azerbaijan, Bahrain, Bangladesh, Belgium, Benin, Botswana, Brazil, British Indian Ocean Territory, Bulgaria, Cambodia, Cameroon, Canada, Chile, China, Colombia, Croatia, Czech Republic, Djibouti, Egypt, France, Gambia, Germany, Ghana, Great Britain, Greece, Honduras, Hong Kong, Hungary, Iceland, India, Indonesia, Iraq, Ireland, Italy, Jamaica, Japan, Jordan, Kazakhstan, Kenya, Kuwait, Lebanon, Liberia, Lithuania, Malawi, Malaysia, Mauritius, Mexico, Morocco, Myanmar, Namibia, Nepal, Netherlands, New Zealand, Nigeria, Oman, Pakistan, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Romania, Russia, Rwanda, Saudi Arabia, Serbia, Seychelles, Singapore, Slovakia, Slovenia, South Africa, Spain, Sri Lanka, Suriname, Sweden, Switzerland, Syria, Taiwan, Tanzania, Thailand, Turkey, Uganda, Ukraine, United Arab Emirates, United Kingdom, United States of America, Vietnam, Zaire, Zimbabwe.

Headquarters
CMA Bhawan, 12 Sudder Street
Kolkata - 700016

Institute Motto

असतोमा सद्गमय
तमसोमा ज्योतिर् गमय
मृत्योर्मामृतं गमय
ॐ शान्ति शान्ति शान्तिः

From ignorance, lead me to truth
From darkness, lead me to light
From death, lead me to immortality
Peace, Peace, Peace

Delhi Office
CMA Bhawan, 3 Institutional Area
Lodhi Road, New Delhi - 110003

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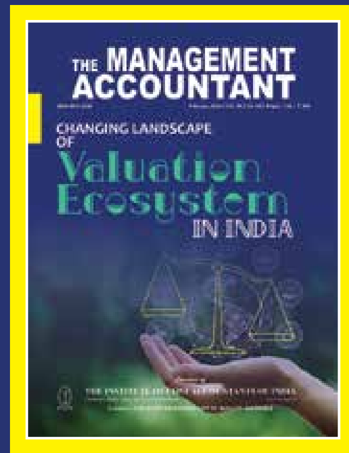

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COVER STORY

INTERVIEW

SUSTAINABILITY LEAF

DIGITAL TRANSFORMATION

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From the Editor's Desk

Valuation is an essential pre-requisite in choosing investments for a portfolio, in deciding on the appropriate price to pay or receive in a takeover and in making investment, financing and dividend choices while running a business. Valuation is required throughout the life cycle of a business entity. From the time a company is incorporated with infusion of funds to the stage of its liquidation, valuation is a critical process at various stages of running of the company. Over the years, valuation has witnessed momentous changes and developments and it continues to evolve. Technology has played a key role in changing the way businesses and investors approach valuation nowadays. Advanced technologies like machine learning, artificial intelligence and data analytics are increasingly being used to analyse data and identify trends that can impact the valuation of businesses and assets.

Moreover, with the emergence and increased adoption of digital assets nowadays, we are entering a new era of technology. Digital assets are anything that can be stored electronically and typically that have value such as currency, property titles, securities, and patents. Considering the unique properties of digital assets and the quickly evolving state of technology, it is important to value digital assets in a standardized way. The valuation of digital assets is often done through the use of financial models, estimations, statistical analysis and other metrics. Although valuation of digital assets differs based on the type of asset and use, there are few common methods used to determine the value of a digital asset.

Environmental, Social and Governance (ESG) factors are becoming increasingly important in valuation. In India, ESG factors are gaining acceptance and companies are beginning to recognize their importance.

This issue on the theme *Changing Landscape of Valuation Ecosystem in India* carries a set of articles on cover story.

Here's a glimpse of the articles featured in this issue:

Valuing Pre-Revenue Startups: Methods Used Globally seeks to analyze several valuation methods used globally in order to arrive at the stand-alone value of a pre-revenue startup.

Valuing Start Ups - A Brain Teaser discusses several methods to ascertain the future earnings and profitability of the startups.

Unveiling Valuation Dynamics: A Comparative Perspective on India and the Global Arena presents a comprehensive comparative analysis of valuation practices across India, USA, UK, Germany, Brazil, South Africa, and Australia.

Understanding Financial Realities: Unmasking the Importance of Forensic Audit in Valuation aims to provide a deeper understanding of the ways in which forensic audit functions as a powerful tool for revealing the true financial worth of companies.

Navigating the New Frontier: Valuing Digital Assets in a Dynamic Era probes the complexities of digital asset valuation, contrasting it with traditional methods and addressing challenges like volatility and regulatory uncertainty.

Testing the Accuracy of Relative Valuation Method: An Empirical Study Based on Select Companies in Indian Cement Industry examines empirically the accuracy of relative valuation model for Indian cement industry.

We are privileged to feature the interview with CMA Rakesh Kumar Jain, Director (Finance), GAIL (India) Limited.

Apart from these, this issue contains articles on various other contemporary topics including Budget 2024.

We are confident that the articles featured in this issue will enrich you to a great extent. We thank all the contributors for making substantial value addition to this issue.

Please share your thoughts with us at: editor@icmai.in

Wish you a very happy reading!

THE MANAGEMENT ACCOUNTANT

PAPERS INVITED

Cover Stories on the topics given below are invited for ***'The Management Accountant'*** for the four forthcoming months

Month		Theme		Subtopics
March 2024	Theme	Empowerment of Women: Shaping future of India	Subtopics	⦿ Bridging the Gaps to Accelerate Investment Climate for Women Entrepreneurs ⦿ Embrace Change, Empower Women ⦿ Women Empowerment - the key to achieve Socio-Economic growth of India ⦿ Role of Women as Social Entrepreneurs ⦿ Gender Equity in Education and Workplaces ⦿ Government Policies and Enactments to achieve Women Empowerment ⦿ DigitALL: To overcome the Digital Gender Divide ⦿ Women-led MSMEs: Promoting Robust and Sustainable Growth ⦿ Expanding Access to Finance through Fintech and Innovations ⦿ Women Torchbearers as Founders and Investors in the Indian Startups space
April 2024	Theme	Insolvency and Bankruptcy Code - its Journey so far!!!	Subtopics	⦿ Global trends in Insolvency and Bankruptcy landscape ⦿ Blockades and Success stories of IBC since its inception ⦿ The Mediation Act, 2023: A great leap forward in Indian Dispute Resolution mechanism ⦿ Crucial insights into Corporate Insolvency Resolution Process (CIRP) ⦿ Stressed Asset Investment ⦿ Pre-packaged Resolution Framework for MSMEs ⦿ Cross Border Insolvency ⦿ Important Case Laws/ Successful Resolutions under IBC
May 2024	Theme	Social Impact assessment : An empowering approach towards achieving India's Social Welfare Objectives	Subtopics	⦿ Reimagining Social Impact assessment to promote Social welfare, Transparency and Accountability ⦿ Social Impact assessment: An approach towards betterment of rural development programs across Nation ⦿ Relevance and Benefits of Social Impact assessment in CSR context ⦿ Social Impact assessment: Ensuring greenpath for Sustainable and Inclusive Growth ⦿ Social Impact Funds and Social Impact assessment ⦿ Social Impact assessment: An effective tool for Corporate Governance ⦿ Assessing success of Social Impact assessment concerning MGNREGA and PM POSHAN schemes ⦿ Social Impact assessment: Innovative Practices and Way Forward ⦿ Leveraging Social Impact assessment for improving outcomes of Social Projects ⦿ Logic Model - A framework for Social Impact assessment ⦿ Social Stock Exchange : A game changer for inclusive growth
June 2024	Theme	Insurance for all by 2047	Subtopics	⦿ Role of Insurance to strengthen healthcare ecosystem ⦿ Government initiative for policy support (PMFBY, AB PMJAY) ⦿ Digital Transformation and Artificial Intelligence in Insurance Sector ⦿ IPO journey of LIC of India ⦿ Diversification of insurance business to include multiple sectors ⦿ Insuretech, Regtech, a new paradigm of Insurance Sector ⦿ "Bancasurance" - its acceptability & future in India market ⦿ Insurance Underwriting the new way of Insurance World

The above subtopics are only suggestive and hence the articles may not be limited to them only.

Articles on the above topics are invited from readers and authors along with scanned copies of their recent passport size photograph 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 editor@icmai.in latest by the 1st week of the previous month.

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PRESIDENT'S COMMUNIQUÉ

CMA Ashwin G. Dalwadi
President
The Institute of Cost Accountants of India

"To succeed in your mission, you must have single-minded devotion to your goal."

-- Dr. A. P. J. Abdul Kalam

My Dear Professional Colleague,

Bharat celebrated the momentous occasion its 75th Republic Day on 26th January 2024, marking a significant milestone in its democratic history. The Institute participated in the 75th Republic Day celebrations with great enthusiasm and patriotic fervor with the support of its Regional Councils and Chapters across the country.

The Republic Day celebration organized at the HQ, Kolkata was attended by CMA Bibhuti Bhusan Nayak, Vice President, CMA Chittaranjan Chattopadhyay, Council Member, CMA Avijit Goswami, Council Member and Former Presidents CMA Biswarup Basu, CMA Harijiban Banerjee & CMA Mahesh Shah, and CMA Kaushik Banerjee, Secretary along with other officials of the Institute.

Referendum on Shifting Headquarters of ICMAI from Kolkata to Delhi

As you are aware the Institute was in process of conducting a Referendum for deciding the place of Head Office of the Institute. Now, I am pleased to announce that the referendum is scheduled for 12th February 2024, and will conclude on 14th February, 2024. All members whose names are on the Membership Register as of 31st January 2024, are eligible to participate. The referendum will be conducted through e-voting, facilitated by M/s Central Depository Services (India) Limited (CDSL), on the platform www.evotingindia.com. You will soon receive a User ID and Password from CDSL via email and SMS on your registered mobile number from CDSL.

Meeting with Hon'ble Union Minister of Defence

I along with CMA Manoj Kumar Anand, Council Member, ICMAI and CMA Vinayaranjan P., Council Member, ICMAI, CMA K Panduranga Rao, Vice Chairman, SIRC, ICMAI had an opportunity to meet Shri Rajnath Singh, Hon'ble Union Minister of Defence on 27.01.2024 and discussed the matters related to the Institute and CMA profession.

MoU with JIS University

On the 24th of January 2024, a Memorandum of Understanding was formally executed between the Institute and JIS University at the 47th International Kolkata Book Fair auditorium. This collaborative MoU aims to foster joint initiatives in the realms of education, research and professional development. The signing ceremony, attended by distinguished representatives from both entities. CMA Bibhuti Bhusan Nayak, Vice President, CMA Neeraj Joshi, Council Member, CMA Chittaranjan Chattopadhyay, Council Member, CMA Avijit Goswami, Council Member, CMA Vinayaranjan P., Council Member, CMA (Dr.) Kaushik Banerjee, Secretary and other officials of the Institute. On the JIS University side, notable participants included Sardar Simarpreet Singh, Director, JIS Group, Prof. (Dr.) Bhavesh Bhattacharya, Vice Chancellor, JIS University, among others. The event drew an audience of over 500 students, members and guests, underscoring the significance of this collaborative endeavor.

Peer Review Board

I am pleased to inform you that the Peer Review Board in its 12th meeting held on 29th January 2024 has decided to finalize the List of Reviewers considering the requests for empanelment received by the Board from the practicing members in response to its earlier communication. The PRB Secretariat has sent another communication in this regard to those members. I urge the members to respond to the communication within the given timeline so that the list of the Reviewers can be finalized by the Board. The Board is gearing up to initiate the Peer Review process in the Institute w.e.f. 1st April 2024 and the members shall be informed accordingly by the Board. Please do respond to the communications from the Board. I hereby wish the Peer Review Board all the success in its endeavors.

Release of Guidance Notes

I am pleased to inform you that the Institute has released the following three Guidance Notes:

- **Guidance Note on Techniques of Artificial Intelligence (AI) and the Role of Cost and Management Accountants**: In an era marked by profound technological advancements, it is imperative for Management Accountants to remain at the forefront of innovation. Artificial Intelligence (AI), with its far-reaching influence across sectors and societal management, presents both a promising opportunity and a formidable challenge that demands our attention.
- **Guidance Note on Role of Cost Accountants in**

Corporate Social Responsibility (CSR) Practices, Audits and Report Verifiers: This document underscores our steadfast commitment to advancing responsible business practices and upholding the highest ethical standards within the realm of CSR.

- **Guidance Note on Carbon Credit Mechanism, Greenhouse Gas Accounting, ESG Reporting with different Sustainability Standards (including the current IFRS S1 and S2 Standard), and the Role of Cost Accountants**: This document will provide Cost Accountants with the essential information and tools to effectively traverse the intricate aspects of carbon credit mechanisms, greenhouse gas accounting, and ESG reporting.

I hope that both these publications will be extremely useful to our members and other stakeholders for an effective understanding of contemporary AI methodologies, enhance their contributions to the CSR domain and sustainable development.

Career Counselling Month

I congratulate CAT Directorate for celebrating the month of January 2024 as CAT Career Counselling month of CAT Course, with a focus to Reach the Unreached sections of the country. The restart of career counselling activities will certainly give an impetus to the popularity of the CAT course. I urge the Regional Councils and Chapters to give wholehearted support to popularize the CAT Course of the Institute through their established good offices. A special acknowledgement goes to CMA Rajendra Singh Bhati, Council Member & the young and dynamic Chairman of the Committee for Accounting Technicians, for his great initiative in spearheading this valuable endeavour. His leadership and commitment have undoubtedly contributed to the success of the Career Counselling month, and I commend his efforts in promoting the CAT Course.

I hope that the initiatives of the CAT Directorate will inspire and guide the youth towards fulfilling and successful careers in accounting through the CAT course.

CAT Course for retiring/retired Defence Personnel

I had informed you in one of my past communiqués about the inaugural of CAT course batches for retiring/retired JCOs/OR & their equivalent in association with Directorate General of Resettlement (DGR), Ministry of Defence, Government of India in different locations. One more batch commenced on 23rd January, 2024 at CMA Bhawan, Noida.

SAFA Events in Sri Lanka

The Institute of Chartered Accountants of Sri Lanka hosted the SAFA meetings on 18th & 19th January, 2024 in the premises of CA Sri Lanka, Colombo, Sri Lanka. I congratulate Mr. Heshana Kuruppu on his appointment as the President and Mr. Ashfaq Yousuf Tola as the Vice-President of the South Asian Federation of Accountants (SAFA) for the year 2024.

My Council Colleagues CMA Rajendra Singh Bhati, CMA (Dr.) Ashish P. Thatte and CMA Neeraj Joshi represented the Institute in the SAFA meetings and other events on 18th & 19th January, 2024. They also participated in the Joint International Cost Conference organized by CMA Sri Lanka and ICMAI on "Cost & Effect on Industry and Services to Drive Business Performance" and a Meeting with the Cost and Management Accounting Standards Board of CMA Sri Lanka on 20th January, 2024 at Colombo, Sri Lanka.

43rd Regional Cost Conference-2024 of EIRC of ICMAI

I am pleased to inform that the Eastern India Regional Council (EIRC) in association with Bhubaneswar Chapter have successfully conducted the 3-Day 43rd Regional Cost Conference-2024 on the theme "रूपान्तर: New Bharat – A Paradigm Shift – Challenges & Opportunities" at Puri, Odisha from 12th January, 2024 to 14th January, 2024.

CMA Pradip Kumar Das, Chairman & Managing Director, IREDA inaugurated & graced the day-1 of RCC-2024 as the "Chief Guest" in the presence of Guests of Honour Shri Pankaj Lochan Mohanty, Chairman & Managing Director, MGM Mineral Limited and CMA Gagan Bihari Swain, Director (Finance & Corporate Affairs), GRIDCO Limited.

Smt. Ahuti Swain, Director (Personnel), Eastern Coalfield Limited was the Chief Guest for Day 2 of the event and CMA Ramesh Chandra Joshi, Director (Finance), NALCO Limited graced and addressed the valedictory session as Chief Guest.

The 43rd Regional Cost Conference-2024 was a resounding success, fostering discussions on the paradigm shift in New Bharat and providing a platform for knowledge exchange and networking. Around 600 participants including Corporate Delegates, Practicing Cost Accountants, Academicians, Bankers, CMA members and Students actively participated from across the nation and culminated with a grand success.

CMA Bibhuti Bhusan Nayak, Vice President, ICMAI along with other members of the Council of the Institute participated in the event. I congratulate CMA Uttam Kumar Nayak, Chairman and other RCMs of EIRC of ICMAI and Managing Committee members of Bhubaneswar Chapter for the successful conduct of the event.

I wish prosperity and happiness to members, students and their families on the occasion of Basant Panchami, Shivaji Jayanti & Guru Ravi Das Jayanti and pray for their success in all of their endeavours.

With warm regards,

CMA Ashwin G. Dalwadi

February 02, 2024

BRIEF SUMMARY OF THE ACTIVITIES OF VARIOUS DEPARTMENTS/ COMMITTEES/ BOARDS OF THE INSTITUTE DURING THE MONTH OF JANUARY 2024

BANKING, FINANCIAL SERVICES AND INSURANCE BOARD

The Banking, Financial Services & Insurance Board of the Institute and the BFSI department continued its various activities and initiatives in January 2024, a synopsis of which is presented herein under -

A. Representation letters for inclusion of CMAs

The BFSIB continues its efforts for further development of the profession in the BFSI sector with representations to authorities and employers for inclusion of CMAs in the sector. CMAs are now eligible to apply for the following post:

- Chairman and Managing Director in SIDBI.
- Managing Director in National Housing Bank.
- General Manager in Bassein Catholic Co-operative Bank Ltd.
- Administrative Officers in National Insurance Co. Ltd.

B. Certificate Courses on Banking

The admission for the 10th batch of the Certificate Course on Concurrent Audit of Banks and 8th Batch of the Certificate Course on Treasury and International Banking has started. Interested members are requested to enroll for the courses for professional development and capacity building.

The link for admission is stated as follows:

https://eicmai.in/OCMAC/BFSI/DelegatesApplicationForm-BFSI.aspx

Link to submit the Expression of Interest for the admission in the 10th batch of the Certificate Course on Credit Management of Banks is as follows:

https://docs.google.com/forms/d/e/1FAIpQLSdx18Bm27SjBv83hUDP64j3jLmDuSIeVmGn2l2K3Epdg9P3Bw/viewform?vc=0&c=0&w=1&flr=0

C. Certificate Courses on Investment Management in collaboration with NSE Academy

The BFSI Board in association with the NSE Academy will commence the Certificate Courses on Investment Management from 3rd February, 2024 for Fundamental Analysis and Valuation (Level-I). The admission window for the other two levels comprising of the, Mutual Funds and Market Analysis with Fundamentals (Level-II) and Financial Derivatives & it's application (Level-III) respectively are presently going on. The admission window is stated as follows:

https://eicmai.in/OCMAC/BFSI/DelegatesApplicationForm-BFSI.aspx

D. Webinars

The BFSIB organized the pension month successfully the following webinars:

a) Retirement Solutions Month

1. Webinar on "Retire with Confidence" organized on 12th January, 2024. Shri Sudhakar Kulkarni, Certified Financial Planner was the Chief Guest and Speaker.
2. Webinar on "Retirement: An eventual Reality "organized on 16th January, 2024 in association with PFRDA. Dr.Deepak Mohanty, Chairperson, PFRDA was the Special Guest of Honour and Shri Pankaj Mathpal, CEO, Optima Money Managers was the Guest of Honour and key note speaker. CMA Soumit Das, Chief Mentor - Financial Goal Achievers (a Personal Finance Advisory Firm) was the other speaker for the event. Shri Sumit Kumar, CGM, PFRDA was the other speaker from PFRDA.
3. Webinar on "Retirement and Personal Cash Flow Management" organized on 31st January, 2024. CMA Jaimin Sheth, Certified Financial Planner was the Speaker.

b) Other Webinar

Webinar on "Deciphering the impact of the three new laws on BFSI Industry" organized on 25th January, 2024. CMA Guruprasad G., Consultant was the Speaker

CAREER COUNSELLING AND PLACEMENT COMMITTEE

The Career Counselling and Placement Committee participated in a Career Conclave organized by Lions Calcutta Greater Vidya Mandir on 19th January, 2024 at their premises in Kolkata. By joining at this conclave, the Institute got the opportunity to network with potential students and highlighted the opportunities available by joining our course. There was good number of footfall in the event.

COOPERATIVE DEVELOPMENT BOARD

The Cooperative Development Board of the Institute, being the Knowledge Partner have participated in the Summit on Cooperatives: Building the Foundation of Viksit Bharat, organised by the PHD Chamber of Commerce and Industry on 24th January, 2024 at PHD House, New Delhi.

The summit was inaugurated by esteemed dignitaries including Mr. Vineet Nahata, Chairman, Taskforce on Cooperatives (PHDCCI); Mr. R.P. Singh, Co-Chairman, Taskforce on Cooperatives (PHDCCI) and Director (HR & Legal), IFFCO; Mr. Vinay Chauhan, Chairman, National Federation of Labour Cooperatives Ltd, Smt. Savitri Dingh, Dy CEO (NCUI) and CMA Navneet Jain, Chairman (CDB), ICMAI. The Knowledge Pack prepared jointly by the ICMAI and the PHDCCI for the Summit was released during the inaugural session and was highly appreciated.

The event was attended by members and cooperative delegates in good numbers who got the opportunity to gather requisite knowledge on 'The Role of Cooperatives in Viksit Bharat' from the Summit deliberations. CMA Navneet Kumar Jain, Chairman of the Cooperative Development Board was the speaker in the summit on behalf of the Institute.

MEMBERSHIP

During the month of January, 2024, 130 new members were granted associate membership and 31 members have been upgraded to fellowship.

All final passed students who have a minimum of 3 years of relevant working experience and have not yet taken membership to immediately apply for associate membership to enjoy all the benefits of membership. Application for membership is also available online and for ready reference the link is given as follows - https://eicmai.in/external/ChooseApplicationType.aspx

A gentle reminder to the members in practice that their Certificate of Practice (CoP) is valid for the current financial year till 31st March, 2024. To avoid last minute rush, CoP holders are requested to renew their CoP well in advance, for which a separate advisory is made available on the members section of the Institute's website and also for ready reference and guidance of CoP holders, the said advisory is also published elsewhere in this February 2024 edition of the Management Accountant.

PROFESSIONAL DEVELOPMENT & CONTINUING EDUCATION PROGRAMME (PD & CEP) COMMITTEE

CMA Manoj Kumar Anand, Chairman, Professional Development & CEP Committee has initiated the discussion with the practising members on every first Wednesday of the month.

The Committee organized 1st Webinar discussion on "Quality of Cost Audit Report and its Practical Aspects in Cost Accounting and Auditing". There was overwhelming response and active participation in the discussion. This webinar series is a good opportunity for practitioners to discuss on intricacies and concerns in the allied areas of practice along with the opportunities and challenges in Industry.

During the current year 2023-24, 10th batch of online Mandatory Capacity Building Training (e- MCBT) for eligible CoP holders is the last opportunity to undergo this mandatory training in online mode, sessions will be commenced in February 2024.

PD Directorate submitted representations to various organizations for inclusion of Cost Accountants for providing professional services.

Please visit the PD Portal for Tenders/EOIs during the month of January 2024 where services of the Cost Accountants are required in UCO Bank, Dakshin Haryana Bijli Vitran Nigam (DHBVN), Armoured Vehicles Nigam Limited , Visvesvaraya Jala Nigam Limited , South Eastern Coalfields Limited , National Minorities Development & Finance Corporation (NMDFC) , Odisha Mining Corporation Limited (OMC), HSCC (India) Limited , National Safai Karamcharis Finance & Development Corporation (NSKFDC) , Pharmaceuticals & Medical Devices Bureau of India (PMBI), Jawaharlal Nehru Port Trust , Bank Note Paper Mill India, West Bengal State CAMPA, Hindustan Salts Limited invites, Airports Authority of India, Income Tax Department Kerala, Western Coalfields Limited, Jammu and Kashmir and Ladakh Finance Corporation, Madhya Pradesh Power Generating Company Limited, etc.

Professional Development & CEP Committee associated with PHD Chamber of Commerce and Industry for the seminars on "ESG-A Holistic view towards Sustainable Future" on 10th January 2024 and "In–Depth discussion on Show Cause Notices under GST" on 31st January 2024.

During the month, around 41 programmes in Physical mode and around 34 programmes in online mode were organised by the different Committees, Regional Councils and Chapters of the Institute on the topics of professional relevance and importance like Basics of Transfer Pricing Mechanism in Foreign Trade: DT purview, Retirement and Personal Cash Flow Management, Business Responsibility and Sustainability Reporting, Social Stock Exchange and Social Impact Assessment- Professional Opportunities for CMAs, Basics of Transfer Pricing Mechanism in Foreign Trade, Advanced Excel Tools - II, Inventory Management & Control, Arbitration and Mediation- Effective Tools for Alternate Dispute Resolution, Workshop on Cost Records & Cost Audit Rules & Its Applicability, GST - Intricacies & Way Forward and so on.

TAX RESEARCH DEPARTMENT

The Tax Research Department has been a fore runner in providing services to the members and has always taken up this responsibility with much seriousness. For the past 2 months, December 2023 and January 2024 the department has been sending letter to the Principal Chief Commissioners and Chief Commissioners of Income Tax, all across the country showcasing the enthusiasm among the members and the Institute to extend all possible support in regards to Inventory Valuation in case the Assessing Officer of the Income Tax Department thinks so with the previous approval of the Chief Commissioner of Principal Chief Commissioner. IT Department at various locations has also commenced empanelment of Cost Accountants and firms for this activity.

Important webinars were conducted in January by the department. On 02.01.2024 an important webinar was conducted on the topic, "Overview of Recently Introduced Features for Registration Process – GST". The speaker for the session was CMA Sanjali Dias, Senior Vice President, GSTN. The speaker has herself played an important role in the process of implementation of the newly Introduced Features for Registration Process under GST. She spoke on the following areas like:

- Functionality for validating bank account and to view the status of validation
- Changes in email communication w.r.t Aadhaar authentication
- Changes made on the portal in relation to the Aadhaar Authentication process
- Enabling Geocoding facility for Additional place of business in addition to principal place of business for existing taxpayers
- Changes made in the placement of Form GST PMT-07 link
- Reporting supplies of unregistered persons in GSTR-8
- Automated Intimation of ITC mismatch in Form GST DRC-01C etc

The next webinar was conducted on 12.01.2024 on the topic, "Show Cause Notice & Reply – GST" and the faculty for the session was CMA Arpit Haldia, Indirect Tax Expert & Practicing Cost Accountant. During the session some important areas that were discussed are:

- Show Cause Notice Under GST and its contents
- Why they are issued by the department, the though behind
- What is the procedure for issuing a Show Cause Notice under GST?
- Some common reasons for the issuance of a Show Cause Notice
- Consequences on failure to reply correctly to a SCN
- How to handle a Show Cause Notice Under GST?

Another webinar was conducted on 30.01.2024 on Direct Tax wherein the faculty was CMA (Dr.) P. Siva Rama Prasad, Former Asst. General Manager, State Bank of India, Hyderabad. The topic for the session was, "Basics of Transfer Pricing Mechanism in Foreign Trade: DT purview". The areas discussed were:

- Opportunities to CMAs in TP Mechanism
- Transfer Pricing "Foreign Trade": DT Preview
- Historical Background of 'TP Mechanism'
- TP Regulations' in India
- Overview of "TP Methods"

The GST Course for college and university students was conducted at ASC Degree College, Bengaluru and the exam was conducted on 23.01.2024.

The admissions for all the 7 taxation courses have commenced:

- Certificate Course on GST
- Advanced Certificate Course on GST
- Advanced Course on GST Audit and Assessment Procedure
- Certificate Course on International Trade
- Certificate Course on TDS
- Certificate Course on Filing of Returns and
- Advanced Course on Income Tax Assessment & Appeals

Exam for these courses are scheduled on 04.02.2024.

The quiz on indirect tax is conducted on every Friday pan India basis. The Taxation Portal is being updated regularly with the circulars, notifications and press releases. Tax Bulletin has also been published and circulated to the Government and corporates.

INSOLVENCY PROFESSIONAL AGENCY (IPA) OF THE INSTITUTE

The Insolvency Professional Agency of Institute of Cost Accountants of India, in its endeavor to promote professional development and sharpen the skills of the professionals, has constantly been conducting various professional & orientation programs across the country and publishing various publications for the benefit of stakeholders at large. IPA ICMAI has undertaken several initiatives, as enumerated below, during the month of January, 2024.

- A three day's online Master Class on Managing the affairs of Corporate Debtor by IRP/RP under IBC, 2016 was held on 05th January 2024 and the content included topics such as Duties of IRP while taking over the CD, Managing the CD as going concerned, Dealing CoC, Interim Finance, Handover from IRP to RP, etc. Interaction with free exchange of views on the subject, during the Master class, was the highlight of the program.
- A Workshop on Disciplinary Aspects & Governance under IBC, 2016 was conducted on 12th January 2024, with content like Grievance mechanism (Procedural aspect), Disciplinary mechanism (Procedural aspects), Ethics for Insolvency Professionals, Conflict Management, Protection Available for Insolvency Professionals, the program was well appreciated by the participants who gained immensely with it.
- A Five days Executive Development Program Financial Forensics Boot Camp was conducted from 19th to 23rd January 2024, the content included Analysis of Financial Statements, Application for Avoidance Transactions, Roles and Responsibilities of IPs and Auditors, Transactions under PUFE, Identification and Tracking of Red Alerts, Case laws related to Avoidance Transactions, Remedies for Avoidance Transactions, Closure of Avoidance Transactions, Analysis of Valuation Report and Transaction Audit Report, Transaction Audit etc.
- 3 Hours Workshop on "Compliances to be made by Insolvency Professionals" was conducted on 24th January 2024 in which discussion on the compliances to be done by IP's to IPA and IBBI were discussed.
- A Workshop on Judicial Pronouncements under IBC, 2016 was conducted on 25th January 2024 which received an overwhelming response from participants who were benefitted from the workshop.
- In its endeavour to promote the profession, knowledge sharing, and sensitisation of the environment, IPA ICMAI published Au-Courant (Daily Newsletter), a weekly IBC Dossier, and a monthly e- Journal which are hosted on its website.

ICMAI REGISTERED VALUERS ORGANIZATION (RVO)

ICMAI RVO has successfully organized four "50 Hour's training programs" and also organized 19 "Professional Development Programs" during the month of January, 2024. In its efforts to bring out relevant publications for development of the valuation profession, ICMAI RVO also released its monthly Journal – The Valuation Professional.

ICMAI SOCIAL AUDITORS ORGANIZATION (SAO)

ICMAI SAO organized one preparatory course for preparing candidates for the Social Auditors exam conducted by NISM and organized 9 Professional Development programs during January, 2024 free of cost. ICMAI SAO also released its monthly Journal – The Social Auditor. Compilation of a unified set of Social Audit Standards in association with Social Audit Organizations of ICAI and ICSI has been done and submitted to SEBI.

ICMAI INTERNATIONAL ADR CHAMBER

The Institute has promoted a section 8 company to create awareness, develop competency and establish a Centre for Arbitration and Mediation. Five professional development program on Mediation / Arbitration were organized during the month of January.

NOTICE TO MEMBERS AND READERS OF "THE MANAGEMENT ACCOUNTANT"

Date: January 30th, 2024

From: Chairman, Professional Development Committee
Subject: Release of New Guidance Notes by the ICMAI

Dear Members and Esteemed Stakeholders,

The Institute of Cost Accountants of India (ICMAI) is proud to announce the release of three significant Guidance Notes designed to align our profession with the emerging trends and challenges of the business landscape. These notes are crucial resources for all members who are committed to advancing their knowledge and enhancing their strategic capabilities.

1. **"Guidance Note on Technologies of Artificial Intelligence (AI) and the Role of Cost and Management Accountants"-** This publication addresses the burgeoning influence of AI technologies and their practical implications for cost and management accountants. It serves as a comprehensive guide for integrating AI with cost management expertise to drive efficiency and innovation.
2. **"Guidance Note on Carbon Credit Mechanism, Greenhouse Gas Accounting, ESG Reporting, with different sustainability Standards (Including Current IFRS S1 and S2 Standards)"-** In our ever-greening economy, understanding carbon credits, greenhouse gas accounting, and ESG reporting are imperative. This note offers deep insights into the global sustainability standards and the vital role that cost accountants play in navigating them.
3. **"Guidance Note on Role of Cost Accountants in Corporate Social Responsibility (CSR) Practices, Audits, and Audit Report Verifiers"-**Enhancing corporate social responsibility is at the heart of this Guidance Note. Cost accountants will benefit from its in-depth coverage of CSR practices, audit procedures, and reporting verification processes.

The said Guidance Notes are available for download from the official ICMAI website (www.icmai.in). We encourage our members and other stakeholders to utilize these publications to stay at the forefront of industry best practices. For those who prefer a physical copy, please feel free to contact or visit the Institute to obtain your copy.

We are confident that these resources will greatly benefit our members, readers, and the wider community, and we look forward to your active engagement with the material.

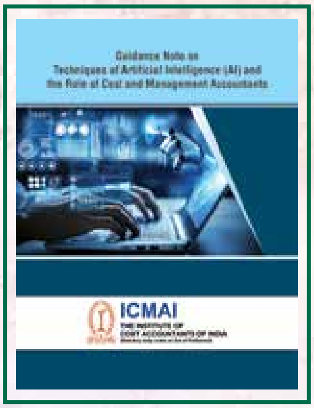
Please direct any inquiries or feedback to the Professional Development Committee at the contact details provided on our website.

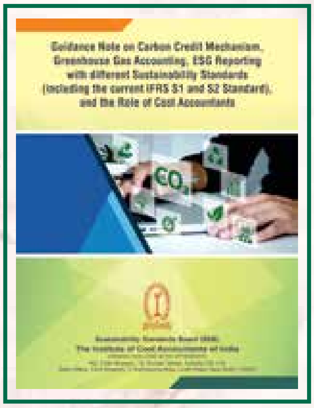
Embrace this opportunity to refine your skills and enrich your professional journey.

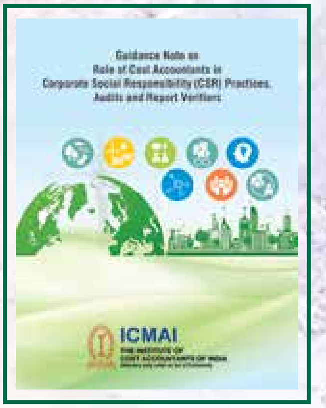
Thank you for your ongoing commitment to excellence in the field of cost management.

Warm regards,

CMA M K Anand
Chairman, Professional Development Committee
The Institute of Cost Accountants of India (ICMAI)
New Delhi, India







L to R: Council Member - CMA M K Anand, President - CMA Ashwin G. Dalwadi, SIRC Vice Chairman - CMA K Panduranga Rao and Council Member - CMA Vinayaranjan P met Union Defence Minister, Shri Rajnath Singh on 27/01/2024.

Release of Guidance Note on "Carbon Credit Mechanism, Greenhouse Gas Accounting, ESG Reporting with different Sustainability Standards (including the current IFRS S1 and S2 Standard), and the Role of Cost Accountants" developed by Sustainability Standards Board (SSB) of ICMAI on 30.01.2024.

Release of Guidance Note on Role of Cost Accountants in Corporate Social Responsibility (CSR) Practices, Audits and Report Verifiers.

Release of Guidance Note of Artificial Intelligence (AI) and the Role of Cost and Management Accountants.

Grand Release of CMA Student E-Bulletin - January 2024 Issue (An Initiative of Directorate of Studies) in new format by CMA Ashwin G. Dalwadi, President, CMA B B Nayak, Vice President, other esteemed Council Members and the Secretary of the Institute.

75th Republic Day Celebrations at Headquarters of the Institute, CMA Bhawan, Kolkata.

43rd Regional Cost Conference - 2024 of ICMAI-EIRC in association with Bhubaneswar Chapter.

Inauguration of Institute Book Stall at 47th International Kolkata Book Fair - 2024 by Prof. Dhrubajyoti Chattopadhyay, Vice Chancellor of Sister Nivedita University, Kolkata and Mr. Tom Reiner, Regional Director of Indo-German Chamber of Commerce, Kolkata, accompanied by CMA (Dr.) Kaushik Banerjee, Secretary, ICMAI and CMA (Dr.) D.P. Nandy, Sr. Director, ICMAI.

Council Member, CMA Chittaranjan Chattopadhyay along with Bandhan Bank Founder MD & CEO, Shri Chandra Shekhar Ghosh at the Institute stall, Kolkata Book Fair 2024.

Quiz Contest at Institute stall in Kolkata Book Fair 2024. Seen in the picture: Council Members, CMA Avijit Goswami and CMA Chittaranjan Chattopadhyay along with participants.

MoU signing Ceremony with JIS University at 47th International Kolkata Book Fair - 2024 on 24th January, 2024.

CMA Navneet Jain, Chairman (CDB) alongwith Dr Jatinder Singh, Asst Secretary General PHDCCI, Smt Savitri Singh, Dy CEO (NCUI), Mr.Vineet Nahata, Chairman, Task Force on Cooperatives (PHDCCI), Mr. R P Singh, Co Chair, Director (HR & Legal), IFFCO, and Mr. Vinay Chauhan Chairman, National Federation of Labour Cooperatives Ltd. releasing the Knowledge Pack during the "Summit on Cooperatives" organized by PHD CCI for which CDB (ICMAI) was the esteemed Knowledge Partner.

CMA (Dr.) Ashish P. Thatte, CMA Neeraj Joshi and CMA Rajendra Singh Bhati, Council Members, ICMAI attended the Meeting with the Cost and Management Accounting Standards Board of CMA Sri Lanka on 20th January, 2024 at Colombo, Sri Lanka.

Meeting with Sri G S Rawat, Deputy Managing Director of NABARD at Mumbai. He is greeted by CMA Harshad Deshpande, Council Member & CMA (Dr.) Sreehari Chava Past Chairman, Nagpur Chapter.

CMA (Dr.) Ashish P. Thatte, CMA Neeraj Joshi and CMA Rajendra Singh Bhati, Council Members, ICMAI attended the Joint International Cost Conference organized by CMA Sri Lanka and ICMAI on "Cost & Effect on Industry and Services to Drive Business Performance" on 20th January, 2024 at Colombo, Sri Lanka.

ICMAI congratulates Mr. Heshana Kuruppu on his appointment as the President and Mr. Ashfaq Yousuf Tola as the Vice-President of the South Asian Federation of Accountants (SAFA) for the year 2024.

CMA Harshad Deshpande, Council Member had meeting with IRS Sanjay Kumar, Principal Chief Commissioner of Income Tax, Mumbai for empanelment of CMA to carry out audit of inventories u/s 142(2A).

CMA Vinayaranjan P., Council Member, congratulating CMA S.B. Kalyani who has been promoted as Executive Director (Finance & Marketing), HO of Indian Oil Corporation Ltd., along with CMA K. A. N Prabhu, Chief Manager of Indian Oil Corporation Ltd.

Meeting with Sri P M Prasad, Chairman & Managing Director of Coal India Ltd at their HQ at Kolkata. He is greeted by CMA Chittaranjan Chattopadhyay, CMA Avijit Goswami, Council Members & CMA Amal Kr. Das, Past President of ICMAI.

CMA Navneet Kumar Jain, Council Member, ICMAI met Ms. Suchismita Palai, CCIT, Ghaziabad at her office in Ghaziabad on 9.01.2024.

CMA (Dr.) K Ch A V S N Murthy, Council Member, ICMAI along with CMA Hima Vidya Sanagavarapu, Chairperson, Hyderabad Chapter, CMA Venkata Ram Babu, Treasurer, Hyderabad Chapter and CMA Someswara Rao, Past Chairman, Hyderabad Chapter of ICMAI had a meeting with Smt. Mitali Madhusmita, IRS, Principal Chief Commissioner of Income Tax, Andhra Pradesh & Telangana and Shri Ashish Chaurasia, JCIT, Hqrs./Technical, Andhra Pradesh & Telengana, and requested to initiate steps for empanelment of Cost Accountants for Inventory Valuation under Section 142(2A) of the Income Tax Act, 1961

Glimpses of the footfall of students in the **Career Conclave** organized by Lions Calcutta Greater Vidya Mandir on 19th January, 2024 in Kolkata where the Career Counselling and Placement Committee of the Institute participated.

VALUING PRE-REVENUE STARTUPS: METHODS USED GLOBALLY

Abstract

Startups often get categorized based on their valuations and one of the most frequently heard categorizations for a start up is the term 'Unicorn'. There are other categorizations based on valuations such as 'Minicorn', 'Soonicorn', 'Decacorn', and 'Hectocorn'. Valuations tell what a company would be worth at a given time. In other words, a company's valuation refers to its fair market value for an interested arm's length party when no strategic considerations or potential synergies are considered. This is why the fair market value determined by using valuation methods may be very different from the actual purchase price paid by the arm's length party. Valuation methods exist not only for established companies with revenues but also for pre-revenue start ups. There is several valuation methods used globally in order to arrive at the stand-alone value of a pre-revenue start up and some of these are industry specific too.

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STARTUP VALUATION TITLES AND CONSIDERATIONS

Ever since the American venture capitalist Aileen Lee used the term 'Unicorn' in the year 2013 to refer to U.S.-based private companies that had achieved a valuation in the range of USD 1 billion to USD 10 billion and the term 'Super-unicorn' for private companies valued at USD 100 billion or more, [1] several others came up with different terms for various valuation milestones. In 2015, Bloomberg came up with the term 'Decacorn' to describe private companies that had achieved a valuation of more than USD 10 billion.2 On crossing USD 100 billion in valuation, the private company would be described as a 'Super-unicorn' or a 'Centicorn' or a 'Hectocorn'. Prior to achieving the 'Unicorn' status, a private company valued in the range of USD 1 million to USD 1 billion can be described as a 'Minicorn', a term coined in 2018 by Anand Sanwal, the founder of a market research firm CB Insights. A private company which is close to reaching the 'Unicorn' status (or USD 1 billion valuation) is called a 'Soonicorn' (short for soon-to-be Unicorn).

Category/Title	Valuation
Minicorn	USD 1 million to USD 1 billion
Soonicorn	Closer to USD 1 billion
Unicorn	USD 1 billion to USD 10 billion
Decacorn	USD 10 billion to USD 100 billion
Hectocorn/Centicorn/ Super-unicorn	USD 100 billion or more

Notice that in the case of all of the titles explained above, the companies have a minimum valuation of USD 1 million. This means they have started earning revenues and building their worth in the markets they serve. However, many startups take time to earn revenues and while they are at it, they are not even minicorns. In fact, they may be far from earning revenues. These 'pre-revenue' startups too may require investments (additional capital). There are several investors who are willing to consider pre-revenue startups that have certain things in place as outlined in the following paragraphs.

- ***Management/founding team***: This is one of the first things a potential investor in a pre-revenue startup would be interested in. Startups with founders/management team members that lack focus, commitment, skills and experience typically fail in the very initial years of existence.
- ***Industry***: A potential investor in a pre-revenue startup would also be interested in evaluating unique product ideas presented by the startup. This is especially true if the industry is already very competitive and poses a significant challenge to the startup in attracting demand for its products/ services.
- ***Product development expertise***: Potential investors in a pre-revenue startup would expect the startup to have lightweight early-version of the products ready in the form of prototypes and MVPs (minimum viable products). Prototypes and MVPs are critical to product development efforts. When a product idea is given a tangible form that can be communicated to the design and engineering teams, it is called a prototype. A prototype can be created either digitally or in the form of a paper sketch. When this prototype is used to make a bare minimum version of the intended product that can address the needs of the target customer (and gather their feedback for improvements), it is called a minimum viable product (MVP). Thus, a prototype can be likened to the packaging of a currently empty box which has sketches of the product that one may expect inside the box and the MVP is the actual bare minimum of the product that will be put inside this box, shipped to customers, and collect feedback that will help convert the MVP into a full-fledged product.

While it is typical of mature businesses to get valued based on earnings before interest, taxes, depreciation and amortization (EBITDA) or specific industry multiples, startups have hardly any history or revenues to plug into valuation spreadsheets. This is especially true if the startup has not made any revenue but wants to get its valuation done.

WAYS TO VALUE PRE-REVENUE STARTUPS

Let us take a look at a few methods that are used globally to value pre-revenue startups.

Berkus Method (Developmental Stage Method): Angel investor Dave Berkus envisions that in five years a startup must touch revenues of USD 20 million and if an investor were to expect 10 per cent of these future revenues i.e., USD 2 million as returns, the returns should be attributable to the factors below. Therefore, each of the factors below must be assigned an amount not exceeding USD 500000 and the sum of these amounts should be considered the value of the pre-revenue startup.[3]

- Management team strength/quality (addresses execution risk)
- Finished product or prototype (addresses technology risk)
- Attractive core concept (offers a product with basic value at acceptable risk)
- Strategic alliances of value (connections that reduce competitive risk)
- Product rollout/sales plan (addresses production risk)

This method attempts to de-risk early-stage investments and allows for addition of other factors that may be unique to the industry the startup operates in. This method ignores financial risks tied to startups and allows for assigning equal importance to the aforementioned factors which is not always realistic.

Scorecard Valuation Method: Formulated by an American agnel investor Bill Payne mainly for valuing U.S. based startups, this method compares the pre-revenue startup to similar other startups in the same region or segment that have already been funded. The idea is that if similar startups in the region or segment that got valued recently are valued, on average, at USD 10 million, then the target pre-revenue startup's valuation should not deviate much from USD 10 million. With this as the starting point, the target pre-revenue startup should be compared to similar other deals based on the factors below.[4]

Management team strength	0-30%
Opportunity size	0-25%
Product/Technology	0-15%
Competitive environment	0-10%
Marketing/sales channels/partnerships	0-10%

Additional investment needs	0-5%
Other factors	0-5%

Once a score is assigned to the above factors, the final score for the target pre-revenue startup can be determined. This final score should be multiplied by the average valuation of similar startups (in our example, USD 10 million) and this gives the valuation of the target pre-revenue startup. This method seems to be much better compared to the Berkus Method.

Venture Capital Method: Besides being useful for valuing post-revenue startups, this method can also be used to value pre-revenue startups. In this method, the first step is to compute the terminal value of the business in the year the investor intends to exit (i.e., the harvest year).

Harvest Year Projected Earnings X Industry Price-Earnings Multiple = Terminal Value.

