

# THE MANAGEMENT ACCOUNTANT

ISSN 0972-3528

September 2020 | VOL 55 | NO. 09 | Pages - 124 | ₹ 100



## Insurance Sector in India

Today's Reality and  
the Path Ahead



**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA**

(Statutory Body under an Act of Parliament)

[www.icmai.in](http://www.icmai.in)

1



{ We Offer More Than **Solutions**; We Create **Relationships!** }

We believe that your brand and services are best served by reaching out regularly to your stakeholders. Hence, custom publications to us are **Relationship Publishing**, that effectively strengthen your brand with your customers.

With a portfolio of over 35 custom magazines, 7 consumer titles, 3 event properties, a state-of-the-art printing press, more than 80 clients for web-based publishing solutions and a growing list of clients for content services and book publishing, **Spenta Multimedia Pvt Ltd** has an average monthly readership of over 5.5 million across the genres of travel, retail, lifestyle, beauty, pharma, finance and management.

**Contact** us to see how you and your brand can grow with India's leading media house.



2nd Floor, Peninsula Spenta, Mathuradas Mill Compound,  
N.M. Joshi Marg, Lower Parel, Mumbai - 400013.  
Tel: 022 2481 1010 / 6734 1010  
Email: ho@spentamultimedia.com  
Website: www.spentamultimedia.com



Spenta Multimedia wins four awards at the 57th (ABCI) Association of Business Communicators of India-Annual Awards 2017.

**Publishing | Printing | Online | Events**



# THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Statutory body under an Act of Parliament

[www.icmai.in](http://www.icmai.in)



- 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.

## 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.”

## 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.”

## 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**

### PRESIDENT

**CMA Balwinder Singh**  
[president@icmai.in](mailto:president@icmai.in)

### VICE PRESIDENT

**CMA Biswarup Basu**  
[vicepresident@icmai.in](mailto:vicepresident@icmai.in)

### COUNCIL MEMBERS

CMA (Dr.) Ashish Prakash Thatte, CMA Ashwinkumar Gordhanbhai Dalwadi, CMA Chittaranjan Chattopadhyay, CMA Debasish Mitra, CMA H. Padmanabhan, CMA (Dr.) K Ch A V S N Murthy, CMA Neeraj Dhananjay Joshi, CMA Niranjan Mishra, CMA P. Raju Iyer, CMA Papa Rao Sunkara, CMA Rakesh Bhalla, CMA (Dr.) V. Murali, CMA Vijender Sharma, Shri Manmohan Juneja, Shri Devendra Kumar, Shri Sushil Behl, CA Mukesh Singh Kushwah, CS Makarand Lele

### Secretary

**CMA Kaushik Banerjee**  
[secy@icmai.in](mailto:secy@icmai.in)

### Senior Director (Human Resource)

**CMA S. C. Gupta**  
[hr.hod@icmai.in](mailto:hr.hod@icmai.in)

### Senior Director (Studies, Training & Education Facilities and Placement & Career Counselling, Advanced Studies)

**CMA (Dr.) Debaprosanna Nandy**  
[studies.director@icmai.in](mailto:studies.director@icmai.in), [placement.director@icmai.in](mailto:placement.director@icmai.in), [advstudies.director@icmai.in](mailto:advstudies.director@icmai.in)

### Senior Director (Membership)

**CMA Arup Sankar Bagchi**  
[membership.director@icmai.in](mailto:membership.director@icmai.in)

### Director (Examination)

**Dr. Sushil Kumar Pareek**  
[exam.director@icmai.in](mailto:exam.director@icmai.in)

### Director (Finance)

**CMA Arnab Chakraborty**  
[finance.director@icmai.in](mailto:finance.director@icmai.in)

### Additional Director (Public Relation, Delhi Office)

**Dr. Giri Ketharaj**  
[pr.hod@icmai.in](mailto:pr.hod@icmai.in)

### Additional Director (Tax Research)

**CMA Rajat Kumar Basu**  
[trd.hod@icmai.in](mailto:trd.hod@icmai.in)

### Additional Director (Research & Studies, Training & Education Facilities and Placement & Career Counselling)

**CMA (Dr.) Sumita Chakraborty**  
[research.hod@icmai.in](mailto:research.hod@icmai.in), [studies.addldir1@icmai.in](mailto:studies.addldir1@icmai.in)

### Additional Director (PD & CPD and PR Corporate)

**CMA Nisha Dewan**  
[pd.hod@icmai.in](mailto:pd.hod@icmai.in), [prcorp.hod@icmai.in](mailto:prcorp.hod@icmai.in)

### Additional Director (Technical)

**CMA Tarun Kumar**  
[technical.addldir1@icmai.in](mailto:technical.addldir1@icmai.in)

### Additional Director (Infrastructure)

**CMA Kushal Sengupta**  
[infrastructure.hod@icmai.in](mailto:infrastructure.hod@icmai.in)

### Director (Discipline) & Joint Director (Banking & Insurance Department, Advanced Studies)

**CMA Rajendra Bose**  
[discipline.director@icmai.in](mailto:discipline.director@icmai.in), [bfsl.hod@icmai.in](mailto:bfsl.hod@icmai.in)

### Joint Director (Journal & Publications, Studies, Training & Education Facilities and Placement & Career Counselling)

**CMA Sucharita Chakraborty**  
[journal.hod@icmai.in](mailto:journal.hod@icmai.in)

### Joint Director (Internal Control)

**CMA Dibbendu Roy**  
[intcontrol.hod@icmai.in](mailto:intcontrol.hod@icmai.in)

### Joint Director (Information Technology)

**Mr. Ashish Tewari**  
[it.hod@icmai.in](mailto:it.hod@icmai.in)

### Joint Director (Admin-HQ, Kolkata)

**Ms. Jayati Sinha**  
[admin.hod.Kolkata@icmai.in](mailto:admin.hod.Kolkata@icmai.in)

### Joint Director (Admin-Delhi)

**CMA T. R. Abrol**  
[admin.hod@icmai.in](mailto:admin.hod@icmai.in)

### Deputy Director (Legal)

**Ms. Vibhu Agarwal**  
[legal.hod@icmai.in](mailto:legal.hod@icmai.in)

### Deputy Director (CAT)

**CMA R. K. Jain**  
[cat.hod@icmai.in](mailto:cat.hod@icmai.in)

### Deputy Director (International Affairs)

**CMA Yogender Pal Singh**  
[intlaffairs@icmai.in](mailto:intlaffairs@icmai.in)



**Headquarters**  
CMA Bhawan, 12 Sudder Street  
Kolkata - 700016

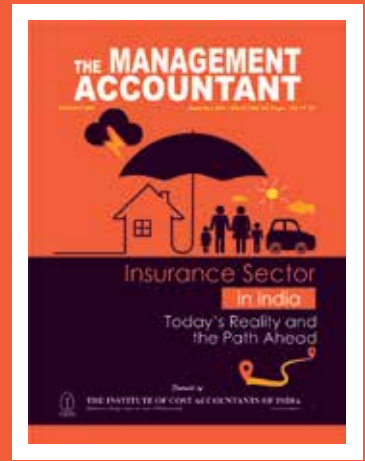
### Institute Motto

असतोमा सद्गमय  
तमसोमा ज्योतिर् गमय  
मृत्योर्मा मृतं 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

# INSIDE COVER STORY SEPTEMBER 2020



September VOL 55 NO.09 ₹100



INSURANCE, SMALL BUSINESS, ONLINE BUSINESS AND SURVIVING THE POST COVID-19 ERA	24
BUSINESS OF HACKING - BUYER BEWARE OF CYBERCRIME INSURANCE	26
MICRO-INSURANCE: ROLE AND ISSUES DURING THE COVID-19 CRISIS	31
CRM: A DIFFERENTIATING STRATEGY TO RETAIN CUSTOMER IN LIFE INSURANCE SECTOR	35
CHANGE IN PERCEPTION ABOUT INSURANCE AMONG THE YOUTH DUE TO COVID 19	38
AUTOMATED UNDERWRITING SOLUTIONS – A DISRUPTIVE INNOVATION IN THE INSURANCE INDUSTRY	42
SOCIO-ECONOMIC ACCELERATION DURING CRISIS THROUGH INSURANCE AWARENESS & LITERACY: CUSTOMER SERVICE APPROACH	45
DISRUPTIVE INNOVATION IN INSURANCE SECTOR: A PATH TOWARDS PROGRESS	50
A STUDY ON AWARENESS OF HEALTH INSURANCE AMONG YOUNG GENERATION – WITH SPECIAL REFERENCE TO KOLKATA	53
PROSPECT OF LIFE INSURANCE INDUSTRY IN INDIA - A STUDY	57

## DIGITAL TRANSFORMATION

DIGITAL TRANSFORMATION OF HEALTHCARE SERVICES - RECENT INITIATIVES AND ADVANCEMENTS 63

## SKILL INDIA

SKILLING INDIA MISSION: THE ISSUES NEEDED TO BE REDRESSED 68

ADDRESSING THE SKILL GAP: ROLE OF TECHNOLOGY ENABLED FLEXIBLE LEARNING 74

## COVID 19 - ECONOMIC IMPACT

DISRUPTIVE INNOVATION AND COVID-19: ROAD TO SUSTAINING BUSINESSES AND PROMISES FOR FUTURE 77

FACTORS AFFECTING MICRO ENTERPRISES DUE TO COVID-19: AN ANALYTICAL STUDY 80

## AGRICULTURE

SUGAR SCENARIO FOR THE SEASON 2020-21 IN MAHARASHTRA 87

## GLOBAL FINANCIAL CRISIS

GLOBAL FINANCIAL CRISIS – A POST DECADE STUDY OF ITS IMPACT AND RECURRENCE 90

## ECONOMICS

AN EMPIRICAL STUDY OF NATIONAL CULTURE BASED ON HOFSTEDE MODEL AND ITS EFFECT ON THE INEQUAL DISTRIBUTION OF INCOME AND WEALTH 94

## HEALTH FOR ALL

SUSTAINABLE DEVELOPMENT GOAL ON HEALTH - PROGRESS OF INDIA 100

Editorial	06
President's Communique	08
ICAI-CMA Snapshots	19
Digital Object Identifier (DOI) - August	62
Down the Memory Lane	104
Institute News	106
Statutory Updates	115

*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.

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

**EDITOR - CMA Dr. Debaprosanna Nandy**  
on behalf of The Institute of Cost Accountants of India, 12, Sudder Street, Kolkata - 700 016, P. S. New Market, West Bengal  
e-mail: editor@icmai.in

**PRINTER & PUBLISHER - Dr. Ketharaju Siva Venkata Sesha Giri Rao**  
on behalf of The Institute of Cost Accountants of India, 12, Sudder Street, Kolkata - 700 016, P. S. New Market, West Bengal

**PRINTED AT - Spenta Multimedia Pvt. Ltd., Plot 15, 16 & 21/1 Village - Chikholi, Morivali, MIDC, Ambernath (West), Dist: Thane - 421505**  
on behalf of The Institute of Cost Accountants of India, 12, Sudder Street, Kolkata - 700 016, P. S. New Market, West Bengal

**PUBLISHED FROM - The Institute of Cost Accountants of India, 12, Sudder Street, Kolkata - 700 016, P. S. New Market, West Bengal**

**CHAIRMAN, JOURNAL & PUBLICATIONS COMMITTEE - CMA (Dr.) K Ch A V S N Murthy**

### ENQUIRY

- **Articles/Publications/News/Contents/Letters/Book Review/Enlistment**  
editor@icmai.in
- **Non-Receipt/Complementary Copies/Grievances**  
journal@icmai.in
- **Subscription/Renewal/Restoration**  
subscription@icmai.in
- **Research/Collaboration/Association/Promotion/Events**  
research@icmai.in

**EDITORIAL OFFICE - CMA Bhawan, 4<sup>th</sup> Floor, 84, Harish Mukherjee Road**  
Kolkata - 700 025 ; Tel: +91 33 2454-0086/0087/0184/0063

### *The Management Accountant technical data*

**Periodicity** : Monthly  
**Language** : English

**Overall Size** : - 26.5 cm x 19.5 cm

**Subscription**  
**Inland**: ₹1,000 p.a or ₹100 for a single copy  
**Overseas**: US\$ 150 by airmail

**Concessional subscription rates for registered students of the Institute:**  
₹300 p.a or ₹30 for a single copy

### Contacts for Advertisement inquiries:

**Mumbai**  
Rohit Bandekar  
rohitb@spentamultimedia.com  
+91 99872 79990

**Delhi**  
Vikas Hajela  
vikash@spentamultimedia.com  
+91 98100 34830

**Chennai**  
Shoba Rebecca  
shoba@spentamultimedia.com  
+91 98840 55523

**Bengaluru**  
Sandeep Kumar  
sandeep@spentamultimedia.com  
+91 98868 70671

**Kolkata**  
Pulak Ghosh  
pulak@spentamultimedia.com  
+91 98313 42496

### The Management Accountant Journal is Indexed and Listed at:

- Index Copernicus and J-gate
- Global Impact and Quality factor (2015):0.563

### DISCLAIMER -

- The Institute of Cost Accountants of India does not take responsibility for returning unsolicited publication material. Unsolicited articles and transparencies are sent in at the owner's risk and the publisher accepts no liability for loss or damage.
- The views expressed by the authors are personal and do not necessarily represent the views of the Institute and therefore should not be attributed to it.
- The Institute of Cost Accountants of India is not in any way responsible for the result of any action taken on the basis of the articles and/or advertisements published in the Journal. The material in this publication may not be reproduced, whether in part or in whole, without the consent of Editor, The Institute of Cost Accountants of India. All disputes are subject to the exclusive jurisdiction of competent courts and forums in Kolkata only.



# EDITORIAL



The Insurance industry of India has witnessed major growth in the past few decades. With the introduction of new products and plans, it has not only helped consumers by providing financial protection but also contributed to the nation's economy. A well-developed insurance sector acts as the backbone of a nation as it supports the citizens even in unforeseen events. Government's policy of insuring the uninsured has gradually pushed insurance penetration in the country and proliferation of insurance schemes. Gross premium collected by life insurance companies in India increased from Rs 2.56 trillion in FY12 to Rs 7.31 trillion in FY20. The market share of private sector companies in the non-life insurance market rose from 15 per cent in FY04 to 56 per cent in FY21 (till April 2020). In the life insurance segment, private players had a market share of 31.3 per cent in new business in FY20.

The Insurance Regulatory and Development Authority (IRDA), the regulator of the country's insurance sector, undertook decisive measures through the formation of two committees to promote e-commerce and financial inclusion. Initiatives, such as e-insurance account and accidental insurance cover for train passengers have had a positive impact towards the growth of the sector. Through e-account, the customers are empowered to maintain their insurance policies in an easy, speedy and efficient manner. Economic reforms such as demonetization, Jan Dhan accounts,

Unified Payment Interface (UPI) and Aadhaar integration have set the ground for a digital and cashless economy. Such a digital revolution is set to impact the value proposition of insurance services too. Therefore, looking at the immediate need to increase our market share in the global scenario, there is a greater need for a shift in our focus from the conventional method of policy selling to an advanced and faster method. Currently, insurtech is creating buzz and transforming the insurance industry, reducing costs for consumers and insurance companies, improving efficiency, and enhancing customer satisfaction.

The pandemic has pushed businesses across sectors to change the way they operate and the insurance industry is no exception. From selling new policies to settling claims, the extended lockdown in the wake of covid-19 has pushed insurance companies to depend heavily on their digital architecture. Again, with remote working in place due to the COVID-19 crisis, there has also been an unprecedented hike in cybercrime cases. The risk of falling a victim to such fraudulent activities necessitated the need to have cybercrime insurance. ICICI Lombard General Insurance, Bajaj Allianz General Insurance and HDFC ERGO are some of the prominent players who are offering cybercrime insurance in India, with specialised products.

Further, CMAs, based on their techno-professional skills, can play a significant role if appointed

as a consultant in the panel of consultants to assist the management in decision-making purpose and risk-mapping purposes. In various types of general insurance policies such as fire, marine, Loss due to catastrophes, loss of profits, fidelity guarantee, malicious damage, etc., the CMAs can act as the surveyor and assess the quantum of loss strictly as per conditions laid down in the policy. The CMAs can assess and certify Transit Loss arising due to leakage, pilferage or improper packing, Marine loss occurring due to leakage or pilferage, Loss of Stock due to fire and Damage of equipment by militant trade unions or political parties.

This issue presents a good number of articles on the cover story "Insurance Sector in India: Today's reality and the path ahead" written by distinguished experts. We look forward to constructive feedback from our readers on the articles and overall development of the Journal. Please send your emails at [editor@icmai.in](mailto:editor@icmai.in). We thank all the contributors to this important issue and hope our readers would enjoy the articles.

# THE MANAGEMENT ACCOUNTANT

## PAPERS INVITED

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

October 2020	Theme	Self-Reliant India: Pathway to a Robust Economy	Subtopics	<ul style="list-style-type: none"> <li>Indian Economy post Covid-19: A positive outlook</li> <li>Constraints towards induction of indigenous system</li> <li>Atmanirbhar Bharat: 5 Pillars To make India Self-Reliant</li> <li>Intent, Inclusion, Investment, Infrastructure, Innovation: Need of the hour to bring India back on track for fast-paced growth</li> <li>MSMEs: key to self-reliant India</li> <li>Overhauling education structure to be self-reliant</li> <li>Vocal for Local with a special emphasis to Indian pharmaceutical sector</li> <li>Challenges and prospects of self-reliance in Indian Defence sector</li> <li>Strengthening domestic industry by Streamlining the governance system</li> <li>Made in India, made for the world</li> <li>Innovation for self-sustainability: Role of CMAs</li> </ul>
November 2020	Theme	Agricultural Costing & Pricing	Subtopics	<ul style="list-style-type: none"> <li>Agricultural Pricing Policy in India: Opportunities and Challenges</li> <li>Global Agro Pricing Policy v/s Indian Agro Pricing Policy</li> <li>Minimum Support Prices(MSP): Key to protect farmers</li> <li>Direct Benefit Transfer for Agri Input Subsidy</li> <li>Transformation of Agriculture to Achieve the Sustainable Development Goals (SDGs)</li> <li>Direct Benefit Transfer (DBT) for Agri Input Subsidy</li> <li>Doubling Farmer's Income by 2022: Ease of doing Agri Business</li> <li>Government policies and Governance Reforms in Agricultural Marketing</li> <li>Advancement in digital technology: Farming gets smart and frugal</li> <li>Nanotechnology in Agriculture</li> <li>Agricultural Costing - Role of CMAs</li> </ul>
December 2020	Theme	Indian MSMEs: Key to Economic Restart	Subtopics	<ul style="list-style-type: none"> <li>Significant role of MSMEs towards attainment of visionary Atmanirbhar Bharat</li> <li>Revision of definition of MSMEs: A step to boost investment and Ease of Doing Business</li> <li>COVID-19 and its impact on Indian MSMEs</li> <li>Innovation and Digitalization: Changing the MSME landscape</li> <li>RestartIndia: an Advisory Platform for MSMEs</li> <li>Equity Infusion in MSME</li> <li>e-Market linkage for MSMEs</li> <li>Government Packages to cater MSMEs in the new Normal</li> <li>Subordinate Debt for Stressed MSMEs</li> <li>Potential for MSMEs in the Defence Sector</li> <li>Exploring opportunities for MSMEs in India post COVID-19: Role of CMAs</li> </ul>
January 2021	Theme	Catalytic role of the Banking Sector for India's Economic Revival	Subtopics	<ul style="list-style-type: none"> <li>Inclusion of Startups in Priority Sector Lending: a welcome move towards inclusive development of the nation</li> <li>Loan Restructuring Scheme for COVID-19 hit stressed borrowers</li> <li>Future of Banking post-Covid 19 pandemic</li> <li>Credit guarantee to MSMEs in support of Atmanirbhar Bharat Abhiyaan</li> <li>Loan Moratorium: an Aid to Ease Financial Stress</li> <li>Door Step Banking: a Revolutionary Initiative</li> <li>The Digital imperative for Banking in the New Normal</li> <li>Emerging Cyber Security Threats in the Banking Sector</li> <li>Artificial Intelligence (AI): A major game-changer in the Bank Risk Management</li> <li>EASE 3.0 — Smart, Tech-enabled Banking for Aspiring India: Exploring professional scope for CMAs</li> </ul>

*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](mailto:editor@icmai.in) latest by the 1<sup>st</sup> week of the previous month.



**DIRECTORATE OF JOURNAL & PUBLICATIONS**  
 CMA Bhawan, 4th Floor, 84 Harish Mukherjee Road, Kolkata - 700025, India  
 Board: +91 33 2454 0086 / 87 / 0184 Tel-Fax: +91 33 2454 0063  
[www.icmai.in](http://www.icmai.in)



# PRESIDENT'S COMMUNIQUÉ

**CMA Balwinder Singh**

President

The Institute of Cost Accountants of India

*The things you do for yourself are gone when you are gone,  
but the things you do for others remain as your legacy.*

- Kalu Ndukwe Kalu

My Dear Professional Colleagues,

**A**s I lay down my office tomorrow i.e. 20<sup>th</sup> September 2020, I write my last communiqué as the President of this great institution and it is with mixed feelings that I move ahead. It was a great honor for me to serve as the 62<sup>nd</sup> President of the Institute of Cost Accountants of India. As head of the CMA fraternity, it has always been my endeavour to take our alma mater to greater heights. Through various initiatives and measures, we collectively made sincere efforts to take our alma mater's status onto a greater pedestal. I am happy with the growth CMA profession has achieved, I feel satisfied with the achievements and initiatives taken during my tenure. As we all know that Improvement is a never ending process, there is always a scope to grow further and strive for excellence. I hope that the tasks that are in process will be accomplished under the able leadership of the next President.

I would like to take this opportunity to express my sincere thanks to the Vice-President and my council colleagues including the Government Nominees for their unstinted support. I must thank all my professional colleagues from all Regional Councils, Chapters, Overseas centres, ROCCs and CMA Support centres for their wholehearted support to the activities of the Institute. I am grateful to the Past Presidents of the Institute for their invaluable guidance and support during my tenure.

I would like to convey my sincere gratitude to Smt. Nirmala Sitharaman, Hon'ble Union Minister of Finance and Corporate Affairs and Shri Anurag Singh Thakur, Hon'ble Minister of State for Finance and Corporate Affairs for their guidance to the Institute and CMA profession. I am thankful to the officials of Ministry of Corporate Affairs for their continued support to the activities of the Institute.

During my presidency, I had the opportunity to meet a number of Ministers, Members of Parliament, Government Officials, Industry Captains, Trade Associations, Head of Academic Institutions, Regulators & other dignitaries and discussed with them about the key role that the Institute and its members are playing in the economic growth of the nation.

COVID-19 pandemic has posed a unique challenge that has impacted all of us. Times and circumstances constantly change for all of us. It's not the circumstances or the changes that dictate how we will move ahead, but rather how we handle those changes and disruptions. No matter the change we experience, how we embrace that change will forever impact how we are able to live with the change. The Institute has taken every possible step to ensure the interest and convenience of its members, students and other stakeholders in these challenging times.

Some of the achievements and initiatives taken during my tenure are as follows:

- ⊙ To supplement government's efforts towards scaling up the public healthcare infrastructure in the country in combating COVID-19, the Institute contributed ₹ 2.50 Crores to the PM CARES Fund.
- ⊙ As a CSR initiative, the Institute provided 100% fees waiver Scheme for the first 200 students of Kashmir and 50% fees waiver Scheme for the rest of the students of Kashmir. The Institute also announced 75 % Fees Waiver Scheme for the Students of Eight North Eastern States of India (Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura)



- ⊙ Augmenting the network, the Institute notified 11 new chapters and 3 extension center across the country and approved 3 new Overseas Centres of Cost Accountants.
- ⊙ Start of online State Level Chapters Meet and online Members Meet.
- ⊙ Establishment of Infrastructure Department, both at Headquarters, Kolkata and Delhi Office.
- ⊙ Establishment of Banking Financial Services & Insurance Department.
- ⊙ Establishment of Internal Auditing and Assurance Standard Board.

## Initiatives for Students

- ⊙ To provide all the relevant information in an organized manner, the Institute launched new Portal of Directorate of Studies. DOS also introduced "Students' Connect Portal" to connect all academic and administrative services provided by the Institute for the students.
- ⊙ All E-Learning sessions including Webinars, Recorded Sessions, Archived Sessions are being organized in E-Learning Portal to facilitate the students to offer subject-wise virtual classes. More than 100 live webinar classes have been arranged in various subjects as per the CMA Course.
- ⊙ Students can easily track their study materials dispatch movement with E-Tracking of Study Materials portal.
- ⊙ The Institute has launched Employability & Techno-Skill Development Training of 180 hours duration for Intermediate Students from August 2020 batch onwards to facilitate them with World Class Training facilities like - SAP Finance User Program with SAP Learning Hub, Microsoft Certification, Cambridge University Certification and E-Filing along with Institute's knowledge support.
- ⊙ More than 500 career counselling events were conducted to counsel more than 50,000 students across India.
- ⊙ Mega Career Awareness Events are being organized frequently in both physical and online mode comprising students of several colleges and universities in a single event.
- ⊙ The Institute has introduced a new Practical Training Scheme for tenure of 15 months from February 2020 to provide more industry exposure to the students for better employability and gaining improved professional expertise.
- ⊙ More than 60 companies visited in various campus placement initiatives to place more than 300 qualified cost accountants in various phases.
- ⊙ Students' admission has now been increasing each year at around 30% pa and 2019-20 has witnessed

maximum students admission exceeding 60,000 in the year as compared to approx. 47,000 in the previous year.

## Launch of centralised Online Coaching Classes for Intermediate and Final course

- ⊙ I have pleasure to inform that the Online Coaching Classes for Intermediate and Final course have started w.e.f. 5<sup>th</sup> September, 2020. With this centralised facility, the students across the Globe will be able to attend.
- ⊙ The formal launch of the online classes event was organised under an initiative by CMA H Padmanabhan, Chairman of the Committee in association with Training & Education Facilities and Placement Committee. A WEBINT was organized on the auspicious occasion of Teachers Day wherein I inaugurated the Online Coaching Sessions for CMA Intermediate and Final Courses. The online event was attended by students from all over the globe on 5<sup>th</sup> September 2020.

## Online Examination

- ⊙ I am delighted to share that the Institute for the first time in history has successfully conducted the Foundation Examination through Online Test from Home mode on 6<sup>th</sup> September, 2020 and CAT examination on 13<sup>th</sup> September 2020. It gives me immense pleasure to further inform that the result for both, Foundation and CAT examination are being announced today, i.e., **19<sup>th</sup> September, 2020**.
- ⊙ The online mechanism has led to declaration of CAT Examination result in a highly reduced time. Earlier, the students of Foundation Course used to be ineligible for immediate next intermediate examination as the examination result used to be declared in Feb/Aug, whereas admission dates to make them eligible for immediate next examination used to be closed before the result. This faster result declaration will make them eligible for immediate next examination, thus saving a period of 6 months.