Since the terminal value is also considered the required return earned on the sum of investment and the pre-money valuation (i.e., the valuation before the company receives investment), the second step is to arrive at the pre-money valuation using the formula below.

Terminal Value = Required Return On Investment X (Investment + Pre-Money Valuation)

The terminal value is computed as a first step while the investment amount and the required rate must be known in order to plug them into the formula to compute pre-money valuation.[5] While this method accounts for the time and risk factors by focusing on the future, it disregards other essential elements such as management team, strategic relationships, prototypes, etc. Besides, the timing of an investor's exit is not easy to determine and earnings projections may come out to be significantly different from the actual performance over a period of time.

First Chicago Method: Credited to the late First Chicago Bank, this method can be used for both post-revenue and pre-revenue startups. It considers three valuation scenarios (best case, base case, worst case) and each of these valuation estimates is assigned a probability of occurrence and the weighted average valuation is determined. In case of valuing pre-revenue startups, the First Chicago Method often leans on the venture capital method to get the valuation estimates for the best case, base case, and worst case scenarios. In case of valuing post-revenue startups, the First Chicago Method often leans on the discounted cash flow approach to get the valuation estimates. Since the final valuation is a weighted average amount, the First Chicago Method ensures that various risk levels associated with the startup are all factored into the computations. However, it is extremely difficult to determine the appropriate discounting rates for startups, especially when they have hardly any history or information.

Valuation methods for mature companies depend mostly on financial factors but still there are several estimates and assumptions involved

Risk Factor Summation: This method requires that the valuation for a pre-revenue startup be determined using one of the other methods described above. Once the valuation is determined in this manner, consider the following twelve factors (risk areas) and their impact on the target pre-revenue startup and adjust the valuation of the startup.[6]

- Management
- Business stage
- Manufacturing
- Sales and marketing
- Capital raising/funding
- Competition
- Technology
- Political/legislation
- Litigation
- International
- Reputation
- Potential for a lucrative exit value

The scores for the above risk areas are explained below.

Score	Meaning	Valuation adjustment in multiples of USD 250000
0	No risk or neutral	No adjustment done to the value already computed

+1	Positive	Enhance the value by USD 250000
+2	Very positive	Enhance the value by USD 500000
-1	Negative (a little risky)	Reduce the value by USD 250000
-2	Very negative (more risk)	Reduce the value by USD 500000

This method comes across as a mix of the Berkus Method and the Scorecard Valuation Method because of the factors it considers in the process of valuing pre-revenue startups. However, it is quite difficult to assign scores to each factor because every valuation professional will have a different opinion about which score to assign.

CONCLUSION

Valuation methods for mature companies depend mostly on financial factors but still there are several estimates and assumptions involved and they render the valuations a little unreliable. In case of pre-revenue startups with little history and limited information, the valuation methods depend heavily on non-financial factors even when some financial factors and calculations are involved. In such valuations, there are even more assumptions and estimates which can be vulnerable to human subjectivity. This can cause the valuations to be extremely unreliable. Therefore, a pre-revenue startup should employ more than one of the aforementioned valuation methods to arrive at a realistic valuation for itself. MA

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VALUING START UPs - A BRAIN TEASER

Abstract

The scope of valuation expanded beyond boundaries and reached to a limit that it has become indispensable and inseparable part of business.

Ever since, the incorporation of Registered Valuer Organisation by the benign 3 Institutes as Section 8 Companies, the scope of valuation among the professional fraternity has never stopped mounting.

Inorder to stabilize the market and to prevent the erosion of money, the relevance of valuation justification and its technique came in to the picture.

A thumb rule for valuing a startup seldom exists and it is always a mind game when it comes to Start Ups.

Though the nature of startup may vary on its field of operations, various valuation models need to be put in place while valuing a startup.

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START UPs - A SNIPPET ON ITS EVOLUTION

It has been a jackpot call for the budding entrepreneurs on the advent of Start Up India when announced by the Central Government. The corporate got recognized, tapped income tax benefits and when it was gifted with ease of compliance; it was the much-awaited dawn for the untapped business magnets in India. Various schemes predominantly, *Azadi Ka Amrit Mahotsav* paved the way to the entrepreneurship verticals, especially in the service sector. The Department for Promotion of Industry and Internal Trade introduced many initiatives and provided avenues to scale up the businesses which developed altogether a varied business model for economic development. As per authenticated statistics, there has been a growth of 12-15 per cent of the startups and on an average, every day there is birth of 3 technical startups. Having made the eco system favourable to the startups, Indian Governmental support has been in lime light and a model to other countries. Many overseas MNCs have also started to handhold the Governmental initiative and the State Governments have also framed policies to support the start up incubation. When the start up registrations were touching milestones in the dawn and dusk, the financial sector had no other go, but to support the initiatives with acute time constraints to evaluate their viability. With lack of technical expertise coupled with intensified applications, the lenders were in the muddle to identify the viable projects.

VALUATION AND ITS GROWING IMPORTANCE

Ever since, the incorporation of Registered Valuer Organisation by the benign 3 Institutes as section 8 companies, the scope of valuation among the professional fraternity has never stopped mounting. The valuation techniques and objectives were streamlined based upon specialization and banks and other entities started relying on the professional valuers over to the contemporary practices. The scope of valuation expanded beyond boundaries and reached a limit such that it has become indispensable and inseparable part of business. It not only made the lenders to extend the credit, but also the incumbent stakeholders the decision to arrive on the investment and expansion strategies. Valuation also is a self-evaluation tool to the entrepreneur to boost up the existing business clientele and to take different track if it is not in line with the results in the books.

When the custom practices of valuation resorted only on market value, the advent of startups and other entrepreneurship developmental programmes compelled techniques to take a futuristic approach to have a far-reaching impact.

ROLE OF VENTURE CAPITALISTS (VCS) FOR THE START UP REVOLUTION

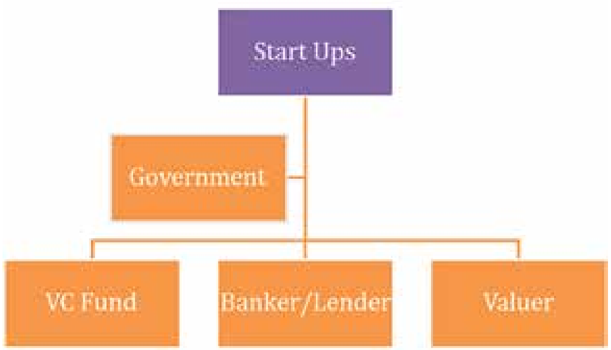
The high net worth individuals and venture capitalists were always keen to promote the entrepreneurship with twin objectives namely to mobile their surplus and to handhold the new comers. VCs or Angel investors have been a blessing in disguise for the start ups in their series funding stages especially when it is ready to ring the bell in the stock exchanges. Though they exit in the midst, the support in the start up's initial stage by way of financial muscle or guidance by virtue of their experience has always been the best of its kind for the startups. VCs are often blessed with their technical expertise in their manpower to identify and endorse the inborn business magnets. Around $10 Billion sustainable funding was extended by the cautious VCs in the fiscal of 2023 and is expected to scale up in the coming period.

THE START UP RUSH -UNICORNS-POST COVID 19!

Though the pace of startup registration was in usual pace till 2019, Covid-19 was a challenging phase and the technical brains of the startups capitalized the opportunity. The work from home and remote connectivity, due to mobility constraint, made the ecosystem to adapt the go digital path. Several startups were incorporated during the Covid 19 period and bagged the Unicorn label within no time with a valuation of 1 Billion USD. This was morale to other startups and there was a rush to hit the economy in all the sectors to become the big bull among the peers. Despite the traditional sectors like Fin tech, e- commerce and IT hitting the bulls eye, new players in the domain of Gaming, Content and Data Analytics have also added their names in the list of unicorns. As at the last quarter of 2023-24, India is a home to 115 Unicorns. The YouTube and other social media platforms also expanded the knowledge boundaries to capital market and many IPOs were oversubscribed.

This adrenaline rush to become the crowned unicorns had another side that it had swept off the money of the over exited investors when they parked their funds in the entities which were hyper valued or without proper price determination. In order to stabilize the market and to prevent the erosion of money, the relevance of valuation, its justification and its techniques came in to the picture.

SUPPORT TO THE START UPS



VALUATION & START UPS- THE MIND GAME

It is both easy to reject and difficult to value the prospect of a startup's credit application. Without technical skill and analysis and not knowing the future prospects, a lender can be a boon or a curse for the start up. For the economy and as a stakeholder, it is prerequisite to assess the requirement and viability of a startup. A thumb rule for valuing a startup seldom exists and it is always a mind game when it comes to start ups. Though the nature of startup may vary on its field of operations, following models may be considered while valuing a startup.

Discounted Cash Flow (DCF)

DCF is the most common and universal method to value not only startups but any project to ascertain its viability based on the net present value. It sums up that if the difference between the total investment over the years and its discounted value as on that period remains positive, the project is viable. This contemporary method can be applied for start-ups; however, the realistic free cash flows must be assessed. Sometimes the expected cash flow generation for startups fail to hit the deck and largely depends on the sector in which it operates and fund generating ability of the entrepreneur. Moreover, the value generated by capex is usually missed out in DCF, since only the FCF is considered. If the valuer could maintain a momentum between realistic FCF and value addition of the CAPEX, DCF will give a fair valuation to the startups.

Venture Capital Method (VCM)

In VCM, the valuer step into the shoe of a venture capitalist anticipating a midterm exit from the startup. In this method, the valuer predetermines a fixed ROI considering the nature of business operation and evaluates the terminal value. Considering the margin between the post money valuation and investment the efficiency of startup can be assessed evaluating the rate and the period in which the start up gives the investment back to the entrepreneur/venture capitalist. VC method is a futuristic model to weigh the growth potential of the startup. VC method takes DCF also into consideration and computes the probability for dilution and bankruptcy, which is a guidance factor for the startup entrepreneur also. However, VCM on startup is apt only for a limited period projection and can never justify its consideration to be unicorn entity.

Risk Weightage Method

Though this model sounds similar to DCF, the start up is evaluated on a broader canvass here. The factor, both external and internal in which the startup is operated is taken into consideration and the risk is weighed. The components for valuation vary from management efficiency to potential lucrative exit. The net result of the potential investment over the period multiplied by the number of times when the risk is low and divided when the risk is high, if remained positive, gives a favourable assessment of the startup. However, this summation method need not be favourable where the startup is closely held and is a small-scale business. Moreover, if the risk factors are not assessed/weighed properly, the conclusion derived may not be the one which is desired.

Peer Valuation/Score Card Method

This is the simplest but a cross reference method to be used as a last resort after adapting any of the above methods to verify the correctness. This method can be implemented only by a lender if he had extended credit to a similar startup or a large number of start-ups. This is a method wherein the experience of the lender is put into the picture by assessing his post money valuation of a startup after it has reached breakeven or near to ROI period. Drawing a fair scorecard comparing the incumbent startup with the existing client with relevant factors can be summarized. However, the valuer must take a point that the entrepreneurship talent varies from person to person, and businesses.

In order to stabilize the market and to prevent the erosion of money, the relevance of valuation, its justification and its techniques came in to the picture

Market Multiples Approach

This method is also similar to the Score Card Method, but the only differentiating factor is it will be based on the recent acquisitions of similar start up by another entity. Mere comparison of the purchase consideration and analysis of post-acquisition financials of the invested entity can sum up the scheme of valuation which can be a background for the incumbent startup. Excluding the distinguishing factors and weighing in line with the sector, can give a fair value to the applicant start up.

CONCLUSION

It is always a tough task for a valuer to evaluate a startup. There are several other methods apart from the above discussed method to ascertain the future earnings and profitability of the startups. It largely depends on the technical skill and experience of the valuer to determine the long run projection of the startup. A Valuer with considerable experience with a traditional method will only end up in a wrong conclusion and hence a 360 degree approach and sound knowledge on the area of operations is indispensable to value a startup. MA

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Own Words

UNVEILING VALUATION DYNAMICS: A COMPARATIVE PERSPECTIVE ON INDIA AND THE GLOBAL ARENA

Abstract

This article presents a comprehensive comparative analysis of valuation practices across India, USA, UK, Germany, Brazil, South Africa, and Australia. It delves into various facets including regulatory frameworks, valuation methodologies, integration of non-financial metrics, standardisation of valuation practices, training and accreditation requirements, adoption of technological tools, implications for investors, businesses, and policymakers, the challenges and limitations inherent in these diverse valuation landscapes.

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INTRODUCTION

Valuation, the cornerstone of financial decision-making, transcends national borders, influencing investment decisions, corporate strategies and policy formulations worldwide. By examining the valuation methodologies in India and contrasting them with practices in the United States (North America), the United Kingdom and Germany (Europe), South Africa (Africa), Brazil (South America), and Australia (Australasia), this study aims to uncover the nuances that shape valuation across different economic landscapes by delving into the regulatory frameworks that govern valuation practices, the prevalent valuation methodologies, the degree to which non-financial metrics like ESG (environmental, social, and governance) scores are integrated into these methodologies, standardisation of valuation practices, the training and accreditation required for professionals in the valuation industry, adoption of technological tools in valuation practices, implications of the diverse valuation practices for investors, businesses, and policymakers, and the challenges and limitations inherent in the current valuation landscapes.

COMPARATIVE ANALYSIS OF VALUATION PRACTICES

The comparative perspective on valuation practices considering India, USA, UK, Germany, Brazil, South Africa and Australia based on the aspects mentioned earlier is elucidated through the following tables.

TABLE 1: REGULATORY FRAMEWORK

Country	Regulatory Bodies	Regulations and Acts	Valuation Standards	Focus of Valuation Standards
India	Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA)	SEBI Guidelines, Companies Act, 2013	Registered Valuers and Valuation Rules, Indian Accounting Standards	Standardization, Professional Conduct

USA	Securities and Exchange Commission (SEC), Financial Accounting Standards Board (FASB)	Sarbanes-Oxley Act, Dodd-Frank Act	US GAAP, ASC 820 (Fair Value Measurement)	Transparency, Fair Value Measurement
UK	Financial Reporting Council (FRC)	UK Corporate Governance Code, Companies Act 2006	IFRS, UK GAAP	Compliance with International Standards, Corporate Governance
Germany	Federal Financial Supervisory Authority (BaFin)	German Commercial Code (HGB), European Union Regulations	IFRS, HGB	Compliance with EU Standards, Conservatism
Brazil	Comissão de ValoresMobiliários (CVM)	Brazilian Corporate Law	IFRS, Brazilian GAAP	Adaptation to Local Economic Conditions, Transparency
South Africa	Financial Sector Conduct Authority (FSCA)	Companies Act of 2008	IFRS, South African GAAP	Alignment with International Standards, Transparency
Australia	Australian Securities and Investments Commission (ASIC)	Corporations Act 2001	Australian Accounting Standards, IFRS	Fair Value Measurement, Transparency

(Source: Author compilation)

TABLE 2: VALUATION METHODOLOGIES

Country	Primary Valuation Methods	Secondary Methods	Special Considerations in Methods	Method Adaptations for Local Market
India	Discounted Cash Flow (DCF), Comparable Company Analysis (CCA)	Earnings Capitalization, Venture Capital Method	Adjustment for High Growth and Market Risk	Adaptation to diverse sectors, including startups
USA	DCF, CCA, Precedent Transaction Analysis	Real Options Valuation, EBITDA Multiples	Advanced Financial Modelling	Tailored for sophisticated capital markets
UK	DCF, CCA, Net Asset Value (NAV)	Real Options Valuation, Earnings Multiples	Alignment with IFRS	Focus on international investment and risk management
Germany	DCF, CCA, Income Approach (*Ertragswertverfahren*)	Real Options Valuation, Asset-based Valuation	Conservative Approach, Focus on Sustainability	Adaptation to industrial and manufacturing sectors
Brazil	DCF, CCA, Adjusted Present Value (APV)	Market Multiples, Real Options Valuation	Consideration of Economic Volatility	Adaptation for high inflation and economic instability
South Africa	DCF, CCA, Real Options Valuation	Market Multiples, Income Approach	Emphasis on Resource-based Industries	Adaptation to emerging market characteristics

Australia	DCF, CCA, Real Options Valuation	Market Multiples, NAV	Focus on Natural Resources and Real Estate	Adaptation to resource-heavy sectors

(Source: Author compilation)

TABLE 3: INTEGRATION OF NON-FINANCIAL METRICS

Country	Extent of Incorporation	Comparison Across Countries	Impact on Valuation Outcomes
India	Emerging focus on ESG and brand value, especially in consumer sectors	Less integrated compared to the US and UK, but growing awareness	Increasingly significant in sectors like technology and consumer goods
USA	High integration of ESG, brand value, and customer loyalty	Among the leaders in incorporating these metrics	Critical in determining company valuation, especially in consumer-focused and green industries
UK	Strong incorporation of ESG and brand value, particularly in consumer-facing businesses	Similar to the US in integration depth	Significantly influences valuation, particularly in industries where brand and sustainability are key
Germany	Growing importance of ESG; traditional focus on financial metrics still strong	More conservative compared to the US/UK, but gradually increasing	ESG integration is becoming more impactful in valuation, especially in sustainable and ethical businesses
Brazil	Moderate incorporation, with a focus on brand and customer loyalty in consumer markets	Less integrated compared to developed countries but improving	Influences valuation in sectors where brand identity is crucial
South Africa	Emerging focus on ESG in resource-based companies; other non-financial metrics less prevalent	Integration is developing, influenced by global trends	Becoming increasingly important in sectors like mining and energy
Australia	Increasing emphasis on ESG factors, especially in natural resources and real estate sectors	Similar to other developed countries in ESG focus	ESG and brand value are becoming key valuation drivers in certain sectors

(Source: Author compilation)

TABLE 4: STANDARDIZATION OF VALUATION PRACTICES

Country	Degree of Standardization	Consistency Across Sectors	Influence of International Standards
India	Moderate; evolving towards greater standardization	Varied consistency, more standardized in larger firms and sectors with international exposure	Increasing influence of international standards like IFRS in professional practices
USA	High; stringent standards and practices	High consistency, especially in publicly traded companies	US GAAP and SEC regulations heavily influence practices, with some alignment with international norms
UK	High; strict adherence to IFRS and UK-specific regulations	Consistent across sectors, particularly in public companies and large private entities	Strong influence of IFRS and UK-specific standards on local practices

Germany	High; conservative and rigorous valuation standards	Consistency varies by sector, with stricter adherence in public and large companies	EU regulations and IFRS have a significant impact on German valuation practices
Brazil	Moderate; evolving with economic and regulatory changes	Inconsistent in some sectors, more standardized in larger companies and industries facing international investment	IFRS has growing influence, adapting to local economic conditions
South Africa	Moderate to high; alignment with IFRS	Consistency is higher in major industries and public companies	Strong influence of IFRS, adjusted for local market characteristics
Australia	High; strong regulatory framework and compliance	Consistent across major sectors, particularly in mining and real estate	Australian standards closely aligned with IFRS, influencing local practices

(Source: Author compilation)

TABLE 5: TRAINING AND ACCREDITATION

Country	Requirements for Professionals	Accreditation Bodies and Certifications	Importance of Training
India	Formal education in finance or related fields, professional experience	Institute of Chartered Accountants of India (ICAI), Registered Valuers Organisation (RVO)	Critical for accuracy and compliance, especially with recent regulatory changes
USA	Advanced degrees often required, extensive experience in finance	American Society of Appraisers (ASA), Chartered Financial Analyst (CFA)	Essential for compliance with complex regulations and standards
UK	Strong academic background in finance, professional qualifications	Royal Institution of Chartered Surveyors (RICS), CFA	Key for adherence to IFRS and UK-specific regulations
Germany	Advanced financial education, specific training in valuation	Chamber of Public Accountants (*Wirtschaftsprüferkammer)*	Integral for maintaining conservative and rigorous valuation standards
Brazil	University degree in finance-related fields, ongoing professional development	Brazilian Institute of Independent Auditors (IBRACON), RICS	Important for adapting to dynamic economic conditions and evolving practices
South Africa	Finance or economics degree, specific valuation training	South African Institute of Chartered Accountants (SAICA), RICS	Vital for ensuring accuracy and alignment with international standards
Australia	Tertiary education in finance, specific valuation qualifications	Australian Property Institute (API), RICS	Crucial for maintaining high standards in key sectors like mining and real estate

(Source: Author compilation)

TABLE 6: ADOPTION OF TECHNOLOGICAL TOOLS

Country	Use of AI, ML, and Other Technologies	Comparison Across Countries	Future Implications
India	Emerging adoption, particularly in larger firms and startups	Less advanced compared to USA and UK, but rapidly evolving	Expected to revolutionize valuation in diverse sectors

USA	Extensive use in sophisticated financial models and valuation processes	Leading in technological adoption for valuation	Likely to further enhance accuracy and efficiency in valuation
UK	High adoption, especially in large firms and financial sectors	Similar to USA in terms of technology use and innovation	Anticipated to play a crucial role in maintaining global competitiveness
Germany	Moderate use, balancing traditional methods with new technologies	Conservative compared to USA/ UK, but gradually increasing	Expected to bring more precision and objectivity in traditional sectors
Brazil	Growing use, particularly in larger companies and financial sectors	Developing, influenced by economic and market factors	Potential to address volatility and complex market dynamics
South Africa	Moderate adoption, more prevalent in large companies and certain sectors	Developing, with potential for growth influenced by global trends	Likely to enhance valuation accuracy in key industries
Australia	Significant use, especially in resource and real estate sectors	Advanced, particularly in sectors with high capital investments	Set to play a key role in sector-specific valuations

(Source: Author compilation)

TABLE 7: IMPLICATIONS FOR INVESTORS, BUSINESSES, AND POLICYMAKERS

Country	Investors	Businesses	Policymakers
India	Need to adapt to diverse sectors and high-growth market dynamics	Must align with evolving regulatory standards and diverse market needs	Focus on enhancing regulatory frameworks and standardization of valuation practices
USA	Require understanding of sophisticated valuation models and regulatory compliance	Need to ensure rigorous compliance and transparency in valuation reports	Emphasize transparency, investor protection, and financial stability in policy making
UK	Must navigate through complex IFRS-aligned valuation methods	Should maintain high standards of corporate governance and financial reporting	Ensure alignment with international financial reporting standards and promote corporate governance
Germany	Should consider conservative and long-term investment approaches	Require adherence to conservative valuation practices and sustainability principles	Maintain balance between EU regulations and local market needs in policy formulation
Brazil	Need to account for economic volatility and inflation in valuations	Must adapt valuation strategies to economic instability and market fluctuations	Address economic volatility and investor confidence in policy decisions
South Africa	Should be aware of emerging market risks and commodity-based valuation factors	Should align valuation practices with international standards while considering local market dynamics	Work towards harmonizing local standards with international practices and addressing unique market challenges
Australia	Must understand the impact of natural resources and real estate sectors on valuations	Need to focus on sector-specific valuation methods and regulatory compliance	Aim to ensure fair market practices and transparency in resource-heavy sectors

(Source: Author compilation)

TABLE 8: CHALLENGES AND LIMITATIONS IN VALUATION PRACTICES

Country	Market Complexity	Regulatory Hurdles	Technological Adaptation	Cultural Influences
India	High diversity in sectors leads to varied valuation challenges	Evolving regulatory landscape requires continual adaptation	Gradual adoption of advanced technologies in valuation practices	Influence of family-owned businesses and relationship-based practices
USA	Complex financial markets require sophisticated valuation models	Stringent regulations demand high compliance and expertise	Need to constantly update with cutting-edge valuation technologies	Market-driven approaches with a focus on shareholder value
UK	Integration of international investment scenarios adds complexity	Need to align with both local and IFRS standards can be challenging	Balancing traditional practices with new technological advancements	Corporate governance and risk management culture influences valuations
Germany	Industrial and manufacturing focus necessitates specific valuation approaches	Balancing local conservative approaches with broader EU regulations	Incorporating technology while maintaining traditional valuation methods	Conservative and sustainability-focused business culture
Brazil	Economic instability and inflation impact valuation accuracy	Navigating through fluctuating economic policies and regulations	Slow integration of technology in valuation amidst economic challenges	Economic volatility and high-risk tolerance in business decisions
South Africa	Emerging market characteristics lead to valuation uncertainties	Aligning local practices with international standards amidst unique market conditions	Moderate use of technological tools in valuation practices	Socio-economic factors and emerging market dynamics influence valuations
Australia	Sector-specific challenges, especially in natural resources	Ensuring compliance in a highly regulated and transparent market environment	Adapting to technological changes in a resource-focused market	Pragmatic approach with a focus on fair market practices and transparency

(Source: Author compilation)

CONCLUSION

A comparative analysis of valuation practices across these countries reveals a tapestry of methodologies shaped by regulatory norms, market dynamics and technological advancements. While there is a convergence towards certain global standards, local nuances significantly impact valuation practices. The increasing integration of non-financial metrics, such as ESG scores, and the adoption of advanced technological tools are notable trends shaping the future of valuation. For investors, businesses, and policymakers, understanding these diverse valuation landscapes is crucial for informed decision-making in a globalized economy. MA

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UNDERSTANDING FINANCIAL REALITIES: UNMASKING THE IMPORTANCE OF FORENSIC AUDIT IN VALUATION

Abstract

This study examines the crucial role that forensic audit plays in the valuation process, highlighting the transforming power of this technique in revealing hidden financial realities. The integration of forensic audit procedures becomes a crucial tool for improving the accuracy, dependability and transparency of valuation assessments in the complicated terrain of financial landscapes. This article aims to provide a deeper understanding of the ways in which forensic audit functions as a powerful tool for revealing the true financial worth of companies.

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INTRODUCTION

Business valuation involves assessing the economic value of a business. Valuers are professionals who specialize in determining an asset's or company's worth. They provide accurate assessments for a range of assets, such as equities, real estate, and intellectual property, to people, businesses, and governmental organizations. Valuation practitioners frequently employ business valuation techniques to evaluate damages in legal disputes, get ready for mergers and acquisitions and carry out estate planning correctly. Valuers can also provide their professional testimony as witnesses in court cases involving disagreements about the worth of an asset. To unearth fraudulent or unlawful activities, forensic audit entails looking into financial records and analyzing financial data. In order to find anomalies or contradictions, forensic accountants utilize their knowledge and abilities to analyze bank records, tax returns, financial statements, and other financial data.

In the ever-evolving realm of corporate finance, there exists a deep and inter-connected relationship between forensic audit and valuation. This inter-dependence is notable for its profound impact on the precision, transparency and dependability of financial evaluations. It is marked by a reciprocal interaction, where forensic audit not only refines the accuracy of valuation procedures but, conversely, the results of valuations shape the imperative and extent of forensic examination.

When anything seems "off," a skilled value analyst can recognize it. Examining a company's financial records in detail can provide a number of insights, one of which is the understanding that things are not always as they seem. In order to identify warning signs and assess whether figures such as sales, remuneration, and other expenses don't "add up," a value analyst depends on education, experience, industry expertise, and intuition.

During valuation, financial experts often rely on the data provided by the target company. As the investigation progresses, there are instances where the numbers appear questionable. It could be the case that the owner's salary appears relatively low, or the expenses seem unusually high. Doubts may also arise regarding the sales figures or benchmarks, especially when considering factors such as the industry, size, or location of the company. In instances where valuation expert observe significant discrepancies in the numbers, they may seek the expertise of a forensic auditor/forensic accountant with specialized skills in unraveling financial and compliance complexities. The support of a forensic auditor can be crucial in identifying concealed assets and revenue sources, as well as uncovering any misconduct by employees. Such revelations can substantially influence the overall valuation of the business.

While valuation primarily revolves around estimating the worth of an asset or company, forensic audit is dedicated to investigating financial fraud or misconduct. Nevertheless, in instances of financial complexities, forensic auditor and valuers may collaborate on cases.

The incorporation of forensic audit can enhance the accuracy and dependability of valuation methodologies, which are crucial instruments for assessing a company's value.

VALUATION METHODS

The following lists popular techniques for valuing businesses and provides information on how forensic audit can be used in each:

1. **Income-Based Valuation Method**

   Discounted Cash Flow (DCF)

   Forensic Audit Integration: Forensic audit can scrutinize cash flow statements and financial records, verifying the accuracy of historical data. This process helps to ensure that projected cash flows are based on reliable financial information, reducing the risk of overestimating or underestimating the business's value.

2. **Asset-Based Valuation Methods**

   Adjusted Net Asset Value (NAV)

   Forensic Audit Integration: Forensic audit plays a crucial role in examining the accuracy of a company's asset values. It can uncover hidden assets, assess the reliability of asset valuations, and identify any undisclosed liabilities, contributing to a more accurate determination of the adjusted net asset value.

3. **Market-Based Valuation Methods**

   Comparable Company Analysis (CCA)

   Forensic Audit Integration: Forensic auditors can investigate financial statements of comparable companies, identifying any inconsistencies or potential financial manipulations. This ensures that the market-based valuation is built upon accurate and comparable financial data.

4. **Cost-Based Valuation Methods**

   Replacement Cost Method

   Forensic Audit Integration: Forensic audit can verify the costs associated with replacing assets. By ensuring that historical costs are accurately reported and that there are no undisclosed financial issues impacting replacement costs, forensic audit enhances the reliability of this valuation approach.

5. **Scenario-Based Valuation**

   Real Options Valuation

   Forensic Audit Integration: In scenario-based valuations, where uncertainties are considered, forensic audit can help assess the reliability of assumptions and projections. By validating the underlying financial data, forensic audit contributes to a more robust evaluation of real options.

6. **Hybrid Valuation Methods**

   Weighted Average Cost of Capital (WACC)

   Forensic Audit Integration: Forensic audit can examine the financial structure of a company, ensuring that the capital costs used in WACC calculations are based on accurate and transparent financial data. This validation enhances the credibility of the weighted average cost of capital.

The deployment of forensic audit techniques is essential in safeguarding the precision and dependability of financial information throughout the valuation process. The following are pivotal techniques employed in forensic audit specifically tailored for business valuation:

S.No	Key Technique	Objective	Methodology
1.	Expense and Revenue Recognition Analysis	Ensure proper recognition of expenses and revenues.	Forensic audit includes a thorough examination of expense and revenue recognition practices to pinpoint irregularities or manipulation. This guarantees that the valuation accurately mirrors the company's financial performance.
2.	Financial Statement Analysis	Evaluate the accuracy and completeness of financial statements.	Forensic accountants perform a thorough analysis of financial statements, carefully examining line items for consistency, anomalies, or irregularities. This guarantees the reliability of the financial foundation for the valuation process.

3	Fraud Detection and Investigation	Uncover any fraudulent activities that could impact valuation.	Forensic audit entails the proactive identification of warning signs signalling potential fraud. This can involve scrutinizing transactions, conducting interviews, and leveraging data analytics to uncover irregular patterns that could impact the integrity of financial information employed in the valuation process.
4.	Asset Verification and Valuation	Confirm the existence and valuation of assets.	Forensic accountants physically authenticate assets, confirming that reported values match actual conditions. Additionally, they examine the methodologies employed for asset valuation to detect any disparities that might influence the overall business valuation.
5.	Liability Assessment	Evaluate the accuracy of reported liabilities.	Forensic auditors assess the completeness and accuracy of reported liabilities. This includes scrutinizing debt agreements, accruals, and contingent liabilities to ensure that the valuation reflects the true financial obligations of the business.
6	Internal Controls Evaluation:	Assess the effectiveness of internal controls.	Forensic auditors evaluate the design and implementation of internal controls within the organization. Weaknesses in internal controls can lead to financial irregularities, and addressing these issues enhances the reliability of financial information used in the valuation process.
7	Documentation Review	Verify the authenticity and completeness of supporting documentation.	Forensic auditors conduct a thorough examination of supporting documents, including invoices, contracts, and agreements, to guarantee that the financial data utilized for valuation is substantiated by precise and authentic documentation..
8	Cash Flow Analysis	Verify the accuracy of reported cash flows.	Forensic auditors scrutinize cash flow statements, tracing the movement of funds to uncover potential discrepancies. They evaluate the consistency of cash flow patterns and ensure that reported cash flows correspond accurately with real financial transactions.
9	Due Diligence Investigations	Conduct a thorough examination of the company's financial history.	Forensic audit involves a meticulous review of historical financial records and transactions. This helps in identifying any patterns of irregularities, financial mismanagement, or undisclosed information that could impact the valuation

Source: Own Work

BENEFITS OF INTEGRATING FORENSIC AUDIT IN VALUATION

Reinforcing Accuracy in Valuation

Forensic audit acts as a vigilant overseer, carefully examining financial records and transactions. By exploring an organization's financial landscape, forensic auditors pinpoint discrepancies, irregularities, and potential fraud. This meticulous scrutiny significantly enhances the accuracy of the valuation process. A transparent representation of financial realities ensures that valuation models rely on genuine data, preventing misrepresentations that could distort valuations.

Identifying Risks and Red Flags

Forensic audit proactively identifies risks by unveiling concealed liabilities, fraudulent activities, and financial manipulations. Forensic auditors offer valuable insights into potential risks affecting an entity's valuation. These identified red flags become crucial inputs for valuation practitioners, empowering them to modify models, discount rates, and assumptions to accurately reflect the organization's true risk profile.

Preserving Stakeholder Trust

Maintaining of trust among stakeholders, investors, regulators, and creditors, hinges on transparency. Forensic audit goes beyond uncovering financial irregularities; it exemplifies a dedication to integrity and accountability. The credibility established through a thorough forensic audit process positively influences the perception of the organization's financial health, strengthening trust and potentially alleviating adverse impacts on its valuation.

Post-Valuation Assurance

Following the completion of the valuation process, forensic audit remains integral. It serves as a mechanism for post-valuation assurance, guaranteeing alignment between reported financial information and the findings from the valuation exercise. This sustained vigilance acts as a safeguard against potential misrepresentations, fortifying the long-term credibility of the valuation outcomes.

Obstacles and difficulties arise when attempting to integrate forensic audit into the valuation process. Here are some key challenges and bottlenecks associated with this integration:

- **Resource Intensity**

  Challenge: Forensic audits can be resource-intensive, requiring specialized skills, time, and financial investment.

  Impact: The resource-intensive nature of forensic audits may pose challenges, particularly for smaller businesses or valuation firms with constrained budgets and limited access to forensic expertise.

- **Complexity of Forensic Procedures**

  Challenge: Forensic audit procedures can be intricate and involve sophisticated methodologies, especially when dealing with complex financial structures.

  Impact: The complexity of forensic procedures may create challenges in seamlessly integrating them into the valuation process, requiring additional training and expertise.

- **Inherent Resistance in Corporate Culture**

  Challenge: Some organizations may resist the introduction of forensic audit due to concerns about damaging the corporate image or employee morale.

  Impact: The resistance within the corporate culture may hinder the integration of forensic audit, potentially allowing financial irregularities to go unnoticed during the valuation process.

- **Regulatory Compliance**

  Challenge: Forensic audit activities must comply with various regulations and legal requirements, adding complexity to the integration process.

  Impact: Ensuring regulatory compliance may pose challenges and necessitate additional efforts in adapting forensic audit practices to meet legal standards.

- **Cost and Time Implications**

  Challenge: Engaging in comprehensive forensic audits can incur additional time and costs, impacting the overall expenses of the valuation process.

  Impact: Cost considerations may influence the extent to which forensic audit is integrated, potentially leading to a trade-off between comprehensive analysis and budget constraints.

CONCLUSION

The integration of forensic audit techniques is shown to be transformative, revealing concealed financial realities and addressing challenges in the valuation landscape. While recognizing potential obstacles such as resource intensity and corporate culture resistance, the symbiotic relationship between forensic audit and valuation emerges as an imperative collaboration to ensure accurate, transparent, and trustworthy business valuations. MA

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NAVIGATING THE NEW FRONTIER: VALUING DIGITAL ASSETS IN A DYNAMIC ERA

Abstract

This article probes the complexities of digital asset valuation, contrasting it with traditional methods and addressing challenges like volatility and regulatory uncertainty. Through case studies, it predicts future trends including integration with finance, standardization of models, and technological impacts, serving as a crucial guide to the valuation and future of digital assets.

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INTRODUCTION

In this digital era, where technology relentlessly redefines our economic frontiers, valuation of digital assets stands as a pivotal and intricate challenge. This exploration seeks to unravel this complexity, offering an extensive insight into the mechanisms and hurdles inherent in the valuation of digital assets. The terrain of digital assets, encompassing a broad spectrum from crypto currencies like Bitcoin and Ethereum to the burgeoning world of non-fungible tokens (NFTs), represents a radical departure from traditional asset valuation. This paradigm shift demands a nuanced understanding of how these assets gain and retain value within their unique digital ecosystems. As we delve into this realm, we encounter a landscape where intangible factors such as technological innovation, market sentiment, and regulatory landscapes play critical roles. This article aims to navigate through these multifaceted pathways, shedding light on the current methodologies, emerging challenges, and the prospective future of digital asset valuation.

Unlike their traditional counterparts, these assets derive value not from physical attributes but from their unique digital characteristics and the intricate ecosystems they inhabit

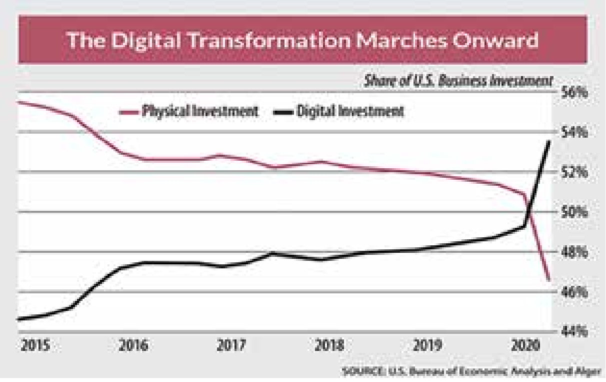
Source: https://www.bing.com/images/create/digital-assets-from-cryptocurrencies-to-digital-in

THE EVOLUTION OF DIGITAL ASSETS

The advent of digital assets marks a transformative era in the perception of value, introducing a new dimension to the financial landscape. Unlike their traditional counterparts, these assets derive value not from physical attributes but from their unique digital characteristics and the intricate ecosystems they inhabit. This evolution began with the emergence of crypto currencies, spearheaded by Bitcoin in 2009. Crypto currencies challenged conventional notions of currency, being neither controlled by central banks nor existing in physical form. They represented a decentralized approach to finance, relying on block chain technology for security and transparency.

Subsequently, the digital asset spectrum expanded to include a variety of innovative forms. Non-fungible tokens (NFTs) emerged, offering a method to assign ownership to digital art and collectibles. These tokens, unique and irreplaceable, transformed how we perceive ownership and value in the digital realm. Moreover, digital assets have extended to include digital real estate in virtual worlds, tokenized versions of physical assets, and various forms of digital intellectual property.

This evolution has significant implications for traditional financial systems. It challenges regulatory frameworks, necessitates new valuation methods, and opens doors for unprecedented investment opportunities. As these assets gain mainstream acceptance, they compel financial institutions to adapt, signaling a fundamental shift in how value is created, exchanged, and preserved in an increasingly digital world.



Source: U.S. Bureau of Economic Analysis and Alger

CURRENT VALUATION METHODOLOGIES

Valuation of digital assets, distinct from traditional assets, calls for innovative approaches. The three primary methodologies in this realm are:

1. **Market Approach**: This methodology hinges on current market prices to determine digital asset values. For crypto currencies, it involves analyzing trading prices on exchanges, influenced by supply and demand, investor sentiment, and market liquidity. In the case of NFTs, factors like rarity, artist reputation, and historical value are considered. Though straightforward, this approach is susceptible to market volatility and speculative trends, often failing to reflect the long-term intrinsic value due to rapid price fluctuations and external influences.
2. **Income Approach**: Applicable to digital assets with inherent revenue streams, this approach forecasts future income and discounts it to its present value. It's pivotal for online platforms, digital content, or blockchain applications with potential revenue generation. The process involves a deep understanding of the asset's revenue capabilities and accurate future income predictions. However, the digital market's unpredictability and swift technological shifts pose significant challenges in forecasting and valuing future income.
3. **Cost Approach**: Primarily used for digital intellectual properties, this method values an asset based on the cost of its reproduction or replacement. This encompasses development costs, time, and resources invested. It's apt for valuing proprietary technologies or digital infrastructures. While it considers the production cost, it may not always capture the market value or future income potential, especially if the asset's value stems more from its market position or user base rather than its creation cost.

Each approach provides a different perspective on digital asset valuation. Often, a combination is used for a more rounded valuation. As digital markets evolve, these methodologies are likely to be refined, accommodating the unique characteristics and challenges of the digital economy.

CHALLENGES IN VALUATION

Valuing digital assets presents distinct challenges, reflecting their volatile, evolving, and often subjective nature:

1. **Volatility**: Digital assets, especially crypto currencies, are characterized by high volatility. Rapid price fluctuations, influenced by market sentiment, news, and speculative trading, make establishing a stable value challenging. This volatility complicates the application of traditional valuation methods, like the market approach, as they struggle to capture these swift price changes, posing risks in investment and valuation consistency.
2. **Regulatory Uncertainty**: The evolving legal framework around digital assets significantly impacts their valuation. Legal ambiguities and the potential for regulatory changes introduce risks and uncertainties. For instance, changes in Governmental policies or legal status can dramatically affect the legitimacy, usability, and value of crypto currencies and NFTs. This regulatory fluidity necessitates a valuation approach that is adaptable to legal shifts.
3. **Technological Evolution**: The rapid advancement

of technology in the digital asset space influences asset longevity and relevance. Newer technologies can quickly make existing assets obsolete, affecting their long-term value. Predicting future utility and relevance becomes challenging due to the swift pace of innovation, complicating the valuation of these assets over an extended period.

4. **Subjectivity**: The valuation of certain digital assets, like NFTs, is highly subjective, often driven by cultural, artistic, and social factors. This subjectivity defies objective valuation methods. Factors such as creator reputation, artistic merit, and market trends in digital art can significantly sway the perceived value, leading to variations in valuation that are difficult to standardize.

These challenges highlight the necessity for dynamic and sophisticated valuation methods tailored to the unique aspects of digital assets. As the market matures, it's anticipated that valuation techniques will evolve to more effectively navigate this complex terrain.

CASE STUDIES: LEARNING FROM REAL-WORLD EXAMPLES

Case studies of real-world digital assets provide valuable insights into their valuation dynamics:

1. **Bitcoin**: As a pioneering crypto currency, Bitcoin offers a unique case study in digital asset valuation. Often likened to digital gold, Bitcoin's valuation is driven by factors such as scarcity (due to its capped supply), security of its blockchain network, and increasing acceptance as a payment method. Unlike gold, Bitcoin's value is also highly influenced by investor sentiment and regulatory news, leading to significant volatility. This comparison highlights the differences in valuation dynamics between digital and traditional assets, where intrinsic value (like gold's physical utility) is less of a factor for Bitcoin, and market perception plays a larger role.
2. **NFTs**: The valuation of NFTs, encompassing digital art and collectibles, is primarily based on uniqueness and creator reputation. For example, an NFT by a renowned artist or one that represents a significant cultural moment can fetch high prices. Unlike traditional art, the digital nature of these assets adds layers of complexity in valuation, as it involves assessing digital scarcity, potential for future appreciation, and the cultural significance in a rapidly changing digital landscape.
3. **Online Platforms**: Platforms like Facebook and Twitter are valued not just based on current revenues, but on the potential of their extensive user bases and data. Their valuation considers the ability to monetize user data through advertising and other revenue streams. The challenge lies in estimating the future potential in an environment where user preferences and regulatory landscapes regarding data privacy are constantly evolving.

These case studies demonstrate the diverse factors influencing digital asset valuation, from market sentiment and regulatory changes to technological innovation and cultural significance.

FUTURE PROSPECTS: A GLIMPSE INTO TOMORROW

The future of digital asset valuation is poised at a transformative juncture, with several key developments anticipated to shape its trajectory:

1. **Integration with Traditional Finance**: The integration of digital assets with established financial systems and models is a likely progression. This integration could manifest in multiple ways, from the inclusion of crypto currencies in diversified investment portfolios to the adoption of blockchain technology for streamlining operations in financial institutions. As digital assets become mainstream, they are expected to influence and be influenced by traditional financial mechanisms, leading to more sophisticated and hybrid models of valuation that blend conventional financial principles with the unique attributes of digital assets.
2. **Standardization of Valuation Models**: There is a growing advocacy for the development of standardized valuation models for digital assets. Such standardization is crucial for enhancing market stability and investor confidence. As the market matures, expect to see more comprehensive frameworks that address the unique volatility, regulatory, and technological aspects of digital assets. These standardized models will likely draw from traditional valuation techniques while adapting to the distinct characteristics of the digital asset market.
3. **Technological Advancements**: Emerging technologies, particularly Artificial Intelligence (AI), are set to revolutionize the process of valuing digital assets. AI can offer more nuanced and dynamic analysis by processing vast amounts of market data, predicting trends, and even assessing the impact of socio-economic factors on digital asset values. This could lead to more accurate, real-time valuation models, capable of adapting to the fast-paced nature of the digital asset market.

4. **Regulatory Clarity**: The need for clearer, more consistent regulations in the digital asset space cannot be overstated. Regulatory clarity will provide much-needed stability and reduce legal risks associated with digital asset investment and usage. As Governments and regulatory bodies around the world continue to develop policies specific to digital assets, expect these regulations to significantly influence their valuation. Clearer regulations will likely lead to greater institutional involvement and investment, further legitimizing and stabilizing the digital asset market.

These prospective developments suggest a dynamic future for digital asset valuation, marked by greater integration, standardization, technological innovation, and regulatory clarity.

Source: Digital Asset Management Market Size | Forecast - 2032 (alliedmarketresearch.com)

CONCLUSION: EMBRACING THE DIGITAL ASSET REVOLUTION

Valuing digital assets is an interdisciplinary challenge, demanding a blend of financial acumen and technological savvy. As we venture further into this digital age, collaboration among investors, regulators, and technologists is vital. This article not only illuminates the complexities of digital asset valuation but also underscores the importance of adapting to an ever-changing digital landscape. MA

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TESTING THE ACCURACY OF RELATIVE VALUATION METHOD: AN EMPIRICAL STUDY BASED ON SELECT COMPANIES IN INDIAN CEMENT INDUSTRY

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Abstract

The purpose of this study is to examine empirically the accuracy of relative valuation model for Indian cement industry. The study considers ten years' financial data of nine companies of Indian cement industry starting from the year 2013-14 to 2022-2023. All the financial information has been collected from CMIE Prowess Database. Closing share prices of the respective stocks for the select period have been obtained from Bombay stock exchange. In this study, the accuracy of the relative valuation model is checked by analysing prediction errors and by using Wilcoxon Signed Rank test. The findings of the study reveal that relative valuation measures reflect overvaluation of securities. The P/E ratio is better that any other measure for estimating the value of share as per prediction error criteria.