## Initiatives for Members

- ⊙ Introduction of facility of payment of membership fee online without login.
- ⊙ Faster grant of Membership e.g. twice in a month and then once in every week even during lockdown period
- ⊙ Faster grant of issuance and renewal of Certificate of Practice (COP)
- ⊙ Faster grant of constitution/reconstitution of partnership firms
- ⊙ Continuous improvement for a seamless digital experience covering all activities of membership through online facility

- ⊙ Extension of last date for renewal of COP till 30<sup>th</sup> September for this year to extend an opportunity to practising Cost Accountants who have not renewed their Certificate of Practice due to nationwide Lockdown imposed by the Government due to outbreak of COVID-19
- ⊙ Unique Document Identification Number (UDIN) was made mandatory to be mentioned on every document certified/attested by Practising Cost Accountants/CMAs w.e.f., 1<sup>st</sup> October 2019. Professional Development Directorate brought out FAQs on UDIN for ready reference of the practising members.
- ⊙ PD Directorate started the Mandatory Capacity Building Training to sensitize the new COP holders with the practical aspects of the allied areas of practice and case studies and live examples are part of curriculum to enhance the professional competency new COP holders.
- ⊙ The Banking & Insurance Committee has launched four certificate courses on 'Concurrent Audit of Banks', 'Certificate Course on Credit Management of Banks', 'Certificate Course on Treasury and International Banking' and Investment Management.
- ⊙ Advanced Certificate Course on GST.
- ⊙ Crash Course on GST for College and Universities.
- ⊙ Board of Advanced Studies has launched a successful SAP Course.
- ⊙ Launch of Online Data Analytics Course, Information System Security Audit, and Advanced Business Excel for Finance Professionals
- ⊙ Institute has extended support and assistance to different traders, professionals, businessmen through the different state level commissionerates to provide guidance and help to understand the various requirements of 9A and 9C through the chapters and resource persons.
- ⊙ Release of 25 Guidance Note/Handbook.
- ⊙ Institute of Actuaries of India has enhanced the criteria Student Membership Admission and fully qualified members from the Institute directly apply for admission without appearing for the ACET entrance examination.
- ⊙ The Management Accountant journal is now available in 94 countries across the world and we are continuously trying to increase the same to other parts of the world.
- ⊙ Institute has launched the 'Taxation Helpdesk' in a new digitized environment as a complimentary facility for all the stakeholders, to help resolve queries in both Direct and Indirect Taxation. The Helpdesk is driven by a large pool of Experts in Direct and Indirect Taxation and the raised queries are resolved at the best.
- ⊙ Cost Auditing and Assurance Standards Board (CAASB) issued General FAQs on Standards on Cost Auditing 101 - 104.

## Launch of Bank of Baroda CMA one Credit Card

I am happy to inform that the Institute has launched Bank of Baroda CMA one Credit Card exclusively designed for CMA members on 15<sup>th</sup> September 2020. The card was launched at the hands of Dr. Subhas Sarkar, Hon'ble Member of Parliament (Lok Sabha), Bankura (West Bengal). Shri Piush Jha, Head - Product & Portfolio Management, BOB Financial Solutions Limited was present on behalf of Bank of Baroda for the launch of this exclusive Card for the members of the Institute. To know more about the exclusive benefits offered on Bank of Baroda CMA one Credit Card and to submit your expression of interest, you can visit: <https://bobfinancial.com/creditcard-application-form-icmai.jsp>

## COVID-19 Resources & Initiatives taken during the phase of lockdown

- ⊙ The Management Accounting Committee developed a "Conceptual Approach to Board Reporting Framework a Post COVID-19 Corporate Governance Perspective", along with samples of practical models reflecting the Key Board Reporting themes suggested in the framework. The said document was also published in the July 2020 issue of Director Today, a journal of the Institute of Directors.
- ⊙ The Technical Cell of the Institute considering the challenge faced by the Professionals engaged in Audit & Assurance Function came out with an Advisory on Disclosures in the Audit Report in light of the Lockdown due to COVID-19 Pandemic to offer model Disclosures to be used by the Audit & Assurance Professionals considering the limitations in Audit Processes due to Lockdown on account of COVID-19 Pandemic.
- ⊙ The Cost Auditing and Assurance Standards Board came out with an Advisory on Auditing and Assurance assignments during the Period of Lockdown and Restrictions on Travelling imposed by the Government to curb the spread of COVID-19 disease and addressed therein various issues such as usage of e-Signatures and UDIN, Remote / Online / E Auditing and relevance of Cost Auditing Standards.
- ⊙ CASB issued an Advisory on Treatment of Various Items of Cost in light of the COVID-19 Pandemic for the year 2019-20 with a view to underline Institute's professional responsibility to address the issues in the treatment of various items of cost so that the reporting to the stakeholders is True & Fair.
- ⊙ Professional Development Directorate submitted to the Government a Memorandum highlighting

problems & suggestions regarding “Impact of COVID-19 and Lockdown on The businesses in general with particular emphasis on Micro, Small & Medium Enterprises (MSMEs)

- ⊙ The Institute has opened MSME Help Desks across the country to provide assistance to the MSME sector with a motive to support MSMEs in restarting the businesses and to give them the confidence to grow.
- ⊙ During the lockdown in country due to pandemic COVID-19, various Webinars and Webints were conducted on the topics of professional relevance and importance. The Institute continued with the e-learning activities for knowledge dissemination and enhancement of skills of the members. More than 400 Webinars and around 80 Webints were organized during this period by various Committees of the Institute, Regional Councils, Chapters, and Companies promoted by the Institute.
- ⊙ Suggestions for Insurance Sector due to onslaught of COVID-19 submitted to IRDAI.

## Launch of ‘Information System Security Audit’ (ISSA) Course

I am pleased to share that the Board of Advanced Studies has launched a Course on “Information System Security Audit” on 12<sup>th</sup> September 2020. The Chief Guest of the launch event was Mr. Sandip Roy, Director General of Audit, C&AG. Eminent Guests present includes Mr. Karan Vohra, Deputy Accountant General, C&AG, Mr. Deepak Verma, SAP GRC, SAP Labs India and Ms. Geetha Murugesan, Former President - Mumbai Chapter, ISACA. The ISSA course combines latest technology, information assurance and information management expertise that enables an ISSA to become a trusted Information Technology advisor and provider of IS Assurance services. ISSA course aspires to create new generation systems auditors who can deliver value added services in the field of information systems to all entities – banks, corporate sector, regulator etc irrespective of their size, nature and scope of business. I heartily congratulate CMA Debasish Mitra, Chairman, Board of Advanced Studies and his team members to launch such an important career oriented course for the benefit of members and students of the Institute.

## Launch of Course on Investment Management

I am happy to inform that the Banking, Financial Services and Insurance Committee of the Institute, in association with National Institute of Securities Markets (NISM) launched a Course on Investment Management on 16<sup>th</sup> September 2020. Shri S K Mohanty, Whole Time Director, SEBI and Director NISM was the “Chief Guest” and CMA Yatrik Vin, CFO, NSE and CMA Nayan Mehta, CFO, BSE were the “Guest of Honour” for the launch event. I congratulate CMA Chittaranjan Chattopadhyay, Chairman, BFSI Committee for this excellent initiative.

## MOU with IIM Jammu

I am pleased to share that the Institute has signed a MoU with IIM Jammu on 17<sup>th</sup> September, 2020. The primary objective of the MoU is to promote Excellence inter alia in common areas of interest, imparting knowledge and skills required to operate in the areas of Academia, Research and Training to facilitate its members and students towards achieving the highest level of capacity building. I along with CMA Biswarup Basu, Vice President, CMA Vijender Sharma, Chairman, Professional Development & CPD Committee and CMA Chittaranjan Chattopadhyay, Chairman BFSI Committee attended the event and on behalf of IIM Jammu, Prof. B.S. Sahay, Director IIM Jammu. Prof. Manoj Kumar – Finance and Accounting, IIM Jammu, Dr. Muqbil Burhan, Chairperson, Executive Education, IIM Jammu, CA. Rajat Jain, Financial Advisor & CAO, IIM Jammu were present. CMA B.B. Goyal, Former Addl. Chief Advisor (Cost), Government of India addressed the participants on the growing significance of Management Accounting.

## MOU with National Institute of Securities Markets (NISM)

I am pleased to inform that the Institute had signed a MOU with National Institute of Securities Markets (NISM) on 9<sup>th</sup> September, 2020 to jointly conduct training programs, research activities, conferences and seminars in areas of common interest to both Institutions. The MOU will go a long way in capacity building of our members in the field of securities market. I congratulate CMA Chittaranjan Chattopadhyay, Chairman, BFSI Committee for this excellent initiative.

## MOU with BFSI Sector Skill Council (BFSISSC)

It gives us immense pleasure to inform you that the BFSI Sector Skill Council (BFSISSC) of India has aligned the Certificate in Accounting Technicians (CAT) Course of the Institute with its Qualification Pack BSC/Q8101 - Accounts Executive. Taking it further, we are pleased to inform you that the CAT Directorate has entered into an MOU with BFSISSC and the MOU signing ceremony has taken place in an online event held on 31<sup>st</sup> August, 2020. I attended the event along with CMA Biswarup Basu, Vice President, CMA Rakesh Singh, former President & Co-opted Member-CAT, CMA P V Bhattad, former President & Co-opted Member-CAT, Council Members of the Institute, Members of Committee of Accounting Technicians, Shri Meghdoot Karnik, Chief Operating Officer of BFSISSC and other officials of the Institute and BFSISSC.

## IT Initiatives

- ⊙ Migration of database on the Cloud
- ⊙ Web based Video Conferencing Solution through Zoom Platform and Google Meet Hangouts
- ⊙ Webinars / WEBINT Live Events: The institute has started conducting online events on MS Teams

Platform. A maximum of 10,000 Participants can attend the live event at a time. Concurrent events can be conducted for Students and Members

- ⊙ Verification of Twitter Handle / Facebook Page: From the initiatives taken by the IT department, Twitter handle and Facebook page of the Institute is now verified.
- ⊙ Redesigning of Student's portal
- ⊙ Dedicated knowledge portal on Banking and Insurance
- ⊙ Dedicated web portal on Internal Auditing and Assurance Standards Board

## Practitioners Meet 2K20

I am pleased to share that the Institute had successfully organised its Practitioners Meet 2K20 on 14<sup>th</sup> September 2020 under the Chairmanship of CMA Vijender Sharma, Chairman PD&CPD Committee. The virtual meet was attended by Practising Cost Accountants, Insolvency Professionals, Registered Valuers and GST Practitioners. The event was hosted by CMA H. Padmanabhan, Convener, Practitioners Meet and Chairman, Regional Council and Chapters' Coordination Committee, CAT and AAT Board. CMA Dr. K Ch A V S N Murthy, Co-Chairman, Practitioners Meet, CMA Chittaranjan Chattopadhyay, Chairman BFSI Committee, CMA Dr. Ashish P. Thatte, Chairman International Affairs Committee, CMA Neeraj D. Joshi, Chairman CASB, CMA P Raju Iyer, Chairman IAASB and CMA Ashwin G. Dalwadi, Chairman, IT Committee and Management Accounting Committee shared the initiatives of their respective Committee and Board with the participants.

## National Chapter' Meet 2K20

Under the Chairmanship of CMA H Padmanabhan, for the first time in the Institute "National Chapters Meet 2K20" was organized online which included Elected Representatives of Council, Regional Councils, Chapters and Overseas Centers. The WEBINT was held on 13<sup>th</sup> September 2K20 and was actively participated by attendees from all over the country and overseas centers. A wide range of issues from regions, chapters and overseas centres were discussed and clarified during the event. The event was a huge success and was appreciated by all the participants.

## Interaction with CAPA on Public Sector related project

CAPA has started a new project which is aimed to develop detailed guidance for PAOs either seeking to engage with the public sector in a meaningful way, or to extend and enhance current forms of engagement. In this regard, I had an Interaction with CAPA on 1<sup>st</sup> September 2020 to discuss the current nature and scope of Institute's engagement with the Public Sector and its future plans.

## CAPA Annual General Meeting and Members Meeting

I would like to share that I represented the Institute in the Annual General Meeting and Members Meeting of Confederation of Asian and Pacific Accountants (CAPA) held on 19<sup>th</sup> August 2020 via Video Conferencing.

## SAFA Foundation Day

SAFA celebrated 36 glorious years of completion and 37<sup>th</sup> Foundation Day of South Asian Federation of Accountants on 22<sup>nd</sup> August, 2020. To mark this occasion, a webinar on the theme 'COVID-19 Pandemic: Changing Dynamics of the Accounting Profession' was hosted by ICMA Pakistan. I along with CMA Dr. P.V.S. Jagan Mohan Rao, Adviser & Immediate Past President SAFA represented the Institute in the Webinar. Other eminent speakers at the Webinar included Dr. In Ki Joo, President, IFAC, Dr. Chen Yugui, President, CAPA, Mr. Zia Ul Mustafa, President, SAFA and Head of other SAFA member bodies.

## Sixteenth meeting of the Committee to advise on valuation matters

I wish to inform that I attended the Sixteenth meeting of the Committee to advise on valuation matters on 28<sup>th</sup> August 2020. The Committee discusses about the presentation of departures on IVS 210: Intangible Assets.