INTRODUCTION

Valuation is one of the important aspects of financial decision making. It is important in financial decision making in portfolio management, mergers and acquisition decisions and corporate finance. Security analysts, investment managers, bankers, valuers use different techniques for valuation of different assets. There are many approaches of valuation of assets. One of the major approaches is discounted cash flow (DCF) technique which takes into account future cash flows from that asset. It considers future risk and return of that asset. Another approach is relative valuation where the value of an asset is determined on the basis of comparable assets. Here, different multiples have used for valuing the assets or the enterprise. Relative value of an asset is determined by multiplying the value drivers of the selected company by mean or median value of the comparable firms. According to *Damodaran (2006),* relative valuation is most widely used methods of valuation because it is based on fewer assumptions than discounted cash flow valuation. Secondly, it is able to reflect market information, although this method does not consider risk and growth of the firm. The accuracy of these methods in determining the value of an asset is an issue of utmost importance. *Dyckman and Morse (1986)* showed that value of stocks incorporates all published accounts. The findings of *Hermann and Richter (2003)* revealed that multipliers based on earnings lead to highest prediction accuracy. *Kaplan and Ruback (1995)* concluded that discounted cashflow technique is superior method for estimating market values *Liu et al (2002)* found that fundamental valuation model is less efficient than the relative approach of valuation .*Liu et al. (2007)* compared cash flow multiples with earnings-based multiples and concluded that operating cash flows are superior than earnings for predicting share value. *Nguyen (2020)* also tested whether stock market reflects the fundamental value of high-tech firms using residual income model and valuation multiples and the findings of the study revealed that relative valuation provides estimate much closer to the market value than fundamental value. For identifying underpriced or overpriced securities, *Chowdhury and Saima (2023)* have applied relative valuation technique to listed cement manufacturing companies of Bangladesh. The findings of the study revealed that the stocks of the above-mentioned industry are not correctly priced despite their strong financial and operating performances. From the literature, it is seen that different researchers judged the performance of different methods, but which method provides more realistic value is an important issue in finance. In this context, the study was conducted to judge the performance of the relative valuation method.

OBJECTIVES OF THE STUDY

The study examines the valuation performances of various multipliers or ratios that are used in the relative valuation for valuing any asset or enterprise on selected companies.

RELATIVE VALUATION METHOD

In relative valuation method, a firm is valued based on the multiplier of comparable companies.

$$P_{ij}=VD_{ij} * M_c$$

P_{ij} = Value of ith firm at time period t

VD_{ij} = Value driver of ith firm at time period t

M_c = Mean or median value of the multiplier based on comparable companies

RESEARCH METHODOLOGY

Data Source and Period of the study

In this study, cement industry has been considered for analysis .In relative valuation, valuation of any company depends on the proper selection of comparable companies. Here, nine comparable companies have been selected based on their profitability. The companies whose average ROE of the last 10 years are between 10 to 15 per cent have been considered. Based on the above criteria, the following companies have been selected:

Name of the company	*Average EPS of last 10 years*
ACC Ltd	Rs 10.11
Ambuja Cement Ltd.	Rs 10.08
Decan Cement Ltd.	Rs 12.57
J.K cement Ltd.	Rs 14.38
J.K Lakhsmi Cement Ltd.	Rs 10.64
N.C Industries Ltd.	Rs 11.35
Ramco Cement Ltd.	Rs 12.12
Shree Cement Ltd.	Rs 13.53
Ultratech Cement Ltd.	Rs 11.40

The study uses ten years data starting from March 2014 to March 2023. The necessary data have been collected from CMIE Prowess Data source. Share price data have been collected from the website of BSE.

Variables used for the study

In this study, the accuracy of multiples has been tested. Here, the following four multiples have been used:

1. Price to earnings per share (P_E)
2. Price to Book value per share (P_BV)
3. Enterprise value to sales (EV_S)
4. Enterprise Value to Profit after Tax (EV_PAT)

4.3. Data source

CMIE Prowess

Techniques used for the study

To assess the performance of the above select multipliers, value differences of each multiplier is computed.

Here

$$e_{it} = \frac{\hat{P}_{it} - P_{it}}{P_{it}}$$

e_{it} = Value difference of ith firm at time period t

$\hat{P}_{it}$ = predicted value of ith firm at time t

P_{it} = actual value of ith firm at time period t

To compare the accuracy of value estimates, signed and absolute prediction errors of different multiples have been analysed. For comparing estimated value based on different multipliers and actual values, Wilcoxon signed ranks test has been used.

ANALYSIS AND FINDINGS

Prediction Error analysis

Table 1 shows the prediction error. It shows that the accuracy of value estimates from different multiples. Here signed prediction error and absolute prediction error have been considered. Mean signed prediction errors of different multiples are positive. It indicates that the predicted values are much higher than the actual values. From that it can be concluded that relative valuation measures reflect overvaluation of securities. The mean signed prediction errors of P_E, P_BV, EV_S and EV_PAT are 0.32, 0.38,0.66 and 0.44 respectively, whereas, mean absolute prediction error of the above variables are 0.60,0.63,0.97 and 0.82 respectively. Dispersion of P_E is lower than the dispersion of any other measure of relative valuation. The results of signed prediction error and dispersion indicate that P_E has better predictive capacity. The Table also shows that 34.84,32.58,23.60 and 33.71 per cent of the observations of P_E,P_BV,EV_S and EV_PAT are within the limit of 25 per cent It also confirms that P_E is better measure of relative valuation than other measures. E_PAT is the second best measure of value prediction.

TABLE 1: PREDICTION ERROR

Signed	P_E	P_BV	EV_S	E_PAT
Mean	0.32	0.38	0.66	0.44
S.D	0.81	0.95	1.30	1.23
Absolute prediction error	P_E	P_BV	EV_S	E_PAT
Mean	0.60	0.63	0.97	0.82
S.D	0.64	0.80	1.09	1.02
Fraction within 25 per cent	34.84	32.58	23.60	33.71
Ranking based on signed prediction error	1	2	4	3

Source: Author's calculation

Wilcoxon Signed Rank Test

For comparing the estimated value based on multiples and actual values, Wilcoxon Signed Rank Test has been used. The result of Wilcoxon Signed Rank Test is shown in Table 2. In case of P_BV and EV_S multiples; Z values are statistically significant at 5 per cent level. It indicates that there is a significant difference between estimated values based on these multipliers and actual values. But Z values for P_E and EV_PAT are not statistically significant. It indicates that there is no significant difference between estimated values based on these multipliers. In other words, relative values based on these multiples are closer to actual values.

TABLE 2: RESULTS OF WILCOXON SIGNED RANK TEST

Multiples	Z value	P value
P_E	-1.769	0.08
P_BV	-2.220	
EV_S	-2.224	
EV_PAT	-1.030	0.30

*** Significant at 5 per cent % level

Source: author's calculation

It is important in financial decision making in portfolio management, mergers and acquisition decisions and corporate finance

CONCLUSION AND LIMITATIONS

The study was conducted to examine the accuracy of multipliers that are used in relative valuation method for cement industry. From the study, it is revealed that relative valuation measures reflect overvaluation of securities. P_E ratio is better that any other measures for estimating the value of share as per prediction error criteria. From the Wilcoxon Test, two important multiples have emerged as predictor variables such as P_E and EV_PAT for valuation purpose.

The main limitations of the study are:

Firstly, only performance of relative valuation has been judged but performance of other techniques has not been considered here.

Secondly, all the multiples of relative valuation have not been considered in our study; only four multiples have been considered here.

Finally, the study was conducted on specific industry. There may be differences for other industries. MA

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Interview

CMA Rakesh Kumar Jain

Director (Finance), GAIL (India) Limited.

Shri Rakesh Kumar Jain is a Cost and Management Accountant by profession, He has rich and varied experience of around 32 years of working in Oil & Gas sector and regulator.

Prior to his appointment as Director (Finance), Shri Jain held the position of Executive Director (F&A)-HoD in GAIL. Additionally, Shri Jain holds the position of Chairman in Indraprastha Gas Limited, GAIL Global (USA) Inc., GAIL Global (USA) LNG LLC. & and Director in GAIL Gas Limited, Earlier he was on the Board of Bhagyanagar Gas Ltd., Bengal Gas Company Ltd., Ratnagiri Gas and Power Pvt. Ltd (RGPPL).

As Executive Director (F&A)-HoD, he headed Corporate Finance and was actively involved in mobilisation of funds from domestic and international markets, major investment decisions in various infrastructure projects. He has also been actively involved in Investor relations and interactions with Analysts fraternity.

He has also worked in almost all business verticals of GAIL including GAIL's largest Petrochemical plant at Pata. He has major contribution in formulation of LNG / RLNG sourcing and sales policy and hedging policy to mitigate the risk as well as hedging of the underlying assets.

Shri Jain has worked in the areas of Treasury including Forex Risk Management, Capital Budgeting, Corporate Accounts, Finalization of Long-Term international LNG and Gas Agreements, Pricing, Liquefaction and Regasification Terminal Service Agreement, Mergers & Acquisitions, Taxation, Regulatory aspects etc.

Besides serving a long tenure at GAIL, he was on deputation to Petroleum and Natural Gas Regulatory Board (PNGRB), as Jt. Director (Commercial and Finance). During his stint at PNGRB, he was actively engaged in the review of tariff regulations, conceptualization of unified tariff, authorization of CGD 9th & 10th bidding rounds, finance functions etc.

Q1. What is your outlook on the global energy market in 2024-25?

Ans: The global energy market outlook for 2024-25 is characterized by several key trends and projections. The energy landscape is expected to undergo a sea change driven by aspects including geopolitical factors, macroeconomic variables, evolving policies & regulations and development of new technologies.

Oil demand is expected to continue to decline in the long term, however it is likely to remain a major source of energy in the short to medium. As per BP Energy outlook 2023, the global oil consumption is projected to slow down in the long term from 2025-2050. However being a cleaner alternative to coal and other fossil fuels Natural gas demand is expected to continue to grow in the near future. Further Natural Gas is being seen as a transition fuel. Renewable energy is expected to be the fastest-growing source of energy in times to come. The cost of renewable energy is falling rapidly, and new technologies are being developed that could make them more competitive than fossil fuels.

The International Energy Agency (IEA) projects that developing nations, particularly in Asia, will account for over 90% of the net energy demand growth in the coming years. This emphasizes the vital role of global energy management in these economies.

The energy transition is a complex and challenging process, but it is also an opportunity to create a more sustainable and equitable energy system. The global energy market outlook for 2024-25 is characterized by a slowdown in global oil demand, the rising prominence of biofuels and electric vehicles, significant growth in renewable energy deployment, and the increasing role of developing nations in driving energy demand growth. The next few years will be critical in determining the future of the global energy market.

Q2. What are potential sectors in Indian economy which can increase Gas Share in primary energy mix of country in the decade going forward?

Ans: Govt. of India aims to increase the share of natural gas in the primary energy basket from existing 6.3% to 15%, which is from current level of consumption of ~ 165 MMSCD to ~ 500 MMSCMD, an increase of almost 3 times increase from current levels. It will require significant efforts from all the stakeholders, and huge investment in the entire gas value chain to achieve this target. Minister of Oil & Natural Gas recently gave a green signal to the idea of setting up a strategic natural gas reserve that can store up to 4 billion cubic meters (BCM) of imported gas and is estimated to cost $1-2 billion.

Historically Fertilizer & power used to be the anchor load customers there is a shift in the consumption pattern, while fertilizer industry continues to be the major consumer of Natural Gas, CGD Sector has now surpassed the Power Sector to become the second largest consumer of Natural Gas.

With the commissioning of new fertilizer plants in the country, the demand from this sector has matured. Though the supply constraint and price volatility in the last year has impacted the growth of gas sector especially price sensitive CGD sector, with the inclusion of new GAs & pricing reforms under Kirit Parikh committee, this sector will see an increase in demand.

Next wave of gas demand will come from refineries, chemical process industries, and Iron and Steel plants, both as feedstock, fuel, and process requirements. With completion of the National Gas Grid (NGG), all the refineries currently isolated from the gas grid can switch to gas, increasing gas consumption. Further, gas-based blast furnace and gas-based DRI (Sponge Iron) can open up demand for gas.

The power sector is considered to be one of the key drivers of any gas-based economy. If we take the example of the USA, over 38% of the electricity comes from gas, followed by 22% from coal. However, in India approx. 49.1% of the electricity comes from coal-based plants and the share of gas in electricity generation is merely 6%. Indian power sector needs reforms such as peaking power policy, Gas-RE integration for 24x7 power, and review of Merit Order Dispatch considering the health and pollution cost. These reforms can increase the share of gas in primary energy basket. However, to substantially increase consumption of natural gas, it has to be used as baseload fuel.

With growing awareness of urban pollution and the ban on polluting fuels like pet coke and furnace oil, we can see gradual adoption of gas among various industrial & commercial customers. It is envisaged that natural gas will be in the ambit of GST in the coming years and which is expected to boost demand from MSMEs/SMEs due to the benefit of an input tax credit.

With government policy support, industry initiatives, efforts from developers and suppliers, we may achieve the ambitious target set out for moving the country towards gas-based economy.

Q3. What are the major recent reforms in Natural Gas Sectors influencing demand for cleaner fuel in country?

Ans: Indian Natural gas industry has seen two major reforms i.e Pricing Reform and Tariff Reform during last year that is going to increase the consumption of natural gas in the country

a. **Pricing reforms:** The implementation of new domestic gas pricing guidelines as recommended by Kirit Parikh Committee will provide a stable pricing regime for domestic gas consumers while at the same time providing adequate protection to producers from adverse market fluctuation. This is going to give a significant boost to the CGD sector.

b. **Tariff reform:** Petroleum and Natural Gas Regulatory Board (PNGRB) has recently amended "Determination of Natural Gas Pipeline Tariff Regulations" to incorporate the regulations pertaining to Unified Tariff for natural gas pipelines with a mission of "One Nation, One Grid and One tariff". This is going to make Natural Gas economical for industrial units situated in hinterland thereby deriving demand for natural gas.

Tariff reforms will further aid infrastructure expansion and development of national gas grid.

Q4. What are your views on national gas grid (NGG)?

Ans: Gas Pipeline infrastructure is an economical and safe mode of transporting the natural gas by connecting gas sources to gas consuming markets. Pan India Gas pipeline grid will facilitate development of a vibrant gas market. Therefore, an interconnected National Gas Grid (NGG) has been envisaged to ensure adequate availability and equitable distribution of natural gas in all parts of the country.

At present, there is approx. 24,600 KM long Natural Gas pipeline network which is operational in the country. In order to make available natural gas across the country, approx.10,800 KM of pipeline network isunder construction. This will take the total NGG pipeline length to approx. 35,400 KM.

GAIL has a network of Natural Gas pipeline of more than 16,000 km across the length and breadth of our country. Natural gas pipelines are core and strategic assets for India's energy security and backbone to achieve the gas-based economy. GAIL is in constant endeavor to expand its pipeline infrastructure as a part of National Gas Grid.

Q5. As a Director (Finance) of GAIL, what are the challenges faced that you hope to accomplish to retain leadership in natural gas Marketing & Transmission?

Ans: GAIL (India) Limited is leading natural gas company with diversified interests across the natural gas value chain of trading, transmission, LPG production & transmission, LNG re-gasification, petrochemicals, city gas, E&P, etc. It owns and operates a network of around 16,000 KM of natural gas pipelines spread across the length and breadth of country. It is also working concurrently on execution of multiple pipeline projects to further enhance the spread. GAIL commands ~70% market share in gas transmission and has a Gas trading share of over ~ 50% in India. GAIL and its Subsidiaries / JVs also have a good market share in City Gas Distribution. GAIL has significantly large portfolio in the Liquefied Natural Gas (LNG) marketas well.

India's natural gas market is on path of maturity and there are challenges as elaborated below, which needs risk mitigation:

- Gas consumption in India is price sensitive and elastic with regards to other competitive fuels. Pricing and affordability are the key issues in India as both the existing consumption sectors, including power and fertilizer, and emerging sectors such as city gas are considered very price-sensitive.
- Natural gas is taxed differently and has a high tax component compared to coal, despite the latter's higher environmental footprint. Natural gas is not under GST while competitive fuels (Coal, FO, Petcoke, LPG) are under GST. VAT rate also varies significantly across states ranging from 0% to 25%
- Natural gas pipeline developers in India are suffering lack of return in new pipelines due to low pipeline utilization rate. Developing gas pipeline infrastructure requires huge investment, but Limited anchor load customer availability puts volume and return risk on the pipeline developer particularly in the new or under developed markets where pipeline infrastructure is being created. Underutilization of gas pipelines affect not only the risk-return profile for the existing owners, public or private, but may also dampen future investment prospects.
- Challenges with RoUs and environmental clearance for speedy implementation of National Gas Grid (NGG).

With respect to above challenges, GAIL is working tirelessly to complete the remaining sections of NGGto provide accessibility, availability and affordability of Natural Gas to the nation.

Q6. How real is the threat from EV to GAIL's CNG business?

Ans: The world is fast moving towards electrification of automobiles and India is trying to catch up to the speed of countries like China and many EU nations who have fast adopted the electric vehicles. In India there is focus on electrification of vehicles, CNG fueled vehicle is here to stay. Of course, there will be competition from newly-launched EVs which may seem greener but the entire ecosystem is so big that every player is going to stay in the short to medium run.

The economics of CNG vehicles in terms of upfront costs, availability of finance, resale value, choice of models and infrastructure in terms of refueling, repair and maintenance is considered superior to EVs in the medium term. While electric vehicles are low on cost of running, they have a high initial cost of acquisition. CNG vehicles, on the other hand, have a low running cost and this makes CNG vehicles a replacement vehicle in the immediate run.

As per the market forecast, passenger vehicle (PV) segment is likely to grow at 10% CAGR. This will result in to PV segment market sale reaching to ~ 6.2 million per year market from ~ 3.8 million per year today in next 5 years. Even at an optimistic 30% EV penetration by 2030, there will still be market for more than 4.3 million Internal Combustion Engine (ICE) vehicles. CNG will, therefore, play a major role in the future of ICE-technology vehicles.

Q7. What is GAIL's stance on "Net Zero" along with Government's vision?

Ans: GAIL has developed Net Zero GHG Emissions target to achieve a 100% reduction in Scope 1 and Scope 2 emissions and a 35% reduction in Scope 3 emissions by 2040. GAIL has made its Net Zero strategy based on 4 strategic pillars: Operational Decarbonization, Energy transition, Carbon Capture and Utilization (CCUS), and Offsetting.

The company has further opened up its energy basket with forays into Wind, Solar, Ethanol Blending, CBG, and Green Hydrogen towards shaping a Net Zero future.

GAIL is currently undertaking various initiatives while exploring possibilities of investing in projects for utilizing and storing carbon. GAIL is once again included in FTSE4 Good Index Series in 2022, affirming the company's strong commitment towards Environmental, Social, and Governance (ESG) practices in the Oil & Gas Sector.

Q8. Can you briefly explain the prospective effect of GAIL's flagship CSR program, 'GAIL Utkarsh' towards female education in India?

Ans: The GAIL Utkarsh project has become a beacon of hope and transformation since its inception in 2009-10. It has become a model for replication by other CPSEs across the country. Under the project, all-expenses paid specialized residential coaching is provided to underprivileged meritorious children from marginalized communities in UP, MP and Uttarakhand for top entrance examinations through 03 centers in Uttar Pradesh (02 nos.) and Uttarakhand (01 nos.)

The Varanasi Centre of GAIL Utkarsh is the first 'all girls' center to provide coaching for Engineering and Medical Entrance examinations to 60 girls from Madhya Pradesh and Uttar Pradesh. The center is breaking barriers and paving the way for GAIL's commitment towards encouraging women to choose careers in STEM fields and contribute significantly to societal progress and empowerment.

The success stories emerging from this center are nothing short of inspiring. In the year 2022-23, 23 out of 30 girls secured admissions in prestigious engineering colleges of the country and 29 out of the 30 girls qualified NEET exam.

Our efforts align with the vision of the Government, which is deeply invested in the empowerment of women through initiatives such as 'BetiPadhao, BetiBachao.'

Q9. What are major milestones, under your leadership, that GAIL has achieved?

Ans: Digitization, Process improvement and Cost Optimization are major thrust area for GAIL, in this direction company took major steps towards complete digitization, centralization and automation of its payment processes with its first state-of-the-art center for Vendor Invoice Management (VIM) has been created within a shortest time. It is a step forward for GAIL's ongoing efforts to bring efficiencies in accounts payable processes. The VIM center aims to provide prompt payments, better experiences, enhanced efficiencies & transparency to stakeholders.

GAIL was conferred with the coveted SAP ACE Award – 2023 under the category "The Disruptor – Best Finance Transformation" to recognise the leveraging of technology for finance transformation in GAIL for VIM.

Few of the other major initiatives towards digitization and processes improvements taken in the recent past are:

- GAIL was the first Indian corporate to implement end-to-end process of digitization of Bank Guarantee (BG) and Stand-by Letter of Credit (SBLC), in collaboration with SWIFT. This has now become seamless process without any manual intervention.
- Centralization of Gas Invoicing and Employee claims reimbursement, such as Travel, Medical, Imprest etc. for smoother and faster processing.
- Robotic Process Automation licenses are procured to enable routine finance activities through robotic process automation.
- Centralized Misc. Receipts, payment gateway of CC Avenue was created and hosted in GAIL web site. This facility is availed by both employees and superannuated employees for making payments and refund of advance seamlessly and auto accounting entries are posted automatically.

The above initiatives have tremendous tangible benefits in addition to intangible benefits such as, reduced manpower requirement, lower processing time, better transparency & efficiency, uniformity in processing and enhanced stakeholders delight.

Q10. What are the various ways your organization can integrate with our Institute for the diverse avenues in professional development matters?

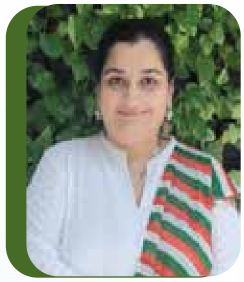
Ans: GAIL is adopting the best industry practices to promote the professional spirit, as our Organization is a professional driven company. GAIL is associated with the Institute through various platforms, by participating in campus recruitment, Imparting Industrial Training to Students at various locations of company, participating in conferences /Key events of the Institute. Apart from this the Study Circle has also been formed where the latest developments/issues are discussed to keep the employees up-to-date on industry ensure that their skills to stay competitive within a changing market.

Also, company is taking up in various issues from time to time for the betterment of the profession. MA

SOCIAL STOCK EXCHANGE – RAISING PRIVATE CAPITAL FOR SOCIAL WELFARE

Abstract

On December 12, 2023, India witnessed its first ever listing of a Non-Profit Organization on the social stock exchange segment of the nation's two largest stock exchanges, National Stock Exchange of India Ltd. and the BSE Limited.[1] *It was an unprecedented event in the history of capital market of India, which marked the beginning of development of a transparent and structured ecosystem which aims to bridge the gap between social sector finance and private capital.*



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I. BACKGROUND

The idea of introduction of Social Stock Exchange ('SSE') in India was proposed by Honorable Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman, while presenting Union Budget 2019-2020. While making the proposal she said, "*It is time to take our capital markets closer to the masses and meet various social welfare objectives related to inclusive growth and financial inclusion. I propose to initiate steps towards creating an electronic fund-raising platform – a Social Stock Exchange - under the regulatory ambit of Securities and Exchange Board of India (SEBI) for listing Social Enterprises and voluntary organizations working for the realization of a social welfare objective so that they can raise capital as equity, debt or as units like a mutual fund.*"

Consequently, in June 2020, SEBI published its recommendations and established vision of India's Social Stock Exchange. In September 2020, a Technical Group was constituted to further develop the framework for working of Social Stock Exchange, which proposed the criteria for listing of organisations, prescribed disclosure, reporting requirements and established the norms for reporting of social impact and social auditing. Based onpublic comments thereon, SEBI introduced the regulatory framework for 'Social Stock Exchange' in Indian capital markets, on July 25, 2022 by making amendments to three regulations, viz. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 [SEBI (ICDR) Regulations], Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations] and Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 [SEBI (AIF) Regulations]. Subsequently, National Stock Exchange of India Ltd. and the BSE Limited came up with a separate segment of Social Stock Exchange, namely NSE SSE and BSE SSE respectively.

II. WHO CAN GET ONBOARDED ON SOCIAL STOCK EXCHANGE?

Social Stock Exchange permits securities issued by 'Social Entities' to be onboarded, provided they establish primacy of social intent.However, corporate foundations, political or religious organizations or activities, professional or trade associations, infrastructure and housing companies,

[1] '*New Listing: India sees 1st ever Social Stock Exchange listing with debutant SGBS Unnati'*, (December 13, 2023 04:36 PM IST) , https://economictimes.indiatimes.com/markets/stocks/news/new-listing-india-sees-1st-ever-social-stock-exchange-listing-with-debutant-sgbs-unnati/articleshow/105962778.cms?from=mdr

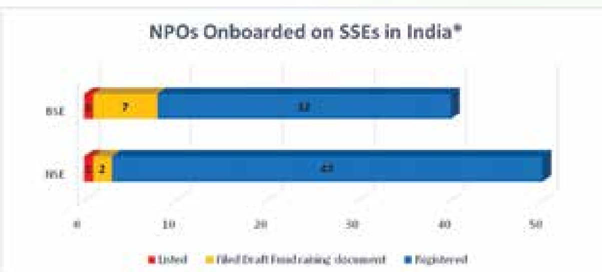
except affordable housing are not eligible to be onboarded on Social Stock Exchange. This is because SSE aims to provide access to public funds to create desired social impact and entities like corporate foundations already have a constant source of funding.

'Social Entities' can be of two types 'Not for Profit Organisations' (NPO) and 'For-Profit Organisations' (FPO).

As FPOs are essentially profit-making Companies, the set of laws applicable to them and securities which can be listed by them are same as any other Company getting listed on stock exchange, whereas for NPOs, the set of rules has been specified separately in relevant SEBI Regulations.

NPOs have an option to either simplyget 'registered' on SSE or to get registered as well as list on SSE by raising funds. Getting registered with SSE requires them to inter-alia comply with disclosure requirement of annual impact assessment report, thusensuring transparency and better governance standards, which ultimatelyresults in increased credibility of the organisation.

This article focusses on the aspects relating to onboarding of NPOs on SSE.



**As on January 25, 2024*

Source:
Websites of National Stock Exchange of India Ltd. and BSE Limited

Note – SGBS Unnati Foundation got listed on both the Exchanges and raised the sum of Rs. 1.80 Crores from issue of ZCZP for training of up to 10,000 graduating youth from government colleges to assist in employment placement.

III. SECURITIES WHICH CAN BE LISTED ON SSE

NPOs can raise funds through issuance of 'Zero Coupon Zero Principle' Instruments (ZCZP) to its investors. ZCZPs have been notified by SEBI as *'securities'* under Securities Contract Regulations Act, 1956. As the name suggests, these instruments neither carry any interest nor isthe principle amount returned to investorsonmaturity, thus making it another form of donation.

SEBI (ICDR) Regulations further allows raising of funds through Mutual Fund Schemes for social welfare. Currently, HDFC Asset Management Co. Ltd has launched HDFC Charity Fund for Cancer Cure which has social impact as one of its objects *i.e.,* it invests money in underlying instruments and generates dividends, which are meant for charity. It has a tie-up with the Indian Cancer Society. The aim is to donate the dividends declared to the NGO; however, at the end of the scheme's tenure, the investor gets the capital back. Going forward, with the introduction of SSE, we can look forward to more of such mutual funds being floated, which are designed for achieving social objectives and listing on the SSE.

SEBI has not specified any additional means of fundraising as on date. However, theTechnical Group constituted by SEBI has suggested various instruments such as equity shares for a Section 8 company, Development Impact Bonds (DIBs), Social Impact Funds (SIFs) etc. as eligiblemodes of fundraising by SEs.Till now, in India, the NPOs have raised or propose to raise funds through ZCZPs. The methods of fund raising through other instruments like mutual funds, social impact funds, development impact bonds are expected to shape up in near future.

IV. WHO CAN INVEST?

Initially, at the time of introduction, SSE was accessible to institutional investors and non-institutional investors *i.e.,* only institutional investors and high net worth individuals could invest in an NPO through SSE.To promote the platform and to allow more people to participate in this newly developed ecosystem, SEBI has now amended the regulations to allow retail investors also invest in securities, thus opening the avenue for retail or general public participationand bringing the masses closer to realising social objectives. This was done by bringing the minimum subscription amount by the investors in an issue from Rs. 2 lakhs to Rs. 10 thousand.

V. LEGAL PROVISIONS GOVERNING SSEs IN INDIA

NPOs are either incorporated as Section 25/8 Company under the Companies Act 1956/2013 respectively or a public charitable trust or a society under Indian Trusts Act, 1882, Public Trusts Acts of various states in India, The Societies Registration Act, 1860. Accordingly, they are required to comply with these applicable regulations also including Income Tax Act, 1961, Foreign Contribution (Regulation) Act, 2010, etc.

Besides these applicable legislations, onboarding or listing of ZCZPs on SSE requires the social entities to comply with various securities laws such as-

a. Chapter X-A of SEBI ICDR Regulations, which governs the onboarding of and listing of securities issued by social entities on SSE platform. It provides the eligibility criteria to be met by the Not-for-Profit Organization or a For Profit Social Enterprise, to be identified as a social enterprise.

b. Chapter IX-A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 201, which lays down the provisions to be complied by NPOs on an on-going basis once they have been registered / listed on SSE.

c. SEBI Circular on 'Framework on Social Stock Exchange'dated September 19, 2022, amended vide SEBI Circular dated December 28, 2023

   The aforesaid Circulars provide some additional minimum requirement criteria to be met by NPO for registration with SSE. In addition, the circular also lays down the process of fund raising by social enterprises, provides for minimum initial disclosure requirement for NPO raising funds through the issuance of ZCZP as well as explains required annual disclosures by NPOs on SSE which have either raised funds through SSE or are registered with SSE.

d. Normsfor listing Social Stock Exchanges-

   SEBI (ICDR) Regulationshas delegated the responsibility to specify the listing norms of ZCZPs in respect of issue procedure including on agreements with depositories, banks, etc., ASBA related matters, duration for public issuance, allocation methodology, etc. to the SSEs. Hence, both the SSEs in India, have issued the listing norms which the social enterprises must abide by while listing the securities on respective SSE platforms.

In addition to the above, both the Exchanges have published a set of 'Frequently Asked Questions (FAQs)' on SSE on their respective websites, which can also be referred to by the NPOs willing to onboard/ list on SSE for better clarity.

VI. SELECT CLARIFICATIONS ON LEGAL PROVISIONS FOR NPOs

Few of the questions in the minds of the NPOs/ professionals with respect to applicability of certain legal provisions are that whether the NPOs are required to appoint qualified company secretaries as compliance officers on whole-time basis, do the NPOs need to comply with stringent Corporate Governance provisions specified under SEBI LODR Regulations such as appointment of independent directors, formation of statutory committees etc.

To answer the above questions, Regulation 3 (1) of SEBI (LODR) Regulations needs to be reviewed which reads as follows -

Unless otherwise provided, these regulations shall apply to a listed entity which has listed any of the following designated securities on recognised stock exchange(s):

a. specified securities listed on main board or SME Exchange or Innovators Growth Platform;
b. non-convertible securities;
c. Indian depository receipts;
d. securitised debt instruments;
da. security receipts;
e. units issued by mutual funds;
f. any other securities as may be specified by the Board.

While the definition of 'listed entity' under SEBI LODR Regulations includes an entity that has listed any of its designated securities, Regulation 3(1) clarifies that the provisions of the SEBI LODR Regulations, with appropriate exceptions, apply only to a listed entity which has listed the designated securities mentioned at (a) to (f) of Regulation 3(1). It may be noted that ZCZP has not specifically been included in Regulation 3(1). Therefore, unless explicitly mentioned, only provisions of Chapter IX-A of the SEBI LODR Regulations are applicable in the case of listing of ZCZPs on SSE by NPOs. Accordingly, as on date, no other provisions of SEBI LODR Regulations other than Chapter IXA are applicable to NPOs listed on SSE.

For NPOs incorporated under Section 25/8 of the Companies Act 1956/2013, the applicable provisions of the Companies Act also needs to be reviewed, which mandated appointment of whole-time company secretaries for companies beyond the prescribed threshold. However, it is pertinent to note that the Ministry of Corporate Affairs ('MCA') vide its notification dated June 5, 2015, exempted Section 8 Companies from complying with certain provisions of the Companies Act, 2013, subject to the condition that the Company will ensure protection of shareholder's interests. As per the said notification, definition of Company Secretary in section 2(24) of the Act is not applicable for Section 8 Companies. Therefore, Section 8 Companies are not required to appoint a whole-time company secretary.

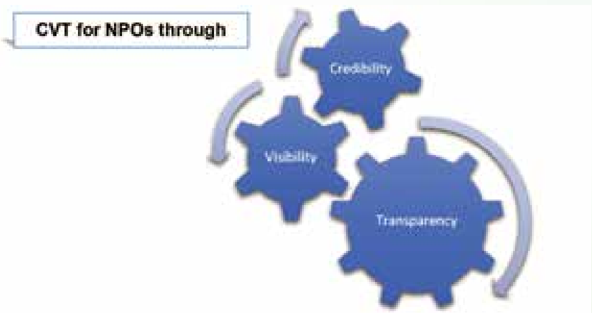
The entities getting onboarded on SSE are social sector entities which have limited resources available to bear the administrative and compliance costs. Also, it is imperative to note that SEBI (LODR) Regulations which are applicable to listed entities are aimed at regulating the profit-making companies, hence making all the provisions of these regulations applicable to social enterprises is not pragmatic. The other compliance requirements of these entities are limited as compared to listed companies and hence, requiring them to appoint a full-time professional to look only after compliance part of the organization may be excessive and unnecessary cost burden on the organisations. Keeping this in mind, the regulators have framed the regulations.

VII. BENEFITS OF SSE TO VARIOUS STAKEHOLDERS

The vital role that SSEs play is to act as a facilitator of social finance and providing common platform for social enterprises, donors and investors. It attempts to match demand and supply of funds for social causes effectively. Simultaneously, it attempts to promise transparency to the investors and donors about the actual social impact caused by the entities.

On the demand side, access to funds remains aconstant challenge for Social Enterprises all over the world. India is home to more than 3 million non-profit organisations who are relentlessly working for betterment of lives of millions of Indians. They contribute efficiently towards nation's economical as well as social empowerment. They represent the new form of enterprises in India where an entrepreneur mainly acts as an agent of positive social impact. In India, around 57% of organisations have claimed that not having easy access to capital as the biggest barrier to growth. Another survey has found that around 50% of non-profits had been unable to access the CSR funding in preceding 3 years. [2]

The Social Stock Exchanges help in addressing these challenges through providing 'CVT' to these entities.



Credibility- Getting registered/listed on SSE as well as getting incubation support from SSE lends credibility to the entities as the Exchange performs due diligence on them before getting them onboarded. It gains confidence of investors and donors.

Visibility- The NPOs are given the choice to merely get registered with SSE and to not raise any funds through listing of securities. One of the major rationales behind the same is to provide visibility to organization's work through the SSE platform. Getting onboarded on SSE through registration helps the NPOs to make their presence and area of work visible to potential donors as well as investors.

Transparency- Social Enterprises in India lack transparency in their operations, compared to other business organisations. The guidelines for NGO funding do not provide for disclosure as to how NGO beneficiary is selected, whether they utilize funds because in most of the cases, there is no fund utilization certificate which is required to be submitted under General Finance Rules, 2017.

The Delhi High Court in 2013 while hearing a petition filed by *Children's Homes Chatravas and Arya orphanage* challenging government's refusal to grant them license under the Women and Children's Institutions (Licensing) Act, 1956 observed that *"Most private run so called philanthropic organizations do not understand their social responsibilities. 99% of the existing NGOs are fraud and simply moneymaking devices. Only one out of every hundred NGOs serves the purpose they are set up for."*[3] Unless the donor has specifically demanded for the same, there is no mechanism currently in place which would make hold these organisations accountable for their actions and results.

This lack of transparency not only acts as a barrier to raise funds and get investments from big donors and corporations, but it is also one of the major challenges faced by investors and donors who are willing to invest in Social Enterprises. 48% of the impact investors have stated that sophisticated impact assessment is one of the most significant challenges faced by them. Indian impact investors reflect the same. 59% of the donors stated that they would be more encouraged to donate if the process was made more convenient. 63% of them noted that lack of reliable information about where and how to give in order to achieve maximum impact through donations is a constant barrier.[4]

SSE aims to enhance the standards of accountability and transparency for Social Enterprises. Every social entity which has raised funds through issue of ZCZP on SSE is required to comply with various continuous and event-based disclosure requirements. Even for the entities which have merely registered themselves on the platform, must comply with requirement of disclosure of annual impact report at the end of each financial year.

It is important to note that World's first ever SSE was instituted in 2003 in Brazil. Since then, many countries including United Kingdom, South Africa, Singapore, Portugal, Canada, and Jamaica have instituted SSEs. Out of the seven SSEs set up across the globe in past, only three of them, *i.e.,* Canada, Singapore and Jamaica are still active. One of the crucial factors for failure of other exchanges was lack of robust business model to make them self-sustainable entities.[5] To avoid the same fate, in India, SSE is housed as an additional platform of existing recognised stock exchanges having nationwide terminals, viz. National Stock Exchange of India Limited and BSE Limited. This allows the platform to grow with the help

[2] Anustree Parekh et al, What do nonprofits think of CSR?, INDIA DEVELOPMENT REVIEW (March 11, 2021), https:// idronline.org/what-do-nonprofits-think-of-csr

[3] Harish V Nair, 99% NGOs are Fraud, money making devices:HC, HINDUSTAN TIMES (March 06, 2013, 1:21 AM), https://www.hindustantimes.com/delhi/99-ngos-are-fraud-money-making-devices-hc/story-2AMyh5VMGA0edUtvtRnAMP.html

[4] Aarati Mohan et al, EVERYDAY GIVING IN INDIA REPORT, 23 (Sattva Consulting 2019), available at: https://www.sattva.co.in/wp-content/uploads/2019/04/Sattva-Everyday-Giving-in-India-Report_Key-Findings.pdf

[5] Amiya Walia, Anushree Parekh,Shivina Jagtiani, *Social Stock Exchange:What India Can Learn From Global Examples*, (March 25,2021),available athttps://idronline.org/social-stock-exchange-what-india-can-learn-from-global-examples/

of parent exchanges' active pool of investors, required infrastructure and good reputation, without worrying about the revenue model of the platform.

Tofurther incentivise investment in SSE, it would also be helpful if the regulators consider appropriate amendments in the Income Tax Act to provide appropriate tax exemptions to the investors/donors in SSE.Donors to NPOs in India have traditionally received tax exemptions under Section 80G of the Income Tax Act. The finance minister, in her February 2020 union budget speech, hinted at removing the provision for exemption altogether. The working group has noted this development and recommended that Section 80G not only be retained but that the extent of exemptions be increased. With the Union Budget for this year to be announced soon, a positive development in this regard is expected. Further, to mobilise more funds through SSEs, there is also a great need for enabling corporates to participate in the SSE as Corporate Social Responsibility (CSR) spenders.To enable the same, the Ministry of Corporate Affairs may be required to tweak the CSR provisions of the Companies Act to include investment in ZCZP as an eligible investment towards CSR provisions.

VIII. SSE- A NEW AVENUE FOR CMAs AND SUCH OTHER PROFESSIONALS

Introduction of Social Stock Exchange in India has presented an avenue in Social Sector to professionals such as CMA, CA and CS by getting themselves registered as Social Impact Assessors.

As per the requirements of SEBI Regulations governing SSE, every social enterprise which is registered on SSE or whose securities are listed on SSE must submit an annual impact report to the SSE which must be assessed by a Social Impact Assessment Firmemploying Social Impact Assessor(s).

The Social Impact Assessmentallows stakeholders to assess the impact made by the Social Enterprise through itsintervention, program or projects and identify the gap between desired object andactual impact made by the Social Enterprise during the reporting period. It also aims to aid regulators for the effective implementation of applicable laws, rules and regulation and also to the general public to take informative decision while making any investment in securities of Social Enterprise.[6]

ICMAI has formed'ICMAI Social Auditors Organisation'for the empanelment, capacity building and regulating the functions of the members who qualify and get registered as Social Auditors under the SEBI-notified framework for social stock exchanges. ICMAI has also published Social Audit Standards for their members to standardize the process of assessment. The sister institutes *viz,* ICAI and ICSI have also formed similar institutions and notified social audit standards.

In addition to the above, CMAs and such other professionals can also inter-alia assist the NPOs in the below manner, thus playing a critical role in the achieving the social objectives –

a. Provide consultation to social enterprises willing to get themselves registered or listed on SSE.
b. Assist in drafting fund-raising document and such other documentation.
c. Provide various third-party confirmations/ certifications about various aspects of NPOs required by the SSEs at the time of registration/listing of NPOs.
d. Assist the NPOs in drafting policy for determination of materiality.
e. Advise/Assist the NPOs in ensuring compliances with requirements of law on on-going basis post registration / listing including preparation of Statement of utilisation of funds.

CONCLUSION

Over the past two decades, the concept of 'business financing' has evolved drastically. The businesses are no longer evaluated solely based on their profitability; their contributions towards social and environmental development also play a key role in determining their desirability for investors. On the other hand, Social Enterprises which mainly focus on the development of society struggle to raise finance for their projects. India is home to more than 3 million Not for Profit Organisations1 (NPO), *i.e.*, 1 NPO behind every 500 citizens approximately. India is estimated to need 565 billion dollars in investment to meet UN Sustainable Development Goals by 2032.[7]Despite that it records the lowest public education expenditure and health expenditure figures as percentage of Gross Domestic Product.[8] This gap of expenditure for development can be filled to considerable extent by India's social sector if a mechanism is set in place to facilitate the raising of finance by these enterprises. Introduction of SSEs seems to be a promising step to address the issue of raising finance by these Social Enterprises for social development and financial inclusion. Additionally, if the necessary regulatory impetus like tax exemptions, CSR inclusions etc. are provided, SSE has the potential to be not just a step but a leap towards a structured ecosystem for raising private capital for social welfare. MA

[6] Institute of Company Secretary of India, ICSI SOCIAL AUDIT STANDARDS, available at https://www.icsi.edu/media/webmodules/ICSI_Social_Audit_Standards.pdf

[7] STANDARD CHARTERED, OPPORTUNITY 2030 THE STANDARD CHARTERED SDG INVESTMENT MAP at 2-5(2020) https://av.sc.com/corp-en/content/docs/Standard-Chartered-Opportunity-2030.pdf

[8] KPMG, ANALYSING THE CONCEPT OF SOCIAL STOCK EXCHANGE' ININDIA(2020)https://home.kpmg/in/en/home/insights/2020/07/analysing-the-concept-of-socialstock-exchange-in-india.html

DIGITAL TRANSFORMATION OF MSMEs AND B2B SaaS BAZAR FOR SUSTAINABLE PROSPERITY

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Synopsis

MSMEs are collectively the undisputed major contributors to India's economic growth and prosperity. Their track record is a continuing story of successes over the past many decades. But the big question is whether they would be able to carry such a success story any further when the rest of the business and industrial ecosystems are digitally transforming at an incredible speed. Efforts have been made by the author to bring together the multifaceted dimensions of hindrances and complexities involved in the process of digitally transforming India's MSMEs. Certain measures and recommendations have also been ideated which may be found worth being considered and implementable.

Image Source: *https://www.bfm.my/podcast/enterprise/enterprise-biz-bytes/digital-transformation-for-smes*

Introduction

Contributions of micro, small, and medium enterprises (MSMEs) for Indian economic development, growth, and employment generation were never a motion for debate and perhaps would never be in the future. They continue with an incredible share in exports. Till the first half of FY 2024, 45.56% is their share of India's total exports for the specified products as per the data of the Ministry of Finance[1]. Currently, MSMEs contribute about 29% of India's GDP. The government of India has initiated in recent past several focused schemes and reform measures for fortifying the pillars of strength of this segment.

The micro-segment has been turbocharged by the *Mudra Yojan* (Funding Scheme) and *Vishwakarma* scheme for artisans and craftsmen for financial support. Entrepreneurial segments under the Micro group would serve as seeds for the small and medium groups. Given all these, the all-around performances of these MSMEs are expected to accelerate with higher contributions towards achieving India's aspiration to generate USD 5 trillion GDP shortly.

The author firmly believes that today's many MSMEs are tomorrow's MNCs and TNCs with a plethora of past examples being there. If startups are considered as a parallel group to MSMEs, particularly in the contemporary digital era of Industry 4.0 the story is further encouraging. According to Invest India, "As of 3rd October 2023, India is home to 111 unicorns with a total valuation of $349.67 Bn."[2]

However, legacy systems and overdependency on human interventions may delay achieving the aspiration when the rest of the business world is fast moving ahead with digital transformation and disrupting legacy MSMEs. Therefore, digital transformation of MSMEs is an axiomatic must. But most of them cannot afford and/or do not have skilled manpower. Hence alternative initiatives must be ideated and implemented.

Objective

In light of the above introduction, efforts have been made to put together and briefly analyse the multifaceted dimensions and complexities of the issues involved to assimilate and appreciate those once more. The author wants to bring out that digital technologies are not the major bottlenecks. However, hindrances in implementing digital tools and platforms, befitting the unique requirements and imperatives of MSMEs, are. The purpose is to ideate certain measures and recommendations for collaborated initiatives and concerted efforts of all stakeholders. Because the ultimate objective is to carry along MSMEs also in the journey of pervasive digital transformation of Indian business entities across the hierarchy.

MSMEs and Emerging Business Environment

Patience, passion, resilience, frugality, dedication, and deep integration with local bulk and retail customers are some of the qualities of most of the MSME founders. They have inculcated into their employees such entrepreneurial attributes that help accentuate growth and prosperity. The other side of the story is also equally true. Many MSMEs die premature deaths after burning cash gathered by staking lifetime savings, selling family jewels, and borrowings. Leaving aside the instances caused by the unprecedented Covid 19 pandemic there are many reasons for such premature closures.