## Live Interactive Session with Dr. Ramdas Athawale, Hon'ble Union Minister of State for Social Justice & Empowerment

I am happy to inform that the Institute organised a WEBINT on the theme "Aatmanirbhar Bharat- Role of CMAs" on 4<sup>th</sup> September 2020. The event was graced by Dr. Ramdas Athawale, Hon'ble Union Minister of State for Social Justice & Empowerment as its Chief Guest. I along with CMA Biswarup Basu, Vice President addressed the participants and discussed about the role of CMAs in achieving the agenda of Aatmanirbhar Bharat. CMA Neeraj D. Joshi, Chairman, Cost Accounting Standards Board, CMA Ashwin G. Dalwadi, Chairman, IT Committee and Management Accounting Committee, CMA Chittaranjan Chattopadhyay, Chairman, Banking, Financial Services & Insurance Committee and CMA P. Raju Iyer, Chairman, Internal Auditing and Assurance Standards Board also shared their thoughts on the topic during the session. CMA Dr. Gopal Krishna Rao, was the key speakers who deliberated in detail on the topic and I am sure that the participants were immensely benefited.

## WEBINT on Self-Reliant India: Role of National Education Policy 2020

The Institute had organized a WEBINT on the theme "Self-Reliant India: Role of National Education Policy 2020" on 9<sup>th</sup> September 2020. Shri Kunar Hembram Hon'ble Member of Parliament (Lok Sabha) Jhargram (WB) graced the WEBINT with his presence as the Chief

Guest and shared his inspirational thoughts. I presented my views on how the National Education Policy 2020 is aimed to bring about a paradigm shift in the country's education system and create an enabling and reinvigorated educational ecosystem for a new Self Reliant India. The event was hosted by CMA H. Padmanabhan, Chairman, Regional Council & Chapters Co-ordination Committee, AAT Board and CAT. CMA Biswarup Basu, Vice President of the Institute and CMA Chittaranjan Chattopadhyay, Chairman, Banking, Financial Services & Insurance Committee also delivered their special addresses on the topic. CMA Dr. D.P. Nandy, Senior Director of the Institute deliberated in detail about the National Education Policy 2020.

## **WEBINT on Aatmanirbhar Bharat- Strategy to Boost Indian Industry**

I am pleased to share that the Institute had organized a WEBINT on "Aatmanirbhar Bharat- Strategy to Boost Indian Industry" on 15<sup>th</sup> September 2020. I would like to express our sincere thanks and gratitude to Hon'ble Chief Guest, Dr. Subhas Sarkar, Hon'ble Member of Parliament (Lok Sabha), Bankura (West Bengal) who honoured this webint with his gracious presence. I along with CMA Biswarup Basu, Vice President of the Institute addressed the participants about the importance of Industries and the strategies to boost industries for make India Self Reliant. CMA Chittaranjan Chattopadhyay, Chairman, Banking, Financial Services & Insurance Committee and CMA Ashwin G. Dalwadi, Chairman, IT Committee and Management Accounting Committee also shared their thoughts on the topic. Shri Piush Jha, Head - Product & Portfolio Management, BOB Financial Solutions Limited was also present. Our eminent resource person, CMA Suraj Prakash, Director (Finance), BEML Limited shared his views and suggestions on the Strategy to Boost Indian Industry in order to achieve the agenda of Hon'ble Prime Minister to make our country Atmanirbhar. I am thankful to CMA H Padmanabhan, Chairman Regional Council & Chapters Coordination Committee, CAT Committee and AAT Board for supporting the Institute's initiative and being the excellent host of the event.

## **WEBINT on Role of CMAs in Capital Markets**

I am happy to inform that the Banking, Financial Services and Insurance Committee of the Institute, in association with National Institute of Securities Markets (NISM) organised a WEBINT on the theme "Role of CMAs in Capital Markets" on 16<sup>th</sup> September 2020. Shri S K Mohanty, Whole Time Director, SEBI and Director NISM was the "Chief Guest" and CMA Yatrik Vin, CFO, NSE and CMA Nayan Mehta, CFO, BSE were the "Guest of Honour" for this WEBINT. Shri Sunil Kadam, Registrar, NISM, Dr. V.R. Narasimhan, Dean, NISM and CMA Dr. Latha Chari, Assistant Professor, NISM also participated on behalf of NISM. The Event was hosted by CMA H. Padmanabhan, Chairman, Regional Council and

Chapters' Coordination Committee, CAT and AAT Board. I along with CMA Biswarup Basu, Vice President, CMA Chittaranjan Chattopadhyay, Chairman, BFSI Committee addressed the participants.

## **Webinar by Indian Chamber of Commerce**

I was invited to address at the Webinar organised by the Indian Chamber of Commerce (ICC) on "Digital Lending Present & Future" on 28<sup>th</sup> August 2020. Mr. K M Nanaiah, Managing Director, Equifax Credit Information Services Pvt Ltd and Country Leader Equifax India and MEA, Mr V.P. Nandakumar, MD & CEO, Manappuram Finance Ltd., Mr. Akhil Handa, Head -Fintech, Partnerships & Mobile Banking and Digital Lending Department, Bank of Baroda and Mr. S Rengarajan, Member ICC BFSI Committee & Retired General Manager (IT & Digital Banking), Indian Bank presented their views on technological revolution across sectors including financial services, rise of fintech companies, role of technology in lending, digital literacy to financial literacy of customers, etc.

## **National E-Summit on Insolvency & Bankruptcy Code**

ASSOCHAM organized a National E-Summit on Insolvency & Bankruptcy Code "Post Pandemic & One Year Suspension" on 21<sup>st</sup> August 2020. Welcome address & opening remarks was given by Shri Deepak Sood, Secretary General ASSOCHAM. I am pleased to inform that I participated in the panel discussion on the topic "Impact of COVID 19 & One Year Suspension on IBC Stakeholders" moderated by Dr. Charan Singh, Chairman, ASSOCHAM National Council for Banking. Other eminent panelist includes Dr. Niranjan Hiranandani, President, ASSOCHAM, Shri Manmeet Singh, Partner, Luthra & Luthra Law Office and Shri S. Ramann, Chairman ASSOCHAM National Council for IBC. Shri Subhash Chandra Garg, Former Finance Secretary, GoI delivered his Special Address and Dr. M.S. Sahoo, Chairperson, IBBI was the Key Note Speaker.

## **Webinar by Hyderabad Chapter**

I am pleased to share that I along with CMA Biswarup Basu, Vice President and CMA Dr. K Ch. A V S N Murthy, Chairman, Journal & Publications Committee inaugurated the Webinar organised by Hyderabad Chapter on the topic "Today's MSME, Tomorrow's MNCs" on 30<sup>th</sup> August 2020. Shri Ajay Thakur, Head BSE SME at BSE Ltd. Mumbai was the resource person. I congratulate CMA M. Venkateshwarlu, Chairman Hyderabad Chapter and his team for organizing this webinar of such important topics.

## **Meeting for revival of Assam PSU-AMSFC**

I had the opportunity to attend various Task Force meetings for formulation of Business Model for revival of Assam Minorities Development and Finance Corporation Limited during the last few weeks alongwith CMA Biswarup Basu, Vice President and CMA Chittaranjan

Chattopadhyay, Council Member and Chairman, Banking, Financial Services & Insurance Committee and CMA Kushal Sen Gupta, Additional Director of the Institute. The efforts of the Institute have been well applauded by the Govt. of Assam.

## **Bhumi Pujan ceremony of Chandigarh-Panckula Chapter building**

I am pleased to share that I was bestowed upon the honour to be the Chief Guest at the Bhumi Pujan ceremony of the Chandigarh-Panckula Chapter building at Mohali on 19<sup>th</sup> August 2020. I congratulate CMA Bharat Bhushan Gupta, Chairman of the Chapter and Members of the Managing Committee of the Chapter for taking an excellent initiative to see that the building of the chapter is constructed and made operational in near future. It is dream project of the members of the Chapter to see the building a reality. I congratulate all the members of the chapter.

*I now present a brief summary of the activities of various Departments of the Institute, in addition to those referred above:*

## **DIRECTORATE OF JOURNAL & PUBLICATIONS**

To make The Management Accountant Journal more productive and stimulating the Directorate has added special articles related to significant event of recent times like Howdy, Modi! concerning India-US bilateral relations; Nobel Award 2019 (Economic Sciences) recipient Mr. Abhijit Banerjee, an Indian-origin economist and an academic professor, who was jointly awarded along with his French-American wife Esther Duflo and American Economist Michael Kremer “for their experimental approach to alleviating global poverty and also a Special issue on pandemic COVID-19 that collapsed the building blocks of economic, social and political systems of various nations around the world.

It was a pleasure to receive special articles – ‘Covid-19 demonstrates why Management Accountants must change in our Evolving World’ and ‘Management Accounting, Strategy Implementation and the importance of Risk Management’ authored by Mr. Paul Sharman, Consultant & Elected Municipal Official Burlington, Ontario, Canada Former President and CEO, The Institute of Management Accountants (IMA).

My sincere gratitude to CMA Dr. Paritosh Basu, Senior Professor, NMIMS School of Business Management, Mumbai for contributing every month an article on Digital Transformation which includes what all are happening in digital transformations both in India and Abroad. This column has been highly appreciated by the readers.

Under the Chairmanship of CMA (Dr.) K.Ch. A.V. S. N. Murthy, there has also been an endeavour to incorporate special columns in the Journal like Statutory Updates, Digital Transformation, Down the Memory Lane, Budget highlights and Banking updates for benefit and knowledge

of our members. Interview by renowned personalities like CMA Dipankar Das Purkayastha, Managing Director & CEO, ABP Pvt. Ltd.; CMA R. S. Raju, CFO/Associate Director (F&A), NCC Limited; CMA Kewal Handa, Chairman & Part-Time Non-Official Director, Union Bank of India; CMA H.K. Joshi, Chairperson and Managing Director and Director (Finance), The Shipping Corporation of India (SCI) Ltd.; Prof. (Dr.) Basab Chaudhuri, Vice Chancellor West Bengal State University Barasat, North 24 Parganas, Kolkata and Prof. (Dr.) Dhruvajyoti Chattopadhyay, Vice Chancellor Sister Nivedita University, Kolkata got published.

I am pleased to share that The Management Accountant journal is now available in 94 countries across the world and we are continuously trying to increase the same to other parts of the world. The journal is available on apps for reading through third parties viz. Magzter and Readwhere and we are also trying to enlist the same to other platforms mainly at the International Level.

Research Bulletin Vol.44, No. IV January 2019; Vol.45, No. I, and II, April and July 2019 and Vol.45 No. III & IV October 2019 and January 2020 got published too.

I am glad to share that The Directorate of Journal & Publications had actively participated in preparing the Knowledge Pack and Bulletin for Global Summit 2020 on the theme “Mission 5 Trillion – CMA as a Cryogenic Force” that aligns with the goal set by Hon’ble Prime Minister of India to achieve USD 5 Trillion Economy by 2024. These publications were highly acclaimed by the eminent personalities.

## **DIRECTORATE OF STUDIES**

I am pleased to share that the Directorate of Studies has taken the following initiatives during the month of August - September 2020:

- ⦿ An exclusive ‘Online Mock Test Platform’ as per the CMA Curriculum has been developed by the Directorate of Studies to facilitate CMA Students for practicing various MCQ problems on a real-time basis in view of online examinations. Around 5000 Foundation Students had participated in the online mock test series and more than 60,000 test examinations conducted during the last one month time period. This facility has helped students tremendously towards their exam preparation.
- ⦿ The web portal of Directorate of Studies has been revamped and re-designed to accommodate all new facilities and features for the benefit of the students. This user-friendly and robust portal will immensely help the students to navigate and explore different aspects of CMA Course.
- ⦿ The Directorate of Studies had arranged special online classes on ‘Computer Training’ for Intermediate Students apart from regular classes on various subjects.

## WEBINT on 'Self Reliant India and Role of CMAs'

The Directorate of Studies, Cost Accounting Standards Board & EIRC of the Institute had organized a Webinar on 'Self Reliant India and Role of CMAs' on 27<sup>th</sup> August, 2020.

The virtual seminar started with the Welcome Address by CMA Chittaranjan Chattopadhyay, Council Member, ICAI and Chairman Banking, Financial Services & Insurance Committee, ICAI. CMA Neeraj D. Joshi, Council Member, ICAI and Chairman, Cost Accounting Standards Board, ICAI; CMA Pallab Bhattacharya, Chairman, Eastern India Regional Council & CMA Biswarup Basu, Vice President, ICAI delivered their special addresses on the topic of the Webint elaborately.

I had the opportunity to greet all the members present and have discussed various aspects of the current Indian economy and Atma Nirbhar Bharat Scheme and the role of CMAs for the development and growth of Indian economy.

Chief Guest of the event, Padma Bhushan (Dr.) Swapan Dasgupta, Hon'ble Member of Parliament (Rajya Sabha) addressed on the topic and highlighted the five pillars of Atmanirbhar Bharat – Economy, Infrastructure, System, Vibrant Demography and Demand. He also mentioned the key role of the CMAs in this process. The key to success will be efficient utilization of resources to enable the manufacturing sector to be more competitive and sustainable where CMA's have a pivotal role to play.

Prof. Suman K. Mukerjee, Economist & Director General, The Bhawanipur Education Society College, was the Keynote speaker on this topic who talked about how India can achieve the goal which is our Prime Minister's vision and how the entire CMA fraternity can deliver their professional expertise and support to facilitate much desired inclusive growth of the economy - which is also the prime mandate of the Government.

The entire event was hosted by CMA H. Padmanabhan, Chairman, Regional Council & Chapters Co-ordination Committee, CAT and AAT Board, ICAI. A Question Answer session was addressed by the resource persons. CMA Dr. D. P. Nandy, Sr. Director, ICAI had the role of summing up the technical sessions and finally CMA Kaushik Banerjee, Secretary of the Institute addressed all the dignitaries with vote of thanks.