According to a report in Business Line,[3] "*FY23 witnessed the highest number of shutdowns in the MSME segment as 13,290 Udyam-registered MSMEs wind-downed operations compared with 6,222 units that closed shops in FY22 and 175 units in FY21. However, the current fiscal has also seen a big increase in the closure of operations by MSMEs. As of December 12, 2023, 12,790 units downed their shutters, ...*".

One school of business commentators is of the view that the transformational changes that the Indian business ecosystem is undergoing are mainly responsible for the untimely demise of many MSME units. The following are some of the major changes that are being talked about:

- Common people and corporate entities adopting cashless digitalised payment systems under the country-wide UPI regime,
- Introduction of seamless internet-based systems for electronic documentation, eInvoicing, and monthly eReturns under the unified GST regime
- Pervasive implementations of both direct and indirect taxation laws and regulations,
- Disruptions caused by the proliferation of digital marketing, eCommerce, and speedy delivery of goods and services through extensive use of the internet by corporates and startups to achieve customers' delight,
- Increasingly rigorous implementation of environmental, sustainability, and governance norms, and
- Stringent implementation of the new mandatory codes for Industrial labourers and social security

A closer analysis of the above reasons can broadly be categorised into two major groups, viz.,

- Promotion, adoption, and applications of digital technologies, including for governmental administration, and
- The second is updating, upgradation, and stringent implementation of all laws, rules, and regulations for creating a level playing field for all as well as ensuring environmental safety, sustainability, and governance.

Such a framework for transformation to ensure Governance, Development, and Prosperity (GDP) has in the ultimate analysis been reflected in the rate of growth of the other GDP, i.e., Gross Domestic Product, making it the fastest-growing nation under the sun with around 7%. Rate. On the other hand, when, with the emergence of digital technologies at an overwhelming speed, almost all nations across the world are adopting digital technologies, India cannot fall behind and be left on the way. She cannot leave and create room for other developing nations to take over the Indian market.

According to a publication of OECD[4] *"Digital technology offers SMEs an opportunity to enhance productivity and pursue innovative activities. Digital products enable small businesses to use their resources efficiently and organise their business process in a leaner way. .... reduction of costs and wide diffusion of complementary technologies can make it affordable for smaller and more constrained businesses to adopt digitalisation process..".*

OECD, a global multilateral agency of eminence, has convincingly justified its recommendation for Digital Transformation (DT) of MSMEs by detailing the benefits in the above paragraph. It seems that DT is no longer a choice but essential for the survival of MSMEs in the present Industry 4.0 trending with digitalisation and digital transformation. However, the quoted paper of OECD has cautioned about the widening gap between the rate of adoption and application of digital technologies between large corporates and MSMEs.

Digital Transformation of MSMEs - Realities and Challenges

A relatively smaller number of MSMEs in India have initiated actions for DT as compared to developed countries. They also lag far behind their big brothers, i.e., large Indian corporates, including PSUs and government service delivery agencies. Ironically, many of those large companies are dependent on MSMEs for successful running of their digitally driven supply chain and value chain models. However, there are no perceivable efforts to extend their hands of collaboration with MSME stakeholders.

In the context of the mighty USA a report of the World Economic Forum (2023)[5] wrote, *"In the US, for example, SME contribution to GDP has fallen nearly 5%, from 48.0% to 43.5% from 1990 to 2014. The absence of technological adoption has been a significant factor in this decline. SMEs acknowledge the importance of keeping up with technological innovation demands: approximately 25% of SMEs cite this as a top challenge."* Whether owners of Indian MSMEs explicitly talk about such issues or not, they also perhaps acknowledge while talking to themselves that in the present era of proliferating digital technologies at a neck-breaking speed there is no option to shy away from digital transformation

Gurudev Ravindranath Tagore in one of his poems wrote "*Paschate rakhichho jare se tomoare paschate tanichhe*' Its translated version means if you move ahead keeping others behind, those who remain behind would someday pull you back. A live example of this axiomatic wisdom is the Maoist Movement in India which has cropped up and thrived only in backward areas of India. However, pervasive measures of government for the development of those areas are gradually resolving Maoist-related menaces, albeit MSMEs collectively are one of the major drivers of the Indian economy.

The DT process has opened vistas for larger corporates to craft new business models and revenue models. Many brick-and-mortar entities like D Mart have started the eCommerce segment. While many others have started operating with digital technologies from the very outset like Flipkart and Amazon. Neo Bankers like Phone Pe, Fi Money, Jupiter, etc. are examples of the latter group. Even B2B supply chain transactions are now being conducted through digital platforms. The resultant financial benefits are enormous.

Why, therefore, MSMEs be deprived of such benefits, particularly when on many counts large business entities are dependent on MSMEs to run their businesses? Both the government and large corporations have a collective responsibility to help MSMEs in their journey for DT and jointly move ahead. MSMEs also on their own must do their best to wither out practicable challenges to move ahead with DT. Even if these propositions sound like motherhood statements certain large banks like ICICI Bank are now extending non-banking services, including Software as a Service (SaaS) to their MSME customers. SaaS facilitates digitalising certain 'Order2Cash' and 'Procure2Pay' transactions.

There are plenty of reasons behind MSMEs not picking up speed in DT of their business albeit most of them have computerised their books of accounts either by outsourcing or in-house facilities. The major ones can be summarised in the following lines:

- Mindset issues associated with
  - Fear of the unknown animal called digital technologies and conservatism,
  - Dependency on human-intervened processes to be sure of what is being done,
  - Erroneous understanding about all technologies to be plug-and-play without any need for customisation, user acceptance tests, bug fixing, and period for stabilization of DigiTech-driven processes,
  - Hesitancy to invest money in technology instead of moving ahead with legacy systems,
  - Hesitancy to move the first step forward, and the heuristic of following the herd of similar creatures,
  - Crisis of confidence regarding privacy, security, safety of data, business information, and trade secrets, etc.
- Non-availability of financial resources and trained manpower,
- Higher confidence in owners' capabilities, and business insights, instead of relying on insights drawn from data analytics, and so on.

Rupeika-Apoga and Petrovska[7] (2022) in their empirical research paper with responses from 425 Latvian MSMEs concluded that *".... most important barriers to MSMEs are IT security issues and the shortage of specialists in the external labor market .... some barriers differ depending on company attributes, such as the number of employees, revenue, and the ability to implement digital transformation independently. However, the barriers were evaluated similarly by company owners and managers,"* If similar empirical research is conducted in India the result would perhaps not be any different from what these two scholars have found in Latvia.

Multifaceted Enormities of MSMEs in India

According to the conclusion of a research-based publication by the Computer Society of India (2021)[7] regarding digital transformation of MSMEs in India, *"The challenges reside in addressing a complex and heterogeneous MSME segment, dominated by micro enterprises at different stages, and different levels of digital readiness. The enticement for businesses to fully embrace digital technology would be to provide a digital ecosystem that provides end-to-end solutions, from finance access, payments, operations, management to even skilling and knowledge sources that are convenient".*

This diagnostic conclusion seems to be right because MSMEs of India are so diverse in terms of nature and purpose of ownership, products, style of functioning, geophysical locations, differences in the value chain, supply chain arrangements, capabilities and limitations of owners and employees, etc. Finding a 'one-size-jacket fit all' kind of solution is a challenge if not impossible. And this could be true for any country with varying degrees.

According to a publication of Forbes Advisor (2024)[8], around 99%+ of the total 633.9 lakh Indian MMSEs are categorised as micro-enterprises. About 3.3 lakh are small enterprises leaving only about 0.05 lakh medium entities. A total of 324.9 or about 51% are in rural areas. Such categorisations are done based on the revised definition provided by the Ministry of Micro, Small, and Medium Enterprises, Government of India as stated in the following table.

Classification	Micro	Small	Medium
"Manufacturing Enterprises and Enterprises Rendering Services"	*"Investment in Plant and Machinery or Equipment:*	*"Investment in Plant and Machinery or Equipment:*	*"Investment in Plant and Machinery or Equipment:*
	Not more than Rs.1 crore and Annual Turnover; not more than Rs. 5 crore."	*Not more than Rs.10 crore and Annual Turnover; not more than Rs. 50 crore."*	*Not more than Rs.50 crore and Annual Turnover; not more than Rs. 250 crore.*

Source: Website of Government of India, https://msme.gov.in/know-about-msme. The table has been recreated by the author.

According to the same report of Forbes Advisor, the following is the approximate current data of employment of manpower by Indian MSMEs (Nos. are in lakh of people):

- *"Trade : 3871.18*
- *Manufacturing : 360.41*
- *Services : 362.82"*

From the above enormity of the number of MSMEs in India, with about 99% being micro entities, one can guess the criticality and variety of challenges for their digital transformation. Finance and digitally skilled manpower perhaps would be the most critical two. Within each of the above business types, again the nature and variety of products and services handled are also very large. Such variations have also caused multiplicities in business risks to be mitigated, including those emanating from external stakeholders, customers, and vendors. Moreover, their geographical spread is also vast with 51% being in rural areas.

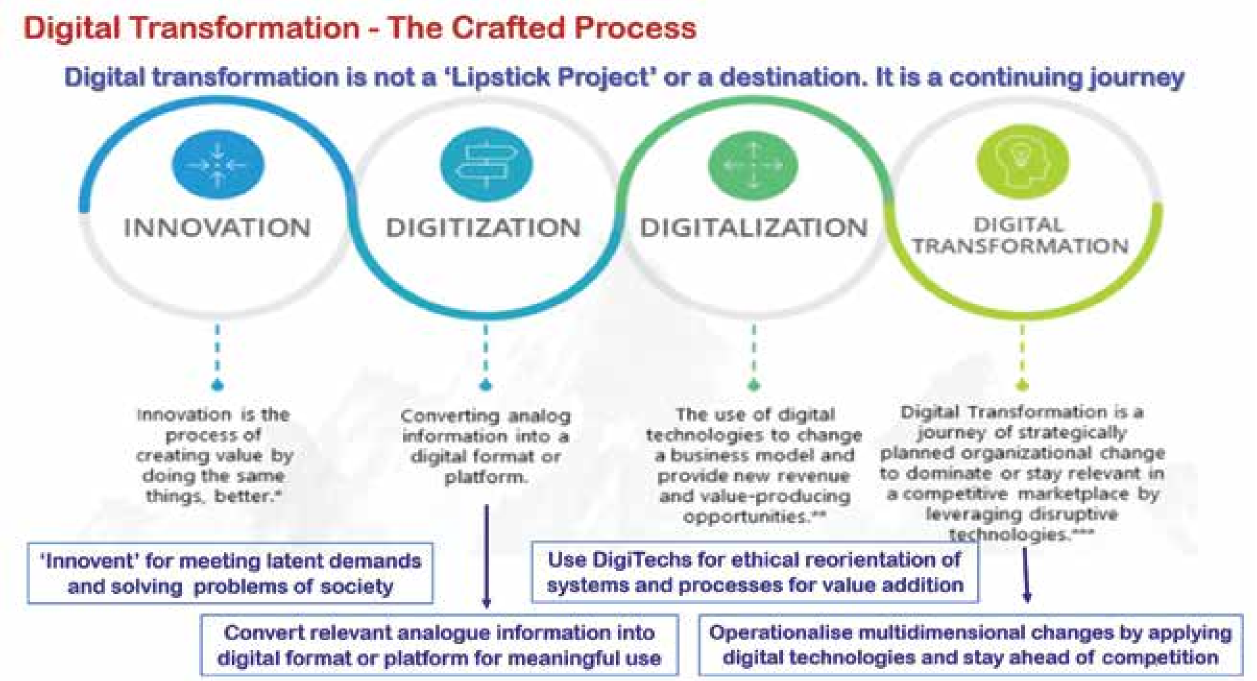
The next most critical hindrance would be gainful deployments of employees who would be rendered surplus due to DT, chances for which cannot be ruled out. However, the counterargument could be that the surplus manpower can be reskilled for other functions. This should be the plan particularly when limitations for growth are related to marketing and market share, and the manufacturing capacity of labour-intensive units in extra or extended shifts. Given a strategic plan with near-to-reality financial projections, getting financial support from banks and other investors may be relatively easier. Therefore, given the higher possibility of business growth MSMEs can.

Digital Transformation – Myths Demystified

Before writing about DT of MSMEs it is imperative to briefly narrate the major steps for digital transformation. This would bring clarity to the persisting mythical understanding of three 'D Words' encircled in the following graphic. The very first set of steps of DT from the internal perspective of any entity are:

- Strategic planning of future business with pentagonal thinking, viz., radical, critical, design, innovative, and strategic thinking,
- Identification of process gaps and existing avenues of value destruction and cash burns,
- Determination of required new operating processes, and/or strengthening and enhancements of existing ones for which innovative solutions are to be designed with the adoption and application of appropriate digital technologies.

The intersection of all these from the perspective of customers and other stakeholders would be at the point where there are possibilities for creating new business models and revenue models with the help of new digitalised processes. This would particularly be applicable in situations when and where there are sufferings due to unfulfilled demands from society as well as B2B and B2C customers. Such demands requirements were exploited by people like Ola, Swiggy, PhonePe, Zepto etc. The next three processes have briefly been narrated in the following graphic.



Source: The main graphic is by Mr. Antonio Grasso, an eminent author on Digital Technology. https://www.facebook.com/TechinEthiopia/photos/its-important-to-understand-the-difference-between-innovation-digitization-digit/2699590410149027/. Insertions in blue fonts are by the author.

The author has written a series of papers for this column covering various dimensions related to adoption and applications of different technologies for digital transformation of business processes. Readers may refer to those at https://icmai-rnj.in/# and select the ones of their interest. One such article is on ‘Digital Darwinism’[9]. Readers can also watch the author’s video at his personal YouTube channel https://www.youtube.com/watch?v=PbA6aiWFUMI on “Digital Transformation of Internal Business Ecosystem”. This is a part of the author’s personal YouTube Channel.

Sustainable Digital Transformation

Sustainable digital transformation or SDT demands simultaneous achievements of three more results along with commercial and economic benefits to be shared with all stakeholders. Continuing with digitally transformed business models, systems, and processes MSMEs must also comply with the prescribed standards for minimising adverse impacts on Environment, Society, and Governance (ESG).

To satisfy these, digital strategies, adopted technologies, their applications, digitally transformed business models, and SOPs must also provide economically viable and ethical solutions. Simultaneously adopted AI and ML tools must provide ethically drawn business insights from data analytics. The digital solutions must mitigate/minimise risks and adverse impacts emanating from both hitherto legacy businesses to be continued post DT and newly crafted business and revenue models.

All the attributes of Sustainable DT (SDT) may not apply to all MSMEs, but one must keep track of past performance and the impacts of digital initiatives on sub-factors of ESG. While tracking these impacts on internal business ecosystems an entity must also track directly extended and/or indirect adverse impacts on the businesses of vendors and customers and all other stakeholders. Therefore, a multidisciplinary and collaborative approach is necessary, which may be a tall task for any individual MSME entity. Both the government and their business partner corporations also have collective responsibilities for addressing the challenges before MSMEs for DT of heterogeneous, critical, and complex nature for jointly moving ahead to sustainable prosperity.

Pillars and Technologies for DT of MSMEs

So far MSMEs have adopted a product-oriented approach with human interventions at all stages of the value chain. Such an approach suffers from higher costs and/or inefficiency due to overdependency on and limitations of people. On the other hand, with the emergence of digital technologies at an overwhelming speed, disruptions are being caused all around by startups and large corporations. Stakeholders are also gradually adopting digitalised measures. In such an environment MSMEs do not have any options but to adopt a web-based platform-oriented approach and use other digitalised solutions and tools. Whatever option(s) is/are selected must be built on certain digitally integrated and reinforced pillars for operations and surveillance.

Much can be written logically flowing from the earlier segments. However, given the limitation of space, an attempt has been made to briefly narrate only the eight major pillars in the following lines that are common for all MSMEs irrespective of their nature of business, location, products, and geophysical operating locations. The aspect of managing such platforms at an affordable cost has been covered immediately after this table.

	Business Agility and Intelligence (BAI): DT should enable the leadership team and ground-level officials of MSMEs to develop a stakeholder-centric agile approach while framing business strategies, and crafting solutions for enhancing the power of existing business and new business models with new revenue models.
	Risk Enabled Performance Management (REPM): DT should help proactive forecasting of strategic and operating risks in the foreseeable future and embed digitally crafted tools and measures for dealing with the least possible, if not zero, impact. Cyber security, and preservations of privacy, safety, and security of data should be the most critically cared objective.
	Credit Risk Management (CRskM): Proactive assessment of financial strengths and stability of customers so that MSMEs can take financial risk by selling goods and services on credit. This has specifically been included to focus on the subject, despite there being statutory provisions for timely payment to MSME vendors and interest for delays.

	Dual Digital Discovery (DDD): Applications of digital technologies must enable MSMEs to manifest and effectively make their presence felt by stakeholders, including through social media. The objectives should be to facilitate digital marketing through Web-based applications and participation in digital platforms, including blockchain used by customers for reverse tendering and conducting supply chain transactions. The other side of the dual discovery process is by their customers and other stakeholders themselves on their own due to the unescapable digital visibility of the products and services of MSMEs with all credentials and pervasive dissemination of information towards building both corporate and product brand images.
	Transaction Fulfilment and Service Delivery (TFSD): The selected digitalised tools and processes must ensure that the entire SOP is cost-effective and minimises value destruction caused by hitherto human-intervened processes. Both customers and MSME entities should be able to end-to-end track each stage from Order2Cash.
	Customer Relationship Management (CRM): There should be effective integration between the aforesaid TFSD and CRM platforms so that at times all dual-track processes for CRM are suitably integrated and enabled, including for prospective customers. The latter two should be powered by tools crafted with cognitive intelligence like AI, ML, OCR, and NLP for drawing insights from past data and documents.
	Compliance Management Platform (CMP): All MSMEs should have one platform that will facilitate ethical policy-based compliance management and tracking tools. The platform must also digitally assist in creating, uploading, preserving, and retrieving all underlying documentary evidence for proving credible compliance management in case there is any litigation and for audit.
	Centralised BI and MIS Platform: Each MSME should have its business intelligence platform powered by all tools from the cognitive digital technologies domain. This should be used for all internal and external data and information and to create and digitally share MIS and business strategy formulation-related insights after performing due data analytics,

Source of Graphics: Open-source images freely available through the internet. The author acknowledges the contributions of those unknown creators of respective graphics for this paper.

The author would avoid narrating about which digital technology(ies) is/are to be used for what purpose given the limitation of space, except for what has been stated above. However, his suggestions are as under which are very obvious and known to all:

- **Operating Platforms with safety, security, immutability, and auditability. etc.:** Blockchain built with Web3 capabilities and with an AI layer,
- **Analytics, MIS, and Business Intelligence:** AI, ML, DL, BDA, OCR, etc.,
- **Information gathering:** IoTs, IIoTs, with limited applications of Edge Computing,
- **Digitalisation of routine mundane operations:** Robotic Process Automation and UPI,
- **Computing, Privacy, Security, and Safe Storage of Date:** Cloud Computing, and
- **Agility, continuous vigilance, tracking, monitoring, etc.:** Ethical Hacking.

Readers would immediately start loudly arguing that MSMEs do not have the wherewithal to implement all the above and yet ensure the desired ROI. To counter their arguments the author takes the liberty to recommend the following.

Recommendations for DT of MSMEs

Owners of MSMEs would do well by not forgetting the English proverbs, viz., *'Tis money that begets money. Spend if essential for survival."* If digital transformation is a must, better to do it now than not get a chance to do ever. This should specifically apply to small and medium entities. SDT is neither a lipstick project nor a destination to be reached once. It is a journey. In this light, the author's recommendations are as under:

Self-Initiatives

Small, and medium entities may take up the following approach:

- Decide what barest minimum is essential to be implemented in-house from the perspective of maintaining trade secrets, unique business needs, and ease of doing business,
- Adopt and apply those commonly recommended software and tools that are available from open source to the extent feasible and desirable,
- Make the best use of software as a service (SaaS) facility provided by certain Indian banks, or Neo Banks of eminence, e.g., ICICI Bank's Stack for Software Services (IT/ITES)[10]. If need be, establish a new financial relationship with the selected bank,
- Adopt a frugal hybrid approach for forming a focused team with prior retrained in-house or recruited people and consultants with the objective of the former group taking responsibility for maintenance and all future needs.

Government of India's Initiatives

Quite a lot has been done and implemented, albeit not beyond debate, by GoI to finance MSMEs and roll out enabling policy reforms for the survival and growth of MSMEs. Yet it should immediately start one more project given its track record so far for 'Digital India'. The GoI should set up several **'SaaS Bazars'** as a country-wide project.

The objective should be to roll out digital platforms, tools, and solutions, storage facilities, etc. as have been narrated in the earlier two paragraphs, as shared facilities with all possible measures for secrecy, privacy, security, and safety for all users as well as audit. The team members for this should be digital technologists, representatives from MSME Chambers and Startups, officials of the Ministry, etc. Niti Aayog may be given responsibilities for collaboration and arranging funds for implementation.

MSME Chambers

These organisations may also form a country-wide Federation and take up similar SaaS Bazar projects in different regions of the country, particularly for Micro entities and cottage industries because their requirements are expected to be more unique and diversified than common.

Large Corporations

If the digitally transformed businesses of large companies are dependent upon the continued support and performance of certain identified MSMEs, the former must collaborate and help in the latter's process of DT. They must not forget the afore-quoted pearl of wisdom from Gurudev Ravindranath. Otherwise, someday those large companies may experience their journey with digitally transformed systems, processes, and new business models being retarded by the dwindling performance of their participating MSME partner in the value chain. The details of their projects should mostly be in line with what has been stated above for others.

Conclusion

Digital transformation of MSMEs at a faster speed is a must for India to realise her aspiration to be the fourth largest economy by 2030. The above recommendations may be worth considering and implementable with purposeful collaboration and active participation of all stakeholders with win-win propositions. The concerned stakeholders of MSMEs must also accept and absorb reasonably passed-on shares of the resultant financial impacts. The author would feel lucky and happy to participate in any such initiatives. MA

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INTERIM BUDGET: A CONTINUITY OF POLICY DECISION BY THE GOVERNMENT

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In the interim budget presentation by Smt. Nirmala Sitharaman, Hon'ble Finance Minister committed the pathway of bolstering capital expenditure (CAPEX) by maintaining fiscal discipline. The focus of the government is capex escalation which has tripled in the past four years which was the catalyst for the India's robust economic growth.

The revenue deficit as a percentage of the fiscal deficit dropped from 80 % in 2021-22 to an expected 39 % in 2024-25. It defines the strategic direction of the creation of productive assets underscoring the government's prudent financial management.

The capex increase from a percentage of 11.1 % for the forthcoming fiscal year envisages commendable transparency in the financial operations. The capex for the forthcoming fiscal year has set a new record of Rs. 11.11 trillion.

The Pradhan Mantri Garib Kalyan Anna Yojana which is the world's largest social welfare programme has been enhanced for another five years alongside funding in pivotal social sector initiative, reflects the commitment to social welfare by the Government.

The increased tax revenues with a projection in 2024-25 to a Rs. 38.31 trillion which is a 11.5 % of the previous year which states that the Government's fiscal strategy is ambitious and is also realistic as the allocation for railways of Rs. 2.5 trillion with announcement of major economic railway corridor programmes in energy, mineral and cement corridors.

There has no tinkering or change in the personal income tax and corporate tax which implied a stable income tax regime in the coming days.

The corporate tax reduction over the years enabled larger collections and better tax to GDP ratio which are the fulcrum for better fiscal discipline.

The projects that have been identified under the PM Gati Shakti scheme for enabling the connectivity and improved logistics efficiency and enable reduce cost.

The government's has also set up Rs.2.7 trillion for road transport and highways which includes national highways, transmission projects and other areas of transmission projects.

The defence allocation has also increased to Rs. 1.7 trillion and it augurs well for the defense companies.

The growth of infrastructure will give a fillip to the economy which is projected to be the third largest economy very soon.

The Government's borrowing strategy is a cautious optimistic and the potential reduction of interest rates by the Reserve Bank of India is poised to invigorate the financial markets and increase in liquidity for business lending.

The fertilizer subsidy and free food scheme is presently at a sizeable number of 2 % of GDP. We need more infusion in education sector which is also at 2 % of the GDP. The nominal GDP is projected to rise @ 10.5 % with increased private investment spending and consumer spending. We hope to have a sustained long term growth with such policy continuity and predictability. The lower interest scenario will further accentuate the growth story.

The taxation policies were kept unchanged and it shows stability and continuity of policy making and with such stability the stock markets are booming with such political certainty and continuity of policy making by the regulators.

The divestment target of Rs. 50,000 crore for the FY 25 from the sale of public sector enterprises paves well to reduce the fiscal deficit. The valuation of the PSU stocks offers an opportunity to the government to reduce their stake and offer an attractive option to liquidate to the government.

The other major plans the finance minister announced in her budget speech is to help the middle class citizens to buy or build their own houses. It intends to build more homes under the PM Awas Yojana and to extend the healthcare cover under the Ayushman Bharat scheme to all Asha workers and Anganwadi workers. It also had announcement in rooftop solarization where the plan is to enable one crore households to obtain upto 300 units of free electricity every month.

Obviously, there are many challenges along with way and the country is slowly picking up from the catastrophic pandemic. The private consumption is expected to grow by 4.4 % in the year 2023-24 and the growth is from a contraction of 5.2 % in the pandemic year of 2020-21. We hope in the budget after the election in July, 2024 will have proposals for boosting consumption which will pump-prime the economy for enhancing more per capital income for the country. MA

STRATEGIC BUDGETARY MOMENTUM: THEN AND NOW

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Abstract

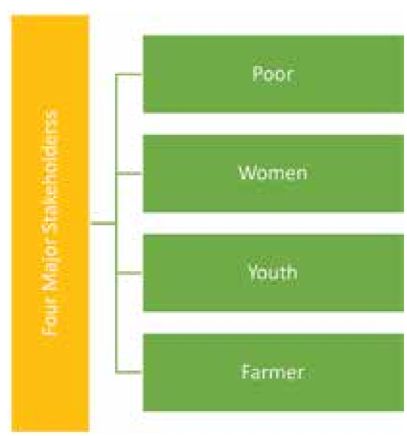
Changes in expenditure provisions through the budget are assumed to reflect the changes in the strategic directions pursued by the government to meet any of the economic challenges.This article compares ministry-wise budgetary provisions 'Then (2013-14) and Now (2023-24 and 2024-25)' wherein the increases are higher than the averages.

The assimilation reveals that the decadal growth achieved in 2023-24 over 2013-14, both in relation to GDP as also PCI, is fairly less than the growth achieved in the previous decade. Impliedly the rate of growth in the economic deliverables to the stakeholders is less than the one in the previous decade. The lower pace in these two parameters pinpoints a gap in translating the strategic allocations into stakeholder benefits.

It is opined that Cost Benefit Analysis in terms of outcome evaluation for each of the major stakeholders, (i.e., 'the poor, the women, the youth, and the farmer') may throw up useful insights for appropriate strategic reorientation and regaining of the momentum of the budgets towards the Amrit Kaal.

01.00: Context

Highlighting the Inclusive Development and Growth, the finance minister in her Budget Speech of 1st February 2024 goes on to emphasize "As our Prime Minister firmly believes, we need to focus on four major castes. They are, *'Garib'* (Poor), *'Mahilayen'* (Women), *'Yuva'* (Youth) and *'Annadata'* (Farmer). Their needs, their aspirations, and their welfare are our highest priority. The country progresses, when they progress. All four require and receive government support in their quest to better their lives. Their empowerment and well-being will drive the country forward." Thus comes the perception of four major stakeholders, viz. 'the poor, the women, the youth, and the farmer for the purpose of achieving a balanced e economic prosperity.An innovative and admirable approach by all means!



In the latter part of her speech, the FM states "Every challenge of the pre-2014 era was overcome through our economic management and our governance. These have placed the country on a resolute path of sustained high growth. This has been possible through our right policies, true intentions, and appropriate decisions."

Given the above context, changes in expenditure provisions through the budget are assumed to reflect the changes in the strategic directions pursued by the government to meet any of the economic challenges.

02.00: Analysis

Ministry-wise expenditure, excluding interest payments, aggregate to Rs.11,97,958 crores for 2013-14; Rs.41,91,355 crores for 2023-24; and Rs.44,02,981 crores for 2024-25. Therefore, the average increase of 2023-24 over 2013-14 works out to 250% and 2024-25 over 2013-14 to 268%. Rationality would have it that higher focus implies higher budgetary provisions than the average. Table 1 presents ministry-wise provisions 'Then and Now' wherein the increases are higher than the above stated averages.

Table 1: Expenditure Provisions "Then(2013-14) and Now2023-24 & 2024-25)"

Serial	Ministry	2013-14 (Rs.Crore)	2023-24 (Rs.Crore)	2024-25 (Rs.Crore)	Increase of 2023-24 over 2013-14 (%)	Increase of 2024-25 over 2013-14 (%)
1	Road Transport & Highways	48464	340235	357048	602	637
2	Agriculture	24188	226316	232223	836	860
3	Communications	29750	151382	170350	409	473
4	Jal Shakti	13273	101015	107484	661	710
5	Housing & Urban Development	9775	73028	81047	647	729
6	MSMEs	2953	22138	22138	650	650
7	Electronics and Information Technology	2192	14421	21385	558	876
8	New & Renewable Energy	1751	13964	26376	697	1406
9	Heavy Industries	1559	6424	6756	312	333
10	Food Processing Industries	564	3657	4019	548	612
11	Total	134469	952581	1028826	608	665
12	Percentage of the total to the total expenditure	11.22	22.72	23.37		

It may be observed from the table the total of the budgetary allocations to these preferred ministries have multiplied from Rs.1.34 lakh crore in 2013-14 to Rs.9.53 lakh crore for 2023-24 and Rs.10.29 lakh crore for 2024-25. In terms of magnitude, the allocations to these ministries multiplied from 11.22% of total expenditure of Government of India to 22.72% for 2023-24 and 23.37% for 2024-25. Here follow detailed observations about the first three (having maximum allocations amongst the lot) and brief observations about the balance seven.

Road Transport and Highways: It is common knowledge that good roads are the primary necessity for an efficient and cost-effective supply logistics. India possesses 63.32 lakh km of road network the second largest in the world. The general acclamation revibrates that Ministry of Road Transport and National Highways is one of the best performers.

The budgetary allocations have gone up from a routine Rs.48,464 crore for 2013-14 to a project-focussed Rs.3,40,235 crore for 2023-24 and Rs.3,57,048 crore for 2024-25. In addition, it is to the credit of the ministry that departing from the historical path of limiting the investments to the exclusive purview of the government, private participation has been encouraged in a substantial manner through the means of innovative financial reengineering such as hybrid models and special purpose vehicles. The theme driver is quoted as 'Bharatmala – Road to Prosperity'.

Significant pursuit of the Ministry is 'Project Bharatmala' which was launched in 2017 and has targeted to develop 34,800 km of national highway corridors, connecting 580+ districts in the process at an estimated cost of 3.85 lakh crore. In terms of overall quantitative performance, the length of national highways has shot up from 91,287 km in 2014 to 1,46,145 km by December 2023. The efforts are appreciable and the pace of growth shall be maintained.

Agriculture: Indian Agriculture is Indian Core Potential. Food security is a basic necessity. Even though the country has come up a long way from pre-independence torments, Indian Farmers still continue to struggle for survival.

The budgetary provisions have multiplied from a mere Rs.24,188 crore for 2013-14 to a substantial Rs.2,26,316 crore for 2023-24 and Rs.2,32,223 crore for 2024-25. The revibrating theme driver is reported as 'Farmer First'.The allocations to agriculture are guided by the astounding objective of "Stepping up the Farmers' Income". For this purpose, the government has identified seven sources of income growth and adopted various reforms and policies that focus on reducing the cost of cultivation, ensuring remunerative prices for farm produce, converting agri waste to agri wealth, exploring additional sources of revenue for farmers, etc. Worth mentioning is the fact that in order to supplement the governmental efforts, the Institute of Cost Accountants of India, too, has taken several focussed initiatives and conducted several programmes during the last couple of years.

The staring fact, however, remains that India has just fourteen crore hectares of net sown area being tilled by fourteen crore cultivators. This, arithmetically, translates into the reality that on an average each Indian cultivator has to feed ten Indians with his one hectare. In spite of the best efforts, there appears to be a long way to tread ahead!

Communications: The budgetary support to the ministry of communications have jumped up from a mere Rs.29,570 crore for 2013-14 to a considerable Rs.1,51,382 crore for 2023-24 and Rs.1,70,350 crore for 2024-25. Ministry of Communications takes care of two departments, i.e., department of posts and department of communications. It is the department of communications that accounts for about 75% of allocations, and pushes forward multi-dimensional developmental activities.

Telephone was a luxurious possession till the mid-1990s. The scenario changed drastically thereafter. Telephone has turned out to be a primary support for every Indian. In the process, GOI has implemented some bold reforms packaging both the structural as also procedural aspects. These reforms were expected to change the land scape of telecom sector and enable delivering better value to the consumers. The reforms were categorised into:

i. **Citizen Centric** whereby the aspects of easing of the consumer process and eventual job creation could be addressed.
ii. **Spectrum Reforms** whereby easy access to spectrum and flexibility to telecom service providers could be ensured.
iii. **Financial Reforms** whereby the definition of "Adjusted Gross Revenue" has been modified, thus resolving most of the contentious issues that the telecom sector was facing.
iv. **Ease of Doing Business Reforms** that are aimed to bridge the 'Digital Divide' in India.

The end result may be visualised through the fact that the number of telecom subscribers have jumped up from 93.3 crore (with a tele density of 75.23%) as of 31st March 2014 to 117.39 crore (with a tele density of 84.43%) as of 30th June 2023. A job well done indeed!

Jal Shakti: Water is Essential; Water is Divine; Water is also Limited. 'Har Ghar Jal' is a commendable initiative. Judicial management of water, therefore, for various purposes including irrigation should be a national priority. Jal Shakti was provided with Rs.13,273 crore for 2013-14; Rs.1,01,015 crore for 2023-24 and Rs.1,07,484 crore for 2024-25. The ministry has been pursuing several initiatives relating to water development, water conservation, water cleaning and water management. Jal Shakti happens to be one of the key support activities for agriculture. However, the glaring limitation is that about 48% of net sown area is not, yet, covered by the irrigation facilities.There is a need to bridge the gaps in irrigation and enhance water supplies for farming activities.

Housing and Urban Development: Like food and clothing, housing is also a primary need. The expenditure provisions for the Ministry of Housing and Urban Development have gone up from a small Rs.9,775 crore in 2013-14 to a magnanimous Rs.73,028 crore for 2023-24 and Rs.81,047 crore for 2024-25. Housing for all is very good initiative; but owning a house continues to be a distant dream for several of the stake holding poor.

MSMEs: The Micro, Small and Medium Enterprises (MSME) sector forms the backbone for the entire economy pervading agriculture, manufacturing thro' service sectors. They are the ancillaries for medium and large industries; they supplement the agriculture; they also provide stimulus to others. The sector gains special significance for over 50% of the MSME units are located in rural parts of the country. The employment potential of this sector is very huge. The budgetary appropriations to the ministry of MSME have increased from a nominal Rs.2,953 crore for 2013-14 to a reasonable Rs.22,138 crore for 2023-24 and also for 2024-25.Apparently, the sector may need better attention and sustained handholding. This is one sector that can rejuvenate the rural urban connectivity.

Electronics and Information Technology: The segment of Electronics and Information Technology is on a high-flying mode across the globe. It is a growth supplement as also a growth propeller. The allocations to this ministry have moved up from Rs.2,192 crore in 2013-14 to Rs.14,421 crore in 2023-24 and Rs.21,385 crore in 2024-25. The allocations to this ministry are considered as the perfect need of the hour.

New and Renewable Energy: Ever depleting natural resources signify the importance of the need for new and renewable energy explorations. The heartening fact is that India holds 4th position globally in overall renewable energy. The allocations to this ministry have gone up from Rs.1,751 crore in 2013-14 to Rs.13,964 crore in 2023-24 and Rs.26,376 crore in 2024-25. Increased allocations to this ministry are bound to result in long term gains.

Heavy Industries: Ministry of Heavy Industries mostly looks after the industrial governing aspects including the CPSEs.The mission of the ministry puts it as,"To facilitate Auto, Heavy Electrical & Capital Goods Sectors to be globally competitive, growth oriented and profitable and to provide all necessary support to CPSEs to improve their overall performance." The allocations to this ministry stand at Rs.1,559 crore for 2013-14; Rs.6,424 crore for 2023-24 and Rs.6,756 crore in 2024-25. The role of the ministry is crucial in the overall industrial development of the country and the momentum has to be kept up.

Food Processing Industries: Food processing industries are supplemental to the agriculture. It is rightly stated by the ministry, "A strong and dynamic food processing sector plays a vital role in reduction in the wastage of perishable agricultural produce, enhancing shelf life of food products, enhancing income of farmers and creating surplus for the export of agro & processed foods". The allocations to this ministry are considered minimal at Rs.564 crore in 2013-14; Rs.3,657 crore in 2023-24 and Rs.4,019 crore in 2024-25. This ministry does need further propping up.

03.00: Assimilation

Gross Domestic Product (GDP) and Per Capita Income (PCI) are the two vital parameters that measure the economic growth and prosperity. The trend of these two parameters can, therefore, be assumed to reflect the economic momentum. Table 2 provides the data concerning GDP and PCI, as reported in the budget documents, for the years 2003-04, 2013-14 and 2023-24.

Table 2: The Economic Momentum

Description	Nominal GDP	Income per Capita
2003-04 (Rs. crore)	2755280	25437
2013-14 (Rs. crore)	11233522	89083
2023-24 (Rs. crore)	29657745	210222
Increase of 2013-14 over 2003-04 (%)	308	250
Increase of 2023-24 over 2013-14 (%)	164	136

As may be seen from the table, the nominal GDP is Rs.27,55,280 crore for 2003-04; Rs.1,12,33,522 crore for 2013-14; and Rs.2,96,57,745 crore for 2023-24. The reflected overall growth in GDP for the decade from 2003-04 to 2013-14 works out to 308% and 164% in case of the decade from 2013-14 to 2023-24. Moving further the per capita income in 2003-04 stands at Rs.25,437/-; at Rs.89,083/- for 2013-14; and Rs.2,10,222/-for 2023-24.Accordingly, the reflected growth of 2013-14 over 2003-04 works out to 250% and that of 2023-24 over 2013-14 to 136%.

The decadal growth achieved in 2023-24 over 2013-14, both in relation to GDP as also PCI, is fairly less than the growth achieved in the previous decade. Impliedly the rate of growth in the economic deliverables to the stakeholders is less than the one in the previous decade. The GDP and PCI have, certainly and severely, been affected by the COVID impact. However, the lower pace in these two parameters pinpoints a gap in translating the strategic allocations into stakeholder benefits. It also could mean the desirability of a revisit to the strategic alignments in relation to budgetary provisions.

Despite repeated, renewed and strenuous efforts, the fiscal deficit for 2023-24 is put at Rs.17.35 lakh crore amounting to 5.85% of the GDP; and for 2024-25 at Rs.16.85 lakh crore amounting to 5.14% of the GDP. Evidently, the uncontained cost-driven demon of deficit is scuffling the budgetary allocations and scaling down the pace of growth.

Cost Benefit Analysis in terms of outcome evaluation for each of the major stakeholders, (i.e., 'the poor, the women, the youth, and the farmer') may throw up useful insights for appropriate strategic reorientation and regaining of the momentum of the budgets towards the Amrit Kaal. Further, it may also be desirable to monitor the economic prosperity of the perceived major stakeholders by means of relevant Key Economic Indicators (KEIs). MA

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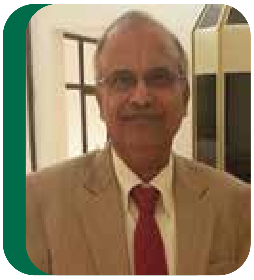
CREDIT ENVIRONMENT

Abstract

'Credit Environment' is important in determining the availability and the terms of loans to the credit seekers. A well-managed financial system is essential for a sound and fool-proof credit environment. Macro and micro economic indicators as also the external conditions prevailing in the market influence the credit environment. Regulatory policies and the monetary policies of the Government and the Central Bank contribute to a major extent to the credit environment of any country. In the absence of a tight credit environment, lenders may offer credit to the borrowers with lower credit worthiness. The sub-prime crisis and the financial meltdown in 2008 is a case of lending credit to the borrowers with a poor credit record.



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INDIAN BANKING

In India, presently there are 12 public sector banks (post recent merger of some PSBs), 22 in the private sector, 46 of foreign banks, 56 of Regional Rural Banks, about 1500urban co-operative banks and about hundred thousand Rural Co-operative banks, co-operative credit institutions, non-banking finance companies, micro finance institutions, chit fund organizations etc, Also, there are several institutions in the un-organized sector.

As of March 2023, the total number of ATMs in India stood at 14,74,548 (www.ibef.com).

CHALLENGES FACED IN CREDIT MANAGEMENT

The following are some of the major challenges faced by the lenders in managing credit:

- Economic volatility
- Regulatory compliance
- Default prediction
- Developing proper risk mitigation strategies
- Getting reliable borrower information
- Risks associated with portfolio diversification
- Identifying early warning signals, etc

In the recent meeting with the heads of the PSBs on Dec.30, 2013, the Finance Minister emphasised the need to innovate and offer attractive deposit schemes to enhance the deposit base to extend more credit as there has been of late a gap between credit and deposit growth.

BANK FRAUDS

The Finance Minister viewed that, "bank frauds pose a critical threat to the security of individual customers and financial institutions themselves, which can lead to financial losses and reduced public trust in the banking system".

As per a recent RBI report, as many as 14,483 frauds involving an amount of INR 2,642 crores were reported in the first half of the current financial year, as compared to 5,396 cases (INR 17,685 crores) during the same period a year ago(www.economictimes.com).

In the meeting, the FM also instructed the banks to adopt:

- Responsible lending practices across the board,
- Enhance the levels of due diligence before loan disbursement,
- Ensure regular monitoring of large loan accounts,
- Undertake swift and thorough legal action in cases

of such default, and

- Monitor the early warning signals to check potential frauds.

EARLY WARNING SIGNALS IN IDENTIFYING CREDIT RISKS

The ICAI published a Note on the early warning signals to identify lending risks to banks and all the banks have their own internal list of such guidelines circulated to their appraising team.

Given here under is the extract of such early warning signals as per the Note on 'Early signals of Fraud in Banking Sector (2018)' from ICAI (www.icai.org).

- Bouncing of high value cheques more particularly the cheques of the same party from different bank accounts or cheques from associates or related parties.
- Outstation cheques or cheques from co-operative banks are deposited so that there is a time lag in the clearance of the cheques. Sometimes the cheques are not sent for clearing and are kept in suspense account.
- Foreign bills remaining outstanding with the bank for a long time and the tendency for bills to remain overdue.
- Delay observed in payment of outstanding dues to suppliers and statutory bodies.
- Frequent devolvement of letters of credits and bank guarantees.
- Manipulation in inventory by way of theft, manipulation of records, recording false purchase, recording false sales, mixing of related party stock, mixing of bad with good inventory,
- Funding of interest with sanction of additional loan facility.
- Frequent request for general purpose loans and /or requests for frequent *adhoc* sanctions.
- Heavy cash withdrawals in loan accounts.
- Working capital borrowing dis-proportionate to turnover.
- Frequent change in accounting period and accounting policies.
- Claims not acknowledged as payables.
- Increase in unbilled revenue year after year.
- Material discrepancies in annual reports, poor disclosures, qualifications made by the statutory and internal auditors in their reports.
- Frequent change in the scope of the projects under implementation
- Sale proceeds not routed through the designated bank account.
- High value RTGS payments to unrelated parties.
- Dispute on title of collateral security.
- Request received from the borrower to postpone the inspection of the godown for flimsy reasons.
- Exclusive collateral charged to a number of lenders without NOC of existing charge holders.
- Critical issues highlighted in the stock audit report.
- Liabilities appearing in ROC search report, not reported by the borrower in its annual report.
- Non-production of original bills for verification upon request.
- Significant movements in inventory, disproportionately differing from change in the turnover.
- Increase in fixed assets, without corresponding increase in long term sources, when a project is implemented.
- Funds coming from other banks to liquidate the outstanding loan amount except in normal course.
- Floating front/associate companies by investing borrowed money.
- LCs issued for local trade/related party transactions without underlying trade transaction.
- Large number of transactions with interconnected companies and large outstanding from such companies.
- Disproportionate change in other current assets.
- Resignation of the key personnel and frequent changes in the management.
- Significant reduction in the stake of promoter / director or Increase in the encumbered shares of promoter/director.

Prior to on boarding a potential borrower, credit appraisal needs to include the following aspects to help the lender make an informed decision

1. **CIBIL check:** Commercial CIBIL for non-individuals and Consumer CIBIL in case of individual borrowers will give the lender and insight on –
    - Repayment track record of all existing loans with other banks/FI and the credit worthiness of the potential borrower.
    - Properties / security offered for other facilities and other group concern details in some cases in case of cross collateral on the properties.
    - Guarantor capacity loans offered to other firms/ individuals and the probable financial implication that may arise in case of delay in repayment on those loans by that borrower.
    - Overdues/ SMA 0/1/2, DBT/LSS/ potential NPA status on any of the existing loans resulting in a poor score (>CMR6 for commercial CIBIL and <700 for individuals)

2. **MCA and Probe 42 check:** For companies and LLPs, it is mandatory for a lender to check the following details on MCA portal
   - Latest year of filing for audited financials and latest AGM date.
   - Status of open charges with other bankers and in case some of the loans have been closed already, to follow up on satisfaction of charge filing.
   - Directors' details and details of other companies in which there is common directorship (any default in those companies/ diversion of funds towards those companies etc. can be probed into).

Probe 42 is a business information platform that provides essential information on over 17 lakh companies and LLPs. In addition to the above details from MCA portal, a probe gives an idea of the following:

- Name changes of the company / LLP in the past so that the lender can probe further on the reason for change in name and any non-compliance in erstwhile name etc.
- Reference documents uploaded – ITRs, Board resolutions for increase in paid up capital/ change in auditor or director / change in management and shareholding, ROC filing acknowledgements etc.
- Legal cases (civil/ criminal) filed on and by the potential borrower and latest date of hearing of the same.
- Latest GST filing including multiple State registrations and cancellation of GST registration, if any so that lender can probe on the reason for the same with respect to cessation of operations in any State and financial / business implication due to that.
- Peer comparison, group company details, elaborate details of charges open and satisfied, Shareholding details (promoter and others), Audit report qualifications if any, credit rating by external agencies like CRISIL / ICRA etc are few more insights from this report which will enable the lender understand the borrower better.

3. **CRILC check:** The Central Repository of Information on Large Credits (CRILC) established in 2014 and maintained by the Department of Supervision, RBI is to collect, store and disseminate data on borrowers. This is to help financial institutions and banks to assess their non-performing assets (NPAs) and also share this information with other institutions.

   Banks will have to provide credit information to CRILC about their borrowers with an aggregate fund-based and non-fund based exposure of and over Rs. 5 Crores (Rs. 50 million). At the time of credit appraisal, the lender can get an idea of SMA/ NPA status in the past for a borrower with exposure >5 crore rupees with respect to all existing borrowings across banks and financial institutions as reported by the respective institution. This constant monitoring on a quarterly basis as mandated by RBI will help banks to keep a check on SMA and potential NPA and help to reduce the same.

   As per the Central Repository of Information on Large Credits (CRILC) data, the total funded amount outstanding of scheduled commercial banks (SCBs) to corporate borrowers, classified as non-performing assets (NPA) and having outstanding amount of Rs. 1,000 crore or more was Rs. 1,03,975 crore as on 31.3.2023 as stated by the Union Minister of State for Finance. The Minister also stated that comprehensive measures have been taken by the Government and RBI to recover and to reduce NPAs, including those pertaining to corporates, which has enabled an aggregate recovery of Rs. 10,16,617 crore (RBI provisional data for FY 2022-23) by SCBs during the last nine financial years.(www.pib.gov.in).

CHANGES IN THE CREDIT ENVIRONMENT

Traditionally credit assessment used to be on track record, past credit usage, payment history, business credit worthiness etc. Now, it's much more. Digital transformation, increased automation, faster turnaround time, changing customer behaviors, external environment, global and macro-economic factors, etc are playing important roles in the credit assessment process. To enable India to achieve the US$ 5 Trillion economy, the banking sector faces three major challenges viz. credit gap, digital innovation and achieving economic, social and governance (ESG) requirements in the system.

CHANGING CREDIT ENVIRONMENT IN INDIA

Credit environment has been undergoing swift changes due to policies of the RBI allowing invoicing and to settle payments for international trade in Indian Rupee from July 11, 2022.

Already Banks from over 30 countries have opened special Rupee VOSTRO accounts in Indian banks in order to trade in INR as part of gradual de-dollarisation plans.

VOSTRO accounts enable domestic banks to provide international banking services to clients who have global banking needs. Over 30 countries which have opened VOSTRO accounts in Indian Banks include Belarus, Botswana, Fiji, Germany, Guyana, Israel, Kenya, Malaysia, Mauritius, Myanmar, New Zealand, Oman, Russia, Seychelles, Singapore, Sri Lanka, Tanzania, Uganda, Bangladesh, Maldives, Kazakhstan, UAE and the United Kingdom. (www.economictimes.com and www.indiatimes.

Falling deposit rates and rise in financial literacy, the banks are finding it difficult to attract deposits for meeting out their growing lending requirements

com).

The move is to reduce the flow of dollar out of India and slow down the depreciation of the currency. A currency can be termed "international" if it is widely accepted worldwide as a medium of exchange.

SBI Research in a report noted that the share of the US dollar in global foreign exchange reserves has been shrinking since the start of the 21st century, falling close to 59 per cent as of Dec 2021, from above 70 per cent two decades back.

RELEVANCE OF CREDIT RISKS IN CREDIT ENVIRONMENT

The credit risks are not always the same for all types of lending. If the lending is in the nature of term loan for project financing, the risks, associated cost and time overrun, market fluctuations, policy changes etc will be more. If the lending is for education or housing, the changes in policies of the Government play an important role. There is also concentration risks, risks associated with non-fund based limits, unsecured loans, trade credits etc.

Some of the common risks associated with lending (as covered in *Enterprise Risk Management,* Wiley 2014 and others) are as summarized hereunder:

1. ***Credit risk.*** The risk that borrowers or counterparties might default on their obligations, leading to financial loss for the bank.
2. ***Market risk.*** The risk of losses arising from adverse changes in market prices and rates, such as interest rates, foreign exchange rates, equity prices, and commodity prices.
3. ***Operational risk.*** Risks arising from failures in internal processes, systems, people, or external events. This includes risks such as fraud, system failures, human errors, and natural disasters.
4. ***Liquidity risk.*** The risk that the bank may not be able to meet its financial obligations as they come due.
5. ***Interest rate risk***. The risk that changes in interest rates will harm a bank's financial condition, particularly its net interest income.
6. ***Reputation risk.*** The risk that negative perceptions or publicity could harm the bank's reputation,
7. ***Legal and compliance risk.*** Risks arising from potential violations of laws, regulations, or prescribed practices.
8. ***Strategic risk.*** Risks arising from poor business decisions or in the implementation of business strategies.
9. ***Country and sovereign risk.*** The risk associated with a particular country or jurisdiction, including its economic, political, and social environment, which might affect the bank's operations or its investments in that region.
10. ***Mode risk.*** Risks related to the potential inadequacy or errors in models used for decision-making, valuation, risk management, and capital charge specification.

Other risks are under capitalization, ill-liquidity of bank assets as compared to their liabilities, asset liability management, meeting the changes in the reserve requirements such as cash reserve ratio / statutory liquidity ratio, forex risk, currency risk, economic downturn, run on the bank if too many depositors claim their deposits at the same time, lack of diversification, poor management by taking too much risks and providing bad loans, etc.

Effective risk management in banking system is paramount for providing the required stability and resilience of the financial system and it also helps in protecting the depositors and all other stakeholders.

CONCLUSION

In view of the shift taking place from deposits to investments in shares and in mutual funds by investors due to increased risk appetite, falling deposit rates and rise in financial literacy, the banks are finding it difficult to attract deposits for meeting out their growing lending requirements. In addition to this challenge, the credit environment poses several other challenges to banks, such as cyber security risks, Fintech disruptions, regulatory changes, increase in competition, changing business models, etc.

As the saying goes, necessity is the mother of invention; the banking sector has been successfully handing all the challenges, marching forward and contributing well to the economic growth of the country. MA

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IS ARTIFICIAL INTELLIGENCE (AI) IN BANKING A BOOM OR A PASSING FAD?

Abstract

The evolution of Artificial Intelligence (AI) in banking sector has transmuted drastically, guiding banks to prolific growth. Indian banking sector is also shifting its gears towards using AI. Using chat-box, robotic technology, personal financial services to provide information and steering customers to get their enquiries is one of its highlighting attributes. Although, most operations require human involvement in banking, AI, somewhat, cartels this manpower-led sector to minimize cost and expenses on redundant tasks. This article dwells on to explore, whether, AI is a boom or passing fad in banking industry by using data gathered from secondary sources.

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INTRODUCTION

Artificial Intelligence (AI) has penetrated its way mostly into the banking sector. It is an incitement of human intelligence in machine that behaves like humans. Most of the leading banks are using artificial intelligence in developing new businesses and spreading out opportunities in various banking business aspects including human asset management. With the help of business intelligence systems, the institutions get in handful of data from various sources while operating in highly competitive environment. Banks are leveraging analytics systems powered by AI to provide faster and personalized services to their customers. AI system is a growing challenge in the banking industry in serving the new age customers and technologies by its intelligence system. The system operates intelligently without interrupting any transactions. To better the customer service, the customers get prompt facility at home without being physically present at the bank. These AI-based systems are assisting banks to minimize cost by increasing the productivity and decision making relating to information unfathomable to a human. AI has been a revolutionary change in the banking industry with its exceptional way of enabling incredible breakthroughs like improved fraud, cyber security, etc and acting as an invaluable tool for its operations.

REVIEW OF LITERATURE

AI is the latest boom in the banking sector and many studies have been going on regarding the impact and growth. Few of them are stated below:

Suma & Anupama (2021) highlighted how the modern technologies have driven commercial banks through AI. They also explained that not only the banks but also the customers get enriched with AI technologies to get excellent services which in turn help the banks in taking decisions to enhance the efficiency and effectiveness in banking industry thereby directly affecting the profitability of organisations. *Ghandour (2021)* focused on the opportunities and challenges faced by the banks through AI introduction in Abu Dhabi. He further explained that, as it is in the developing stage various challenges will come up and different perceptions will emerge, *Shetty, et.al (2022)*examined the impact of artificial intelligence in private banks in India taking a sample of 200 data across customers and bankers of different private banks, namely, HDFC, Axis, ICICI, etc. After statistical analysis, it has been found that customers are very much influenced and attracted towards introduction of AI in banking sector, like the introduction of chat-box, 24 x 7 round the clock customer service help, reduced time for physical dealings in banks, etc.

OBJECTIVES

As a result of research, the following objectives were identified:

1. To assess the influence of Artificial Intelligence in changing the status of banking with regard to its growth.
2. To study how the implementation of Artificial Intelligence has impacted the customers.

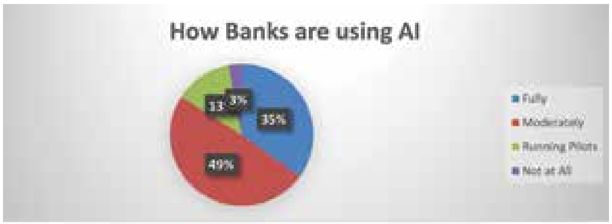
RESEARCH METHODOLOGY

The research is purely a descriptive and exploratory based study primarily focused upon data collected from various secondary sources like various web-based articles, journals, publications etc.

A STUDY OF PRE AND POST AI IMPLEMENTATION IN BANKS

Since inception, AI has been a driven force in the financial sector in India, especially the banking sector. It has an immense impact in the banking sector with the introduction of blockchain technologies through AI. As India is pushing towards digitalisation, its economy has been on an upward inclination, resulting in a positive growth in India's GDP. Government also brought in more advanced technology with Artificial Intelligence. Banking sector in India has always been an important one where most of the work has been dependent on human resources. From managing customers grievances to recording of each data, everything requires superior resources to handle the information diligently. Since the time when, AI came into force, the workload has got reduced, most of the customer dealings in the banking industry have been managed by different AI tools, with the likes of chat-boxes, 24 x 7 customer support services, etc. It even understands the customer queries and helps in providing the solution to those queries. It improves the compliance, data management, classification, summarization in a more organised and chronological manner. Perception of customers also changes in terms of getting banking services quickly and efficiently, because these things have been managed by AI. Standing in a long queue in front of a counter for withdrawing or depositing in the bank is now a history AI handled these tasks efficiently, thereby reducing the pressure among the employees in banks to focus on other tasks.

FIGURE1 HOW BANKING SECTOR USES AI AS A DEVELOPING TOOL

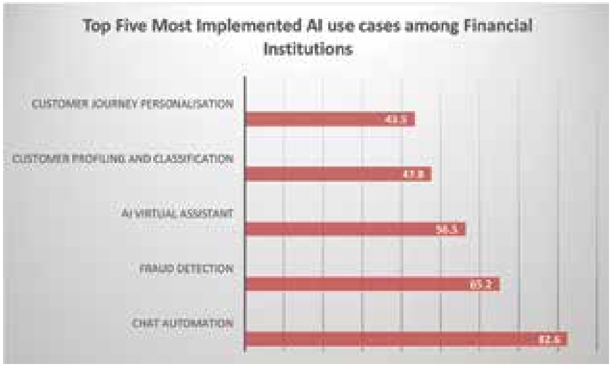


Source: *A survey of KPMG*

The above figure, talked about a survey conducted by KPMG, where it has been found that 35 per cent of the total financial services including banks have been fully functioning with AI, 49 per cent of the banking sector has been using AI moderately, whereas, 13 per cent are conducting pilot projects in developing AI in banks and the remaining 3 per cent have not started using AI in banks at all.

FIGURE 2

AI IMPLEMENTATION AMONG FINANCIAL INSTITUTIONS

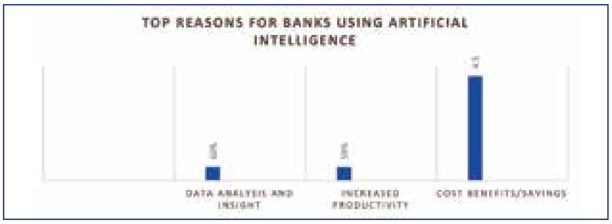


Source:*https://www.pwc.in/assets/pdfs/research-insights/2022/ai-adoption-in-indian-financial-services-and-related-challenges.pdf*

From the above figure it has been noticed that, there have been many cases due to which banks and other financial institutions stressed upon implementation of AI in their workplace. It has been found that, a lion's share focused upon implementation of chat automation. After that, the next high percentage is for the detection of fraud and errors. Next comes, AI virtual assistant which holds approximately 56.5 per cent of the share. For customer verification, profiling, classification, even personalised information, most of the financial institutions depend upon AI technology as it provides seamless information within a very short period and helps to achieve the goal of the organisation.

FIGURE 3

REASONS FOR BANKS USING AI

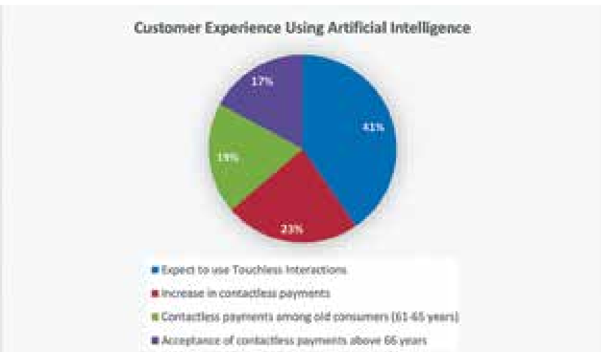


Source:*https://www.paymentscardsandmobile.com/how-is-ai-changing-the-banking-industry/*

Figure 3 shows, the reasons why the banks were using artificial intelligence. Here, it has been identified that almost 60 per cent of the banking industry in India used the technique of Data analysis for in depth research and analysis; 59 per cent think that people use AI as an important tool for increased productivity. Ultimately, it creates a positive effect on cost benefits or savings.

FIGURE 4

EXPERIENCE OF CUSTOMERS AFTER USING AI



Source :https://www.capgemini.com/news/press-releases/capgemini-research-ai-in-customer-experience-for-financial-services/#:~:text=Just%20over%20half%20of%20customers,the%20COVID%2D19%20crisis%20prolongs.

Figure 4 signifies, the experience of customers using AI. A survey conducted by Capgemini, mainly focused upon experience of customers for financial services. The results showed a mix review in terms of customers' awareness and usefulness. The results illustrate that, nearly 41 per cent of the people surveyed, expect to use Touchless interactions. 21 per cent focused upon increase in digitalised payment which is also one of the important experiences faced by the customer using AI in banking sector. From the data itself, it has been noticed that contactless or e-payment among the senior citizens is not so flourishing. Even the percentage goes on decreasing when there is an age constraint. It has been noticed that, only 17 per cent of people were accepting contactless payments. It has also been highlighted that, although there are hiccups in implementing AI in banking sector in India, banks and other financial institutions, keeping aside their ill effects, were using AI judiciously for the benefit of the customers and the society at large.

The Way Ahead

Artificial Intelligence has been the most talked discussion in the banking sector. Its progress has not only added benefits for operations in the banking industry, but has equally and highly contributed to the service experience of the customers. Its deployment in banks has increased the productivity by cost reduction. With the advent of the technological improvement and progress with AI, it has also exposed the institutions to cyber threats and vulnerabilities. Nevertheless, with various pros and cons still the progress and implementation of AI in this sector is making them look forward with emerging technologies and innovations such as blockchain and analytics and providing the customers with their improved services. MA

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FORENSIC AUDITING FOR FRAUD INVESTIGATION AND PREVENTION - A CRITICAL REVIEW

Abstract

The landscape for forensic auditing is changing at very fast pace in the backdrop of increased frauds and white-collar crimes. It is drawing attention from all quarters academia, industry, and researchers, accounting bodies, financial reporting authorities, law-makers, law-enforcement agencies, regulators, revenue authorities, Government agencies and others. With a history dating back to earlier decades of eighteenth century, when even the term 'forensic auditing' was non-existent, it has travelled a long distance and has emerged as a full- fledged system and discipline in itself. With the ever increasing electronic element of frauds in the present age of digitalization and as the nature of companies as well as the nature of financial transactions and financial instruments they handle are becoming more complex, both the scope as well as the challenges are growing multifold for the forensic auditing profession. A multifaceted approach is required to address the concerns timely and to build a competent taskforce of forensic auditing professionals to change the face of corporate world.

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INTRODUCTION

In the present world of volatile, uncertain, complex and ambiguous (VUCA) environment, the opportunity and incentive to commit frauds have both increased. The instances of asset misappropriation, money laundering, cybercrimes, financial statements manipulation, insider trading, Ponzi schemes, accounting frauds, bank frauds, corporate frauds, insurance frauds, cyber frauds, securities frauds are increasing every passing day. The advancements in technology have proven to be an additional tool in the hands of perpetrators of crime and combating them is a new challenge. This recent wave of increased fraudulent practices and white collar crimes has prompted global action for reforms in financial reporting by Governments and accounting and auditing standard-setting bodies. It has also paved the way for emergence of new branch of accounting, called 'Forensic accounting and auditing' which is simply the employing of accounting, auditing and investigative skills taken together. It is the combination of auditing skillset of an accountant and investigative abilities of a detective. It essentially involves the utilization of scientific techniques and analytical methods in order to detect frauds in a manner, which can be used in courts of law.

Okoye (2009) argues that, "the lexicon of accounting terms such as forensic accounting, fraud investigative, fraud accounting and valuation, forensic auditing and litigation are not clearly defined". Though forensic accounting, forensic auditing, investigative accounting might appear to be the same, there are some noteworthy differences within the above terms. "Forensic accounting is often seen as a facet of accounting that's suitable for legal review and offers the very best level of assurance", (*Apostolou, Hassell, and Webber*, 2000). Investigative accounting can be termed as a part of forensic accounting, where a fraud examiner would take some practical steps in order together evidence relevant to alleged fraudulent activities. It is often associated with investigations of criminal matters, like investigation of securities fraud, employee theft, insurance fraud, kickbacks and proceeds of crime investigations. "Forensic auditing is an aspect of forensic accounting that applies auditing, accounting and investigative skills that have legal consequences", (*Oyedokun,* 2015). Forensic audits are generally ordered by the regulators, revenue authorities and banks. Reserve Bank of India's requirement of forensic audit before a company can avail corporate debt restructuring, is paving way for volume increase in the forensic audits. "Enforcement of insolvency act created new avenues for the forensic auditors", (*Joshi,* 2020). The term forensic accounting is more prominent in the accounting literature as well as the legal system.

Forensic accounting encompasses both litigation support and investigative accounting. Forensic accounting involves the using of a skill set that uses accepted bodies of knowledge such as laws of evidence, customary practices and professional ethics along with empirical data like financial statements and other reports. It is an amalgam of numerous varied disciplines. Its roots extend not only to accounting and auditing, but also to law, criminology, psychology, sociology, economics and finance. "Forensic accounting may be a challenging discipline that substantially interacts with auditing, economics, finance, information systems, and law." *Crumbley* (2009). *Diagabriele and Huber (*2014) have given the foremost comprehensive definition of forensic accounting as : "A multidisciplinary field that encompasses both a profession and an industry, where civil or criminal economic and financial claims, whether business or personal, are contested within established political structures, recognized and accepted social parameters, and well-defined legal jurisdictions, and informed by the theories, methods, and procedures from the fields of law, auditing, accounting, finance, economics, psychology, sociology, and criminology."

INSUFFICIENCY OF FINANCIAL AUDIT FUNCTION

Until recently, it was believed that the 'conventional' auditing function is sufficient for detecting fraud. But, the history shows that in many cases of fraud, though the financial statements were duly approved by the auditors, were containing material omissions and misstatements, which ultimately led to bankruptcy and sinking of the corporate, leading to massive losses to the investors and other stakeholders. It led to emerging of forensic auditing, which is popularly called fraud auditing. Financial auditing is limited to the unearthing of material deviations, exceptions, oddities, errors and variances from the acceptable and applicable standards of accounting and auditing practices. But fraud is something which by its very nature is 'hidden' in the accounting systems of organizations and therefore, the necessity for forensic accounting. Forensic accountant is categorically required to unravel the transaction history and report on what has actually occurred. The 'explanatory' analysis i.e. causes and effect of phenomena of fraud is the basis of forensic auditing.

While there's a uniform procedure for conducting an audit of financial statements, there can't be any simple formula for conducting a fraud audit, nor there are often any generally accepted checklists or patterned interview structure, since fraud is a human phenomenon and humans tend to behave differently in various circumstances. Most frauds, embezzlements and misappropriation of corporate assets aren't discovered in the course of financial audits. Their existence usually comes to light through a simple allegation, complaint or a rumor of fraud by a third party and this third party might be a disgruntled supplier or a fellow employee. Sometimes, it might be just the investigator's intuition or general suspicion that something is awry. There might be an unacceptable condition, the profits, sales, costs, assets or liabilities are too low or too high. There might be a sudden discovery that something is missing-cash, property, reports, files, documents or data. Many times the fraud auditor has to extend his network to a variety of non-financial areas such as e-mails, telephones, online banking transactions, and interview with bankers, suppliers, customers, management and other employees also.

While it is presumed that an auditor is expected to be just a watchdog, and not a bloodhound, the forensic accountant/auditor/investigator may be a bloodhound of bookkeeping, as they are expected to dig deeply and uncover the fraud and criminal transactions, which might be deeply rooted in the organization's financial records. They hound for the conclusive evidences. Internal auditors, as against the external auditors, are required to examine and review the organization's control systems and processes on an ongoing basis. "Their remit usually extends well beyond the core financial processes, encompassing broader corporate governance and management control issues", (*Hinson,* 2007). As compared to this, the forensic auditor is assigned the responsibility of probing the books of accounts in a high risk prone environment. With detailed planning of tasks, he conducts and documents a deterministic and calculative analysis to support legal and administrative decisions. The period covered and format of the report is flexible, as necessary and stipulated by the client or judiciary requirements. (*Imonianaet al.* 2013).

PSYCHOLOGY OF WHITE COLLAR CRIMES

The classic definition of 'white collar crimes' as given by *Sutherland* (1945) is, "White collar crime' is committed by a person of respectability and high social status within the course of his occupation". These are the people inside the organizations, who are entrusted with the stewardship responsibility of the enterprise's resources and assets, and therefore, the very nature of their position and role within the occupation enables them to draw personal benefits causing the firm to incur huge financial losses. The status of the perpetrator makes it difficult to get hands on him. "For example, the high position of Thomas Coughlin, former Vice-chairman of Wal-Mart makes it difficult to believe that he could be guilty of misappropriating just $ 500,000, as was reported by the Wall Street journal. This is quite a little sum given the large pay package he was entitled to receive as part of the organization. He managed this fraud through fraudulent reimbursements and faulty use of gift cards over a period of time. Similarly, it is not uncommon to find that the travelling allowance (T.A.) bills and dearness allowance (D.A.) bills of managers amount to large sums even when they are given the means of transport and other facilities. In our country, long back the T.A bills drawn by the officers of a big public organization were subjected to the scrutiny of a Parliamentary Committee that found many of the practices irregular and that they involved a gargantuan sum of cash.", (*Chattopadhyay,* 2014).

Such crimes are committed within the walls and luxury of one's personal space and thus become difficult to prove in the courts of laws. The laws also are not strict enough to persecute the guilty and generally they are able to escape with little or no punishment. 'Fraud triangle' is a crucial concept and valuable tool to understand the psychology of fraudsters. It was introduced within the Statement of Auditing Standards No. 99 (SAS 99) by American Institute of Certified Public Accountants (AICPA). It provides insight about three conditions which are generally present in case of any fraud. These are 'opportunity' to commit a fraud, incentive or pressure or 'motivation' to commit fraud and 'rationalization' to justify the committing of fraud. The 'motivation' is often to make quick bucks and the 'opportunity' arises in the form of inadequate internal control, lack of independent checks, nexus with suppliers. Interestingly, for the employees holding key positions in the organization, the lack of provision of mandatory vacations can also give arise to the opportunity. As they get to exercise sole control over the things and this result in too much dependence on them, they resort to manipulations, which go unnoticed. Perhaps this could be the rationale for the recent announcement by the Government for the mandatory leaves of the employees. The foremost common justification for committing fraud by employees is often just the attitude that 'Rules do not apply to me' or the strong desire to beat the system. Or it might be just the low moral character or lack of strong sense of ethics compliance. Sometimes, a fourth dimension of fraud triangle is also talked about additionally, that's capability, which makes it the 'fraud diamond'.

EDUCATION IN FORENSIC ACCOUNTING

Seda and Kramer (2014) observed, "for well over a decade, accounting leaders have been calling for educators all over the globe to provide accounting students with knowledge about fraud and other forensic accounting services, teaching them to prevent, detect and investigate frauds as well as how to perform business valuations, litigation support and expert witnessing services". Of the colleges and universities, they surveyed, they found that quite many of them did not offer forensic accounting classes, while majority offered just one or more forensic accounting classes. Forensic accounting education in India too is at a very nascent stage, as there are only a handful of courses available. There is an enormous gap between the ever increasing demand for forensic experts and the supply. Generally, the forensic accountants start out as traditional public accountants and Chartered Accountants, and with the support of experience and additional certifications, they advance to the more specialized departments in forensic accounting.

In order to become an expert forensic accountant, some basic accounting and auditing skills are a prerequisite. Alongside this, having good communication and interpersonal skills, proficiency with computers and technology, analytical mindset, ability to concentrate to the 'smallest' detail, analyze data 'thoroughly', think 'creatively', having 'common' business sense, skeptical mind and plenty of patience are the additional qualities required. Unearthing a fraud requires looking back through a number of years for which having a 'sixth -sense' and the 'photographic' memory helps. Besides the conventional accounting tools like trend analysis, ratio analysis, fund flow analysis, cash movement analysis, the utilization of more sophisticated auditing tools and techniques like Benford's Law, theory of Relative size factor, data visualization, text and data mining techniques etc. are warranted in order to keep pace with the technology based increased threats. Benford's Law is a data analytics technique, used a lot these days to detect anomalies in data, whether random, or by clerical error or deliberate manipulations. If a set of numbers do not confirm to the expected distribution, it suggests that something is wrong with the data. According to *Manas* (2014), "relative size factor theory shows all unusual fluctuations, which may arise from fraud or genuine errors. RSF is measured as the ratio of the largest number to the second largest number of the given set". Data visualization is the graphical representation of data to recognize the patterns and derive the required interpretations. Handling the massive data volumes and complexities of financial data are big challenges for forensic accounting and thus the use of text and data mining techniques has become inevitable. The use of artificial intelligence (AI) for fraud detection is growing every year passing by. (*ACFE,* 2019).

INCREASING SCOPE OF FORENSIC ACCOUNTING

In the opinion of *Oyekdon* (2015), "forensic accounting has existed for several years. With the growing complexity of the business environment and therefore the growing number of business related investigations, forensic accounting professionals are increasingly asked to help with the investigations of monetary as well as non-monetary business related issues". In big organizations, there are large numbers of daily routine transactions and therefore, the probability of incidence of fraudulent activities is more. In such a scenario, there could be considerable delays in reporting frauds to appropriate authorities, and thus, by the time investigation is conducted and accountability is fixed, irreparable damages are done. Employing forensic accountants on regular basis becomes imperative in such cases. The idea is to make them a part of the overall accounting and internal control system; so that any kind of laxity is brought to the notice of the authorities in time without unnecessary delays and timely corrective action is taken.

Risk mitigation and fraud prevention in the present times has more focus on digital metadata

The scope of forensic accounting services in a business set up is immense. "The world of forensic accounting, in the past decade, has expanded in scope and has become more specialized in skills",(*Rechtman,* 2020). Besides their main function of auditing and fraud detection, they can help to strengthen the various information systems of the company and their mere presence can improve management accountability, corporate governance, the statutory audit function and the financial reporting system of the organization. "They can prove to be catalyst in strengthening auditors' independence and in securing additional assurance for audit committees of the organization" (*Singleton & Singleton,* 2007). The banking and the financial services industry is prone to the frauds the most. The frequency, volume and gravity of frauds has gone up exponentially over the past few years, thanks to the tremendous upsurge in the scope and magnitude of banking transactions witnessed in the past few decades, the emergence and growth of hybrid financial products, the voluminous number of cross border financial transactions and the increased use of the electronic modes of payments due to their lower cost and almost real time impact. The high vulnerability of financial sector for the frauds calls for the regular services of forensic accountants and auditors.

"In spite of the rapidly growing demand for forensic accounting globally, this concept is still confined mainly to economies of developed countries with simplified application in emerging economies", (*Somoye and Osho,* 2017). Worldwide, in many developing countries like India, the developments in forensic accounting are hindered by a number of challenges like investment by foreign companies which sometimes make it difficult to get hands on evidences, involvement of political leaders, preference of companies for settlements outside the courts, low awareness about the discipline, fewer accountants with requisite skills and no framework or guidelines for the application of forensic accounting and auditing. The scenario becomes even more complicated for the forensic accountant, when in the corporate set up, the data is stored at offsite locations across places or across the globe due to advances in cloud technology.

CONCLUSION

Risk mitigation and fraud prevention in the present times has more focus on digital metadata, wherein forensic accountants are required to make use of robust IT techniques and tools. Use of experiential learning methods is required to teach forensic accountants, so as to simulate real forensic accounting adds technical, theoretical and ethical dimensions. There is increased funding for empowering forensic accountants and increasing awareness towards this profession, especially in developing countries, by the United Nations, the World Bank and other international funding agencies. The AICPA issued new professional standards for its members who perform forensic accounting services, applicable for the engagements accepted on or after Jan 1, 2020. The ICAI in India has also issued *twenty* Standards for forensic audit.

A paradigm shift is required for the use of forensic accounting as preventive tool rather than an investigative tool only. The laws should be enacted to enforce mandatory certification of accounts by forensic accountant, at least in public sector and for large scale companies. Reports of forensic accountant should be made available for public viewing in order to enhance the confidence of stakeholders in the books of company. All business organizations should be compulsorily instructed to float a fraud prevention policy to be designed by the competent forensic accountants across every industry. Special departments for forensic accountants should be created in regulatory agencies overseeing banks, financial sector, insurance sector and the corporate sector. MA

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GOA PANCHAYATS: REVENUE REALITIES

Abstract

Panchayats are the oldest form of local self-governing institutions existing in our country. Gandhiji's dream of Gram Swaraj largely depends on the goal of making the Panchayats self-reliant and less dependent on external funding from the Government. To become self-sufficient the Panchayats, need to mobilize their own funds as per the powers assigned under Article 243-H of the Indian Constitution, which delegates with power to the panchayats to levy, collect taxes, duties, tolls, and fees apart from receiving grant-in-aid from central and state government funds. Own Source Revenue (OSR) generation provides greater autonomy to the Panchayats and makes them self-reliant; and thus, plays a vital role in making the idea of gram-swaraj into a reality. In this context, the present research aims to study and analyze the own source of revenue collection of the village Panchayats across the Talukas in the State of Goa. The findings from the study reveal that powers and functions are delegated to the village Panchayats but their dependence on external sources continues due to low efforts in generating their own revenue. The study reveals that Panchayats have not taken effective initiative and efforts for generating their own revenue.

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INTRODUCTION:

Panchayat Raj Institutions in Goa have emerged as instruments of local Government since 1992 with the enactment of the 73rd Constitution (Amendment) Act in India. The 73rd Constitutional amendment emphasizes the delegation of functions and funds to the Panchayats by empowering them to raise sufficient sources of own revenue for its functioning. Panchayats in Goa operate on a two-tier system respectively at the District level and village level. There are a total of 191 village Panchayats spread across 12 Talukas of both the Districts of Goa.

Ever since its inception, Panchayats have demonstrated a strong commitment to rural decentralization. The role of Panchayats in fiscal decentralization has been explored by many scholars at the global level. Decentralization has brought a remarkable change in the institutional setup of the local bodies in the State of Goa. One among them is fiscal decentralization. The current study examines the own revenue of the village Panchayats across the Talukas in the State of Goa for a period of 10 years from 2011-12 to 2020-21. The study has concentrated on the growth and trend of the own revenue collection of Panchayats.

Finance is an important and necessary input for effective functioning of the village Panchayats. The revenue of Panchayats comprises of own revenue, funds from the Central Government, funds from the state Government and other sources.

Own revenue consists of tax and non-tax revenues. There are three types of tax revenue - own taxes, assigned taxes and shared taxes. Own taxes are assigned to local Government and are levied by them. Property tax is an important item of local finance and a tool for empowering local Governments. House tax, professional tax, vehicle tax, agricultural land tax, entertainment tax, pilgrim tax and tax on animals are the other important sources of tax revenue. Non-tax revenues include income from properties, fees, and receipts.

REVIEW OF LITERATURE

Ramaiah, K. D. (1989)studied the finances of Gram Panchayats in Anantapur District of Andhra Pradesh. The study focused on analyzing the sources of finances of Gram Panchayats, examining the extent of tax and non-tax collection in the selected Gram Panchayats, analyzing the trends in the assigned revenues of the Gram Panchayats in the study area, understanding the release of grants-in-aid receipts to the Gram Panchayats and to suggest the possible lines to improve the financial resources of Gram Panchayats. *Deepali Karmali* (2006) conducted a study of the status and potentialities of Panchayat finance in Goa. The study dealt with examining the pattern of finances of Panchayati Raj prior to and after the 73rd Constitutional amendment, evaluating the share of own revenue and revenue from other sources, the expenditure pattern of core and non-core activities, also focused on checking the financial viability of Panchayat in undertaking the 29 areas. *V.Mahipal* (2015) studied the economic viability of gram panchayats, the sources of revenue and the resource mobilization performance of the panchayat. The study deals with examining and analyzing the income sources, tax revenue, non-tax revenue, grant-in-aid, etc. and suggests that the revenue mobilization is static in nature and the panchayat should raise their fund-generating capacity to incur the expenditure for the development of the villages. *Oomen et al*. (2017) concentrated on the decentralization of revenues and the local Government's efforts to raise revenue for local development. The study findings suggested that the efforts to spend on welfare and developmental activities have surpassed the revenue. *Martin Patrick* (2016) revealed that own source of revenue was not fully mobilized by the Panchayats and it also pointed out that there is no steady trend in non-tax revenue. Two-thirds of the total revenue is constituted through grants. Lack of efforts to generate and collect more revenue is the reason for the low revenue.

OBJECTIVE

The overall objective is to study and analyse the own source of revenue collection by the village Panchayats in the State of Goa.

RESEARCH METHODOLOGY

Village Panchayats require a substantial amount of funds to execute their functions. They derive the funds from various internal and external sources. The internal sources comprise of tax and non – tax revenue whereas the external sources comprise of the various grants received from the Government. The research design relies on the existing raw data from the Statistical Handbook of Goa and compiled by the authors using Microsoft excel. The study is focused on understanding the own source of revenue generation by the village Panchayats across the Talukas in Goa for a period of ten years from 2011 to 2020. Basic statistical tools like percentage, Compound annual rate, Average annual growth rate etc. is used for the analysis.

RESULTS AND DISCUSSIONS

TABLE 1

COMPOSITION OF TOTAL REVENUE OF VILLAGE PANCHAYATS -GOA (RS. IN LAKHS)

Year	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Own Revenue	2158.76	2133.3	3069.17	2699.01	3553.91	3773.9	4539.41	3360.58	5246.81	4641
Total Revenue	9132.98	7216.45	9656.42	9725.2	11349.6	14015.52	13188.64	12869.27	13667.95	21374.85
% Own Revenue/ Total Revenue	24	30	32	28	31	27	34	26	38	22

Source: Statistical Handbook Goa

The above chart represents own revenue collection, total revenue, and percentage composition of the revenue for a period of 10 years from 2011-12 to 2020-21. The total revenue represents overall income which consists of own revenue and other source of revenue. The total revenue demonstrates a fluctuating pattern with a significant increase from 2011-12 to 2015-16 with downward path in the subsequent years. The total revenue was found to be highest in 2020-21.

The own revenue of Panchayat is a composition of tax revenue and non-tax revenue. The tax revenue consists of taxes levied by Panchayats like taxes on vehicle, entertainment, house, drainage, advertisement and boarding etc. the non – tax revenue includes fees for issue of certificates, NOC, market fees etc. The own revenue shows a fluctuating growth with variations in the amount of revenue generated by the Panchayats. Also, a significant increase is observed in own revenue from 2011-12 to 2013-14, followed by fluctuations in the subsequent years. The own revenue is at its peak during the fiscal year 2019-20 and is found to be at the lowest point in 2012-13 thereby reflecting a trough in revenue during that period. Notable changes in own revenue are observed from year to year thereby suggesting a dynamic financial environment for Panchayats. Specific years, such as 2013-14 and 2017-18 show a substantial increase in revenue, while 2018-19 indicates a significant decrease.

The percentage of own revenue to total revenue indicates the proportion of income generated by the Panchayat itself compared to total revenue. The percentage varies during the study period and is found to be at peak at 38 per cent in 2019-20 and hitting lowest at 22 per cent in 2020-21.

Fluctuations in the own revenue may trigger due to potential changes in economic conditions, local policies, or effectiveness of the Panchayats in the revenue generating capacity. The Panchayats' financial performance has undergone a significant change throughout the year. The percentage of own revenue to total revenue varies indicating shift in the dependency on external sources of income.

TABLE 2

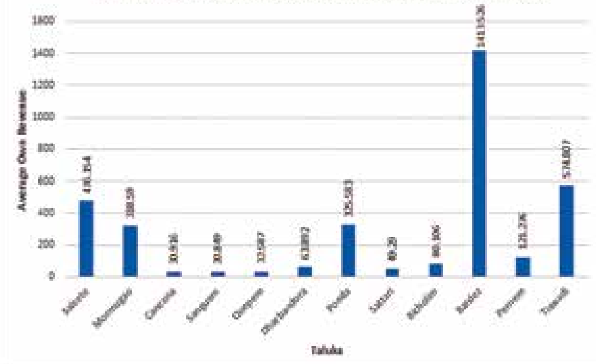
TALUKA WISE AVERAGE AND CAGR OF OWN REVENUE COLLECTION FOR THE PERIOD 2011-12 TILL 2020-21 BY PANCHAYATS IN GOA

(RS. IN LAKHS)

Year	Salcete	Mormugao	Cancona	Sanguem	Quepem	Dharbandora	Ponda	Sattari	Bicholim	Bardez	Pernem	Tiswadi
2011-12	381.75	191.07	15.1	19.41	31.81	67.67	287.2	32.01	49.04	732.42	66.73	284.55
2012-13	347.47	217.94	12.25	12.45	17.26	29.51	223.42	28.21	66.37	837.2	47.42	293.8
2013-14	385.64	291.76	20.07	17.34	24.13	2.39	312.59	37.21	54.22	1297.62	94.91	531.29
2014-15	469.97	355.45	22.76	70.97	25.94	3.96	291.61	53.53	64.79	879.04	105.69	355.3
2015-16	478.69	238.76	22.96	39.34	32.97	106.09	338.41	53.53	66.42	1584.4	105.69	486.66
2016-17	460.6	251.63	24.77	16.92	34.14	99.45	315.58	45.72	76.63	1668.41	68.08	711.88
2017-18	520.55	326.32	25.68	53.98	43.88	7.47	399.06	47.77	85.66	2111.99	129.69	787.36
2018-19	545.02	384.74	43.09	27.66	36.57	124.67	335.74	53.44	99.31	887.97	118.27	704.09
2019-20	680.72	592.17	34.48	21.65	53.76	118.58	348.87	73.65	114.74	2249.28	162.34	796.57
2020-21	491.13	336.06	88	28.77	25.41	79.13	403.35	67.83	123.88	1886.93	313.94	796.57
Average	**476.154**	**318.59**	**30.916**	**30.849**	**32.587**	**63.892**	**325.583**	**49.29**	**80.106**	**1413.53**	**121.28**	**574.807**
CAGR	**3%**	**6%**	**19%**	**4%**	**-2%**	**2%**	**3%**	**8%**	**10%**	**10%**	**17%**	**11%**

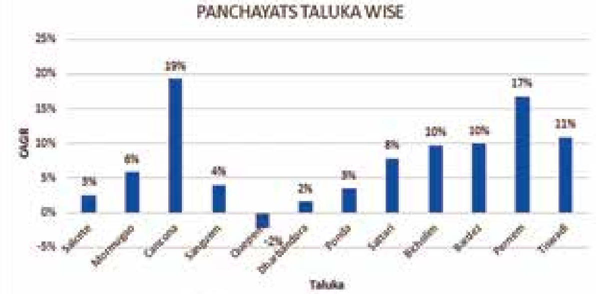
Source: Statistical Handbook Goa

FIGURE 02: TALUKAWISE AVERAGE OWN REVENUE COLLECTION



The above chart depicts Taluka wise own revenue collection for the period 2011-12 to 2020-21. Over a period of years, significant variations are observed in the average own revenue of Panchayats across the Talukas. Certain Talukas namely, Salcete, Bardez, Tiswadi have showcased relatively high average own revenue collection whereas Cancona, Sanguem and Quepem have considerably lower averages. Bardez Taluka stands out exceptionally with a high average own revenue thus indicating outstanding efforts towards imposition and collection of taxes and fees.

FIGURE 03: COMPOUND ANNUAL GROWTH RATE OF PANCHAYATS TALUKA WISE



The above data represents the compound annual growth rate for different Talukas in the State of Goa for a period of 10 years. Talukas such as Cancona, Sattari, Bicholim, Bardez, Pernem and Tiswadi exhibit positive CAGR values indicating positive annual growth rate in their own revenue for the specified period. Cancona Taluka displayed the highest growth rate of 19 per cent. Mormugao, Sanguem, and Dharbandora have witnessed stable growth with moderate values. Quepem had a negative growth rate of -2 per cent indicating decline in the annual growth rate. Variability is observed in the growth rate of Talukas as each Taluka differs from others in terms of the economic and financial dynamics.

CONCLUSION

The own revenue collection by the Panchayats in the State of Goa demonstrates a fluctuating trend over the study period. This is mainly due to the influence of various factors like socio-economic conditions, local policies, administrative efficiency, etc. The average own revenue has witnessed economic disparities across the Talukas. Talukas like Salcete and Tiswadi have witnessed the highest average own revenue while Cancona, and Sanguem face challenges in revenue generation.in terms of annual growth rate. Cancona Taluka was found to be highly positive and at the peak. Panchayats need to consider the trends and fluctuations in their own revenue when budgeting and planning for future fiscal years. Also pay attention to the factors influencing the own revenue generation efforts of the Panchayats like economic conditions, policies, population, etc. Policymakers and local authorities can use this information for tailoring their economic policies and financial strategies based on the needs of each Taluka. Panchayat authorities should come up with strategies to boost their own revenue collection by incentivizing local economic development, improving tax collection mechanisms, and investing in capacity-building initiatives for Panchayat officials. MA

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DOES ACQUISITION OF UBER EATS' INDIA OPERATIONS BY ZOMATO LEAD TO FINANCIAL SYNERGY? AN INTROSPECTION

Abstract

Mergers and Acquisitions (M & A) have emerged as an imperative mechanism in the business globe to attain escalating market reach, maximizing synergies and eventually enhancing pecuniary proficiency. Uber was incapable to have an impact on the marketplace in India which suffered an enormous loss in the year 2019. In view of that, on 21st January 2021, Zomato acquired the Indian operation of Uber Eats in an all-stock arrangement.

In this background, the prime intention of this study is to analyze the financial effect due to acquisition of Uber Eats' India operations by Zomato from the financial year 2018-19 to the financial year 2022-23. In this respect, both absolute and relative measures are used to appraise the pecuniary recital of Zomato. Furthermore, average performances of the elected recital indicators are premeditated to facilitate comparison between the two sub-periods of the cram.

The findings of the study reveal positive impact on the profitability ratios, thereby leading to financial synergy after acquisition of Uber Eats' India operations by Zomato. Overall, it can be concluded that acquisition by Zomato acts as a good strategy for its corporate restructuring.

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THE BACKGROUND

Mergers and Acquisitions (M & A) have emerged as an imperative mechanism in the business globe to attain escalating market reach, maximizing synergies and eventually enhancing pecuniary proficiency. In the field of strategic management, the option to takeover of or purchase another business represents a tactical budge in order to capitalize on both operational and fiscal performance.

Uber Eats is an online food ordering and deliverance dais launched by Uber Technologies, Inc. in August 2014. It entered the Indian marketplace in the year 2017. On the other hand, Zomato is one of the biggest foodstuff apps in India which was founded in the year 2008. Zomato and Uber Eats both operated in the similar business. Nevertheless, Uber was incapable to have an impact on the marketplace in India and suffered an enormous loss of 107 million dollars in December 2019. In view of that, on 21st January 2021, Zomato acquired the Indian operation of Uber Eats' for around Rs 2,485 crore ($350 million) in an all-stock arrangement which gives Uber 9.99 per cent possession in Zomato. The acquisition seems alluring as Zomato has been trying to weaken Swiggy's supremacy. This collective vigor will be able to deliver further synergy that will generate about 50 to 55 per cent of the market share.

REVIEW OF EARLIER STUDIES

Moctar, N.B. and Xiaofang, C. (2014), discovered enhanced condition with reverence to liquidity of the banks under cram. The researchers too found that profitability and earnings per share decreased in the stage of amalgamation and acquisition and increased after a definite stage of time.

Harvey, S.K. (2015), analyzed the impact of mergers and acquisitions on recital of the acquiring firm using t test. The findings showed that while acquisition is not revenue maximizing, it is expansion and investor worth maximizing.

Mubeen, S, and Nagaraju, Y. (2017), examined the collision of amalgamation and acquisition on the pecuniary recital of select acquirer companies in India during 2006-2016. The outcomes of the cram showed that there is no enhancement in fiscal recital of acquirer companies after amalgamation and acquisition.

Njambi, F.N. and Kariuki, P.W. (2018), attempted to judge the outcome of mergers and acquisitions on monetary recital of financial institutions in Kenya for 16 firms which had undergone mergers and acquisition between 2005 and 2015. The findings showed that capital foundation, revenue diversification, asset class and liquidity had a striking effect on the recital of financial institutions in Kenya upon amalgamations.

Chavda, K. and Raval, K. (2019), examined the fiscal condition of Indian steel companies during pre- and post-acquisition stage. The cram observed varied effects (i.e., both positive and negative) effect of amalgamations and acquisitions on monetary recital.