## Webinar on "Moratorium on Loan Payment: Effects on Financial Institutions"

The Department of Commerce and Management Studies of St. Xavier's College (Autonomous), Kolkata in collaboration with the Institute organized One Day International Webinar on "Moratorium on Loan Payment: Effects on Financial Institutions" on 29<sup>th</sup> August 2020. The virtual event was inaugurated by Rev. Dr. Dominic Savio, S.J. Principal of St. Xavier's College (Autonomous), Kolkata. I had the opportunity to deliver the welcome address of the International Webinar. The introductory theme of the webinar was offered by Dr. Sanjib Kumar

Basu, Dean, St. Xavier's College and a special address was given by CMA Biswarup Basu, Vice President of the Institute.

Speakers at the technical sessions were Dr. Tapash Ch. Paul, CFO, Mercantile Bank Ltd., Bangladesh and Shri Chanchal Mazumder, Former GM, Credit & Recovery, UCO Bank. CMA Dr. D.P. Nandy, Sr. Director of the Institute addressed the students of the College with various aspects of CMA career option. The vote of thanks was offered by Dr. Soheli Ghose of St. Xavier's College. The event was attended by more than 1000 students and faculty members from St. Xavier's College and other Institutions.

## DIRECTORATE OF CAT

### ☉ NEW ROCCs

I congratulate CMA H. Padmanabhan, Chairman CAT for establishment of two new Regional Oral Coaching Centres (ROCCs) at Kollam (S216) and New Delhi (N243). The aspirants of CAT course from these cities and nearby places will also be benefitted by these ROCCs.

## PROFESSIONAL DEVELOPMENT & CPD COMMITTEE

I am glad to inform you that on the Institute's representation and relentless efforts of the BFSI Team and Professional Development Team of the Institute, Indian Bank included Cost Accountants Firm for empanelment as Stock Auditors. Further, I am happy to inform you that on the Institute's representation New Mangalore Port Trust included CMAs for the Internal Audit Please note the details under PD & CPD Portal of the Institute.

Due to ongoing COVID-19, we considered the hardship of many aspirants for participation in the prestigious Awards of the Institute to consider participation of organisations in 17<sup>th</sup> National Awards for Excellence in Cost Management - 2019 and CMAs in employment in 6<sup>th</sup> CMA Awards 2019 and extended due dates as per the requests. We are thankful to various organisations and CMAs for their efforts in submission of nominations.

PD Directorate sent representations to various organizations for inclusion of cost accountants for providing professional services.

Various Tenders/EOIs were hosted at PD portal where Cost Accountants are required, which included Uranium Corporation of India Limited, New Mangalore Port Trust, Konkan LNG Limited, Airports Authority of India, National Aviation Security Fee Trust (NASFT), CSIR-National Environmental Engineering Research Institute, Nagpur, Mahanadi Coalfields Limited (MCL), Kerala State Road Transport Corporation, KIOCL Ltd., UCO Bank, Indian Bank, Eastern Coalfields Limited (ECL), NPCIL, HLL Lifecare Ltd., AAI Cargo Logistics And Allied Services Company Limited, etc.

The Institute invited EOI from the practising Cost Accountants as the Directorate of Revenue Intelligence is desirous to engage Cost Accountants for valuation of

samples of readymade garments.

During the month Professional Development and CPD Committee organised webinar on "Project Costing and Monitoring System". During the month around seventy webinars were organised by the different committees of the Institute, Regional Councils and Chapters on the topics of professional relevance and importance.

We are sure our members are immensely benefited with the deliberations in the sessions.

## **BANKING, FINANCIAL SERVICES AND INSURANCE COMMITTEE**

BFSI Committee organized two WEBINTs in the month of September, 2020. On 6<sup>th</sup> September, 2020 the BFSI conducted a WEBINT on Digital Payments: Progress and Prospects. CMA P.Vasudevan, Chief General Manager, Reserve Bank of India was the Chief Guest and speaker. Shri NDSV Nageswara Rao, Deputy General Manager, Financial Inclusion & Micro Markets, State Bank of India, Local Head Office moderated the session. On 10<sup>th</sup> September, 2020 the BFSI conducted a WEBINT on Post COVID-19 Synchronize Economy, Banks & Industry. The eminent speakers and Guest of Honours' graced the forum including Shri Debashish Mukherjee, Executive Director, Canara Bank and CMA Suresh Khatanhar, Deputy Managing Director, IDBI Bank represented the Banking Fraternity. CMA Suraj Prakash, Director (Finance), BEML and CMA Sunil Bhatia, Director (Finance), Engineers India Ltd. represented the Industry. The session was moderated by CMA B.B.Goyal, Former Addl. Chief Advisor (Cost), Ministry of Finance, Govt of India and Head of the ICoAS. The BFSI also provided support services for representation from the Institute for inclusion of CMAs in KV Kamath Committee.

The BFSI Committee provided support for representation from the Institute for inclusion of CMAs in Concurrent Audit of Banks. The BFSI has opened the window for the 2<sup>nd</sup> batch of BFSI courses in Banking. All members and students are requested to take this opportunity and register for skill development and capacity building activities. The BFSI are representing to Public Sector Banks for enrolling their employees in these courses for the benefit of the employees for skill development.

The BFSI candidates for the 1st batch for the courses would be notified very soon so that the participants can appear for the examination through Test from Home format in the Post COVID-19 environment.

## **TECHNICAL DEPARTMENT**

I congratulate the Technical Cell of the Institute for publishing an informative Monograph on Advantage India 2020 Showcasing the Strength. The publication highlights the strengths of Indian Economy by underlining the prominent features and advantages. It is heartening to note that Shri Nitin Gadkari, Hon'ble Union Minister for Road Transport and Highways, and Micro, Small and Medium

Enterprises has appreciated the Institute for this effort in his message.

Several foreign entities are likely to shift their bases to India post COVID-19. The post COVID-19 context has given India an opportunity to invite all those entities that are leaving their manufacturing bases from the country from where the virus spread.

The document has been circulated to all the Central Ministries, Secretaries to the Government, all foreign Embassies, Industry Associations and other stakeholders for their information and records. The Technical Cell has already started receiving appreciation from the recipients.

I congratulate CMA (Dr) Dhananjay V Joshi, Former President and Chairman, Technical Cell of the Institute for his untiring efforts in carrying out this publication. I convey my appreciation to all the resource persons who contributed to the development of this publication.

## **TAX RESEARCH DEPARTMENT**

I am pleased to inform that the Tax Research Department has launched two new courses in Taxation – (i) Advanced Course on Income Tax Assessment and Appeals and (ii) Advanced Course on GST Audit Assessment and Procedure.

An important webint session 'Post Covid Challenges for Self Reliant India – Role of Cost Management and Taxation' was arranged by the Cost Accounting Standards Board along with the Tax Research Department. Shri Sujeet Kumar, Hon'ble member of Parliament (Rajya Sabha) graced the occasion with his presence as the Chief Guest and he spoke about the importance of Cost Accountants in the present economic scenario. Two important publications which were also launched by him are – (i) Taxation on Works Contract and (ii) Handbook on Special Economic Zone and Export Oriented Units in India.

Apart from these, fresh batches for the continuing courses on Taxation like – (i) Certificate Course on GST, (ii) Advanced Certificate Course on GST, (iii) Certificate Course on Filing and Filing of Returns and (iv) Certificate Course on TDS will be in online mode. The 70<sup>th</sup> and 71<sup>st</sup> edition of the Tax Bulletin has also been launched.

## **MEMBERS IN INDUSTRY COMMITTEE**

I am happy to share that the Members in Industry Committee had organized the WEBINT program on 'Assam state PSUs: Journey to scale New Heights'. The program was mainly a panel discussion with a brief presentation on Structure of Assam State PSUs, Performance Monitoring and Evaluation, steps to improve Production, Productivity and Capacity Utilization, steps to improve Cost Management and Profitability, Strengthening Corporate Governance, CSR, Revival Strategies and the role the CMAs can play and their induction as Board members, CFOs and Internal Auditors. The Chief Guest of the program was Principal Secretary, Department of Public Enterprises, Government of Assam, IAS Dr. Mahammed



Ariz Ahammed and Guest of Honour was Managing Director of NRL, CMA S.K. Barua. The participants were MDs, CFOs, CEOs and professionals especially from the field of finance from various industries and practitioners. Another webinar titled 'New Law in regard to Consumer Protection Act', that was deliberated on by CMA T. B. Chatterjee was also arranged by this Committee. The attending participants have expressed their eagerness and happiness to be part of these programs. The endeavor of the Committee in regularly publishing the very informative e-bulletin, "CMA's Industry Bulletin" is also appreciable and I therefore congratulate the Committee Chairman and officials in this regard.

## INTERNATIONAL AFFAIRS COMMITTEE

I am happy to share that the International Affairs Committee under the Chairmanship of CMA (Dr.) Ashish P. Thatte has conducted three webinars undertaken by CMA (Dr.) Girish Jakhotiya on the topics "Impact of COVID-19 on the Global Accounting Profession" on 11<sup>th</sup> August 2020, "Global experimentations in Finance - Some lessons for India" on 27<sup>th</sup> August 2020 and "Global Economic Slowdown - How should India respond?" on 9<sup>th</sup> September 2020. On 26<sup>th</sup> August 2020, the International Affairs Committee in association with the Regional Council and Chapters' Coordination Committee, AAT Board and CAT organized a WEBINT on the topic "Foresight: Reimagining the Accounting Profession" presented by Mr. Todd Scaletta, SVP Foresight and Research, CPA of Alberta and CMA A N Raman, Former President SAFA. All webinars were well appreciated by the participants.

## REGIONAL COUNCIL AND CHAPTERS COORDINATION COMMITTEE

Spearheading the digital revolution in education during these challenging times of the global pandemic, the Committee for its ninth eighth successive month continued to hold a bouquet of WEBINTs and webinars addressing varied topics for stakeholders under the dynamic leadership of the Chairman of the Committee CMA H Padmanabhan as summarized below.

### Webinar (students)

The committee organized 4 webinars during the month of August 2020 presented by eminent faculty CMA Dr Gopal Krishna Raju on the topics as listed below –

- Ind AS 27 - Separate Financial Statements
- Ind AS 28 - Investments in Associates & Joint Ventures
- Ind AS 110 - Consolidated Financial Statements
- Ind AS 111 - Joint Arrangements

Under an initiative by CMA H Padmanabhan, Chairman of the Committee in association with Training & Education Facilities and Placement Committee, a WEBINT was organized on the auspicious occasion of Teachers Day wherein I inaugurated the Online Coaching Sessions for

CMA Intermediate and Final Courses. The online event was attended by students from all over the globe on 5<sup>th</sup> September 2020.

### WEBINT

CMA H Padmanabhan, Chairman of the Committee, CAT and AAT Board continued to lead the WEBINT (interactive webinar) platform of the Institute and organized many WEBINTs during the month of August 2020 for members and other stakeholders, namely –

- WEBINT Series 5 on Theme "Practical Aspects for PCAs and MII working in Costing Department" – (in association with AAT Board and CAT) presented by eminent resource persons : CMA D C Bajaj, Former President ICAI 2000-01; CMA Chandra Wadhwa, Former President ICAI 2007-08 and CMA B B Goyal, Former Addl Chief Advisor Cost, MoF, GoI and Advisor, MARF, ICAI
- Ind AS 27 Separate Financial Statements - (in association with AAT Board and CAT) presented by eminent resource person CMA Dr Gopal Krishna Raju
- Personal Finance and Life Style Management – (in association with AAT Board and CAT) presented by CMA B Govinda Raju, Chief Internal Auditor, MRF Tyres
- WEBINT Series 6 on Theme "Practical Aspects for PCAs and MII working in Costing Department" – (in association with AAT Board and CAT) presented by eminent resource persons : CMA D C Bajaj, Former President ICAI 2000-01; CMA Chandra Wadhwa, Former President ICAI 2007-08 and CMA B B Goyal, Former Addl Chief Advisor Cost, MoF, GoI and Advisor, MARF, ICAI
- Ind AS 28 Investments in Associates & Joint Ventures - (in association with AAT Board and CAT) presented by eminent resource person CMA Dr Gopal Krishna Raju
- RBI Resolution Framework for COVID-19 Related Stress - (in association with AAT Board and CAT) presented by eminent resource person CMA Dr Gopal Krishna Raju, Insolvency Professional, Registered Valuer and Chairman Valuations Standard Board, AIIOVF
- Ind AS 110 Consolidated Financial Statements - (in association with AAT Board and CAT) presented by eminent resource person CMA Dr Gopal Krishna Raju
- Ind AS 111 Joint Arrangements - (in association with AAT Board and CAT) presented by eminent resource person CMA Dr Gopal Krishna Raju
- Foresight : Reimagining the Accounting Profession - (in association with International Affairs, AAT Board and CAT) presented by Mr Todd Scaletta, SVP Foresight and Research, CPA of Alberta and

CMA A N Raman, Former President SAFA.

- INDIA : Superpower to Superpower - (in association with Journal AAT Board and CAT) presented by Chief Guest Shri G M Rao, Group Chairman GMR Group
- Ind AS 112 Disclosure of Interests in other entities - (in association with AAT Board and CAT) presented by eminent resource person CMA Dr Gopal Krishna Raju

## ⊙ New Chapter

I am happy to announce that Balasore Chapter of Cost Accountants under EIRC in the state of Odisha has been approved by the Council of the Institute.

I congratulate and acknowledge the pivotal role played by CMA H Padmanabhan as Chairman of the Committee, CMA Arup Sankar Bagchi, Secretary to the Committee and team in the all around activities undertaken during my tenure as President.