Yadong, C. et al. (2019), analyzed whether mergers and acquisitions enlarge the monetary recital of Chinese listed companies. In this deference, panel data regression model was applied with reverence to 434 completed M&A activities from 2012 to 2016. The results indicated better recital of the firm after amalgamation and acquisition.

Afgan, S.A. et al. (2021), showed that there was no momentous effect of marketplace response and monetary recital of scheduled companies in IDX between previous and after the proclamation of amalgamations and acquisitions of the chosen companies beneath the cram.

Endhiarto, T. et al. (2023), examined the outcome of acquisition to pecuniary performance and firm worth of acquisition companies from 2011-2013 that were scheduled in IDX. The cram showed considerable differences between liquidity, profitability, solvability, and activity ratios before and after acquisition.

RESEARCH INTENTION

The prime intention of the study is to scrutinize the financial effect due to acquisition of Uber Eats' India operations by Zomato.

RESEARCH BLUEPRINT

Sample, Data Source and Study Epoch

The sample of our study is Zomato. It is an Indian multinational restaurant aggregator and food delivery company.

To accomplish the intention of our study, resultant data have been collected from the published annual reports of the chosen company.

The relatable data are collected from the fiscal year 2018-19 to the fiscal year 2022-23. Further, to inspect the precise effect of acquisition on the financial performance of Zomato, the whole study stage (2018-19 to 2022-23) has been sub-divided into two sub-periods. Since the acquisition took place on 21.01.2021, the first sub-period comprises from 2018-19 to 2019-20 as pre-acquisition period and the 2nd sub-period comprises from 2021-22 to 2022-23 as post-acquisition period. Accordingly, the financial year '2020-2021' is purposely kept outside the purview of our sub-period analysis in order to draw meaningful conclusion.

Methodology

Both absolute and relative measures are used to appraise the pecuniary recital of the chosen company.

Net sales from operations and net profit after tax are considered as proxies for absolute measure of financial performance. On the other hand, two broadly accepted accounting ratios are used as surrogates for measuring relative financial performance of the elected company. They are outlined hereunder.

Return on Capital Employed (ROCE): This ratio is a pointer of profitability with reference to investments made by the company itself. Moreover, it is a pointer of overall profitability of a company and is calculated in the subsequent manner:

ROCE = EBIT ÷ Average Capital Employed

Return on Equity (ROE): This ratio indicates profitability recital in relation to equity of a company. It is premeditated by the following formula:

ROE = Net Income ÷ Average Shareholders' Equity

Statistically, average performances of the elected recital indicators are premeditated to facilitate comparison between the two sub-periods of the cram.

EMPIRICAL OUTCOMES AND DISCOURSE

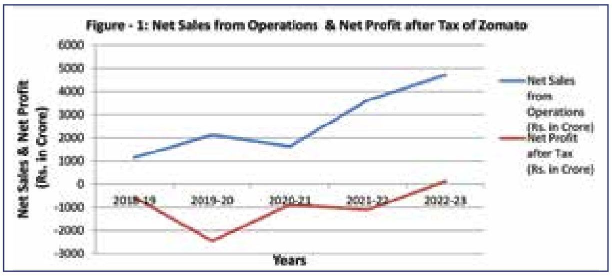
Absolute Financial Performance

In terms of absolute financial performance, net sales from operations and net profit after tax of the elected company are measured and analyzed during the phase under cram. The results in this reverence are presented in Table-I and Figure-1.

TABLE – I: ANALYSIS OF NET SALES AND NET PROFIT OF ZOMATO DURING 2018-19 TO 2022-23

Year	Net Sales from Operations (Rs. in Crore)	Net Profit after Tax (Rs. in Crore)
2018-19	1142.86	-570.53
2019-20	2130.01	-2451.18
2020-21	1635.86	-886.01
2021-22	3611.00	-1098.00
2022-23	4707.40	116.90
Whole Period Average (2018-19 to 2022-23)	2645.43	-977.76
1st Sub-period Average (2018-19 to 2019-20)	1636.44	-1510.86
2nd Sub-period Average (2021-22 to 2022-23)	4159.20	-490.55

Source: Computed



Net Sales from Operations

No specific trend has been observed in the performance level of Zomato with regard to net sales from operations with an average of Rs. 2645.43Crore during the whole study period. However, the average value of net sales from operations (Rs.4159.20 Crore) is found to be higher in the 2nd sub-period as compared to the average value of net sales from operations (Rs. 1636.44Crore) in the first sub-period. Hence, it can be inferred that net sales from operations of Zomato has improved a lot during the study period.

Net Profit after Tax

Similar trend (i.e., no specific trend) is there in the performance level of Zomato with an average of Rs. -977.76 Crore during the entire study period. The last year has registered a profit of Rs.116.90 Crore. The sub-period analysis shows a higher average value of net profit after tax (Rs. -490.55 Crore) in the second sub-period in comparison to its average value (Rs. -1510.86 Crore) in the first sub-period. Thus, Zomato has improved its net loss position during the selected study period.

Relative Financial Performance

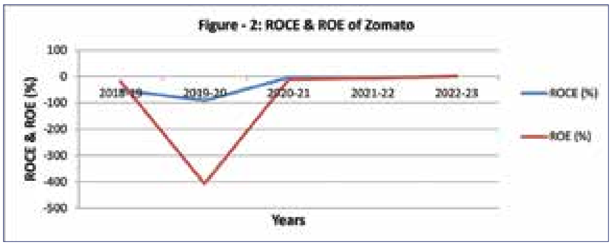
This fragment analyzes the relative financial performance of Zomato in terms of ROCE and ROE.

The results of the selected ratios are presented in Table-II and Figure-2.

TABLE – II: ANALYSIS OF ROCE AND ROE OF ZOMATO DURING 2018-19 TO 2022-23

Year	ROCE (%)	ROE (%)
2018-19	-52.01	-19.24
2019-20	-91.73	-407.55
2020-21	-4.00	-11.42
2021-22	-7.50	-6.54
2022-23	0.63	0.56
Whole Period Average (2018-19 to 2022-23)	-30.92	-88.84
1st Sub-period Average (2018-19 to 2019-20)	-71.87	-213.40
2nd Sub-period Average (2021-22 to 2022-23)	-3.44	-2.99

Source: Computed



ROCE: ROCE of Zomato is found to be negative excepting the last year (i.e., positive recital). An average negative performance of -30.92 with regard to ROCE is observed during the whole period. The average performances of Zomato have been recorded at -71.87 and-3.44 during the first sub-period and second sub-period respectively. Hence, it can be inferred that ROCE performance of Zomato has improved significantly after the takeover of Uber Eats' India operations.

ROE: Zomato has registered a negative ROE during the entire study period except the last year (i.e., positive performance). The whole period average ROE is observed to be -88.84. The average negative performances of Zomato during the first sub-period and second sub-period are found to be -213.40 and -2.99 respectively. Like ROCE, ROE performance of Zomato has also improved significantly during the study period.

After takeover of Uber Eats' India operations by Zomato during the last quarter of the financial year 2020-21, ROE performance of Zomato has improved and it has been able to attain positive ROE (0.56) in the year 2022-23. It indicates that the management of Zomato has been able to generate both income and growth from equity financing.

EFFECT OF ACQUISITION ON FINANCIAL PERFORMANCE OF ZOMATO

In this context, average performances of ROCE and ROE of Zomato are considered and examined, since these two ratios are widely used to measure the factual financial position of a company. The average results of the two sub-periods are shown below in Table – III.

TABLE-III: AVERAGE PERFORMANCE OF ROCE AND ROE OF ZOMATO

Particulars	ROCE	ROE
1st Sub-period Average (2018-19 to 2019-20)	-71.87	-213.40
2nd Sub-period Average (2021-22 to 2022-23)	-3.44	-2.99
Results	Positive Impact	Positive Impact

Source: Computed

Table – III reveals that the average values of ROCE and ROE are found to be higher in the second sub-period as compared to the first sub-period. Although the average performances of both the ratios are found to be negative, these results indicate that there is an improvement (i.e., positive impact) in financial performance of Zomato due to its acquisition during the period under study.

CONCLUSION AND IMPLICATIONS OF THE STUDY

It is observed that after acquisition, Zomato has experienced positive financial results in the last year under study. This positive outcome due to acquisition not only helps in profit maximization, but also helps in shareholder's value maximization. Average statistics reveal positive impact on the profitability ratios, thereby leading to financial synergy after acquisition of Uber Eats' India operations by Zomato. Overall, it can be concluded that acquisition by Zomato acts as a good strategy for its corporate restructuring.

In the backdrop of the above results, the present study has connotation for both theory and practice. Theoretically, the study contributes to the available literature on merger and acquisitions by providing substantiation of acquisition on pecuniary performance. Practically, the study may act as a cursor to the companies to make investment decisions and to manage the outcomes of acquisition in the complex and competitive business environment.

LIMITATIONS AND EXTENT FOR FURTHER RESEARCH

Secondary data is used in the study. Moreover, only few variables are considered to measure financial performance. Hence, future study may be undertaken in this line of research by considering longer time period and employing more financial variables that affect mergers and acquisitions. MA

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PROSPECTIVE APPLICATION OF ARTIFICIAL INTELLIGENCE IN HIGHER EDUCATION AND ITS POTENTIAL BENEFITS

Abstract

Artificial Intelligence (AI) systems would facilitate the required provision and support to technology-assisted teaching and learning, self-paced online courses containing personalized training modules for students, automating tutors' tasks that are routine in nature, and powering adaptive assessments in Advanced Education. Professional courses and higher academics involves life-long learning, deliberate practice and selected instructional design that incorporates system-wide integration. Such technological systems impact the culture, student society, expectations, and interactions among learners and between instructors. Use of computer-assisted learning and academic modules on digital platform, in recent years, have received much demand and recognition from the Institutions of Higher Education globally.

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INTRODUCTION

Remarkable progress in Artificial Intelligence (AI) has produced much anticipation for the imminent effect of AI in education and learning (AIED). Present technical possibilities have to be understood before making any educational and pedagogic assumptions. The educators have shown varied expectations about AI functions in academic systems. The usage of data driven AI and its success has been reported in various media frequently. Depending on the objectives of the system, data driven artificial intelligence may have great prospective in education too. As reported by press, the last decade has experienced impressive outcomes in usage of AI systems for various support and functions in industries. Simulations assisted by AI, such as the once in augmented reality (AR) and virtual reality (VR) in image recognition, digital-based gaming have also seen a rise. For a variety of purposes, AI-assisted chatbots are already being progressively used in the educational perspectives and commercial context. Such usage has been seen in many premiers academic institutions for their partial student guidance and support, automation in accommodation and amenities management, query handling and admission processes etc. It is also important that for education policy making, AIED has positive impact and ethical usage. Institutions of higher learning would require adequate justification for investment on such technological systems in terms of time, money and academic effort. The goal of facilitating learning in an effective and significant manner by application of computing technologies needs to be the basic objective of AIED.

HIGHER EDUCATION IN INDIA

Higher education in India has seen radical changes in terms of reforms in standards, accessibility, pacing and value. To keep pace with international standards in academics, emphasis has been made to enforce higher standards in curriculum, enhanced transparency, streamlining parity with global vocational, professional and doctoral programs.

The need of the hour is innovative, personalized, value-oriented deliverables that calls for integrated and robust academic systems. Skill-based education with industry applications equips individuals with knowledge building essentials that support them to attain both national and international competency. Empowering learners and instructors to seamlessly transcend between academics and its application, knowledge dissipation are the building blocks and essence of higher education. Such initiatives in higher education of India have not only received global recognition of the courses but also acceptance of professionals in the worldwide job market. Collaborating with international institutions of higher education needs keeping pace with the technological developments and adopting relevant high-tech application tools that restructure digital learning intervention.

CONSTITUENTS AND MODULES

We have witnessed the use of computers in the education systems in various forms for over 20 years now. The first such systems, we recall, was the computer aided instruction (CAI) and the Computer-based training (CBT). These have been early attempts to deploy teaching through machines and computer systems. In such teaching systems, decisions were script-like study material and not individualized as per the learners' need. The students' learning abilities were not taken to consideration and online interaction was lacking too. Helping the learners have been somewhat effective through CAI and CBT, but reasonably lacked the individualized attention that a learner gets from the tutor physically available.

This has led to continuous research in this domain of technology based learning and over the years resulted into creation of intelligent tutoring systems (ITSs). The intelligent tutoring systems offer significant flexibility in demonstration of material, seamless communication and better ability to respond to specific student needs. Many premier institutions globally have adapted this system and have seen learners completing their courses increase manifold. These improved systems represented the 'intelligent' way of understanding the pedagogical decisions about teaching deliverables, respond to the learner's idiosyncratic necessities, and allowed for better versatility by altering the system's communications with the learners.

COMPONENTS OF INTELLIGENT TUTORING SYSTEMS

The ITSs may appear to be colossal and gigantic systems, but we may consider them to be consisting of several components that are interdependent with each other, for the sake of conceptualization and design. Earlier research by *Woolf* (1992) has recognized four main components of such systems: the pedagogical module, student module, communication module and the domain knowledge module.

STUDENT MODULE

To track the performance of individual students, this module stores information that are specific to the candidate. It keeps trail of the material being accessed by the learner, the students' performance, records marks obtained and all these data are gathered for the system's pedagogical module. The same are also accessible by the concerned tutors.

PEDAGOGICAL MODULE

This model provides component for the teaching process. The information may be accessed by the tutors for reviewing purpose, presentation of new topic, assessment of performance etc. The input to this model comes from the student module that helps the system to make pedagogical decisions for varying requirements of the learners.

COMMUNICATIONS MODULE

This component controls the interactions with the student, manages the screen layouts and dialogue platform. It determines effective way of presenting the material for the benefits of the learners.

MODULE FOR DOMAIN KNOWLEDGE

The information about the tutors' deliverables are contained in this component. This is a very important component as it encompasses information that are accessed and presented by the tutors. This component requires for intellectual inputs and substantial knowledge engineering as it determines the tutors' output. Regular updates through continuous research are the key to success of this system.

EXPERT MODEL

This model contains the information to be taught to the students and hence it is analogous to the domain knowledge component. This model needs to comprise the knowledge base that is imparted to the learner. The information is presented in a specific manner appropriate for the subject and learning module.

ENVISIONED ELEMENTS

The potential of using artificial intelligence in higher education has been envisioned to enhance learning, fuel more effective individualized wisdom, assist teachers, and promote continuing education for working professionals. Higher education encompasses the concept of life-long learning including but not limited to training of teachers to keep them abreast with their subjects. The principles and theories of active learning are facilitated and better implemented using advanced technologies. Incorporating value based learning deliverables in the professional domains is enhanced by technological integration. At the institutional and curriculum level, the life-long learning concept involves a systematic and system-wide approach. This calls for deliberate practice with performance improvement process at the learner tutor platform. This also enables learning in a meaningful and effective manner by using a variety of machine-assisted and computing technologies.

Although technological systems have been positively recognized for improving the quality and quantity of communication, for providing just-in-time services, personalized support for large-scale settings, and for improving the stakeholders' feeling of connection; there are concerns about the agency involvement, responsibility, and surveillance issues. Implication of all pervasive application of technology has made it necessary to design AI systems that ensure careful data collection, explainability, presentation and human-in-the-loop. The application tools have to be technically sound, feasible and should positively support learner-instructor interaction, capturing concerns of both instructors and students, and suggesting implications that are practical for maximizing the positive impact of technology in education while minimizing the negative aspects.

Presently, many academic setups have started to embrace AI technology in the form of hybrid model to deliver and develop better education systems. Technology reduces the geographical gaps, time frames and communication barriers among the stakeholders. Broadly the enhanced capabilities of AI technology would provide the education sector with:

- Support of tutoring outside the classrooms
- Individualized and differentiated learning
- Universal access for all students
- Automation of administrative tasks

Therefore, the intelligent tutoring systems, to some extent, would not only be highly effective at increasing the candidates' motivation and performance, but would also equip the institutions of higher learning with the benefits in terms of administrative support, data security, quick accessibility and ease of management.

APPLICATIONS AND POTENTIAL BENEFITS OF AI IN HIGHER EDUCATION

Integrating Artificial Intelligence in higher education facilitates imparting knowledge and instruction methods in many ways. Many institutions of higher learning are already implementing technological aids to make learning with deliberate practice easier and systematic. Administrations are benefitting from the data analysis and management, work scheduling etc. Academically, the envisioned perspective revolves around reducing time spent on tedious tasks by tutors so that they can focus on more meaningful and knowledge gaining activities. For the learners as well, ease of reading, practice any time anywhere, assignment submission, feedback and delivery have been made simple. The intriguing potential benefits that possibly be reaped by an academic setup from AI applications may be categorized into: (a) Academic applications and (b) Administrative applications

Academic applications

Many of the premier educational organizations have already adopted the AI-infused technologies for their universal access and global classrooms. Thorough implementation and wide adaptation of artificial intelligence based technologies, though not limited to, but would significantly support academics in the following manner:

Learners' grading systems: Assessment of students' performance in assignments, research activities, depend not only answer keys, but also grade writing skills like essays and theses. Data collation and comparison on a regular basis helps the students to receive their results in a meaningful manner and improve their performance.

Personalization: Application of AI systems help institutions of higher education adapt individual learning needs of each pupil support them in a customized manner. The students' learning curve may be presented before the tutor as well as the student so that they understand his/her weaknesses and strength areas. In the present system, it is difficult for the tutors to comprehend individual student's needs and ways of meeting their deficiencies.

Assistive and Adaptive Learning Technology: Guided instructions and presentations to students help them to grasp basic and proficient skills at a shorter pace of time. The objective of reaching equitable education may also be achieved with the assistance of AI technology. Visually impaired pupils may benefit from the machines reading passages and also voice recognition software.

Coaching: The tutors can assess a pupil's style of learning and present knowledge to provide tailored made support and tutoring. Gauging a particular pupil's learning capacity, from a classroom of thirty to forty candidates, may be difficult for tutors that may become much easier with application of AI systems. Pupils' success metrics can easily be monitored at the tutor level. For in-depth understanding by the learners, simulation of tutorial dialogue may be done by dialogue based tutoring systems (DBTS).

Presentation and Writing skills: Already there is wide application of online technology providing software that verify and correct our grammar in communications, thus helping us to present and write in a required specific manner. This current usage has simplified the learning process for both students and professionals equally.

Assessment and Examination systems: Institutions offering professional and higher education may realize the potential of AI technology and adopt systems that help to hold multiple proctored examinations across geographical boarders. With well-connected telecom networks, the usage of such systems, prove to be cost effective in the long term. It helps leaners to sit for examinations anytime, from anywhere, and mechanized result processing provides them with quick assessment of their performance.

Research and Publications: AI supported analytical tools are helping us in required data analysis and meaningful report generation. Several data mining tools are helping researchers to discover patterns, graphs and relationships of variables that are both quantitative and qualitative in nature. Both scholars and professionals are able to interpret data and forecast various categories of phenomena. Plagiarism software helps in maintaining sanctity in the publications' world.

Feedback: The system of feedback mechanism may function both ways, i.e. learners' response on course quality, concept clearance and delivery. Educators provide feedback on student performance, develop methods and material for delivery and knowledge sharing. To and fro communication streamlines ease of information flow.

Administrative applications

Many institutions of higher learning are already, partly or fully, adopting the application of AI technology for their ease of functioning and management purpose. Some of the benefits they are experiencing are -

Faculty and Scheduling: The systems may support the administrators to allot faculties subject wise and schedule courses as per the curriculum need. Individual tutors may develop lesson plans according to the curriculum and learners level and the same can be managed for maintaining their schedules.

Safety and Cyber security: Intelligent systems help the management to maintain safety aspects in the campus and also at the classroom level.

Facilities Management: AI-infused technologies are proving to be effective at finance packages, power monitoring, IT, transportation, budgeting, scheduling, regular maintenance, alerting managers when any issue arises, staff record management and generating automated management information systems.

Admission and enrolments: Intelligent systems help in improving the admission process by resolving routine queries in an automated manner collect data of potential candidates and analyse the same for management's decision and future use. Using of Chatbots has already proved to be beneficial for enrolment and retention purpose in many institutes.

The need of the hour is innovative, personalized, value-oriented deliverables that calls for integrated and robust academic systems

DEDUCTION

Though deploying AI technology in the field of education continues to be extensively debated including apprehensions about ethical contemplations and depersonalization of tutoring systems, there is emerging unanimity about its extraordinary benefits and current range of applications. The components of ITSs and the multiple strategies of teaching in the pedagogical module have to be well understood before incorporating technological applications in higher education. To begin with, the hybrid model, wherein, both the classroom teaching and technology-based tutoring may run simultaneously under well supervised learning environments, so as to understand and address the academic, cognitive, physical, emotional and social factors affecting the learners. Therefore, the area of digital learning intervention calls for enormous research in ITSs. MA

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INFLUENCE OF SOLVENCY AND LIQUIDITY ON THE FINANCIAL PERFORMANCE OF SELECT PHARMACEUTICAL COMPANIES IN INDIA

Abstract

There is a significant growth of pharmaceutical industry in India in the recent years. The country is securing third position in terms of production of medicines by volume in generic sector. It is placed in fourteenth position among all in terms of value. The demand has increased remarkably after the Covid pandemic. It is therefore, important to identify the strengths and weaknesses of this sector from financial view point. Liquidity and solvency ratios are the absolute indicators to judge the financial performance of the firm. Solvency ratio determines the cash flow position of the firm to cover long term debt. On the contrary liquidity ratio indicates the same for short term debts. This study is an attempt to examine the effect of these two indicators on the firms' financial position in terms of profitability. After considering two independent variables debt-equity ratio and working capital as representatives of solvency and liquidity respectively and one dependent variable Return on Net Worth (RONW) and analysing the result from multiple regression analysis, it can be concluded that solvency has a very nominal negative effect on profitability and liquidity has a significant negative impact on profitability.

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INTRODUCTION

Pharmaceutical products have always been of great importance for any country and every economy as it is used for treatment of different diseases. Due to growing medical importance especially in applied science like microbiology or biotechnology, the prominence of this sector has increased a lot. With the innovative growth in medical science, pharmaceutical products are of significant importance. More recently, as the world suffered from the Covid pandemic, the importance of this sector and the demand for its products has becomes gigantic throughout the world. India holds the third position in the world in terms of volume of production of pharmaceutical products with a huge growth of 9.43 per cent during the last ten years. It also holds fourteenth position in world in terms of volume. It is expected that the market size of this industry will reach US $ 65 billion by 2024 and US $ 130 billion by 2030 (Source: India Brand Equity Foundation). It is therefore, important to identify the strengths and weaknesses of this sector from financial view point.

Solvency and liquidity are two integral parts of financial performance. Solvency ratio is the indicator of company's long term financial health. Debt to asset ratio, debt-equity ratio, interest coverage ratio and proprietary ratio are the different measures of solvency. Investors have to assess these ratios before investing into a particular company.

On the other hand, liquidity ratio helps to understand the short-term financial position. Current ratio, quick ratio, cash ratio, net working capital ratio are the most noteworthy liquidity ratios.

There are several indicators to measure the financial performance, the major one being 'return on net worth' (RONW). Stakeholders are really interested to know how much profit is being generated through the fund they invested.

The main goal of this paper is to estimate the effect of solvency and liquidity ratios on the financial performance of pharmaceutical industry.

LITERATURE REVIEW

Priyadharshini et al. (2021) examined the position of profitability and liquidity of two major pharmaceutical companies in India for a period of five years. After considering several liquidity and profitability ratios, it was concluded that that in terms of liquidity ratio Divi's Laboratories is performing better than Sun Pharmaceuticals and in terms of profitability ratio both are performing moderately.

Saini et al. (2020) tried to analyse the liquidity position of the pharmaceutical companies in India for ten years. From the result of ANOVA it is observed that the current ratio remains different for the selected pharmaceutical firms but when the year- wise analysis was done the current ratio was found to remain the same in all aspects.

Ejike et al. (2018) tried to find out the consequence of operating liquidity on profitability considering listed pharmaceutical companies on Nigerian Stock Exchange for a period of ten years. After conducting correlation and multiple regression analysis it was found that accounts receivable has influenced profitability negatively and accounts payable has influenced positively. Both of them are statistically momentous.

Panigrahi et al. (2018) tried to study the tradeoff between liquidity and profitability, considering five pharmaceutical companies for a period of five years. Examination of Spearman's Rank Correlation revealed that for all the five companies' two variables, "current asset to total asset" ratio and "return on capital employed", are negatively associated.

Bijendra et al. (2017) tried to analyse the liquidity and profitability of Indian pharmaceutical industry. Four companies were taken for a period of four years for this study. After considering six profitability variables and conducting ANOVA test, it was found that, out of total six earning parameters, companies differed significantly in their performances. In respect of gross profit margin, operating profit margin, ROCE, RONW, and EPS null hypotheses were rejected.

Khan et al. (2016) tried to examine the liquidity and profitability of select pharmaceutical companies in India for five years. It was concluded that, Cipla has satisfactory current asset to meet short term obligations as compared to Dr. Reddy's Laboratories. In terms of return on asset Cipla had a better position, whereas Dr, Reddys Laboratories' performance was better in terms of return on equity.

Khedkar(2015) tried to study the leverage analysis and profitability for DR. Reddy's Laboratories'. After investigating the results of ratio analysis and co-relation analysis it was found that the firm did not maintain the standard and optimum leverage. Moreover, the liquidity position was also not satisfactory.

RESEARCH GAP

After examining the existing literatures, it is found that ample number of studies was conducted on the effect of profitability and liquidity on the financial performance of pharmaceutical industry. But in a nutshell it can be concluded that most of the studies were conducted only on the liquidity and profitability or solvency position of the companies. Very few studies were done on the influence of both liquidity and solvency on financial performance of Indian pharmaceutical industry.

In this paper an effort has been made to find out the impact of liquidity and solvency on the financial performance of some major companies of Indian pharmaceutical industry, considering different variables- return on capital employed (ROCE), as dependent variable, working capital (WC) and debt-equity ratio (DER) as independent variables, representing firms' financial performance, liquidity and solvency respectively.

OBJECTIVES OF THE STUDY

The basic objective of this study is to inspect the effect of solvency and liquidity on the financial performance of few pharmaceutical companies in India. The intention of this study is to find out the relation and influence of working capital and debt-equity ratio on return on net worth.

Therefore, the precise objectives are:

i. to measure the correlation of solvency and liquidity with financial performance and
ii. to find out the impact of solvency and liquidity on financial performance.

RESEARCH METHODOLOGY

In this study return on net worth (RONW) is considered as dependent variable which indicates financial performance. Working capital (WC) and debt-equity ratio (DER) are representing liquidity and solvency position of the firms respectively which are independent variables. To standardise the variables log values were taken. Time period taken for this study is 10 years from 2013 to 2022. Seven major companies were considered for this study, absolutely based on market capitalisation (more than 50,000 crores). The entire data was collected with the help of Capitaline, Descriptive statistics were considered to find out average, minimum and maximum value and also for the deviation. Correlation analysis was conducted to check the degree of association among the variables. Multiple regression analysis was done to find out the impact of the independent variables on the dependent variable. Other tests were also conducted as per the requirements of the study. All the tests and analysis are processed and examined in Stata software.

The hypothesis for this study is-

H_0: There is no influence of liquidity and solvency on financial performance.

H_1: There is significant influence of liquidity and solvency on financial performance.

The regression model of the study is-

$$\text{Log(ROCE)} = \alpha + \beta_1\text{Log(WC)} + \beta_2\text{Log(DER)} + €$$

DATA ANALYSIS AND INTERPRETATION

TABLE 1: DESCRIPTIVE STATISTICS

Variables	Observations	Mean	Standard Deviation	Minimum	Maximum
RONW	70	17.3008	10.7809	-9.76	54.36
WC	70	2836.33	2035.274	-252.36	7731.2
DER	70	0.2368	0.2734	0	1.2

Source: Calculated by authors using Stata 14.0

Table 1 gives the summery statistics, which indicates that the average return on net worth is around 17 per cent during the period of study, where standard deviation is measured as 10.7809 per cent. The minimum and maximum return on net worth is -9.76 per cent and 54.36 per cent respectively. The average working capital is rupees 2836.33 crores and standard deviation is rupees 2035.274 crores. Interestingly, the minimum working capital stands negative as rupees -252.36 crores, whereas maximum is rupees 7731.2 crores. For the other independent variable, representing solvency, the average of debt-equity ratio is showing 0.2368 and standard deviation is 0.2731. The maximum debt-equity ratio is standing at 1.2.

TABLE 2: CORRELATION MATRIX

Variables	Log(RONW)	Log(WC)	Log(DER)
Log(RONW)	1.00	-	-
Log(WC)	-0.5236* (0.00)	1.00	-
Log(DER)	-0.0430 (0.75)	0.0874 (0.51)	1.00
*Significant at 5% Level			

Source: Calculated by authors using Stata 14.0

From the result of correlation analysis in Table 2 it can be concluded that both the independent variables are negatively correlated with the dependent variable. The correlation between working capital and return on net worth is statistically significant.

TABLE 3: BREUSCH AND PAGAN LAGRANGIAN MULTIPLIER TEST

	Variance	S.D
RONW	0.2967	0.5447
e	0.1583	0.3978
u	0.1036	0.3219
Chi^2 (p-value)	2.71* (0.0481)	
*Significant at 5% Level		

Source: Calculated by authors using Stata 14.0

Table 3 signifies the applicability of panel data analysis in this study. The value of Chi^2 is 0.0481 (i.e. less than 0.05) which clearly signifies the rejection of the null hypothesis (i.e. there is no panel effect). Therefore, it is concluded that panel effect is there in the model.

TABLE 4: REGRESSION ANALYSIS (DEPENDENT VARIABLE: LOG (RONW)

Models/ Variables	**Fixed Effects Model** Coefficient (p-value)	**Random Effects Model** Coefficient (p-value)
Log(WC)	-0.2808* (0.035)	-0.3479* (0.002)
Log(DER)	-0.0229 (0.789)	-0.0163 (0.80)
Constant	4.9203* (0.00)	5.4147* (0.00)
F/ Chi^2	2.40** (0.10)	9.78* (0.0075)
R^2	0.5831	0.5993

*Significant at 5% Level
**Significant at 10% Level

Source: Calculated by authors using Stata 14.0

Table 4 indicates the estimated linkage between the independent variables working capital, debt-equity ratio and the dependent variable return on net worth. Observing both fixed effects model and random effects model it is found that working capital is affecting return on net worth negatively and under both the models it is statistically significant. The probability value for fixed effect model is coming to 0.035 and for random effect model 0.002; both of them are less than 0.05. Therefore, it can be interpreted that both of them are significant at 5 per cent level. On the other hand, debt-equity ratio has no impact on return on capital employed. Considering fixed effect model **p** value for this variable is coming to 0.789 and for random effect model it is 0.80. Both the values are greater than 0.1, which indicates that they are not significant at 5 per cent, even at 10 per cent level. F/ Chi^2 values describe the goodness of fit of both the models. Value of R2signifies that independent variable, working capital and debt-equity ratio, can clarify the variability of dependent variable i.e., return on net worth by 58.31 per cent under fixed effect model and 59.93 percent under random effect model.

TABLE 5: HAUSMAN TEST

Variable	Coefficients			
	Fixed Effects	***Random Effects***	***Difference***	***S.E.***
Log(WC)	-0.2808	-0.3479	0.0671	0.0633
Log(DER)	-0.0229	-0.0163	-0.0066	0.0558
Chi^2 (p-value)	1.19(0.5511)			

Source: Calculated by authors using Stata 14.0

Table 5 indicates the selection between random effect model and fixed effect model. It is detected that **p**-value of Chi^2 (1.19) is coming as 0.5511 which is greater than 0.05. i.e. it is not significant at 5 per cent level. Hence, it is concluded that inference will be drawn on the basis of random effect model over fixed effect model.

CONCLUSION

The basic objective of this paper is to find out the impact of liquidity and solvency on the firm in terms of financial performance. Working capital and debt-equity ratio are considered for representing liquidity and solvency as independent variables and return on net worth is taken as the measurement of financial position as dependent variable. Considering the results of regression analysis it is established that debt-equity ratio has no significant impact on return on net worth but working capital has statistically significant negative impact on the dependent variable. The value of R2 signifies that 59.93 per cent movement of the dependent variable can be explained by the dependent variables. For one unit increase in working capital, return on net worth will decrease by almost 0.35 units. It can thus be said that solvency has no impact on the financial performance whereas liquidity has a statistically substantial negative impact on the same.

SCOPE FOR FURTHER STUDY

This paper targeted seven major manufacturing companies in India. More companies can be considered for further research. The study spans was also ten years, which can be elongated. Only few variables were taken for representation of liquidity, solvency and financial performance, in fact one from each domain. More major variables can be considered for better results. MA

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Down The Memory Lane

February, 2014

CMA S.C Mohanty, President congratulating CMA (Dr.) M.B Athreya, Renowned Management Consultant and also member of the Institute, on being conferred the prestigious Padma Bhushan Award by the Government of India on February 14, 2014 at his residence

Glimpses of 55th National Cost Convention 2014, Bhubaneswar, 23rd -24th February, 2014

February, 2004

ICWAI National Award for Excellence in Cost Reduction 2003 as a part of 45th National Convention at Vigyan Bhawan, New Delhi on 13th February 2004

Dr. Sahib Singh Verma, Minister of Labour, Govt of India presenting ICWAI National Award for Excellence in Cost Reduction (Manufacturing Sector) 2003 to V.S. Jain, CMD, SAIL.

Seen in the picture: R.J. Goel, Former President of ICWAI, R.S.P Sinha, CMD, MTNL, D.C. Bajaj, Former President & CCM, ICWAI, Dr K.L Jaisingh, President, ICWAI, H.K. Goel, Vice- Chairman, NIRC of ICWAI and Subhash Agrawal, Member, NIRC of ICWAI

Down The Memory Lane

February, 1984

IFAC Committee in Session, London, February 1984

Shri A.V.Ramana Rao, and Shri V.Kalyanaraman, ICWAI Council Members alongwith the Chairman, Financial and Management Accounting Committee of IFAC

February, 1974

16th All India Cost Conference-Calcutta (8th to 10th February 1974)

Shri Sankar Ghosh, Minister of Finance and Excise, Planning and Devlopment, Govt of West Bengal, inaugurating the Conference

Shri Pranab Mukherjee, Union Deputy Minister of Shipping and Transport, addressing the Conference

Shri N.K. Bose, Chairman, Conference Committee, introducing Shri Bedabrata Barua, Union Deputy Minister of Law, Justice & Company Affairs, before delivering his talk

Source:
Extracted from the various issues of The Management Accountant Journal

NEWS FROM THE INSTITUTE

EASTERN INDIA REGIONAL COUNCIL

The three days 43rd Regional Cost Conference-2024 organised by the ICMAI-Eastern India Regional Council in association with Bhubaneswar Chapter and in coordination with all Chapters under Eastern Regional Council on the theme "रूपान्तर: New Bharat – A Paradigm Shift – Challenges & Opportunities" was held from 12th to 14th January, 2024 at Blue Lily Beach Resort, Puri.

Day1 – Inauguration (12.01.2024)

Seen From Left to Right: *CMA Harshad Shamkant Deshpande, Council Member, ICMAI, CMA Suresh Rachappa Gunjalli, Council Member, ICMAI, CMA Bibhuti Bhusan Nayak, Vice President, ICMAI, CMA Rajendra Singh Bhati, Council Member, ICMAI, CMA Avijit Goswami, Council Member, ICMAI, CMA (Dr.) K Ch A V S N Murthy, Council Member, ICMAI, CMA Chittaranjan Chattopadhyay, Council Member, ICMAI and CMA Subhasish Chakraborty, Vice Chairman, ICMAI-EIRC*

CMA Pradip Kumar Das, Chairman & Managing Director, IREDA inaugurated the conference and graced inaugural function as the chief guest in the presence of other guests of honour including Shri Pankaj Lochan Mohanty, Chairman & Managing Director, MGM Mineral Ltd, CMA Gagan Bihari Swain, Director (Finance & Corporate Affairs), GRIDCO Ltd. CMA Bibhuti Bhusan Nayak, Vice President, ICMAI, CMA (Dr.) Ashish P Thatte, Council Member, ICMAI, CMA Vinayranjan P, Council Member, ICMAI, CMA Uttam Kumar Nayak, Chairman, ICMAI-Eastern India Regional Council & Chairman, Conference Committee and CMA Surya Narayan Tripathy, Chairman and Co-Chairman of Conference Committee. To commemorate the significant event a Souvenir was got released by the hands of the chief guest.

At the outset all the guests, invitees and participants observed one-minute silence in the memory of Late CMA Kunal Banerjee, Past President, ICMAI. Thereafter a Plenary Session was held on the theme "New Age Opportunities for CMAs in New Bharat: Amrit Kaal". In this session Council Members of ICMAI CMA Harshad Shamkant Deshpande, CMA Neeraj Dhananjay Joshi, CMA Suresh Rachappa Gunjalli, CMA Chittaranjan Chattopadhyay, CMA Vinayranjan P, CMA (Dr.) Ashish P Thatte, CMA Rajendra Singh Bhati, CMA Avijit Goswami and CMA (Dr.) K Ch A V S N Murthy spoke about various initiatives taken by the Institute. CMA Subhasish Chakraborty , Vice Chairman, ICMAI-EIRC also addressed and extended formal vote of thanks for the inaugural session. The proceedings of the day concluded with a vibrant cultural program.

Day2 (13.01.2024)

Seen from Left to Right: *CMA Damodar Mishra, Treasurer, ICMAI-EIRC, CMA Navneet Kumar Jain, Council Member, ICMAI, CMA (Dr.) V. Murali, Council Member, ICMAI, Chief Guest Smt. Ahuti Swain, Director (Personnel), Eastern Coal Fields Ltd, CMA Bibhuti Bhusan Nayak, Vice President, ICMAI, CMA Ramesh Chandra Patra, Secretary, ICMAI-Bhubaneswar Chapter.*

Day -2 started with a motivational session on the theme "Mindful Transparency" CMA Bidyadhar Prasad, Regional Council Member, ICMAI –EIRC at the outset delivered the welcome address. Swami Narashimhananda, Secretary, Ramkrishna Mission, Kozhikode, Kerala addressed the audience as resource person. Smt. Ahuti Swain, Director (Personnel), Eastern Coalfields Ltd. inaugurated the second day proceedings and graced as chief guest in the presence of CMA Bibhuti Bhusan Nayak, Vice – President, ICMAI, CMA (Dr.) V Murali, Council Member, ICMAI, CMA Navneet Kumar Jain, Council Member, ICMAI, CMA Damodar Mishra, Treasurer, ICMAI - EIRC and CMA Ramesh Chandra Patra, Secretary, ICMAI - Bhubaneswar Chapter. In this session the Newsletter of ICMAI-EIRC was released by the chief guest. CMA Damodar Mishra delivered the welcome address and CMA Ramesh Chandra Patra proposed formal vote of thanks. This was followed by the technical sessions.

Technical Session-I on "Cost Audit: A Value Addition to Stakeholders": CMA Neeraj Dhananjay Joshi, Council Member, ICMAI & CMA B B Goyal, Advisor, ICMAI-MARF spoke at length on the theme as resource persons. CMA Kaushik Banerjee, Secretary, ICMAI also addressed the session. CMA Kallol Mukherjee, Regional Council Member, ICMAI EIRC earlier delivered the welcome address and CMA Barada Prasan Nayak, MC Member & Chairman, PD Committee, ICMAI-Bhubaneswar Chapter proposed formal vote of thanks at the conclusion.

Technical Session-II on "Changing Landscape in Financial Sector in New Bharat": CMA Chittaranjan Chattopadhyay, Council Member, ICMAI delivered the keynote address and Shri Jyoti Prakash Gadia, Council Member (Govt. Nominee), ICMAI addressed as special guest. Shri Somenath Chatterjee, Founder and CEO, PKS Capital Advisory LLP and Shri A C Rout, Ex - Executive Director, Bank of Maharashtra & CMA Suraj Kumar Pradhan, ICOAS, Additional Secretary, Finance Department, Govt. Of Odisha, spoke on the evolving financial sector as resource persons. CMA Bidyadhar Prasad, Regional Council Member, ICMAI- EIRC delivered the welcome address earlier and CMA Soumya Ranjan Jena, Treasurer, ICMAI - Bhubaneswar Chapter proposed the vote of thanks at the conclusion.

CFO's MEET on "Road Map for CMAs- New Bharat": The programme commenced with the thoughts shared by commerce students from various reputed colleges / universities. The CFOs, including CMA Santanu Kumar Panigrahi, CFO, IPICOL, CMA Pradeep Kumar Mohapatra, CFO, IGGL, CMA Srikanta Ku Sahoo, CFO, GRIDCO Ltd., CMA Ramesh Kumar Dash, Director (Finance), GRSE, CMA Arup Sarkar, Member, (Finance), Damodar Valley Corporation Ltd deliberated on the roadmap for CMAs in New Bharat. CMA Biswajeet Dwivedi, Vice-President (Commercial), J K Paper Ltd chaired the session and delivered concluding address. CMA Avinash Kotni, Chairman Career Counseling and Students Facilitation Committee, ICMAI- Bhubaneswar Chapter proposed the vote of thanks.

The second day proceedings wound up with a cultural programme.

Day3 (14.01.2024)

The third day's proceedings commenced with a spiritual and motivational session on "Enhancing Spiritual Immunity in Personal Life". CMA Madhura Dasgupta, Assistant Manager, Deloittee Shared Services India LLP was the resource person. CMA Abhijit Dutta, Regional Council Member, ICMAI – EIRC delivered the welcome address & CMA Sarat Kumar Behera, Vice-Chairman, ICMAI Bhubaneswar Chapter proposed the vote of thanks.

Thereafter, CMA Gagan Bihari Swain, Director (Finance) GRIDCO Ltd inaugurated the technical session of the concluding day and also released the Newsletter of ICMAI-Bhubaneswar Chapter as chief guest in the presence of CMA Avijit Goswami, Council Member, ICMAI. CMA Arati Ganguly, Secretary ICMAI-EIRC welcomed the guests and the gathering and CMA Sarat Kumar Behera, Vice-Chairman, ICMAI - Bhubaneswar Chapter proposed the vote of thanks of the inaugural session.

Technical Session-III on "Tax Management; Changing Regulatory Landscape": Ms V. Rama Mathew, Former Member, IT & Tax Payers Services and Technology, CBIC, Ministry of Finance, Govt. Of India graced and addressed as special guest, CMA Navneet Kumar Jain, Council Member, ICMAI, CMA (Dr.) Abhishek Murli, President, All India Tax payers Association (2021-22) and CMA Niranjan Swain, Advocate, Odisha High Court & Tax Consultant spoke on the theme as resource persons. CMA Rajendra Singh Bhati, Council Member, ICMAI delivered the keynote address, CMA Subasish Chakraborty, Vice-Chairman, ICMAI Eastern India Regional Council delivered the welcome address and CMA Soumya Ranjan Jena, Treasurer, ICMAI-Bhubaneswar Chapter proposed a vote of thanks.

Technical Session-IV on "ESG Framework: Business Responsibility and Sustainability Reporting (BRSR)" & Investment: "KAL AAJ AUR KAL on New Bharat with Investment Opportunities":

Shri Trinath Lenka, MD, Wallet4Wealth, Bhubaneswar graced and addressed on the theme "Investment: KAL AAJ AUR KAL on New Bharat with Investment Opportunities", Dr. Ritesh Kumar Dubey, Asst. Professor, Department of Accounting and Finance, XIMB, Bhubaneswar, CMA (CS) Rambabu Pathak, Company Secretary, ECL, Asansol, CMA (Dr.) S. K. Gupta, MD, ICMAI Registered Valuer Organisation & COO, ICMAI International Chamber have spoke on the topic as resource persons. CMA (Dr.) K Ch A V S N Murthy, Council Member, ICMAI delivered the keynote address. CMA Avinash Kotni, Chairman, Career Counseling & Student Facilitation Committee proposed the vote of thanks.

Advisory Meet:

Advisory Meet: CMAs - Vision 2030: Seen from Left to Right: *CMA (Dr.) Suresh Ch. Mohanty , President (2013-14), ICMAI, CMA Biswarup Basu, Past President , ICMAI, CMA Amal Kumar Das, Past President , ICMAI, CMA Manas*

Kumar Thakur, Past President , ICMAI, CMA Debasish Saha, Past Chairman, ICMAI-EIRC and CMA Shiba Prasad Padhi, Past Chairman, ICMAI-EIRC

Day-3 also included an "Advisory Meet: CMAs - Vision 2030", where CMA Shiba Prasad Padhi, Past Chairman, ICMAI-EIRC, CMA Debasish Saha, Past Chairman, ICMAI-EIRC, CMA (Dr.) Suresh Ch. Mohanty, President (2013-14), ICMAI, CMA Biswarup Basu, Past President, ICMAI, CMA Manas Kumar Thakur, Past President, ICMAI, CMA Amal Kumar Das, Past President, ICMAI shared their visionary insights.

Valedictory Session:

Seen from Left to Right: *CMA Jagatjyoti B Nayak, Member, ICMAI-Bhubaneswar Chapter, CMA Avinash Kotni, Chairman, Career Counseling & Students Facilitation Committee, ICMAI-Bhubaneswar Chapter , CMA Surya Narayan Tripathy, Chairman, ICMAI-Bhubaneswar Chapter, CMA Damodar Mishra, Treasurer, ICMAI-EIRC, CMA Uttam Kumar Nayak, Chairman, ICMAI-EIRC, Chief Guest CMA Ramesh Chandra Joshi, Director(Finance) NALCO Ltd., CMA Bibhuti Bhusan Nayak, Vice President, ICMAI and CMA Ramesh Chandra Patra, Secretary, ICMAI-Bhubaneswar Chapter.*

CMA Ramesh Chandra Joshi , Director (Finance) , NALCO Ltd. graced and addressed the valedictory session as chief guest, CMA Bibhuti Bhusan Nayak, Vice President, ICMAI, CMA Uttam Kumar Nayak, Chairman, ICMAI-Eastern India Regional Council & Chairman Conference Committee, CMA Damodar Mishra, Treasurer , ICMAI - Eastern India Regional Council , CMA Surya Narayan Tripathy, Chairman, ICMAI-Bhubaneswar Chapter & Co-Chairman, Conference Committee, CMA Ramesh Chandra Patra, Secretary, ICMAI-Bhubaneswar Chapter expressed their thanks and gratitude to all those who have extended their benevolent support to make the 43rd RCC-2024 a grand success. A surprise gift sponsored by GL Agro Industries Pvt. Ltd was announced in this session.

The 43rd Regional Cost Conference-2024 was a resounding success, fostering discussions on the paradigm shift in New Bharat and providing a platform for knowledge exchange and networking.

Around 600 Participants including Corporate Delegates, Practicing Cost Accountants, Academicians, Bankers, Students, CMA members & their spouses actively participated from across the country making the event grand success. CMA Avinash Kotni, MC Member, ICMAI-Bhubaneswar Chapter, CMA Jagatjyoti Biswaranjan Nayak, Member, ICMAI-Bhubaneswar Chapter and CMA Bibek Prajapati, Member, ICMAI-Bhubaneswar Chapter facilitated the entire proceedings of the concluding day.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA ASANSOL CHAPTER

The Annual Seminar 2023 of the Institute was held on 3rd December, 2023 at RK Mission Ashram, Asansol. Smt. Ahuti Swain, Director (Personnel), ECL, Shri Niladri Roy, Director (Technical) Operations ECL along with other Council Members of the Institute from Kolkata graced the occasion. The seminar delved upon transforming India's financial landscape through cutting edge technologies. Smt. Ahuti Swain emphasised on the human intelligence and artificial intelligence aspects. Shri Niladri Roy started with the use of ICT and modern day technologies in the day to day functioning and also cautioned regarding the cyber security threats being posed in the current era. The program was attended by over 250 participants from various corporates in and around Asansol, Durgapur, Dhanbad and Ranchi.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA SOUTH ODISHA CHAPTER

The Chapter organised an evening talk on 10.11.2023 at its conference hall on the topic "Advance Excel as the tool of Finance". Sri Nitin Nikumbh, Chief Technology, TPSODL, Berhampur was the chief guest and Prof. Salagram Padhy, Asst. Professor, SBR Govt. Women's College Berhampur was the chief speaker and delivered a detailed lecture on the topic as a resource person. He explained how Excel is the tool of finance. Sri Nitin Nikumbha, graced the occasion as chief guest and highlighted the various aspects of the topic and elaborately explained how Excel is required in the practical approach in financial function. CMA Dharmendra Kumar Padhy, Chairman of the Chapter welcomed the guests and the gathering and addressed on the key fetchers of the topic. CMA Ashwini Kumar

Patro, Chairman, Professional Development Committee, extended a warm welcome and introduced the guests and also proposed formal vote of thanks at the conclusion.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA BHUBANESWAR CHAPTER

The Chapter conducted a Press Meet at its premises on 11-1-2024 to highlight about the 43rd Regional Cost Conference-2024 on the theme "रूपान्तर: New Bharat – A Paradigm Shift – Challenges & Opportunities" held at Blue Lily Beach Resort, Puri, Odisha from 12th January, 2024 to 14th January, 2024. More than forty representatives from print and electronic media attended the press meet and widely covered the information in their newspapers and channels. Following dignitaries attended the press meet:

Sitting from Left to Right: *CMA Damodar Mishra, Treasurer, ICMAI-EIRC, CMA (Dr.) K Ch A V S N Murthy, Council Member, ICMAI, CMA Bibhuti Bhusan Nayak, Vice President, ICMAI, CMA Avijit Goswami, Council Member, ICMAI and CMA Suresh Rachappa Gunjalli, Council Member, ICMAI.*

Standing from left to Right: *CMA Soumya Ranjan Jena, Treasurer, CMA Ramesh Chandra Patra, Secretary, CMA Surya Narayan Tripathy, Chairman and CMA Sarat Kumar Behera, Vice Chairman of ICMAI-Bhubaneswar Chapter.*

Oral Coaching Class Inaugural Ceremony

The 71st Oral Coaching Class session being conducted by the Chapter was inaugurated on 17th January, 2024 at its premises.CMA Bibhuti Bhusan Nayak, Vice President; ICMAI inaugurated and graced the function as chief guest. CMA Surya Narayan Tripathy, Chairman, CMA Ramesh Chandra Patra, Secretary and CMA Avinash Kotni, Chairman, Career Counseling and Students Facilitation Committee of the ICMAI-Bhubaneswar Chapter addressed the students on the occasion. CMA Barada Prasan Nayak, Chairman, PD Committee of the Chapter proposed a vote of thanks.

Pledge to commemorate the National Voters Day: With reference to the communication of 'Election Commission of India' and Head Quarters of the Institute, the Staff, MC Members and Members observed and took pledge to commemorate the 'National Voters Day' on 25th January,2024 at its premises in accordance with the guidelines set by the Election Commission of India.

NORTHERN INDIA REGIONAL COUNCIL

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA CHANDIGARH-PANCHKULA-MOHALI CHAPTER

Professional Development & CEP Committee of the Institute in collaboration with Chandigarh-Panchkula-Mohali Chapter organised a full day Programme on 21st January 2024 at PHD Chamber of Commerce, Chandigarh. The Theme of the programme was Emerging Areas & Challenges for Cost & Management Accountants. The chief guest of the programme was CMA (Dr.) Mohini - Additional Civil Judge (Senior Division) Jagadhari (Yamuna Nagar). The Programme was graced by CMA Manoj Kumar Anand, Council Member, Chairman PD & CEP Committee, CMA S.N Mittal, Chairman NIRC and NIRC members CMA Manish Khandpal, Ms. Madhuri & CMA Santosh Pant. Members from other chapters like Shimla, Bhiwani, Nayanangal also graced the occasion with their presence. The main speakers were Dr. S.K. Gupta, CMA Nitish Kalra, CMA S.K. Jain, CMA Anil Sharma, former Chairman NIRC. It was a lively discussion since all the topics were of interest of CMAs. Main Topics covered were Role of CMA in Sustainability, GST and its impact on insurance sector, ESG-Role of CMA, Prevention of Money Laundering act. The Chapter also honoured ten senior members of the Chapter for their contributions in the development of CMA profession.

SOUTHERN INDIA REGIONAL COUNCIL

The Eighteenth S. Ganapathisubramanian Memorial Lecture was held on 06.01.2024 at the SIRC Premises. The chief guest Shri M.R. Sivaraman, I.A.S., Former Revenue Secretary, Government of India & Executive Director, IMF delivered the Memorial Lecture on the Topic "Ethics in Life".

A professional development seminar on "GST & Income Tax – Current Issues & Latest Case Laws" was held on 06.01.2024 at the SIRC Premises. The Chief Guest was Shri M.R. Sivaraman, I.A.S., Former Revenue Secretary, Government of India & Executive Director, IMF. The resource person was CMA M. Saravana Prabhu, GST Expert.

A professional development seminar on the topic "Rental Income from Property – Tax Planning Strategies for GST & Income Tax" was held on 11.01.2024 at the SIRC Premises. The resource person was CA (Dr.) Abhishek Murali, President, All India Tax Payers' Association (2021-22), CMA M. Saravana Prabhu, and GST Expert.

A professional development seminar on the topic "GST, Art of Drafting Conveyance Deeds, Analysis of Forms of Business Entities" was held on 19.01.2024 at the SIRC Premises. The chief guest was Justice K.N. Basha, Former Judge Madras High Court and Former Chairman, Intellectual Property Appellate Board. The resource persons were CMA R. Subramanian, GST Expert, CMA Divya Abhishek, Chairperson, SIRC, ICMAI, CMA (Dr.) V. Murali, Council Member, ICMAI.

"COMFIESTA – 2K24" 'A National Level Inter-collegiate Cultural Fest' conducted by Patrician College of Arts and Science was held on 20.01.2024 CMA Divya Abhishek, Chairperson, SIRC, ICMAI inaugurated the event.

The 83rd Foundation Day Celebrations of The Income Tax Appellate Tribunal" was held on 24.01.2024 at the SIRC Premises. The chief guest was Justice (Retd.) Chandrakant Vasant Bhadang, President, Income Tax Appellate Tribunal in the august presence of Mr. Sunil Mathur, Principal Chief Commissioner of Income Tax, Tamil Nadu & Puducherry Region, Justice (Retd.) R.V. Easwar, Delhi High Court, Vice President & Members of the Income Tax Appellate Tribunal, Chennai Benches.

CMA Divya Abhishek, Chairperson, SIRC, ICMAI & CMA (Dr.) V. Murali, CCM, ICMAI were felicitated in the event "EMINENCIA 24 Winners Felicitation programme" conducted by Kozhikode-Malappuram Chapter along with ICMS at Town Hall Malappuram on 25.01.2024 CMA Divya Abhishek, Chairperson, SIRC, ICMAI inaugurated the program.

SIRC ICMAI celebrated the 75th Republic Day at its premises on 26th January, 2024. CMA Divya Abhishek, Chairperson, SIRC, ICMAI, unfurled the National Flag and delivered the Republic Day address. CMA (Dr.) V. Murali, CCM, ICMAI, CMA. H. Padmanabhan, Past CCM ICMAI and CMA Rajesh Sai Iyer, RCM, SIRC-ICMAI addressed the gathering. CMA Members, Staff and Students participated in the celebrations.

Professional Development Program on the "Investment in Share Market & Wealth Maximisation – Invest Right & Prosper" was held on 26.12.2023 at the SIRC Premises. The guest of honour was Shri L.N. Vijayaraghavan, I.A.S., Additional Chief Secretary (Retd.), Govt. of Tamil Nadu. The session Chairman was CMA (Dr.) V. Murali, CCM, ICMAI and the main speaker was Shri A.K. Narayan, Past President, Tamil Nadu Investor's Association (TIA).

A professional development seminar on the topic "Real Estate Transactions" was held on 30.06.2023 at the SIRC premises with Shri S. Santhanakrishnan as the chief guest. Mr. Sumit Kedia, GST Expert spoke on GST on Real Estate Transactions & Rental Income while, CMA T.G. Suresh, Income Tax Expert spoke on Taxation of Real Estate Transactions & Joint Development Agreements. Dr. Abhishek Murali, President, All India Tax Payers' Association(2021-22) spoke on Capital Gains on Sale of land & Buildings, Plots, Flats & Agricultural Lands for Residents & Non Residents Tax Planning for Non Residents.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA TIRUPATI CHAPTER

The Chapter organized the "South India CMA Students Convention", on the theme "Make in India – Empowering nation, role of Cost Accountants" on December 23, 2023. Prof. D. Bharati, Vice Chancellor, Sri Padmavathi Mahila University, CMA Divya Abhishek, Chairperson, SIRC of ICMAI, CMA Vinay Ranjan, CCM of ICMAI, CMA Srinivasa Rao, Secretary of SIRC, ICMAI, CMA Parthasaradhi, Chairman, Tirupati Chapter of ICMAI, Shri Lavanya Kumar, Management Speaker were the eminent dignitaries who spoke on the occasion.

In a recent address at the South India Regional Council event organized by the Institute in Tirupati, Padmavathi Mahila University's Vice-Chancellor, Mrs. Bharathi, highlighted the pivotal role of cost accountants in the economic development of the country. Serving as the chief guest at the gathering held in the auditorium of the Women's University, she emphasized the significance of cultivating awareness among students regarding the methodologies and principles of cost accounting.CMA Divya Abhishek, Chairperson of the South India Regional Council of the Institute, stressed the importance of imparting a profound understanding of unique institutional frameworks like Make in India among students. Mrs. Bharathi expressed the need for students to comprehend their obligations and duties, not only for their personal growth but also for contributing to the nation's economic progress. Acknowledging the event as a platform to instill this awareness, she commended the efforts of the Institute of Cost Accountants of India in organizing such gatherings. In essence, the Vice-Chancellor's address underscored the critical role that Cost Accountants play in shaping the economic landscape of the nation. Her emphasis on instilling a deep understanding of cost accounting principles among students reflects the broader goal of preparing them for future leadership roles and fostering a sense of responsibility towards national development.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA KOZHIKODE MALAPPURAM CHAPTER

The All Kerala CMA Practitioners Meet, hosted by the Kozhikode-Malappuram Chapter and conducted by the All Kerala Chapters together, proved to be an outstanding success, bringing together practicing members from across the State. The prestigious event, held at The Gateway Hotel - Taj in Kozhikode on January 6th, witnessed the presence of esteemed guests of honor, including CMA Manoj Kumar Anand, Professional Development & CEP Committee, S. Veera Muthu IRS, Joint Commissioner - Central Tax & Central Excise, Kozhikode, Sunanda P. IRS, Assistant Commissioner - Income Tax Department, Kozhikode and Dr. Sabari Raj, ICLS, Assistant Registrar of Companies, Kerala & Lakshadweep.

Right Lighting Lamp:

1. CMA Shireen Chirakkal, Chairperson, ICMAI Kozhikode Malappuram Chapter

2. Sunanda P IRS, Assistant Commissioner - Income Tax Department, Kozhikode
3. CMA Manoj Kumar Anand, Professional Development & CEP Committee, ICMAI
4. Dr. Sabari Raj, ICLS, Assistant Registrar of Companies, Kerala & Lakshadweep
5. S. Veera Muthu IRS, Joint Commissioner - Central Tax & Central Excise, Kozhikode

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA COIMBATORE CHAPTER

A Professional Development program was organized by the Chapter on 29thNovember 2023 to give an update to members about the new Act on Digital Personal Data Protection. CS (Dr.) Madhusudhanan C.V, a practicing Company Secretary and Partner KSR & Co, was the Chief Guest and speaker. Coimbatore Chapter Chairman, CMA (Dr.) R. Maheswaran gave a warm welcome to the gatherings including the Chief Guest and Members. CMA A. Hariharasubramanian, MC Member introduced the speaker. CS (Dr.) Madhusudhanan C.V delivered an informative lecture on the new Act which is being notified towards the protection of personal data of any person on any digital media.

A professional development program on “TDS/TCS - Renewed scope of the provisions and compliance management” was organized by the Chapter on 16th December 2023 to give an insight into the recent updates and refreshed the provisions of Income tax Act on TDS/TCS. Eminent professional and a versatile speaker CA K. Ravi, CFO, Roots Group of Companies and Director, Roots Multi Clean Limited was the Chief Guest and speaker. The Coimbatore Chapter Chairman, CMA (Dr.) R. Maheswaran gave a warm welcome to the gathering including the Chief Guest and Members. CMA Surender Kumar. S, Management Committee member introduced the speaker. CA K. Ravi delivered his address on the provisions of TDS/TCS notified recently and the impact of risk associated against non-compliance. Members interacted with the speaker to exchange the knowledge and practical challenges faced on this particular area. Management Committee members, fellow members and students numbering around 40 attended and actively participated. The program concluded with a vote of thanks by CMA Surya Prakash U, Secretary, Coimbatore Chapter of ICMAI followed by national anthem.

The Chapter conducted a faculty meeting at CMA Bhawan, on 22.12.2023, on the eve of the commencement of the 97th Batch of the Oral Coaching Session, to discuss on improving the students’ performance. Chairman CMA (Dr.) R. Maheswaran presided over the meeting and gave a warm welcome to the gathering. The Chairman also mentioned that out of the 17 faculties for the 97th Batch, 10 are Cost Accountants, 5 are Chartered Accountants, one is an Engineer and one is an Advocate. The Management committee had invited suggestions for improvement of oral coaching to achieve the best results in the examinations to come. Also, the feedback from faculties has been noted and the Committee had assured to implement the suggestions as early as possible. The Committee is taking several steps to improve performance of students. The meeting concluded with a vote of thanks by Secretary CMA Surya Prakash U.

The 97th oral coaching session of Coimbatore Chapter was inaugurated at CMA Bhawan, Ramnagar on 27.12.2023. Dr. K. Ramamurthi, Principal, Dr. NGP Arts and Science College, Coimbatore was the chief guest at the inaugural function. Chapter Chairman CMA (Dr.) R. Maheswaran welcomed the gathering and the chief guest. The chief guest Dr. K. Ramamurthi gave an eloquent presidential address to the students. He emphasized the necessity of professional degree to tackle the complex business requirements of the present economy. The session ended with vote of thanks by secretary CMA Surya Prakash U, along with national anthem.

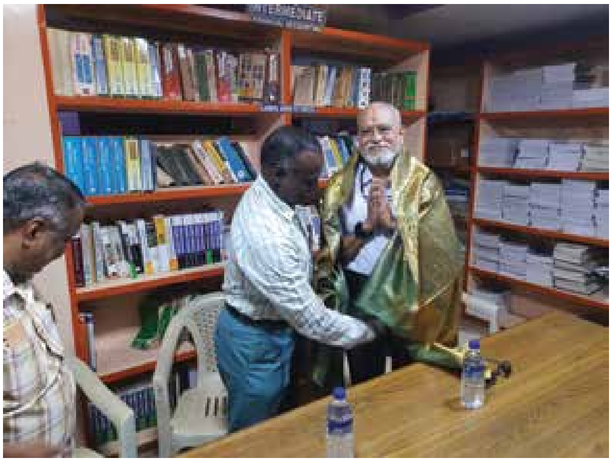
A practitioners’ meet along with a professional development programme was organized by the Chapter on 30th December 2023 to connect members in practice with the industry. M. Karthikeyan, Vice President - CODISSIA was the chief guest from the Industry forum. Coimbatore Chapter Chairman CMA (Dr.) R.Maheswaran extended a warm welcome to the gathering. CMA A. Hariharasubramanian, Chairman – PDP Committee introduced the chief guest.

The speaker M. Karthikeyan explained the challenges being faced by Micro industries in the manufacturing sector. The Management Committee members, Fellow members and students numbering around 40 attended and participated. CMA (Dr.) G.L. Sankaran honoured the chief guest with a memento. The programme was interactive and interesting and concluded with a vote of thanks by CMA Subramaniam Kumar, Vice Chairman of the Chapter.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA TIRUCHIRAPALLI CHAPTER

The Chapter organized a members meet with Council Member & Chairman IT Committee CMA TCA Srinivasa Prasad, on 30.12.2023 at its premises. CCM CMA TCA Srinivasa Prasad shared details about the initiatives taken by the new Council. Members requested the CCM that, the Chapter views may be obtained while fixing the examination centres. Practising CMAs presented a memorandum to the CCM requesting the Institute to take up with the Ministry of Defence for inclusion of CMAs as Consultants for maintenance of Cost Accounting Records by Ordnance Factories newly formed PSUs which fall under the Ministry of Defence. CMA TCA Srinivasa Prasad, CCM suggested the Members to go on digital mode in conducting oral coaching class. He also advised to conduct more PD programs for the benefit of the members. Chapter Management Committee thanked CMA TCA Srinivasa Prasad for sharing his valuable time with the Members.

The Chapter organized a professional development program on the trending topic "Artificial Intelligence for Management Professionals" on 30.12.2023 at BHEL, Trichy. Council Member & Chairman IT Committee CMA TCA Srinivasa Prasad handled the session. The resource person was introduced by CMA T. Ananthasayanam, GM Finance BHEL, Trichy. The resource person mainly focused on how finance professionals can effectively utilize various artificial intelligence tools such as Master Minds presentation, various chatbots, Chat GPT, block chain technology, and the three-way accounting system. The scope of data analytics and various analytical tools was discussed in detail. The program was attended by members and BHEL finance fraternity in large numbers. The participants actively interacted with the resource person. CMA K Muthunathan, Senior DGM/Finance BHEL Trichy, thanked the resource person CMA TCA Srinivasa Prasad for sharing his valuable time and knowledge for the benefit of the finance professionals.



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA COCHIN CHAPTER

The Managing Committee, Cochin Chapter conducted a professional development programme on the topic "Scaling up of Companies-role of Management Accountants on 12-01-2024". The session was handled by CMA Felix K. A.

The Chapter organized Cricket tournament at Cochin in collaboration with all other Chapters of Kerala on 17th December 2023. The event was graced by esteemed guests, including the former SIRC Chairman, CMA Sankar P. Paniker, who inaugurated the tournament. CMA Thomas TV, Chairman, and CMA Renjini R, Secretary, CMA Praveen Kumar, SIRC member were present to felicitate all the team members from different Chapters, adding a spirit of camaraderie to the event. The President of the Ernakulam Cricket Association, CMA Sivakumar P. had the honour of handing over the tournament trophy to the winners.

The Chapter organised a Quiz Competition titled "Finance Quest - 2024" at CMA Bhavan, Cochin, on January 23, 2024 for the Final year Commerce Graduate students of Ernakulam District. CMA Thomas T. V. Chairman, ICMAI Cochin Chapter inaugurated the function. The quiz competition was conducted by Dr. Rajagopala Nair, Dean, Bhavan's Royal Institute of Management (Former Head of the Department – Commerce, St. Albert's College, Ernakulam).

In accordance with the directives of the Election Commission of India, the Chapter actively participated in taking the pledge on 'National Voters Day' on 25th January 2024.

The Chapter organised a CFO Meet for the Students on 13-01-2024. The event was aimed to provide CMA students with a unique opportunity to gain insights, share experiences, and receive motivation from seasoned professionals in the field to share the experience professional experience and give motivation.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA BENGALURU CHAPTER

The Chapter organized a Professional Development Programme on "Overview of LLP" at its premises on 06.01.2024 with Mr. Thitupal Gorige, CMA Devarajulu B, Chairman BCCA, CMA (Dr.) Gurudath A S, Vice Chairman BCCA, CMA Rajesh Devi Reddy, Treasurer & PD Chairman BCCA and CMA Girish K Treasurer, SIRC.

Another programme on "Consumer Protection in the Era of E-Commerce and Digital Trade", Akhila Bhartiya Grahak Panchayat & Need of Akhila Bhartiya Grahak Panchayat in the society was organised at the Chapter premises on 20.01.2024. Smt. K Anitha Shivkimar, District Consumer Court Bench Member, Bengaluru, Smt. Gayatri Nadig, ABGP Prant Secretary, Sri Narasimha Nakshatri, ABGP Karnataka Prant President, CMA Devarajulu B, Chairman BCCA, CMA Rajesh Devi Reddy, Treasurer & PD Chairman BCCA, CMA (Dr.) Gurudath A S, Vice Chairman BCCA were the speakers at the programme.

A practitioners' forum programme on "The Digital Personal Data Protection Act, 2023" was held at the Chapter Premises on 23.12.2023. Mr. Vijayashankar Nagaraja Rao, CMA Devarajulu B, Chairman BCCA, CMA Abhijeet S Jain Secretary & Chairman Coaching BCCA, CMA (Dr.) Gurudath A S Vice Chairman BCCA and CMA G N Venkatraman, Former President ICMAI were the speakers at the programme

The Chapter in association with Smt. Saraladevi Sathishchandra Agarwal Government First Grade College (Autonomous), Ballari (Smt SSA FG College) conducted a one day Mega Accounting Conclave - Nextgen Minds Meet on 29th December 2023, to create awareness among students about the role and importance of emerging technologies like Artificial Intelligence, Block Chain, Cloud Computing, Data Analytics, Machine Learning and also CMA as a career option.

The conclave started with the traditional way of invocation of God, lighting of lamp and singing the Karnataka Nadageete. The Chief Guest, Sri Nara Bharath Reddy, MLA & Chairman, College Development Committee, inaugurated the conclave in the august presence of Dr. Anant Zandekar - Vice Chancelor, (In Charge) Vijayanagara Sri Krishnadevaraya University (VSK University), Ballari, CMA (Dr.) Jeelan Basha V, Chairman, Department of Commerce, VSK University, Ballari, Dr. H K Manjunath Reddy, Principal of Smt. SSA FG College, Ballari, CMA Girish Kambadaraya, Regional Council Member, SIRC, ICMAI, CMA Suresh R Gunjalli, Council Member, ICMAI, CMA Devarajulu, Chairman, Bengaluru Chapter of ICMAI, CMA Abhijeet S. Jain, Secretary & Chairman-Coaching, Bengaluru Chapter of ICMAI.

During this conclave, Dr. Anant Zandekar, Vice-Chancellor (In-charge), VSK University, Ballari along with CMA (Dr.) Jeelan Basha V, VSK University, Ballari inaugurated the library for the CMA students, sponsored by the Bengaluru Chapter of the ICMAI. Office bearers of ICMAI, CMAs, Smt. SSA FG College Principal and professors attended the function.

The Chapter organized "GST Course Inauguration" at Surana College at Bangalore on 01.01.2024

CMA Devarajulu B, Chairman BCCA, CMA Abhijeet S Jain Secretary & Chairman Coaching BCCA, CMA Rajesh Devi Reddy, Treasurer BCCA, CMA Girish K, Treasurer, SIRC, CMA Suresh Gunjalli CCM were the speakers the programme.

WESTERN INDIA REGIONAL COUNCIL

WIRC organised "Career Counselling Program" at "K. J. Somaiya College of Arts and Commerce" and "Ghanshyamdas Saraf College of Arts & Commerce" on 19th January, 2024. WIRC also organised another Career Counselling Programme "Shankar Narayan College" on 20th January, 2024, Sahyog College of Commerce and Management on 23rd January, 2024, Hinduja College of Commerce on 29th January,2024, Siddharth College of Commerce and Economics on 30th January,2024.CMA Binoy Thomas, Practicing Cost Accountant and CMA Shailaja Balamurli, Practising Cost Accountant addressed the students and highlighted the CMA Course and its prospects.

Students Coordination Committee organised the Drawing & Rangoli Competition for the students on the occasion of "Ram Mandir PranPratishtha" at WIRC Office on 22nd January, 2024.

The Professional Development Committee of WIRC started the webinar series on UPSC ICoAS Preparation for Newly Qualified Cost Accountants. The webinar provided invaluable insights on Cost Concepts and Classification, Generally Accepted Cost Accounting Principles (GACAP), Cost Accounting Standards, Cost Audit, Companies (Cost Record & Audit) Rules 2014, Methods of Costing, Cost Control Techniques, Project management, emerging concepts in Cost and Management Accounting, Government Accounting, Goods & Services Tax Act & Rules, Custom Laws, Companies Act 2013, Corporate Governance etc.

The series of webinar commenced with gracious inauguration by CMA Chaitanya Mohrir, Chairman, ICMAI-WIRC on 8th January, 2024. He briefed on entire Syllabus of recruitment test and interview for UPSC ICoAS examination on the basis of Advt. No, 01/2022., Vacancy No 22010102408 and also congratulated CMA Arindam Goswami, Chairman, Professional Development Committee, ICMAI-WIRC for arranging this series. CMA Chaitanya Mohrir, Chairman, ICMAI-WIRC welcomed CMA Amit Apte, Former President, ICMAI (2018-19) and mentor, Registered Valuer, ICMAI-WIRC for the First session as a speaker. The topic of First session is "Generally Accepted Cost Accounting Principles (GACAP), Cost Accounting Standards, Cost Audit, Companies (Cost Record & Audit) Rules, 2014 as amended from time to time; Cost Auditing and Assurance Standards". CMA Mihir Vyas, Hon. Secretary, ICMAI-WIRC proposed vote of thanks. The Second Session conducted on the topic "Cost Control and Cost Reduction, Cost Control Techniques" on 17th January, 2024 and Third session is on "Emerging concepts in Cost and Management Accounting" on 23rd January, 2024. CMA Milind Date, Practicing Cost Accountant was the speaker. CMA Amit Shahane, Practicing Cost accountant delivered the Fourth Session on the topic "Cost Concepts and Classifications" on 31st January, 2024.

Professional Development Committee of Western India Regional Council of ICMAI organised Webinar Series on "Intricacies of Cost Audit and Cost Records Rules on Different Sectors" for the members & students. The series was inaugurated by the CMA Chaitanya Mohrir, ICMAI-WIRC on 6th January, 2024. CMA Chaitanya Mohrir, ICMAI-WIRC, CMA Nanty Shah, Treasurer, ICMAI WIRC welcomed the Speaker CMA Niranjan Mishra, Former Central Council Member of ICMAI for the first session. CMA Chaitanya Mohrir, ICMAI-WIRC in his opening remark, congratulated CMA Arindam Goswami, Chairman, Professional Development Committee, ICMAI-WIRC for arranging this series and welcomed all the participants. The First Session was on "Mining Sector". CMA Niranjan Mishra, Former Central Council

Member of ICMAI, deliberated on the Mining Sector applicability, Form Annexures, Key Activities, Road map & Practical Way of approaching Cost Audit, challenges, common cost treatments etc. The webinar fostered active engagement, drawing enthusiastic participation from practicing professionals, industry experts, and students alike. The session concluded with a vote of thanks proposed by CMA Nanty Shah, Treasurer, ICMAI -WIRC. Second Session organised on the Coal Sector on 13th January, 2024. CMA Alokesh Dutta, Practicing Cost Accountant & Industry Specialist was the speaker. Third Session organised on Engineering Sector on 20th January, 2024. CMA Amit Apte, Former President, ICMAI (2018-19) and mentor, Registered Valuer, ICMAI-WIRC was the speaker. The webinar fostered active engagement, drawing enthusiastic participation from practicing professionals, industry experts, and students alike. After an extensive and successful Question Answer session, the webinar concluded with a vote of thanks proposed by CMA Mihir Vyas, Hon. Secretary, ICMAI-WIRC. Fourth Session organised on Steel Sector on 27th January, 2024. CMA Chasetti Leela Srinivas, Dy. General Manager (F&A), Rashtriya Ispat Nigam Ltd, Visakhapatnam Steel Plant was the speaker. After an extensive and successful Question Answer session the webinar came to an end.

Professional development Committee & Task Force for Empowering Young CMAs of Western India Regional Council of ICMAI jointly with Institute of Internal Auditors - Bombay Chapter organised Webinar on "Internal Audit - The Rising Profession and the Roadmap to Becoming a CIA' on 19th January 2024. The webinar was graced by CMA Chittaranjan Chattopadhyay, Council Member, ICMAI and Chairman, Banking, Financial Services and Insurance Board, ICMAI. He welcomed esteemed speaker, Mr. Mukundan K V, Chief Executive Officer, IIA India for the webinar. CMA Chittaranjan Chattopadhyay, Chairman, BFSIB, in his opening remarks explained the importance of the topic of the webinar and expressed his thanks to WIRC Office bearers for arranging such webinar. Mr. Mukundan K V, Chief Executive Officer, IIA India shared valuable insights Challenges of Audit Function, The Mission of Internal audit etc. The webinar fostered active engagement, drawing enthusiastic participation from practicing professionals, industry experts, and students alike. The session concluded with a vote of thanks proposed by CMA Mihir Vyas, Hon. Secretary and Chairman, Task Force for Empowering Young CMAs, ICMAI-WIRC.

In accordance with the communication received from the Election Commission of India, Western India Regional Council of ICMAI organized a pledge-taking ceremony on 25th January 2024 at WIRC Office, Rohit Chambers, Mumbai. On the occasion all the WIRC Staff members took a pledge of fostering a collective commitment to the democratic process and the importance of exercising the right to vote.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA SURAT-SOUTH GUJARAT CHAPTER

The Chapter hosted a CEP & Workshop on 30th December 2023, on the theme "How to be an Effective Public Speaker." The CEP & Workshop featured CA Khushbu Mashru, a renowned Trainer, as the keynote speaker. CMA Bharat Savani (Chairman), CMA Deepali Lakdawala (Treasurer) felicitated CA Khushbu Mashru.

The Chapter hosted another CEP & Workshop on 31st December 2023, on the theme "Data analysis and data visualization using Microsoft Excel." The CEP & Workshop featured Ms Dhwanika Shah, a renowned Trainer & Expert in Excel, as the keynote speaker. CMA Vipin Patel & CMA Mahesh Bhalala (MC Member) felicitated Ms Dhwanika Shah.

The Chapter organized Industry visit at Atul Bakery for knowledge of costing in food industry on 2nd January 2024. On behalf of the Chapter, CMA Kishor Vaghela (Hon. Secretary) coordinated and arranged the visit. The Chapter was specially thankful to the Founder of Atul Bakery, Shree Atulbhai Vekariya & felicitated him for giving wonderful opportunity to students to visit his place and learn.

The Chapter hosted a CEP & Workshop on 06th January 2024, on the theme "Cost Records & Cost Audit Rules & Its Applicability". The CEP & Workshop featured CMA Vipinkumar Patel, a renowned Practicing Cost Accountant & MC Member, as the keynote speaker. CMA Kishor Vaghela (Hon. Secretary), CMA Deepali Lakdawala (Treasurer) & CMA Mahesh Bhalala (MC Member) felicitated CMA Vipinkumar Patel.

The Chapter organized an Industry visit at Laxmipati Sarees for knowledge of costing in Textile industry. On behalf of the Chapter, CMA Vipin Patel (MC Member) coordinated and arranged the visit. Around 40 students took benefit and gained knowledge of textile sector costing. The Chapter thanked Ankur Murarka, Chief Compliance officer and Tarun Ahir, Production in charge and felicitated them for giving such an opportunity.

The Chapter held a press meets at its campus on 12th

January 2024. CMA Bharat Savani (Chairman), CMA Kishor Vaghela (Hon Secretary), CMA Deepali Lakdawala (Treasurer), CMA Vipinkumar Patel & CMA Ashvinkumar Ambaliya (MC Member) participated in the meet that was held for the declaration of the Foundation Results for DEC 2023 term. The Chapter students achieved around 80.65% (Syllabus 2022) & 46% (Syllabus 2016) success in the examinations. The Chairman of the Chapter along with the Managing Committee members present congratulated all the Foundation Passed students and guided them for their future prospects.

The Chapter arranged live streaming of Ram Mandir Pran Pratishtha Ceremony on 22nd January 2024 and celebrated the historic moment at CMA Bhawan Surat. CMA Nanty Shah (WIRC Treasurer), CMA Bharat Savani (Chairman) & CMA Kishor Vaghela (Hon. Secretary) were present on the occasion.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA NAVI MUMBAI CHAPTER

The Chapter conducted a career counselling session on 11th January 2024 at Rajiv College of Arts, Commerce & Science, Vashi and an Inter Collegiate seminar on the topic 'Digital Transformation with SAP ERP and Revolutionising Corporate Operations'. The speakers were CMA B N Sapkal, Chairman of the Chapter and RCM, CMA Vivek Bhalerao. The speaker explained digital transformation using SAP in various sectors of the industry. He also articulated the various modules in SAP and its applications. The HOD of commerce and the Principal Mr. Basu Pandey provided excellent support and co-operation for conducting the career counselling for 114 B.Com students.

The Chapter conducted a career counselling session on 10th January 2024 at Rajiv College of Arts, Commerce & Science, Vashi and an Inter Collegiate seminar on the topic 'Evolving Role of Accountants from Cost Managers to Strategic Advisors'. The speakers were CMA B N Sapkal, Chairman of the Chapter and RCM, CMA Vivek Bhalerao. The speaker explained the objectives of costing and various costing techniques used in industry. He also articulated the tools and techniques of strategic management with respect to Cost Analysis, Process Analysis, Performance Analysis & Market Share Strategy. The HOD, Degree College BAF and the Principal, Mr. Basu Pandey provided excellent support and co-operation for conducting the career counselling for 123 BAF Degree students.

The Chapter conducted a career counselling session and an Inter Collegiate seminar on the topic 'Strategies for Comprehensive Security Audit in ERP environment and Information System Security Audit with Cybersecurity' on 12th January 2024 at Rajiv College of Arts, Commerce & Science, Vashi. The speakers were CMA B N Sapkal, Chairman of the Chapter and Past Chairman, CMA Vaidyanathan Iyer. The speaker explained the concept of Information System Security and Auditing techniques for Information security systems.

The Chapter celebrated National Youth Day on 12th January 2024 at Rajiv College of Arts, Commerce & Science, Vashi on the occasion of Swami Vivekananda's birth anniversary. CMA BN Sapkal, Chairman and CMA Vaidyanathan Iyer, Past Chairman represented the Chapter at the prestigious event. The Principal Mr. Basu Pandey was accompanied by the Student Youth President on the dais.

The Chapter conducted a career counselling session on 19th January 2024 at Western College of Commerce, Sanpada. The speakers were CMA B N Sapkal, Chairman of the Chapter, CMA Vaidyanathan Iyer, Past Chairman and CMA Arup Bagui, Secretary and PD Committee Chairman. The speakers articulated the salient features of the CMA Course Syllabus 2022, Admission formalities within the cut-off date of 31-01-24 for June 2024 exams along with campus placement after passing CMA exams. The students interacted very well and were informed that with CMA Qualification one can work in the industry or independently start practice as a PCMA in various fields. The Degree College Coordinator, Ms Sulakshana, HOD

Ms Minal and the Principal, Ms Nithya Varghese provided excellent support and co-operation for conducting the career counselling for 70 Degree students.

The Chapter conducted a career counselling session on 17th January 2024 at Western College of Commerce, Sanpada. The speakers for the event were CMA B N Sapkal, Chairman of the Chapter and CMA Vaidyanathan Iyer, Past Chairman. The speakers articulated the salient features of the CMA Course and briefed the students and other faculties present, on the New Syllabus 2022, Admission formalities within the cut-off date of 31-01-24 for June 2024 exams, Oral Coaching course curriculum and Skills Training comprising of SAP, Microsoft Word, Excel, Power point, Cambridge University CSS and e-filing Training which will be organized for the benefit of the students as part of the curriculum. He also briefed them on the Campus Placement available after passing CMA exams. The students interacted very well and were informed that with CMA Qualification one can work in the industry or independently start practice as a PCMA in various fields. The HOD Degree College Ms Minal and the Principal Ms Nithya Varghese provided excellent support and co-operation for conducting career counselling for 44 Degree students.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA INDORE-DEWAS CHAPTER

The results of the Foundation Examination of the Institute held on 17 December 23 has been declared. 68 students appeared in the foundation examination from the Indore Center, out of which 37 students were declared successful. Among the students from Indore center, Mr. Kartik Tamrakar and Srishti Rathore stood first by scoring 354/400 marks while Mr. Ku Vijayshree Karodi and Mr. Anuj Nagina stood second and third respectively by scoring 336/400 and 334/400 marks. All the successful students gathered in the Chapter office and celebrated by cutting a cake. On this occasion, Indore Dewas Chapter Chairman, CMA Rahul Jain, Secretary, CMA Pankaj Raizada and all the members of the executive committee congratulated the students who were successful in the examination and wished them good luck for their bright future.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA BARODA CHAPTER

The Chapter arranged seminars on the Awareness of "Cost & Management Accountancy Course" at various schools of Vadodara on December 2023 and January 04, 2024.

The Chapter organised a seminar on the subject "Insight of Costing in Coal Industry" on Google Meet on 05/01/2024. CMA Priyank Vyas, Chairman of Baroda Chapter welcomed the guests and the gathering and introduced the speaker host CMA B.Pandurangan (Manager Finance, Western Coal Fields Limited).

The Chapter participated in Vadodara Marathon on 07/01/2024.

With the aim of enhancing the awareness of CMA course as a profession the Chapter, and The Maharaja Sayajirao

University of Baroda arranged a seminar for career guidance at the Commerce Faculty on 2nd December, 2023. CMA Kartik Vasavada, Vice Chairman of Baroda Chapter & CMA Hirav Shah, Chairman of Students Committee gave awareness lecture about CMA course and its prospects. About 140 students attended the seminar.

The Chapter also arranged various activities regarding placement for qualified students.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA NAGPUR CHAPTER

The Chapter organized a workshop on the topic of "Energy Transition - Way Forward" on 20th January, 2024.The lecture on Energy Transition was delivered by Mr. Chandrasekhar Chincholkar, Director, Corporate Advisory, Customized Energy Solutions India Pvt Ltd Pune (CES). The lecture was held at Laxmi Nagar premises and was attended in large numbers by professionals representing companies and PSUs.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA AURANGABAD CHAPTER

The Chapter organized a work shop on "TDS, TCS Provisions & Its Application", at its premise. CMA Babasaheb Shinde, Practicing Cost Accountant addressed the participants. Treasurer of the Chapter, CMA Pravin Mohani welcomed the speaker, CMA Babasaheb Shinde and introduced him and Vice- Chairman, CMA Salman Pathan presented him a bouquet. The speaker explained the concepts of TDS and TCS and reviewed the latest provisions with illustration in a simple and lucid manner. Treasurer of Chapter, CMA Pravin Mohani coordinated the programme and Training Committee member, CMA Parag Rane proposed a vote of thanks. Managing Committee Member, CMA Akshay Dande, senior member, CMA Suresh Pimple and CMA Shailendrasingh Rajput were present at the programme.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA AHMEDABAD CHAPTER

CMA Cricket League 2023-24 tournament was organized by the Chapter at ACC Ahmedabad Cricket Centre, Gujarat on 23/12/2023, 24/12/2023 and 31/12/2023.Eight teams divided into in two groups participated. On 23/12/2023,

the tournament was inaugurated by CMA Sunil Tejwani Chairman, Sports Committee, CMA Uttam Bhandari Chairman of Ahmedabad Chapter, CMA Bhaumik Gajjar Secretary of Ahmedabad Chapter, CMA Mitesh Prajapati, Jt. Secretary and Treasurer of Ahmedabad Chapter. Members and Students participated enthusiastically in this tournament. The Qualifiers, Eliminator & Final match of the tournament and Women's leagues matches were played on 31/12/2023.The Women's tournament was won by the Pink Panthers. Committee Members & Senior Members were present at the concluding event of the tournament. The winning team and the runners-up teams were felicitated by the officials present over there.

The Chapter organized full day CEP workshop on Advanced Excel with Macros & VBA for Members & Students on 16th & 17th January 2024. CMA Bhaumik Gajjar, Secretary of the Chapter welcomed speaker and participants. CMA Malhar Dalwadi, Chairman-PD Committee and immediate past Chairman of Chapter felicitated the speaker by offering memento. Speaker CMA TCA Srinivasa Prasad gave a detailed presentation on the subject. The program was well appreciated by the participants.

Flag unfurling ceremony was held at the Chapter premises on the occasion of the 75th Republic day on 26th January, 2024. Chairman of the Chapter, CMA Uttam Bhandari, Secretary, CMA Bhaumik Gajjar, Jt. Secretary & Treasurer CMA Mitesh Prajapati, other committee members, members, students, faculties and staff members were present on the occasion. Flag unfurling was followed by National Anthem.

New batch of oral tuition classes for Inter and final course for June'24 examination commenced from 10th January'24. An introduction as well as guidance lecture was arranged by Chairman of the Oral Coaching Committee, CMA Mitesh Prajapati.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA PUNE CHAPTER

MOU Agreement was signed on 6th January 2024 between the Chapter & St. Mira's College for Girls, Pune. Motive of this MOU is to extend academic co-operation specifically in the domain of Cost Accounting, Management Accounting, Financial Management, and other related areas and to stimulate and facilitate the development of collaborative and mutually beneficial programs, which will serve to enhance the intellectual level and cultural development in both organizations. CMA Nagesh Bhagane, Chairman of the Chapter signed the MOU Agreement with Ms. Elizabeth Kanade, HOD, Dept. of Accountancy, St. Mira College for Girls, Pune. CMA Chaitanya Mohrir, Chairman, ICMAI-WIRC, CMA Nilesh Kekan, Vice Chairman, ICMAI-Pune Chapter, CMA Meena Vaidya, Advisor, ICMAI-Pune Chapter, CMA Himanshu Dave, Chairman Coaching Committee, CMA Nikhil Agarwal, Managing Committee Member of ICMAI-Pune Chapter, Dr. Dimple Buche, Associate Professor, Dept. of Accountancy & Ms. Khyati Shah, Asst. Professor Dept. of Accountancy St. Mira College for Girls, Pune were present at this occasion.

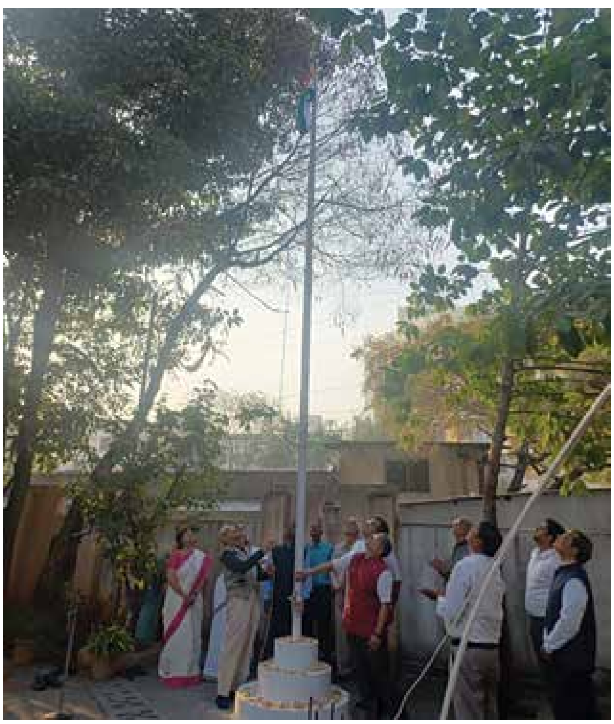
The Chapter arranged Career Counseling Programs in various colleges on various dates of January 2024 to help the students to select the right career path according to their choice and interest. The Chapter arranged a webinar on "Professional Avenue in financial investment" on 13th January 2024 through Google Meet video conferencing tool. Speaker for the program was CMA Makarand Karve. The Chapter arranged CEP on the subject "Future of the Management Accountant Career" on 18th January 2024 at CMA Bhawan, Karvenagar. Speaker for the program was CMA Dr. Girish Jakhotiya. CMA Shrikant Ippalpalli, Secretary of the Chapter felicitated the speaker.

The Chapter arranged another CEP on the subject "Future of the Management Accountant Career" on 20th January 2024 at CMA Bhawan, Karvenagar. Speaker for the program was CS Sushant Kulkarni.CMA Rahul Chincholkar, Treasurer of the Chapter welcomed the speaker and the participants. CMA Meena Vaidya, Advisor, ICMAI-Pune Chapter felicitated the speaker. Speaker CS Sushant Kulkarni addressed the participants on the topic Internal Audit under Companies Act and responsibility of auditor. Vote of Thanks delivered by CMA Rahul Chincholkar, Treasurer of the Chapter.

The Chapter arranged Faculty Meet of Oral Coaching Centres on 20th January 2024 at CMA Bhawan, Karvenagar, Pune to discuss various issues of common interest with members of the Managing Committee. CMA Milind Date was Chief Guest for Faculty Meet. CMA Nagesh Bhagane, Chairman, CMA Rahul Chincholkar, Treasurer and CMA Himanshu Dave, Chairman, Coaching Committee ICMAI-Pune Chapter, and faculty members of ICMAI-Pune Chapter's various coaching centres were present for the Faculty Meet. CMA Rahul Chincholkar, Treasurer ICMAI-Pune Chapter welcomed the Chief Guest, CMA Milind Date and the faculty members. He briefed planning for session planning for completing the Syllabus. CMA Milind Date discussed with faculty members the challenges they faced while teaching the students, requirements from faculty and guided them on time management for covering the syllabus. CMA Himanshu Dave, Chairman-Coaching Committee -ICMAI-Pune Chapter delivered vote of thanks.