## MEMBERSHIP DEPARTMENT

I am happy to share that during the month of August 2020, 122 new Associate memberships have been granted and 34 Associate members have been upgraded to Fellowship. I extend a warm and hearty welcome and congratulate all the members.

This is a gentle reminder to members who are yet to pay membership fees for 2020-21 that membership fees for the year 2020-21 has fallen due on 1<sup>st</sup> April 2020 and are required to be paid latest by 30<sup>th</sup> September 2020. Our records show that some members are yet to pay the membership fees and I call upon them to please avail the Institute's online facilities to pay the dues from the comfort of their home or office and continue to enjoy all the benefits of membership. As mentioned in my earlier communiqué, for this year only, members holding Certificate of Practice will be able to apply for renewal within the extended date 30<sup>th</sup> September 2020 and such application may please be availed preferably by online mode by the login link as provided below.

Members can pay their membership fees without login from the Institute's website, the link for which is <https://eicmai.in/MMS/PublicPages/UserRegistration/Login-WP.aspx> and members can also avail the full bouquet of online facilities and services by way of login via the following link <https://eicmai.in/MMS/Login.aspx?mode=EU>.

I am happy to note that the membership department is working in full steam under the guidance of the Members Facilities Committee headed by CMA Vijender Sharma, Chairman of the Committee.

## ICMAI REGISTERED VALUERS ORGANISATION (RVO)

I am pleased to share that ICAI RVO has taken the following initiatives during the month of August-

September 2020:

- ⊙ Regular conduct of Online 50 hours mandatory educational courses on Valuation as per the directives of IBBI:
  - 3<sup>rd</sup> Online Batch for Land & Building and Plant & Machinery
  - 8<sup>th</sup> Online Batch for Securities or Financial Assets
  - 60 participants had attended in these programs
- ⊙ It has successfully conducted Saturday Webinar series on "Valuation" on 12<sup>th</sup> September 2020.
- ⊙ It has also conducted an online COP Program on 22<sup>nd</sup> August 2020.

## INSOLVENCY PROFESSIONAL AGENCY (IPA) OF INSTITUTE OF COST ACCOUNTANTS OF INDIA

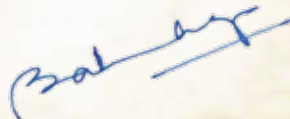
I am pleased to inform you that the Insolvency Professional Agency of the Institute has taken the following professional development initiatives during the month:

- ⊙ 30 Hours Certificate Course on Insolvency and Bankruptcy Code – 16<sup>th</sup> August 2020 – 25<sup>th</sup> August 2020.
- ⊙ Released 3 case books based on analysis of Cases under IBC
- ⊙ Released an E- Journal – "The Insolvency Professional – Your Insight General"
- ⊙ Released 3 IBC Dossiers pertaining to case laws in IBC

I wish prosperity and happiness to members, students and their family.

Stay safe and healthy!

With warm regards,



**CMA Balwinder Singh**

September 19, 2020



Dubai Overseas Center organised WEBINT on ‘Challenging Time Need People, who can Challenge Themselves’ by CMA Radhakrishnan, on 11th SEP 2K20. Along with MCM and Members of Overseas Center CMA H Padmanabhan Council Member participated.

**One Card. *Exclusive* Experiences.**



- 5X Rewards on Dining, Online Shopping & Bill Payments
- 1000 Reward Points worth ₹250 Every Month
- 1000 Reward Points for card activation and 4000 Reward Points every quarter
- 12 Complimentary Airport Lounge Access Annually
- FTIPASS 6 - months Membership worth ₹ 15,000 as Welcome Gift.

**Apply Now**

Bank of Baroda CMA one Credit Card - Exclusively Designed for Esteemed CMA Members  
Apply: <https://www.bobfinancial.com/creditcard-application-form-icmai.jsp>

# PROGRAM BY MEMBERS IN INDUSTRY COMMITTEE

## ‘ASSAM STATE PSUs: JOURNEY TO SCALE NEW HEIGHTS’

The Members in Industry Committee of the Institute organized a webint program on ‘Assam state PSUs: Journey to scale New Heights’, on 5<sup>th</sup> August, 2020. The program was a brainstorming panel discussion with a brief presentation on the status and structure of Assam State PSUs. The discussions were very vivid and a lot of important areas emerged as the expert panelists brainstormed on ways of Performance Monitoring and Evaluation, steps to improve Production, Productivity and Capacity Utilization, steps to improve Cost Management and Profitability, Strengthening Corporate Governance, CSR, Revival Strategies post Covid situation and the role CMAs can play and their induction as Board members, CFOs and Internal Auditors.

CMA Chittaranjan Chattopadhyay, Chairman of BFSI Committee of the Institute and a member of Members in Industry Committee wholeheartedly welcomed the guests, provided a brief on the program, importance and role of Public Sector Enterprises in the country and specially in the state of Assam and their need to be commercially viable and efficient to discharge the mandate of socio-economic benefits.

The Chief Guest of the program Honourable Principal Secretary, Department of Public Enterprises, Government of Assam, IAS Dr. Mohammed Ariz Ahammed appreciated the role Cost and Management Accountants are playing in the development of various sectors and industries, and also expressed his happiness for the instant responses of professional advices received by the department of public enterprises, government of Assam whenever they approached the Institute. The honorary chief guest also deliberated on a very informative presentation on the journey of Assam PSEs and the milestones reached over the years in terms of People, Productivity, Profits and Planet. Appreciating the

generous participation of various professional bodies in the brainstorming sessions at taskforce meetings, he said that the capacity building projects have been very effective in managing performance at various units of PSEs. He said he was happy to share how the Institute of Cost Accountants of India has been part of the journey of success of Assam PSEs by being easily accessible and its willingness to extend critical inputs for improvement of operations, manpower planning, capacity building, financial engineering and team work.

The Guest of Honour, Managing Director of Numaligarh Refinery Limited, CMA S.K. Barua shared how the State has leveraged the PSEs role for Assam’s development and the continued effort various units are making to bring in socio-economic development in the state. He emphasized on the vital role CMAs play in the decision making process, identifying business risks, maintaining price competition, helping in setting targets for evaluation and incentives, and therefore, he urged that the system need to induct more and more such finance professionals at various strategic positions in the companies. He stressed on the functions of MoU structure and how it could be leveraged to make the PSEs perform

better to become more profitable. He reiterated on the need to have more positions at the CFO and Director (Finance) levels as these are people at the helm of affairs and they are the guiding force behind successful functioning of various enterprises.

CMA B. B. Goyal, former Additional Chief Adviser (Cost), Ministry of Finance and presently serving as adviser MARF and professor at the Institute of Corporate Affairs moderated this panel discussion program. Explaining the importance of finance professionals at the board level, he said that CMAs can identify the drivers of cost, improve performance and profitability of firms, by acting as driving

**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA**  
Statutory Body under an Act of Parliament

Initiative By  
**MEMBERS IN INDUSTRY COMMITTEE**  
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

**WEBINT**  
**ASSAM STATE PSUs:**  
**JOURNEY TO SCALE NEW HEIGHTS**  
WEDNESDAY, 5<sup>th</sup> AUGUST 2020 (11:00 AM - 12:30 PM)

**Chief Guest**  
Dr. M. Ariz Ahammed, IAS  
Principal Secretary, Government of Assam  
Department of Public Enterprises

**Guest of Honour**  
CMA S. K. Barua  
Managing Director, Numaligarh Refinery Limited

**Panelist**  
CMA Chandra Wadhwa  
General President, The Institute of Cost Accountants of India

**Panelist**  
CMA Sanjay Saha  
Director (Finance), Coal India Limited

**Panelist**  
CMA B. B. Goyal  
Former Additional Chief Adviser (Cost), Ministry of Finance, Government of India

**Host**  
CMA Chittaranjan Chattopadhyay  
Chairman, BFSI Committee, The Institute of Cost Accountants of India

Behind every successful business decision, there is always a CMA

The Link: <https://icmai.in/icmai/Webint-All.php>  
(The registration link will be activated 30 Minutes before the scheduled time)

CEP Credit 1 Hour



force in enterprises, requested the panel to throw light on what more ways these experts could contribute better in developing the Public Sector Enterprises of Assam. He further explained Cost and Management Accountants could dissect performance utilities, control costs and contribute at their monitoring and evaluation phase as well. He deliberated on how the various taskforces, designated for improvement of PSEs, have provided specific directions, responsibilities to each constituent and these in turn have played active role in providing direction to performance monitoring, evaluation of utilities, efficiency, real contribution to enterprises. He said that the Institute could come forward to devise similar frameworks for the state PSEs, especially in the state of Assam that could also boost functionalities post Covid situation. In cases of present crises at particular enterprises, like the Tourism Corporation, those may need immediate attention, revival strategy and continuity plan, so that companies do not fall back due to pandemic situation. He also mentioned the importance and significant role played by independent directors, board composition and autonomy of functioning.

Former President of the Institute CMA Chandra Wadhwa, one of the expert panelists in the program, stressed on the need for restructuring of finances, manpower planning, innovative approaches to production, proper working capital management as revival strategies for the state PSEs. He further explained the need for innovative inventory management with changing technology and the need for optimum capacity utilization to fully use performance appraisal reports for improvement. He mentioned that linking of capacity utilization, financial performance monitoring and evaluation was a vital aspect for industrial growth. Referring to the project of Coal India Limited that was successfully led by him, he suggested that similar work for holistic development could be repeated for the state PSEs too.

CMA Chittaranjan Chattopadhyay mentioned that the Department of Public Enterprises of Assam had earlier held brainstorming workshops to redefine the role of public enterprises and to improve the state of Assam PSEs in last February in collaboration with Government of India, CAG, and various National Institutes, that was graced by honourable Minister of Public Enterprises of Assam, Sri Rihon Daimary and also the Chief Secretary of Assam. He

mentioned that the meeting was attended by Vice President of the Institute, CMA Biswarup Basu and himself and they shared their views on management of state PSEs, suggested long-term collaborative workshops for capacity building and professionalism and assured to extend wholehearted support for improving performance of state PSEs in Assam. He assured the Principal Secretary on behalf of the President of the Institute CMA Balwinder Singh, that taskforce committee members, coordination committees and advisory bodies, the Institute are open to interactions and meetings with MDs of various state PSEs for the developmental activities.

The President of the Institute, CMA Balwinder Singh listened to all the deliberations and assured all round support on behalf of the Institute to the PSEs of Assam. He explained how over the years, it has been increasingly realized that there is an urgent need to harness productivity and professionalism in the functioning and governance of state PSEs and to harness socialization, globalization to capitalize the changing technological challenges. He expressed his happiness on the deliberations of this panel discussion and expressed his appreciation for this fruitful program and the kind presence of Principal Secretary, Department of Public Enterprises, Government of Assam, IAS Dr. Mohammed Ariz Ahammed.

The participants at this program were MDs, CFOs, CEOs and professionals especially from the field of finance from various industries and practitioners. The participants, in huge numbers, listened to the important discussions very attentively and the program ended by vote of thanks for such a successful and wonderful program.





# TECHNICAL WEBINAR ON THE THEME “INDIA-SUPERPOWER TO SUPERPOWER”

**R**C and Chapters Coordination, Journal, AAT Board & CAT Directortes of the Institute organized a Technical Webinar on the theme “India-Superpower to Superpower” on 29<sup>th</sup> of August, 2020. Shri G. Mallikarjuna Rao, Group Chairman - GMR Group was

the Chief Guest of the Session. He shared his views amidst the virtual presence of several national and international delegates. CMA Balwinder Singh, President; CMA Biswarup Basu, Vice President; CMA (Dr.) K Ch. A V S N Murthy, Council Member; CMA H. Padmanabhan, Council Member and CMA KVN Lavanya were the representatives from the Institute.

Mr. G M Rao in his address mentioned India’s supremacy during the ancient period with respect to its rich culture, tradition, science, astronomical knowledge, spirituality, great inventions, education system, scriptures and the Vedas consisting timeless wisdom.

Scholars, politicians, scientists, inventors, corporate leaders, many of the great accomplished personalities from across the world have referred and have taken lessons from our Bhagwad Gita. India invented the number system; ‘zero’ was invented by Aryabhata. The place value system and the decimal system were developed in India in 100 BC. The value of ‘pi’ and pythagoras theorem was developed in India in the 6th century. Algebra, trigonometry, quadratic equations and calculus came from India. These are the

foundations of mathematics. Next are Indian Intelligence and Leadership. No surprise that if one starts seeing the leadership of Top 10 companies in the world, it will probably be an Indian. Whether it is Microsoft, Google, Pepsico, Mastercard, Adobe, Berkshire Hathaway and

many more. **He has strongly opined that world looks towards India for leadership in innovation, technology, demographic dividend, transformative reforms, FDI norms, self-reliant Bharat, New Education Policy and the right priorities focused by the nation.**

He also emphasized to move ahead with the mantra of ‘Make for World’ alongside ‘Make in India’, thereby making India a trusted partner in the interconnected and interdependent world. **Here, CMAs have to play a major role. They have to work very closely with the management of the companies and advise them on cost optimization at all levels to stay**

**competitive and facilitate in framing innovative ways of cost reduction.**

Finally, concluded his address saying that ‘a culturally strong nation can withstand any challenges’. The discussion meet ended with a Question-Answer session. Mr. Rao responded satisfactorily to the questions with his anecdotally rich entrepreneurial knowledge for the benefit of all.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA  
Statutory Body under an Act of Parliament

**WEBINT**  
by  
RC and Chapters Coordination  
Journal, AAT Board & CAT ICAI

**29.AUG.2K20, Saturday, 5PM to 6.30PM**  
on  
**"INDIA: Superpower to Superpower"**

**Chief Guest & Resource Person**  
**Shri. G M RAO**  
Group Chairman  
GMR Group

**HOST**

CMA Balwinder Singh  
President

CMA Biswarup Basu  
Vice-President

CMA (Dr.) K Ch A V S N  
Murthy

CMA H. Padmanabhan



# INSURANCE, SMALL BUSINESS, ONLINE BUSINESS AND SURVIVING THE POST COVID-19 ERA



**CMA Abhisek Bhowmik**  
Manager (Finance)  
NMDC Ltd, NISP  
Nagarnar, Chhattisgarh

## Abstract

*The small business owners have been hit hard during the Covid-19 pandemic. Their lack of presence in the online sphere is also a drawback. An insurance cover for the small business owners, both online and offline will help them feed their families during these crisis periods.*

### History of Insurance:

Trade has existed along with humanity. Early humans traded one type of crops with another. The system continued for a long time till the concept of using money as an exchange was created.