The Chapter celebrated 75th Republic Day ceremony by Flag hoisting on 26th January 2024 at CMA Bhawan premises. CMA (Dr.) D.V. Patwardhan, Past Chairman, ICMAI-Pune Chapter unfurled the flag. This was followed by recital of National Anthem. CMA Nagesh Bhagane, Chairman, ICMAI-Pune Chapter welcomed the gathering. CMA Neeraj Joshi, CCM-ICMAI appreciated the presence of large number of members, Past Chairpersons with their family members and students on this Republic Day ceremony. Present on this occasion were, CMA (Dr.) D. V. Joshi, CMA Amit Apte, Past Presidents of ICMAI, CMA (Dr.) Sanjay Bhargave, Past CCM of ICMAI, CMA Neeraj Joshi, CCM-ICMAI, CMA Chaitanya Mohrir, Chairman, WIRC of ICMAI, CMA Nagesh Bhagane, Chairman, ICMAI-Pune Chapter, CMA Nilesh Kekan, Vice Chairman, CMA Shrikant Ippalpalli, Secretary, CMA Himanshu Dave, Chairman-Coaching Committee, CMA Amey Tikale, Chairman Students Coordination Committee, CMA Tanuja Matrawadi, CMA Nikhil Agarwal Managing Committee Member of ICMAI-Pune Chapter, CMA Abhay Deodhar and Past Vice Chairman were present for Republic Day ceremony. On the occasion of 75th Republic Day ceremony, felicitation program of Past Chairpersons of the Chapter was arranged to express deep appreciation for the significant contributions made by them during their tenure as the Chairperson of ICMAI – Pune Chapter. Program started with Institute's Anthem. CMA Shrikant Ippalpalli, Secretary of ICMAI-Pune Chapter welcomed all members. CMA Chaitanya Mohrir, Chairman, WIRC of ICMAI, congratulated ICMAI-Pune Chapter for this felicitation program. CMA Neeraj Joshi, CCM-ICMAI talked about commencement of spoken English classes. CMA Amit Apte, Past President of ICMAI appreciated ICMAI-Pune Chapter for such a program. CMA (Dr.) Sanjay Bhargave expressed his thanks to CMA (Dr.) D. V. Joshi, Past President of ICMAI, teamwork for establishment of CMA Bhawan, contribution of past chairpersons in their tenure for development of ICMAI-Pune Chapter.CMA (Dr.) D. V. Joshi, Past President of ICMAI recollected the memories from foundation of ICMAI-Pune Chapter at Chitrashala Bhawan to CMA Bhawan, Karvenagar. CMA (Dr.) D. V. Joshi, Past President of ICMAI, felicitated CMA (Dr.) D.V. Patwardhan, CMA Amit Apte, Past President of ICMAI felicitated CMA (Dr.) Shriram Sane, CMA (Dr.) Sanjay Bhargave felicitated to CMA B R Fernandes, CMA Neeraj Joshi, CCM-ICMAI to CMA (Dr.) S. U Gawade, CMA Chaitanya Mohrir, Chairman, WIRC of ICMAI to CMA (Dr.) N K Nimkar, CMA Nagesh Bhagane, Chairman, ICMAI-Pune Chapter to CMA Pramodkumar Dube, CMA Nilesh Kekan, Vice Chairman to CMA (Dr.) Madhuvanti Sathe, CMA Nikhil Agarwal Managing Committee Member of ICMAI-Pune Chapter to CMA Anant Dhavale, CMA Amey Tikale, Chairman Students Coordination Committee to CMA Meena Vaidya, CMA Himanshu Dave, Chairman-Coaching Committee to CMA Sujata Budhkar and CMA Tanuja Matrawadi, Managing Committee Member to CMA Prasad Joshi. Past Chairpersons appreciated ICMAI-Pune Chapter for the surprising felicitation program, also expressed their thanks for good experience, guidance. They also advised the students to stay in touch with ICMAI-Pune Chapter for scope of work in various sector, self-development as well as of this noble profession.

The Chapter arranged the Inaugural Session of Jan 2024 to June 2024 Oral Coaching batches on 29th January 2024 at Auditorium of CMA Bhawan, Karvenagar, Pune. The inaugural session started with Institute's Anthem. CMA Rahul Chincholkar, Treasurer-ICMAI-Pune Chapter welcomed all the participants and introduced the Guest CMA Nana Khandekar. CMA Rahul Chincholkar, Treasurer-ICMAI-Pune Chapter felicitated CMA Nana Khandekar. CMA Himanshu Dave, Chairman Coaching Committee explained the facilities provided by ICMAI-Pune Chapter to students and faculties like library, computer lab, Auditorium, lecture halls etc. He also discussed the subjects of various stages.CMA Nana Khandekar shared his experience with the participants.CMA Chaitanya Mohrir, Chairman, WIRC of ICMAI also appreciated the students for selecting this course for bright future and career. He also advised the students not to be exam oriented but knowledge oriented. Faculty members CMA Amit Shahane, CMA Vijay Joshi, and CMA Smita Chapekar discussed on various topics and shared their experience with the students.



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA PIMPRI CHINCHWAD AKURDI CHAPTER

On January 18, 2024, the Chapter organized a Career Counseling Program for students at Shri Sant Tukaram Shikshan Prasarak Mandals College of Education, Vadgaon Maval, Pune. The event was graced by the presence of Shri Ashok Gaikwad, Principal, who warmly welcomed CMA Sagar Malpure, Chairman, CMA Dhananjay Kumar Vatsyayan, Past Chairman, and the dedicated staff members of The ICMAI Pimpri-Chinchwad-Akurdi Chapter. CMA Dhananjay Kumar Vatsyayan engaged with the students, sharing valuable insights and thoughts during the session. Chairman, CMA Sagar Malpure delivered an inspiring speech on career counseling, using clear and impactful language to motivate all attendees. The interactive session allowed students to address their queries, leading to a vibrant and engaged atmosphere. The program received an overwhelming response from the students, with participation not only from the target audience but also from faculties in the fields of Management and Commerce.

On January 20, 2024, the Chapter, in collaboration with the Nashik Chapter, hosted a compelling webinar titled 'What's after CMA? Practice or Service?' via MS Teams.CMA Sagar Malpure, Chairman of the Chapter, provided insights into the rationale behind organizing this webinar. CMA Arif Khan, Chairman of the Nasik Chapter, extended a warm welcome to the audience, and CMA Pradeep Sahasrabudhe, Secretary of the Chapter, introduced the esteemed speaker, CMA Ashish Deshmukh, Past Chairman of the PCA Chapter and a distinguished Practicing Cost Accountant. In his address, CMA Ashish Deshmukh discussed the pivotal decision-making process that CMA professionals face choosing between private practice and a career in an organization. He emphasized that this decision hinges on personal preferences, goals, and individual nature. Deshmukh highlighted the advantages and challenges associated with private practice, where individuals can be their own boss, set their own schedule, and make independent decisions. The session delved into various aspects of CMA practice, including Independence (freedom, autonomy, financial rewards), Personal Fulfillment (professional growth, flexibility, work-life balance, and legacy building), as well as the advantages of CMA jobs in the industry, such as income stability, career progression, professional development, social benefits, health benefits, and work-life balance. Deshmukh candidly discussed the challenges associated with both CMA practice and industry jobs, covering financial constraints, market competition, uncertain economic conditions, job insecurity, limited job satisfaction, workplace culture concerns, and more. The webinar fostered active engagement, drawing enthusiastic participation from practicing professionals, industry experts, and students alike. The event concluded with a vote of thanks, marking the successful culmination of this insightful and thought-provoking discussion on the career paths available to CMA professionals.

On January 22, 2024, the Chapter hosted the inaugural function for the 26th Batch of Oral Coaching at Auto Cluster, Pimpri-Chinchwad, Pune. The Inaugural Ceremony commenced with the auspicious lighting of the lamp by esteemed personalities, including Honorable Shri Sunil Dadhe, Retired Dy CAG in the rank of Secretary to the Government of India in 2022, Mrs. Sayali Nagmoti, Plant Finance Controller, Federal Mogul Sealings India Limited (Tenneco Group Company), Shri Deepak Dhondi, Sr. Manager, Emcure Pharmaceutical, Pune. Chairman, CMA Sagar Malpure, Vice-Chairman, CMA Ajit Shinde, Secretary, CMA Pradeep Sahasrabudhe, Treasurer, CMA Kunal Wakte, P D Committee Chairman, CMA Guruprasad Kulkarni, CMA Balakrishan Hajare were present for the program.CMA Pradeep Sahasrabudhe welcomed all the guests and participants, and CMA Guruprasad Kulkarni introduced the distinguished guests. During the felicitation ceremony, CMA Ajit Shinde honoring Shri Sunil Dadhe presented a memento and shawl-shriphal with a bouquet, Pradeep Sahasrabudhe felicitating CMA Deepak Dhondi presenting a memento and shawl-shriphal with a bouquet, and CMA Kunal Wakte presenting a memento and shawl-shriphal with a bouquet to CMA Sayali Nagmoti. Shri Sunil Dadhe, in his congratulatory speech, praised the students for choosing CMA as an option and provided valuable guidance on future careers and opportunities. CMA Deepak Dhondi emphasized the global development of the Institute and the significant demand for CMAs in various sectors. He urged students to plan wisely, study diligently, and aim to pass the examination on the first attempt for a bright future. CMA Sayali Nagmoti also shared insights into the future career prospects for CMAs. Chairman, CMA Sagar Malpure assured students of the Chapter's constant support and guidance regarding Coaching Classes, Mandatory Training, and Examination Notifications.

On January 24, 2024, the Chapter conducted a webinar on 'Green Finance' through the MS Team. Hosted on January 24, 2024, the webinar brought together experts Mr. Pradeep Ramkrishnan, GM, SEBI, Mr. Nikhil Chaudhary, Manager, SEBI, Ms. Priyanka Meena, SEBI and enthusiasts passionate about integrating green principles into financial practices. The event's objective was to explore the evolving landscape of green finance, emphasizing its pivotal role in addressing climate change and promoting sustainable development. CMA Mahendra Bhombe, RCM WIRC introduced the guests. Distinguished speakers Mr. Pradeep Ramkrishnan, GM, SEBI, Mr. Nikhil Chaudhary, Manager, SEBI, Ms. Priyanka Meena, SEBI, representing SEBI, shared valuable insights into the principles and practices of green finance. They delved into topics such as sustainable investment strategies, the development of green bonds, and the integration of environmental, social, and governance (ESG) factors into financial decision-making. The Green Finance Webinar facilitated a dynamic exchange of ideas, providing a platform for attendees to deepen their understanding of the challenges and opportunities in aligning financial activities with environmental goals. Participants gained insights into the latest trends, regulatory frameworks, and success stories in the realm of green finance. The event's success was evident in the active engagement of participants through Q&A sessions, demonstrating a collective commitment to advancing green finance principles. By the webinar's conclusion, attendees left equipped with knowledge to make informed decisions that contribute to a more sustainable and resilient global economy.

In accordance with the communication received from the 'Election Commission of India,' the Chapter proudly organized a pledge-taking ceremony on 'National Voters Day' on January 25, 2024. The event took place at CMA Bhawan, where CMA Saddam Hussain and members of the PCA Chapter led the pledge with all participants in attendance.

On January 26, 2024, The Chapter celebrated the 75th Republic Day at CMA Bhawan, Pimpri, Pune. The flag-hoisting ceremony was presided over by CMA R B Laddha, a distinguished senior member of the Chapter. The occasion featured insightful addresses by notable figures, including CMA Mahendra Bhombe, Regional Council Member, WIRC of The ICMAI, Chairman, CMA Sagar Malpure, Treasurer, CMA Kunal Wakte, P D Committee Chairman, CMA Guruprasad Kulkarni, and senior faculty member CMA Hanif Shaikh.

On January 30, 2024, The Chapter conducted a Career Counselling Program for the students of Camp Education Society's Dr. Arvind Telang College of Commerce, Akurdi, Pune. Dr. Muralidhar Khune extended a warm welcome to all the guests, and Prof. Arati Shegokar introduced the guest speakers, including CMA Sagar Malpure, Chairman of the PCA Chapter, CMA Guruprasad Kulkarni, P D Committee Chairman of the PCA Chapter, and staff members of the Chapter. Shri Kishor Patil, the Principal, felicitated CMA Sagar Malpure with a bouquet. In return, CMA Sagar Malpure felicitated Principal Shri Kishor Patil, and CMA Guruprasad Kulkarni honored Dr. Khune with a bouquet and a memento. During the session, CMA Sagar Malpure engaged effectively with the students, sharing a presentation and motivating them with his clear and insightful language.

On September 9, 2023, the Chapter, in collaboration with the Nasik Chapter, hosted a webinar titled 'The Evolving Role of CMAs in Inventory Valuation' via Microsoft Teams. CMA Sagar Malpure, Chairman of Pimpri Chinchwad Akurdi Chapter and CMA Arif Khan Mansuri, Chairman of the Nasik Chapter, extended a warm welcome to all participants and introduced the esteemed speaker, CMA Ashish Deshmukh. Subsequently, CMA Amit Jadhav, Vice-Chairman, presented CMA Ashish Deshmukh to the audience. During the webinar, CMA Ashish Deshmukh, a distinguished Practicing Cost Accountant and former Chairman of the PCA Chapter, discussed the significant advantages brought about by the amendment in Section 142(2A) for the CMA profession. He also elucidated the government's expectations from CMAs, providing an in-depth explanation of Form 6C, as designed by the CBDT. CMA Deshmukh shed light on the application of ICDS (Income Computation Disclosure Standards) in the context of inventory valuation. He emphasized the evolving role of CMAs, highlighting key areas such as consultation and advisory services, tax planning, audit support, compliance assistance, cost reduction, efficiency, and the importance of training and education. Furthermore, CMA Deshmukh explored the new avenues and opportunities that have arisen for CMA practitioners due to this pivotal amendment. The webinar witnessed active participation and engagement from practicing members, industry professionals, and students. The interactive session was well-received and generated a robust discussion on the subject matter.

On September 16, 2023, the Chapter hosted an enlightening webinar titled "ESG Portfolio Vs Traditional Portfolio Analysis - A Study of MSCI ESG Indices" via Microsoft Teams. CMA Kunal Wakte, Treasurer of the PCA Chapter, extended a warm welcome and introduced the distinguished participants and speakers for the event: Professor V. Usha Kiran, a Senior Professor of Commerce from Osmania University, Hyderabad, and Professor Gattaiah Tadoori, an Assistant Professor from the Department of P.G. Commerce at A.V. College P.G. Centre, Hyderabad. During his address, Professor Gattaiah Tadoori provided an insightful overview of ESG (Environmental, Social, and Governance) concepts. The webinar concluded with a vote of thanks, marking the successful culmination of this insightful and thought-provoking event. The Chapter formalized a Memorandum of Understanding (MOU) with the following esteemed institutions to foster collaboration and enhance Institute's brand reputation. This agreement signifies a broad partnership between the two parties, dedicated to facilitating joint efforts in Academic and Research Collaborations and related initiatives.

a. Pimpri-Chinchwad College of Arts, Science, and Commerce, located in Ravet, Pimpri-Chinchwad, Pune.
b. Dr. D Y Patil MBA College, situated in Chikhali, Pune.
c. Dr. B J College of Art, Science & Commerce, Ale, Tal-Junnar, Dist-Pune.

On September 16, 2023, the Chapter organized an enlightening session on Career Counselling at Dr. Balasaheb Jadhav College of Arts, Science & Commerce, Ale, Tal-Junnar. The Career Counselling session was led by prominent CMAs, including CMA Mahendra Bhombe, CMA Sagar Malpure, CMA Santosh Korade, and CMA Rahul Dawkhar. It catered to the students of F.Y., S.Y., and T.Y. B.Com. CMA Sagar Malpure delivered an extensive presentation on the CMA Course, providing guidance to 12th-grade commerce students about their prospective career paths. The event concluded with a vote of thanks, signifying the success of an informative and enriching session that benefited all attendees.

On October 21, 2023, the Chapter, conducted a webinar titled "Financial Derivatives and Risk Management" via Microsoft Teams. CMA Pradeep Sahasrabudhe, Secretary of the Chapter extended a warm welcome to all participants and introduced esteemed speaker, CMA Nikhil Gavankar, Visiting Faculty & Practicing Cost Accountant. CMA Nikhil Gavankar in a speech explained about Derivatives. The session fostered active engagement, with enthusiastic participation from practicing professionals, industry experts, and students alike. The webinar concluded with a vote of thanks, marking the successful culmination of this insightful and thought-provoking event.

On November 4, 2023, the Chapter conducted a webinar titled 'Financial Derivatives and Risk Management' Sensitization of Companies Regarding Provisions of Section 90 of the Companies Act, 2013 read with Companies (Significant Beneficial Owners) Rules, 2018 on 4.11.2023 via Microsoft Teams.CMA Dhananjay Kumar Vatsyayan, Past Chairman of Pimpri Chinchwad Akurdi Chapter extended a warm welcome to all participants and introduced esteemed speaker, CS Vishwanath Kote, Practicing Company Secretary. CS Vishwanath Kote in his speech focused on the topics Importance of SBO Provisions, Applicability and Compliance. The Chapter formalized a Memorandum of Understanding (MOU) with the following esteemed institutions to foster collaboration and enhance our Institute's brand reputation. This agreement signifies a broad partnership between the two parties, dedicated to facilitating joint efforts in Academic and Research Collaborations and related initiatives.

a. Progressive Education Society's Modern Institute of Business Studies, Yamuna Nagar, Nigdi, Pune 411044 on 19th October 2023.
b. Shri Jain Vidya Prasarak Mandal's SanghaviKeshri Arts and Commerce College, Chinchwad, Pune 411019 on 29th October 2023.

The Chapter conducted Career Counseling Program on 19th October 2023 for the students of Modern Institute of Business Studies, Yamuna Nagar, Nigdi. Prof. Prajakta Khule-Patil welcomed Dr. Maithili Kurundwadkar, Director, and CMA Sagar Malpure, Chairman of the Chapter. Career Guidance Program started with a Video Clip about the CMA Course. Chairman, CMA Sagar Malpure well interacted with students and shared his valuable thoughts during the session. He motivated all the MBA students with his lucid and fruitful language. All the students solved their queries during the training period. Faculties from Management and Commerce have also attended the program.

On December 9, 2023, the Chapter conducted a webinar on 'Micro, Small, and Medium Scale Enterprises In India: current Scenario, Problems & prospectus' through the MS Team. CMA Dhananjay Kumar Vatsyayan, Past Chairman & member of the managing committee welcomed all participants and speakers, Dr. Shrikant Dawkhar (An IIM Ahmedabad Alumni), Research Guide – SPPU, Member - Academy of International Business (Michigan State University-USA). Dr. Shriram Dawkhar in his speech said that Micro, Small, and Medium-scale Enterprises (MSMEs) play a crucial role in India's economic development by contributing to employment generation, industrial output, Exports, and poverty alleviation. The meeting ended with a vote of thanks.

On December 16, 2023, the Chapter conducted a webinar on 'Steering towards a Greener and Safer Future: A Study Of Electric Vehicles In Major States of India' through the MS Team. CMA Amit Bhise, member, PCA Chapter welcomed all participants and speakers Mr. Gajanan Haladnkar, Assistant Professor in Commerce, VVM's Shree Damodar College of Commerce & Economics, and Ms. Swati Bhat, Assistant Professor in Commerce, VVM's Shree Damodar College of Commerce & Economics. Ms. Bhat concluded the session. She said; the Transition to EV is happening. The growth and market share of ICE vehicles are stable compared to EVs. CMA Guruprasad Kulkarni, P D Committee, Chairman – PCA Chapter ended the session with vote of thanks.

Direct & Indirect Tax Updates - January 2024

DIRECT TAXES

- **Notification No. 1/2024 Dated 2nd January 2024:** In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Bellary Urban Development Authority' (PAN AAALB0037A), an Authority constituted by the State Government of Karnataka, in respect of the following specified income arising to that Authority, namely:

  (a) Revenue from own layout development (b) Collections on account of private layout betterment charges (c) Civil supervision charges (d) Lease from civic amenities sites and (e) Interest earned on bank deposits.

  This notification shall be effective subject to the conditions that Bellary Urban Development Authority (a) shall not engage in any commercial activity (b) activities and the nature of the specified income shall remain unchanged throughout the financial years and (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

- **Notification No. 2/2024 Dated 2nd January 2024:** In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Karnataka State Rural Livelihood Promotion Society' (PAN AACAK0581H), a body constituted by the Government of Karnataka, in respect of the following specified income arising to the said body namely, as follows:

  (a) Grants received from the Central Government (b) Grants received from the State Government of Karnataka and (c) Interest earned on bank deposits.

  This notification shall be effective subject to the conditions that Karnataka State Rural Livelihood Promotion Society (a) shall not engage in any commercial activity (b) activities and the nature of the specified income shall remain unchanged throughout the financial years and (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

- **Notification No. 3/2024 Dated 2nd January 2024:** In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, Madhya Pradesh Professional Examination Board, Bhopal (PAN- AAAGP1792B), a Board constituted by the Madhya Pradesh Government, in respect of the following specified income arising to that body, namely:

  a) Fees of Examination & Sale of Application Form and b) Interest earned on bank deposits.

  This notification shall be effective subject to the conditions that Madhya Pradesh Professional Examination Board, Bhopal: (a) shall not engage in any commercial activity (b) activities and the nature of the specified income shall remain unchanged throughout the financial years and (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

- **Notification No. 4/2024 Dated 4th January 2024:** In exercise of the powers conferred by sub-clause (ii) of clause (4G) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies activity of investment in a financial product by the non-resident, in accordance with a contract with such non-resident entered into by a capital market intermediary, being a Unit of an International Financial Services Centre, where the income from such investment is received in the account of the non-resident maintained with the Offshore Banking Unit of such International Financial Services Centre, as referred to in sub-section (1A) of section 80LA.

  For the purposes of this notification, (i) "capital market intermediary" shall have the meaning as assigned to it in clause (ga) of sub-regulation (1) of regulation 2 of the International Financial Services Centres Authority (Capital Market Intermediaries) Regulations, 2021 (ii) "financial product" shall have the meaning as assigned to it in sub-clause (d) of sub-section (1) of section 3 of International Financial Services Centres Authority Act, 2019 (50 of 2019) (iii) "International Financial Services Centre" shall have the same meaning as assigned to it in clause (q) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005) (iv) "Unit" shall have the same meaning as assigned to it in clause (zc) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005).

- **Notification No. 5/2024 Dated 4th January 2024:** Notification No.89/2023 may be read as Notification No. 89A/2023.

- **Notification No. 6/2024 Dated 5th January 2024:** In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'District Legal Service Authority Union Territory Chandigarh' (PAN: AAAGD1545A), an Authority constituted by the Administrator, Union Territory, Chandigarh under the Legal Services Authority Act, 1987 (Central Act 39 of 1987), in respect of the following specified income arising to the said Authority:

  (a) Grants received from the Punjab and Haryana High Court, Central Authority i.e. National Legal Services Authority and State Authority constituted under Legal Services Authorities Act, 1987 (b) Grants or donation received from the Central Government or the State Government of Punjab/Haryana for the purpose of the Legal Services Authorities Act, 1987 (c) Amount received under the order of the court (d) Fees received as recruitment application fee and (e) Interest earned on bank deposits.

  This notification shall be effective subject to the conditions that District Legal Service Authority Union Territory Chandigarh (a) shall not engage in any commercial activity (b) activities and the nature of the specified income shall remain unchanged throughout the financial years and (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

- **Notification No. 7/2024 Dated 5th January 2024:** In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Karmayogi Bharat (PAN: AAJCK2949L), a Company incorporated under Section 8 of the Companies Act, 2013 with 100% equity shared owned by the President of India i.e. Government of India, in respect of the following specified income arising to the said Company, as follows:

  (a) Grants/subsidies received from the Government/ Government bodies (b) Subscription Charges/Fees, Assessment fees, On boarding fees (c) Receipts from sale of forms, materials, disposal of scrap and tender fee and (d) Interest earned from Banks and Government Securities and Bonds.

  This notification shall be effective subject to the conditions that Karmayogi Bharat (a) shall not engage in any commercial activity (b) activities and the nature of the specified income shall remain unchanged throughout the financial years and (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

- **Notification No. 8/2024 Dated 5th January 2024:** In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Haryana State Board of Technical Education, Panchkula' (PAN: AAAGT0008A), a Board constituted by Government of Haryana, in respect of the following specified income arising to the said Board, as follows:

  (a) Grants, Assignments and Contributions received from the Central Government and the State Government of Haryana (b) Fees, such as Affiliation Fees, Examination Fees, Migration Fees, Transcription Fees, etc. (c) Royalties and charges including penalties (d) Bequests, donations and endowments or other contributions; (e) Sale proceeds of any securities and Rents and profits from property vested in Haryana State Board of Technical Education and (f) Interest earned on bank deposits.

  This notification shall be effective subject to the conditions that Haryana State Board of Technical Education, Panchkula (a) shall not engage in any commercial activity (b) activities and the nature of the specified income shall remain unchanged throughout the financial years and (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

- **Notification No. 9/2024 Dated 5th January 2024:** In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Polavaram Project Authority, Hyderabad (PAN: AAAGP0436N), an Authority constituted by the Central Government in respect of the following specified income arising to the said Authority, as follows: (a) Grants received from the Central Government and (b) Interest earned on bank deposits.

  This notification shall be effective subject to the conditions that Polavaram Project Authority, Hyderabad (a) shall not engage in any commercial activity (b) activities and the nature of the specified income shall remain unchanged throughout the financial years and (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

- **Notification No. 10/2024 Dated 8th January 2024:** In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Chennai Metropolitan Water Supply and Sewerage Board' (PAN: AAALM0037B), a Board constituted by the Government of Tamil Nadu, in respect of the following specified income arising to that Board, namely:

  (a) Grant and subsidies received from Government (b) Centage receipts received from Municipalities, Local authority and Government (c) Receipts of taxes, charges, fees, fines, forfeitures, penalties, etc. by whatever name called (d) Income from sale of farm produce, rent from properties (e) Other miscellaneous income such as interest on deposits with TNEB, GPF/CPS investments, staff welfare investments, Debt Reserve Fund, Fixed Asset renewal fund, advance to staff and contractors, sale of assets/scrap and (f) Interest earned on bank deposits.

  This notification shall be effective subject to the conditions that Chennai Metropolitan Water Supply and Sewerage Board: (a) shall not engage in any commercial activity (b) activities and the nature of the specified income shall remain unchanged throughout the financial years and (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

- **Notification No. 11/2024 Dated 8th January 2024:** In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Punjab State Faculty of Ayurvedic and Unani Systems of Medicine' (PAN: AAALT1669E), a body constituted by the Punjab Government, in respect of the following specified income arising to that body, namely: (a) Fees, by whatever name called (b) Maintenance Fund receipts and (c) Interest earned on bank deposits.

  This notification shall be effective subject to the conditions that Punjab State Faculty of Ayurvedic and Unani Systems of Medicine, SAS Nagar, Punjab: (a) shall not engage in any commercial activity (b) activities and the nature of the specified income shall remain unchanged throughout the financial years and (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

- **Notification No. 15/2024 Dated 23rd January 2024:** In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'State Legal Service Authority Union Territory Chandigarh' (PAN: AAAGS1716A), an Authority constituted by the Administrator, Union Territory, Chandigarh under the Legal Services Authority Act, 1987 (Central Act 39 of 1987), in respect of the following specified income arising to the said Authority, as follows: (a) Grants received from the Punjab and Haryana High Court, Central Authority i.e. National Legal Services Authority constituted under Legal Services Authorities Act, 1987 (b) Grants or donation received from the Central Government or the State Government of Punjab/Haryana for the purpose of the Legal Services Authorities Act, 1987 (c) Amount received under the order of the court (d) Fees received as recruitment application fee and (e) Interest earned on bank deposits.

This notification shall be effective subject to the conditions that State Legal Service Authority Union Territory Chandigarh (a) shall not engage in any commercial activity (b) activities and the nature of the specified income shall remain unchanged throughout the financial years and (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

- **Notification No. 16/2024 Dated 24th January 2024:** In exercise of the powers conferred by section 139 read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the following rules further to amend the Income-tax Rules: in Appendix-II, for Form ITR-6, the amended Form shall be substituted. They shall come into force with effect from the 1st day of April, 2024.
- **Notification No. 18/2024 Dated 30th January 2024:** In exercise of the powers conferred by clause (ii) of sub-section (1) of section 35 of the Income-tax Act, 1961 (43 of 1961) read with Rules 5C and 5E of the Income-tax Rules, 1962, the Central Government hereby approves 'M/s Prayoga, Bengaluru (PAN: AACTP9202D) as 'Other Institution' under the category of 'University, College or Other Institution' for 'Scientific Research' for the purposes of clause (ii) of sub-section (1) of section 35 of the Income-tax Act, 1961 read with rules 5C and 5E of the Income-tax Rules, 1962.
- **Circular No. 1/2024 Dated 23rd January 2024:** Circular explaining provisions of Finance Act 2023.

INDIRECT TAXES

GST

- **NOTIFICATION No. 01/2024 – CENTRAL TAX Dated 5th January 2024:** In exercise of the powers conferred by sub-section (6) of section 39 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Commissioner, on the recommendations of the Council, hereby extends the due date for furnishing the return in FORM GSTR-3B for the month of November, 2023 till the tenth day of January, 2024, for the registered persons whose principal place of business is in the districts of Tirunelveli, Tenkasi, Kanyakumari, Thoothukudi and Virudhunagar in the state of Tamil Nadu and are required to furnish return under sub- section (1) of section 39 read with clause (i) of sub-rule (1) of rule 61 of the Central Goods and Services Tax Rules, 2017.
- **NOTIFICATION No. 02/2024 – CENTRAL TAX Dated 5th January 2024:** In exercise of the powers conferred by section 164 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, hereby makes the rules further to amend the Central Goods and Services Tax Rules, 2017

  In the Central Goods and Services Tax Rules, 2017, in rule 80 (a)after sub-rule (1A), the following sub-rule shall be inserted, namely: "(1B) Notwithstanding anything contained in sub-rule (1), for the financial year 2022-2023, the said annual return shall be furnished on or before the tenth day of January, 2024 for the registered persons whose principal place of business is in the districts of Chennai, Tiruvallur, Chengalpattu, Kancheepuram, Tirunelveli, Tenkasi, Kanyakumari, Thoothukudi and Virudhunagar in the state of Tamil Nadu." (b) after sub-rule (3A), the following sub-rule shall be inserted, namely: "(3B) Notwithstanding anything contained in sub-rule (3), for the financial year 2022-2023, the said self-certified reconciliation statement shall be furnished along with the said annual return on or before the tenth day of January, 2024 for the registered persons whose principal place of business is in the districts of Chennai, Tiruvallur, Chengalpattu, Kancheepuram, Tirunelveli, Tenkasi, Kanyakumari, Thoothukudi and Virudhunagar in the state of Tamil Nadu.
- **NOTIFICATION No. 03/2024 – CENTRAL TAX Dated 5th January 2024:** In exercise of the powers conferred by section 148 of the Central Goods and Services Tax Act, 2017 (12 of 2017) (hereinafter referred to as the said Act),the Central Government, on the recommendations of the Council, hereby rescinds the notification of the Government of India in the Ministry of Finance, Department of Revenue, number 30/2023-CT, dated the 31st July, 2023 published vide number S.O. 3424(E), dated the 31st July, 2023, except as respects things done or omitted to be done before such rescission.
- **NOTIFICATION No. 04/2024 – CENTRAL TAX Dated 5th January 2024:** Seeks to notify special procedure to be followed by a registered person engaged in manufacturing of certain goods.
- **NOTIFICATION No. 05/2024 – CENTRAL TAX Dated 30th January 2024:** In exercise of the powers under section 3 read with section 5 of the Central Goods and Services Tax Act, 2017 (12 of 2017) and section 3 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), the Central Government, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 02/2017-Central Tax, dated the 19th June, 2017. In the said notification, in Table II, in serial number 83, in column (3), in clause (ii), after the figure and letter "411060,"the figure and letter "411069," shall be inserted.

CUSTOMS

- **Notification No. 01/2024-Custom Dated 15th January 2024:** In exercise of the powers conferred by sub-section (1) of section 8 of the Customs Tariff Act, 1975 (51 of 1975) (hereinafter referred to as the Customs Tariff Act), the Central Government, hereby directs that the Second Schedule to the Customs Tariff Act shall be amended in the following manner:

  In the Second Schedule to the Customs Tariff Act, after Serial No. 9A and the entries relating thereto, the following Serial No. and entries relating thereto shall be inserted.

9B 1703 Molasses resulting from the extraction or refining of sugar 50%

- **Notification No. 02/2024-Custom Dated 15th January 2024:** In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) read with section 124 of the Finance Act, 2021 (13 of 2021), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby amends the following notifications of the Government of India in the Ministry of Finance (Department of Revenue),specified in column (2) of the Table, to the extent specified in the corresponding entries in column (3) of the said Table.
- **Notification No. 03/2024-Custom Dated 22nd January 2024:** In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) and sub-section (12) of section 3 of the Customs Tariff Act, 1975 (51 of 1975), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 50/2017- Customs, dated the 30th June, 2017. In the said notification, in the Table, against S. No. 364A, in column (4), for the entry, the entry "10%" shall be substituted.
- **Notification No. 04/2024-Custom Dated 22nd January 2024:** Seeks to amend Notification No. 11/2018 dated 2nd February 2018, to exempt certain entries from SWS.
- **Notification No. 05/2024-Custom Dated 22nd January 2024:** Seeks to amend Notification No. 11/2021 dated 1st February 2021, to impose AIDC on entries falling under 7112, 7113 and 7118.

15E	7112	Spent catalyst or ash containing precious metals	4.35%
15F	7113	Gold or silver findings Explanation: For the purposes of this entry, "gold or silver findings" means a small component such as hook, clasp, clamp, pin, catch, screw back used to hold the whole or a part of a piece of jewellery in place	5%
15G	7118	Coins of precious metals	5%

- **Notification No. 06/2024-Custom Dated 29th January 2024:** Seeks to amend 50/2017-Customs in order to extend the validity of exemptions lapsing on 31st March 2024 up to 30th September, 2024.
- **Notification No. 07/2024-Custom Dated 29th January 2024:** Seeks to amend various notifications in order to extend the validity of exemptions lapsing on 31st March 2024 up to 30th September, 2024.
- **Notification No. 08/2024-Custom Dated 30th January 2024:** In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) and sub-section (12) of section 3 of the Customs Tariff Act, 1975 (51 of 1975), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendment in the notification of the Government of India, Ministry of Finance (Department of Revenue), No. 50/2017-Customs, dated the 30th June, 2017. In the said notification, in the Table, (i)against S. No. 377, in column (3), for the item (ii) and the entries relating thereto, the following shall be substituted namely: "(ii) Screw, SIM socket, or other mechanical items of Metal for cellular mobile phone;"; (ii)S. No. 377B and the entries relating thereto shall be omitted.
- **Notification No. 09/2024-Custom Dated 30th January 2024:** Seeks to amend Notification No. 57/2017-Customs dated 30.06.2017 so as to change the applicable BCD rate on specified parts/sub-parts of cellular mobile phone.

CENTRAL EXCISE

- **Notification No. 01/2024-Central Excise Dated 1st January 2024:** In exercise of the powers conferred by section 5A of the Central Excise Act, 1944 (1 of 1944) read with section 147 of the Finance Act, 2002 (20 of 2002), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 18/2022-Central Excise, dated the 19th July, 2022. In the said notification, in the Table, (i)against S. No. 1, for the entry in column (4), the entry "Rs. 2300 per tonne" shall be substituted (ii) against S. No. 2, for the entry in column (4), the entry "Rs. Nil per litre" shall be substituted.
- **Notification No. 02/2024-Central Excise Dated 1st January 2024:** In exercise of the powers conferred by section 5A of the Central Excise Act,1944 (1of1944) read with section 147 of Finance Act,2002 (20 of 2002), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue),No.04/2022-Central Excise, dated the 30th June, 2022. In the said notification, in the Table,(i) against S.No.2,for the entry in column (4), the entry "Rs. Nil per litre" shall be substituted.
- **Notification No. 03/2024-Central Excise Dated 15th January 2024:** In exercise of the powers conferred by section 5A of the Central Excise Act, 1944 (1 of 1944) read with section 147 of the Finance Act, 2002 (20 of 2002), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 18/2022-Central Excise, dated the 19th July, 2022. In the said notification, in the Table,(i) against S. No. 1, for the entry in column (4), the entry "Rs. 1700 per tonne" shall be substituted.
- **Notification No. 04/2024-Central Excise Dated 25th January 2024:** Seeks to amend No. 11/2017-Central Excise, dated the 30th June, 2017 to extend the applicable date for levy of additional duty on unblended diesel from 1st April, 2024 to 1st April, 2025.

Sources: *incometax.gov, cbic.gov.in*

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory Body under an Act of Parliament)

www.icmai.in

Advisory for Renewal of Certificate of Practice For 2024-25

The members of the Institute holding Certificate of Practice (CoP) having validity up to 31st March, 2024 are requested to comply with the following guidelines for renewal of their Certificate of Practice:

1. The following changes consequent to amendment of the Cost and Works Accountants Regulations, 1959 vide Notification dated 4th February, 2011 published in the Gazette of India may be noted:
    a. The validity of a Certificate of Practice (CoP) is for the period 1st April to 31st March every year unless it is cancelled under the provisions of the Cost and Works Accountants Act and Regulations, 1959 as amended.
    b. The Certificate of Practice issued shall automatically be renewed subject to submission of prescribed Form M-3 (duly filled in) and payment of renewal fee* and annual membership fee*.
    c. From the year 2011-12 onwards, letter for renewal Certificate of Practice is not being issued. However, the members concerned may download the renewal status from the Institute's website www.icmai.in. Link: https://eicmai.in/MMS/Login.aspx?mode=EU

2. It may please be noted that under Section 6 of the Cost and Works Accountants Act, 1959, **both the Annual Membership Fee* and Fee for Renewal of Certificate of Practice*** falls due on 1st April each year.

3. Special attention is invited to the fact that the validity of a Certificate of Practice expires on **31st March** each year unless it is renewed on or before the date of expiry in terms of the amended Regulation 10 of the Cost and Works Accountants Regulations, 1959. Hence, a member shall be required to renew the certificate of Practice within **31st March** every year.

4. **If the Certificate of Practice of a member is not renewed within 31st March, 2024, his/her status of CoP from 1st April 2024 till the date of renewal would be "Not Active".**

5. Subject to what has been mentioned in Sl. No. 3 & 4 above, a member can get his/her Certificate of Practice for 2024-25 renewed within **30th June, 2024.** If application for renewal of Certificate of Practice is made after 30th June, 2024, the member's Certificate of Practice for 2024-25 will not be renewed but will be considered as a case of restoration of Certificate of Practice till 31/03/2025. This restoration is applicable only to the CoP holders whose CoP is valid till 31/03/2024. For restoration of Certificate of Practice, he/she has to pay Rs.500/-* as restoration fee in addition to the **prescribed fees * along with duly filled in form 'M-3'.**

6. It may please be noted that mere payment of fees * alone will not be sufficient for renewal of Certificate of Practice. Application in prescribed Form M-3 is to be used for Renewal of Certificate of Practice duly filled in and signed is **mandatory.** The soft copy of prescribed Form M-3 for Renewal of Certificate of Practice can be downloaded from Institute's website www.icmai.in.

   Link: https://eicmai.in/external/PublicPages/WebsiteDisplay/PractitionersForms.aspx

7. The Institute has introduced a scheme of Continuing Education Programme (CEP) and the same is mandatory in accordance with provision to sub-regulation (1) of Regulation 10 of the Cost and Works Accountants Regulations, 1959, as amended, whereby no Certificate of Practice and

renewal thereof shall be issued unless a member has undergone minimum number of hours of such training. The detailed guidelines in this connection are available on Institute's website www.icmai.in. Link: https://icmai.in/upload/Institute/CPD/CEP_Guidelines_01042021_31032024.pdf

8. For renewal and application of new CoP issued on and from 1st February, 2019, please refer to Notification **F. No. CWA/21/2019 dated 1st February, 2019 and subsequent corrigendum dated 8th March, 2019.**

Link: https://icmai.in/icmai/news/5435.php). Accordingly new CoP holders on and from 1st February, 2019 are required to comply with Mandatory Capacity Building Training (MCBT) requirement for renewal of CoP for the FY 2024-25.

9. **Other relevant issues for Renewal of Certificate of Practice are as follows:**
    a. Application for renewal of Certificate of Practice upto 31st March, 2025 has to be made in prescribed Form M-3 which may be filled online or through hard Copy of form duly filled in and signed on both sides together with Renewal Certificate of Practice fee of Rs.2,000/-* and all other dues to the Institute on account of annual membership fees * and entrance fees *.
    b. The annual membership fee for Associate and Fellow members are Rs.1,000/-* and Rs.1,500/-* respectively. The entrance fee * for Associate and Fellow members is Rs. 1,000/-* each payable at a time at the time of application for admission to Associateship or advancement to Fellowship, as the case may be.
    c. The fees * may be paid online or by Demand Draft/at par cheque payable at Kolkata if remitted by post to the Headquarters of the Institute.
    d. Members should note that the **renewal of Certificate of Practice can be effected only after receipt of the prescribed fees * along with duly filled in form at the Headquarters of the Institute and on meeting the stipulated CEP credit hours.** Mere submission of the same at the Regional Councils or Chapters will not be sufficient. Members are advised to make payment directly to the Headquarters or use the online facility of submission of application and payment to avoid any delay.

All practising members are advised to send their application for renewal of Certificate of Practice for the year 2024-25 along with other requirements as indicated above immediately so as to reach the Institute's Office at Kolkata well in advance to enable the Institute to issue the renewal of Certificate by 31st March, 2024.

Renewal of Part-time Certificate of Practice

1. For renewal of part-time Certificate of Practice, it is also essential to furnish a certificate from the employer in the following form or in a form as near thereto as possible if the practising member has undertaken any employment or there has been a change in employment:

    "Shri/Smt ……………………………………………………………………….. is employed as designation)…………………….. and (name of Organisation)…………………….………………… he/she is permitted, notwithstanding anything contained in the terms of his/her employment, to engage himself/herself in the practice of profession of Cost Accountancy in his/her spare time in addition to his/her regular salaried employment with us.

    Signature of Employers with seal of Organisation"

2. It may be noted that members holding Part-time Certificate of Practice (CoP) are not eligible to undertake statutory assignments like Cost Audit, Central Excise Audit, etc.

**GST is applicable against payment*

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CALL FOR PAPER

Research Bulletin, Vol. 49 No. IV January 2024 (ISSN 2230 9241)

Call for Research Papers/Articles

We invite you to contribute research paper/article for "Research Bulletin", a peer-reviewed Quarterly Journal of The Institute of Cost Accountants of India. The aim of this bulletin is to share innovative achievements and practical experiences from diverse domains of management, from researchers, practitioners, academicians and professionals. This bulletin is dedicated to publishing high quality research papers providing meaningful insights into the management content both in Indian as well as global context.

Guidelines to submit full Paper

» Soft Copy of the full paper should be submitted in double space, 12 font size, Times New Roman, keeping a margin of 1 inch in four sides, MS Word (.doc) format.
» Each paper should be preferably within 5000 words including all.
» An abstract of not more than 150 words should be attached.
» The cover page should contain the title of the paper, author's name, designation, official address, contact phone numbers, e-mail address.

Papers are invited on the following topics, but not limited to:

- Innovative Business Models for Sustainability
- Green Entrepreneurship and Circular Economy
- Startups and Sustainable Development Goals (SDGs)
- Capital Market Volatility
- Corporate Governance
- Financial Risk: Modelling, Analytics, and Management
- Derivatives: Trading, Pricing, and Risk Management
- Social Entrepreneurship for Sustainable Impact
- Insurtech and Regtech
- Blockchain and Decentralized Finance (DeFi)
- Fintech for financing SMEs
- Emerging trends in financial literacy & financial inclusion
- CSR
- Banking & Insurance

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Module	Level 1	Level 2	Level 3
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Training hours per batch	20	30	30
Add-ons	NKH	NKH & NSMART	NKH & NSMART
Mode of Delivery	Online	Online	Online
Total Course Fees (including GST) per candidate	**₹4791**	**₹6844**	**₹8213**

Assessment for Each Level

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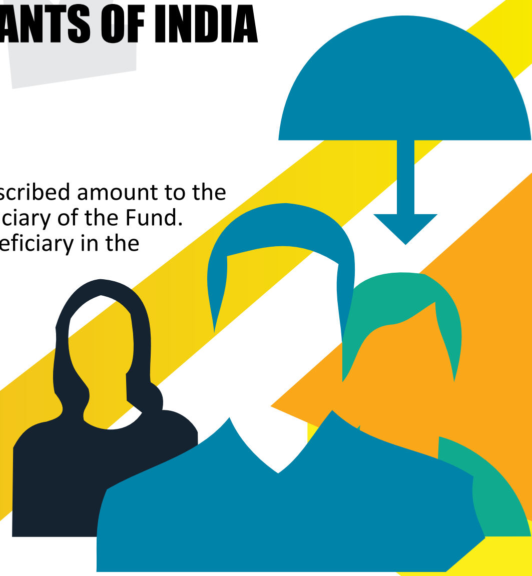

OBJECTIVE

The Fund has been created to provide outright grant of prescribed amount to the member in the event of critical illness of a member / beneficiary of the Fund.
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- ***Outright grant not exceeding ₹1,50,000.00/- in each case to the member and beneficiary for critical illness duly certified by the doctor under whom the treatment is continuing.***

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- Coronary Artery Bypass Graft Surgery
- Stroke / Cerebral Attack / Paralysis
- Heart Valve Replacement Surgery
- Myocardial Infarction (heart attack) / Heart Failure / Pace Maker Surgery / Kidney Dialysis(CKD)/ Renal Failure
- Major Organ Transplant
- Hemophilia
- Thalassaemia
- Neurological Diseases
- Flue Blown acquired Immune Deficiency Syndrome
- Multiple sclerosis
- Tuberculosis / Bronchopneumonia/ Pleurisy
- Permanent disablement
- Any other disease that may be considered by the Board of Trustees to be critical in nature.

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