After the advent of some form of money as an exchange, trade expanded. From initial days of trade with nearby tribes, it now started to be done with people from nearby towns and distant cities.

During these times, a group of merchants would often form a guild to help each other out, in case their commodities were either burned or stolen. This is how the concept of insurance in business was conceived. With growing businesses, traders would often pay a sum to the guild, to be helped out, in case their commodities were damaged. We find similar concepts even during the early Babylonian times.

### Insurance in today's world:

While studying Business Organization in Class XI & XII, Insurance was a subject that was of very fascinating to me. Gradually, I kept on learning the various aspects of Life Insurance and General Insurance.

Life before the Covid-19 pandemic was quiet similar to what it used to be 25 years back. Risks involved mostly that of theft, fire and accidental loss. However, since this pandemic took over the entire world, life has changed drastically. Earlier, people used to consider many things to be basic necessities of life. Now, people who have a regular source of income despite this pandemic are feeling blessed. The basics of life have again come down to food, dress and shelter.

In this changed scenario, it is the small business owner who has suffered a heavy loss during this pandemic. During the first 3 phases of lockdown, basic commodities like food, milk and medicine were the ones that were sold.

People even forgot to purchase new clothes even for some festivals that came within the lockdown time.

Small shops that traded in clothes, gift items, and electronics and auto parts suffered huge loss. They only resumed their businesses, when the unlock process again started. However, this process too is delayed since remote and small towns were receiving goods in delayed time due to slow movement of goods.

### Economic slowdown during Covid-19 pandemic:

The economy of the whole world suffered huge blow due to the ongoing pandemic. Not only the factories that remained close due to the lockdown have caused tremendous job loss, the lockdown has affected the sale of non-essential goods and services a lot.

Another business that has faced the burn is the tourism industry. Due to the pandemic, tourism is completely shut down, the hotels and restaurants



of the tourist places have closed down. The staffs have either lost their jobs or they have been retained with reduced pay.

The souvenir and cloth shops, the liquor shops and other non-essential shops in the tourist places have lost huge business. The tea and food sellers at railway platforms have lost their earnings.

During these difficult times, it is insurance that could have kept these people going.

### Insurance for small businesses:

Small business owners need to be encouraged to set up guild for their own line of business owners. They should be encouraged to pay regular premium for managing crisis during these pandemic times. Pandemics do not come after sending a notice. Hence, they must remain part of their organization and the people who are running these guilds and organizations need to come up with money making techniques with the premium received from the small business owners. A co-operative format of insurance companies, owned by the small business owners might actually be of great help.

For e.g. A person who runs a small eatery, needs to connect up with other eateries of the town and should team up to form a guild of eateries. These small town eateries should form guild and form co-operative with district level eateries. They should either form their own insurance units (duly approved from IRDA), or they should approach one or more insurance companies (approved by IRDA).

It would be better that they approach some verified and reputed insurance company and come up with a pandemic insurance plan. All those members need to pay a sum of premium and become a part of this programme. In times of pandemic, this fund can be used to feed the families of these small eateries.

However, since this pandemic has already caused huge blow to the worldwide economic activities, it is likely that the premiums of these schemes might be very high during the initial phases of this idea.

However, with time the premiums will come to being normal. But the small eateries and other businesses should be given the benefit of tax savings for the premiums paid; otherwise the whole process will become a financial burden for them. This definitely will not help them to survive.

### Online business and its impact:

During the pandemic, the shops that actually kept running was those who had made their online presence felt for the last couple of years. Some home run businesses, which do not operate from a shop, and are actually running online shops, have fared better.

When people were unable to go out and purchase essential commodities, they turned online and they have made purchases even during lockdown. This is an eye opener for the traditional and conservative businessmen who have for many years' resisted online businesses and tried to promote only offline businesses.

You shouldn't resist this transformational period. Our economy was going through a havoc transition prior to this pandemic. This is the digital era. Rather than opposing online stores, had small businesses actually kept their own online stores open, they would have kept their businesses running, even though this might be a fraction of what they sell offline.

### Online business for shopkeepers:

Many shopkeepers have for generations kept all the major activities with themselves. They have kept the day to day activities and their own management strictly within their family. This is how businesses have been done in India for hundreds of years.

This way of managing businesses have been a blockade for their growth in the online era. The older generation, who are not that tech savvy, have a fear of loss due to digital crime. This is true to some extent, but there are verified online houses like myntra, flipkart and amazon, among others, where doing online business is actually safe.

There are even online store management start-ups that helps

manage the online orders and despatch. These companies need to be explored and the shopkeepers should be made aware, that online mode of doing business could have kept their cash flow running during the lockdown.

### Insurance for Online storeowners:

There are certain guidelines and rules managing the insurance of small storeowners in the web world. However, learning from this pandemic, the insurance companies should bring in more schemes that will attract the online store owners to get covered for pandemic, theft, fire and accident, among others.

### Revival of the economy:

This pandemic has hard hit our economy. We have seen a whopping -23.9% decline in the economy of Q1, 2020-21. This will have similar adverse impact on the revenue generation through tax collection of the Govt. This is a circle and will run for some time, and we, the common man, who have been receiving our salary, should come out and keep the show running.

Our PM Sri Narendra Modi has called out for aatmanirbhar bharat and go local. We need to purchase local (India made) commodities. For some time, we need to purchase some products from our local stores and also from online stores. We need to keep a balance and should be a driving factor in bringing the economy back to the track.

The people of the country should stop using foreign made goods at least for the next two years so that our own economy is back on track and the show keeps running. MA

### References

1. <https://www.indiatoday.in/business/story/gdp-data-for-first-quarter-financial-year-2020-21-1717103-2020-08-31>
2. <https://www.investopedia.com/terms/i/insurance.asp>

[abhi.abh.21@gmail.com](mailto:abhi.abh.21@gmail.com)

# BUSINESS OF HACKING - BUYER BEWARE OF CYBERCRIME INSURANCE



**CMA (Dr.) Subir Kumar Banerjee**  
Director  
Excel Realty N Infra Limited  
Mumbai

## What is Hacking?

**A** hacking is a malicious and utmost effort by a person or an entity to interfere and illegally access the data of another person or an entity. Normally, the striker looks for certain dividend from interruption of others' network.

In other words, such cyber strike is initiated from one or more computers to another computer, number of computers or networks. Cyber strike can be divided into two types: strike where the purpose is to damage the other computer(s) or aim to get data from victim's computer(s) and perhaps get access of admin on it.

## Types of cyber attacks

Unethical hackers are inventing unique ways round the clock to hack information system of different entities. Here are some of the overly used methods.

- **Denial of service attack:** The hacker outpours a website with overwhelming traffic than it was originally meant to handle, making it huge interruption for authorized visitors to access the website.
- **Phishing:** An attacker poses to represent a reliable entity to ploy an user into taking an action (such as forcing opening a malicious attachment or clicking on a fake link) that the person would normally not adopt.
- **Malware:** Damaging software takes command of a machine, monitors user actions, and/or remits secret data from the damaged computer or system to the hacker's home base.

## Abstract

*Business of Hacking is thriving through the world. For Cyber criminals, it is easy with the advanced technologies. They need not move out. It is far far less risky compared to normal crime. Chances of implicating a cyber criminal in court of law is very remote. Bank robbery by hacking personal bank accounts of bank customers and extortion of money from concerned organisations in exchange of breached Data are the rule now. To mitigate cyber risks, cyber security measures should be in place. In addition, Cyber risk Insurance policy should be purchased. Cyber insurance is relatively new product for the insurance companies. Since much Data history of such type of insurance is not in place, customizing a cyber-insurance is painstaking and need collective consultations of brokers, consultants, IT team, finance and treasury professionals. If wrong cyber insurance policy is chosen, it will backfire causing loss of money in millions to the concerned entity.*

- **Ransomware:** This software converts information or data into a code to conceal so that user can not access them and then demands ransom for their safe re-conversion to original data or information.
- **Spoofing:** A hacker pretends to be another user or device to attack network hosts, rob data, rollout malware or divert access controls.

## Risks that may put your Digital World into a hacker's gold mine

After experience over the years in coordinating, servicing and engaging customers to construct their digital infrastructure and generate their reputation, professionals shared the key security risks that first come up during most implementations:

1. **Your organization has inadequate configuration security**, lack encryption and proper hashing of passwords.

2. **Your Company lacks adhering to patch management.** This is more troublesome when managing systems that are crucial to main business systems.
3. **There is Inconsistent encryption enablement in the entity.**
4. **There is no strong code security.** Mostly, user-developed code hasn't been scrutinized and monitored to ensure that it is "vulnerability free."

Figure 1 – Prospective Cyber Crime in 2020



Source - <https://www.munichre.com/topics-online/en/digitalisation/cyber/cyber-insurance-risks-and-trends-2020.html>

## The cyber crime economy is thriving in unprecedented way.

Cyber criminals work in groups. Cyber crime has comparatively no risk to bank robbery. Moreover, worldwide chance of implicating a Cybercriminal in court is as minimum as 0.05%. In addition, these cyber criminals earn more than around 20% per year compared to normal criminals. It may be more than \$2 million annually.

Since billions of dollars are pumped continuously by corporates to create a massive digital world both for cyber security and expansion, such hackers' jobs are in plenty.

## Cybersecurity experts foresee that cybercrime will damage the digital world more than \$6 trillion per year by 2021, jumped from \$3 trillion in 2015.

For companies, the unethical hacking result in massive

expenses. These comprise devastation and ruin of data, misappropriation of money, lost productivity, hush up of intellectual property, robbed of non-financial and financial data, vast interruption to the smooth flow of normal activities, damage of goodwill etc.

Surprisingly, Walmart, Tesla, Facebook, Microsoft, Apple, Amazon, and Google lag far behind the earnings of Cybercrime. All these companies' annual revenue totals is \$1.28 trillion compared to Cybercrime earning of around \$6 Trillion.

Hackers are the sellers of hacked output and buyers are mostly corporates, law enforcement agencies and concerned parties. They are sold to anyone who want to buy at dictated price. Business Competitors purchase because they are convinced that they will be ahead of competition.

Table 1 - Cybercrime in India in 2019

1. Number of Cyber Crime is 131.2 Million in 2019
2. For Indian companies, the insured amount for cyber crime vary from \$1 million to \$200 million .
3. Cyber crime insurance in India pegged a 40% yearly growth from 2017 to 2018.
4. Number of Cyber insurance policies sold was 250 in 2017 and 350 in 2018.
5. In India, Rs.1.24 Trillion lost due to Cyber Crime in 2019
6. 81% Indian are concerned about loss of personal identity
7. Of the Number of Cyber Crime 131.2 Million, 63% are monetarily effected

Source - <https://economictimes.indiatimes.com/wealth/personal-finance-news>

### 3 Points How Hacking Damage Corporates

#### 1. The Cost of Protection

To guard against cybercriminals, corporates are to shell out money. Costs include finding out risks, installing unique and safeguard operating procedures and purchasing shielding software and hardware. Appointing cyber-security advisors to develop a tailor made solution for relevant industries add to cost. In addition, the upfront costs of safeguard against cyber attack are massive but the systems must be foolproof.

#### 2. Brand damage

Reduction of customer base and stakeholder confidence can be the worst effect of cyber crime, as majority of people would not associate with a company that had been hacked, since it is unable to safeguard its customers' data. Added to it, is degradation of company's goodwill which promoters worked over the years relentlessly to build. The concerned company may also fail to bring professional executives, suppliers and investors since the company is already defamed.

#### 3. Other consequences

Above the surface

##### Well-known cyber incident costs

- Customer breach notifications
- Post-breach customer protection
- Statutory compliance (fines)
- Public relations/ communications
- Lawyer fees and litigation
- Technical due diligence

Below the surface

##### Hidden or less visible costs

- Costly Insurance premium
- Raising debt will be costly
- Restarting operation difficult
- Eroded value of customer relationships
- Value of lost contract revenue
- Loss of intellectual property (IP)

**Table 2 - Cost of Cyber Attack Worldwide**

1. Hackers attack every seconds	35 Times	1,26,000 Times an Hour
2. An Cyber Attack costs to victims	\$40,000	Per Hour
3. For Cyber Attack, US loses Number of Jobs	5,00,000	Per Year
4. Total Damage to US Economy (0.64% GDP)	\$100 Bn.	Annually
<b>Major Hacking in History –</b>		
1. Yahoo was hacked for 200 Million Accounts	\$50 Million	2013-14
2. Citibank ATMs Servers Hacked cost	\$20 Million	2008
3. SONY Movies & Data Stolen in Massive Hack Cost	\$15 Million	2014
4. RBS Worldpay loses 1.5 Million Payroll Account Details (Cost)	\$8.4 Million	2009
5. 35000 Saudi Aramco Computers were hacked in Colossal Data wipe - Cost	\$1 Billion	2012
6. 146.6 Million American Personal Data of Credit File Agency Equifax was hacked - Cost	\$ 60 Million	2017
7. Hotel Giant Marriott was hacked twice & affected 505.2 million of its guests. Cost	\$148 Million	2018 & 2020

Source- <https://www.webfx.com/blog/internet/how-much-do-cyberattacks-cost-the-us/>

#### Holistic cyber protection

1. Exhaustive and transparent cyber risk measurements
2. Targeted prior-breach services to tame likely risks
3. Customised insurance coverage and other products
4. Breach response services and hacking management

#### Buyer Beware Before Buying A Cyber Crime Insurance Policy

##### Why Cyber Crime Insurance Required?

Cyber crime insurance policies are designed to company's specific need. They are as follows -

- **Data breach coverage.** In such cases, entities are

required by statute to notify the victims who are stakeholders. This will increase the costs of data breach. **Business disruption loss compensation.** Hacking can result in a digital failure that may partly/fully interrupt the flow of business costing concerned entity both time and finance. These policies may compensate loss of revenue during these disruption period.

- **Cyber extortion defense.** Ransomware and other akin malicious software are tailor made to rob and retain crucial data from concerned entity until a desired ransom money is paid. It is crucial that entities must resort to cybercrime insurance, which

can cushion monetary losses related to cyber ransom.

- **Forensic support.** Following a hacking, an entity will have to monitor to find out the degree of the breach and what is the cause. The correct policy can compensate the insured in relation to forensics and seeking out professional expertise. This is very supportive following a cyber crime.
- **Legal support.** Subsequent to a cyber crime, businesses frequently look for legal counselling. This can be expensive. Cyber crime insurance can financially support companies for legal advice subsequent to a cyber crime.
- **Coverage beyond a general liability policy.** General liability policies do not normally safeguard entities from mischiefs related to data breaches. It is imperative to tailor-made insurance with cyber protection. Your entity is financially and goodwill proof with right insurance.

### First-party vs. third-party cyber crime insurance

Insurance providers have devised two types of cyber crime insurance to aid tech and other companies to get compensated from data breaches:

- **First-party cyber liability insurance** redresses data breaches on entities' network or systems.
- **Third-party cyber liability insurance** redresses compensation for litigations arising out of data breaches on a client's network or systems. If a stakeholder go to the court for such an event, third-party insurance will help cover advocate fees, court related costs, and likely compensation.

## 5 (Five) Items Cyber Risk Insurance Won't Cover

### 1. Hidden limit and sublimit of losses

Before making a claim, beware of sub-limits merged in policies. Be cautious of low sublimit like forensics investigations or breach notification costs.

### 2. Loss of Intellectual Property (IP) Or Trade Secrets

Cyber criminal insurance is a new insurance in global market. They have hardly any knowledge about fixing or underwriting the discounted value of IP or trade secrets at the disposal of cyber criminals. Hence, maximum policies do not insure IP loss. This also includes Brand damage.

### 3. Lost Revenue

The possibility of recovering loss of revenue from business disruption is remote by a cyber insurance policy. Again being a new type of insurance policy in the block, there is hardly any expertise on the part of insurance company and history of such claim.

### 4. Loss Due to Casual approach to security

In case of inadequate security measures in the victim organisation and in case there is no proper compliance of cyber security measures as per cyber mandatory regulations, such losses are not entertained by insurance companies.

### 5. General Liability Is Not A Certainty For Protection

Commercial General Liability policies (CGL) will

not cover cyber attacks. You need specific cyber liability coverage. In 2011, Sony's PlayStation network was hacked more than 77 million personal accounts, costing Sony an \$170 million. They mistook that their general liability insurance policy is enough. Sony went on litigation against insurance company. The courts decided that Sony's general policy is short of coverage of the cyber breach and hence no compensation was paid. It was a massive shock to Sony and learned the lesson.

## Guide for Buying Cyber Risk Insurance

### 1. A. Identify Your Nature of Future Risks and Existing Coverage.

In case you have no policy so far, initial step in buying cyber insurance is to visualize the extent of the risks and its features facing your company. For businesses, like banks and retailers, the main risk is the robbing of personal financial information. The risk for a utility or energy company is the interruption of crucial businesses through hacking of networks.

**B. Understand Your Current Coverage.** If you have already a cyber risk insurance policy, you will have to re-look your existing coverage. How much it already covers prospective risks? Then you can go ahead of buying a revised policy.

### 2. Buy as per your requirement.

In the market, there will be a number of Insurance Companies with a different types of menus of risk coverage. In this situation, it is preferable to concentrate on plain vanilla. Otherwise, you may be confused. Make a list of Dos and Donots of multiple risks being offered by Insurance Companies. You should tick the risks you want to cover and reject others. There will be occasions when some Insurer will stick to certain exclusions which you feel should not be there. You can arrange a quote from other insurers who will agree as per your such requirement.

### 3. Dictate and Negotiate Limits and Sublimits.

Are you aware that what will be the prospective loss on each segment of digital network if there is any hacking? It is meticulous exercise to arrive at value of cyber risk insurance based on each component of loss. Thereafter, the insured company should compare the value of insurance vis-à-vis prospective cost in case of data breach with limit of liability available and corresponding cost. Moreover, in case of crisis management expenses, notification costs and regulatory investigations, cyber insurance policies put sublimits. These sublimits may not be sufficient as per your requirements, but are negotiable with insurance company on the volume of the sublimit, often with no increase in premium.

### 4. Be Careful of Exclusions.

Since product like cyber insurance is of recent origin, the structure of wordings of policy exclusion is not uniform. How much loss or claim will be covered is dependent on wordings of the sentences in the policy exclusion in contrast to the wordings of the grant of coverage. Policies may contain Exclusions Language which may be cut and paste job from another insurance policy and

hence sometime the exclusions look odd. If such situation arises, it is better to discuss the concerns with insurance company. Otherwise, opt for other insurance companies.

5. **Make Retrospective Coverage.** Generally, effective date of commencement of cyber risk policies is prospective. It means that Cyber policies are valid from the date of signing of contract of Cyber Insurance. However, in some cases, Data Breach may already happen but not in knowledge of the victim organization. In such cases, it is better to insert a clause of earliest possible retrospective coverage of breach. Because of such retrospective clause, insurer can not deny claim for breach occurred before signing of contract.
6. **Include Coverage of negligence of Third Parties Contractors.** Outsourcing of data processing or storage from a Third Party is common practice. Be sure that your cyber risk coverage should include negligence of such Third Party.
7. **Associate Concerned Stakeholders.** Before you buy a cyber insurance policy, discuss with internal IT, treasury, finance and risk management and make them participate in all meetings with brokers,

insurance consultants and insurance companies. Feed back from these insiders are must for choosing a right policy and at right price with right exclusions/limits/sublimits.

8. **Study the Coverage for Loss of Data on Devices which are not encrypted.** It is common for professionals to work on own laptops from home or other places beyond office. While it is common knowledge that entities encrypt own desktops, laptops and storage devices but personal computers, laptops, storage devices of business executives and professionals, freelance consultants who work beyond office are not encrypted. This is a major risk area of likely Data Breach. Be careful to include coverage in the cyber insurance policy of these laptops and storage devices which are not encrypted.
9. **Think Over Coverage for Statutory Actions.** Beside loss of Data, there can be Statutory steps against the organization by state and central governments when breach occurs. Be cautious to positively include suitable clauses of coverage of cost in cyber risk insurance policy in case any regulatory investigation happens and penalty is imposed for cyber breach.

Figure 2. End-To-End Solution of Cyber Risks



Source: Accenture analysis

It is also pertinent to observe that end-to-end solution of cyber insurance policy provides a good vive for clients and stakeholders. Less the cyber attack and it's mild intensity boost the image of organisations. It depend both on strong cyber security mechanism in place along with foolproof cyber risk insurance policy. It serves a long run trust between organization,customers,insurers and other stakeholders. **MA**

## References

1. <https://www.mountainone.com/news/benefits-cyber-liability-insurance>
2. <https://www.mcguirewoods.com/client-resources/alerts/2013/10/buyers-guide-to-cyber-insurance.aspx>
3. [https://www.investopedia.com/financial-edge/0112/3-](https://www.investopedia.com/financial-edge/0112/3-ways-cyber-crime-impacts-business.aspx)

[ways-cyber-crime-impacts-business.aspx](https://www.investopedia.com/financial-edge/0112/3-ways-cyber-crime-impacts-business.aspx)

4. <https://www.darkreading.com/vulnerabilities---threats/cybercrime-may-be-the-worlds-third-largest-economy-by-2021/a/d-id/1337475>
5. <https://www.technology.org/2019/07/17/biggest-cyber-attacks-and-their-cost-for-the-global-economy/>
6. <https://economictimes.indiatimes.com/wealth/personal-finance-news>
7. <http://www.abc.ca/on/business/risk-management/cyber-liability>

[subirkumar.banerjee@gmail.com](mailto:subirkumar.banerjee@gmail.com)



# MICRO-INSURANCE: ROLE AND ISSUES DURING THE COVID-19 CRISIS



**Avishek Roy**

Assistant Professor

Department of Business Administration

Dinabandhu Andrews Institute of Technology and Management, Kolkata

## Abstract

*This paper analyses the role that micro-insurance can potentially play in reducing economic vulnerabilities of lower income households during the COVID-19 pandemic. It uses a theoretical framework derived from studying relevant literature on the subject. The framework was used to identify ways in which various shocks exacerbate economic vulnerabilities of the poor and perpetuate their poverty. It also formed the basis for understanding how micro-insurance insulates them against such shocks. The paper has found that there are a host of micro-insurance schemes available for shielding the poor against death, disability and crop failures. However issues such as financial illiteracy and lack of financial inclusion continue to remain as hindrances.*

## INTRODUCTION

Large sections of the population in third world nations are extremely vulnerable to economic shocks. Their earnings are subject to a far greater risk of being disrupted

owing to circumstances beyond their control. Due to factors such as financial illiteracy, lack of education, poverty etc they fail to evolve strategies to properly mitigate this risk. This becomes responsible for them remaining perpetually

poor. Several developing and less developed economies have realized the potential of micro-insurance in shielding people with inadequate earnings against death of family members, accidents, diseases and natural disasters. Additionally, micro-

insurance is also being recognized as a means of providing financial security and enable lower income families to access modern healthcare (ILO1). Development of the insurance industry has an important bearing on a country's economic advancement. Insurance helps to quantify risk and provide capital for long term investment and development of debt and equity markets. As a result, micro-insurance has seen rapid growth in the developing nations of Asia, Africa and South America (ILO2).

The outbreak of COVID-19 saw several unexpected changes in the lives and livelihoods of people all over the world. Its effects were felt in India too. Varying degrees of lockdown imposed in several states for protecting the spread of the disease had some unwanted side effects. Since many small businesses had to temporarily suspend their operations, scores of labourers dependent on daily wages lost access to their earnings. This meant that thousands of workers employed in small scale and cottage industries, hotels and restaurants, construction and real estate, shopping malls, cinema halls etc were thrown into financial misery. The situation was further worsened as a result of a large scale return of migrant labourers to their respective states.

### OBJECTIVES

The objectives of the paper may be summarized as under:

- i. To explore ways in which economically backward households become vulnerable to various macro-economic shocks
- ii. To identify economic shocks being faced by the lower income households due to the COVID-19 pandemic and the role that micro-insurance can play in reducing their economic hardships

### DATA AND METHODS

A theoretical framework was developed for the paper. For this purpose, a wide range literature on economic shocks and vulnerability of poor households was reviewed. The

framework was used for establishing the following:

- i. Identifying the range of shocks that impact poor households and how these make their economic vulnerability more acute and push them further into poverty
- ii. Understanding in which of the cases, can micro-insurance protect these households against adverse effects of such shocks.

Based on the framework, the following factors were found responsible for deepening of economic vulnerabilities of the marginalized households:

- ✓ Lack of financial literacy
- ✓ Low job security and social security in the informal sector
- ✓ Business cycle fluctuations
- ✓ Natural disasters (like floods, cyclones etc)
- ✓ Death, illness, hospitalization, accidents, personal tragedies etc

Analysis was then made to understand how these factors have impacted household earnings of financially backward sections such as migratory workers, workers with seasonal employment or in the unrecognized sector, daily wage labourers, small traders, vendors, hawkers etc during the COVID-19 outbreak. Thereafter, the paper has explored the coverage provided by various micro-insurance and social security schemes promoted by the government. In doing so, the paper tries to establish whether by being part of these schemes, the policyholder is cushioned against being vulnerable to the factors identified in the framework. Explorative research design was used for this purpose.

### THEORETICAL BACKGROUND

There is a high degree of consensus in literature that the poor stand a higher chance of being adversely affected by financial hazards than others. Risk is a function of hazard (a potential event) and vulnerability (degree of susceptibility to hazard).

This is expressed as: Risk = hazard × vulnerability (Ciurean et al (2013)). Thus, although the risks that the poor face from death, diseases, accidents and injuries is almost the same as others, their weak economic condition makes them far more vulnerable to these (Ahuja & Guha-Khasnobis (2005)). Furthermore their capacity to deal with crisis is also lower (Churchill (2007)). If a family is already facing financial hardships, any crisis tends to push the family even deeper down into poverty (McCord & Osinde (2005)).

Several factors are responsible for the economic vulnerability of the poor. Poverty and economic vulnerability form a vicious cycle. The poor households usually fail to determine the kind of losses that they may face or when they are likely to face them. Consequently, they are unable to utilize earning opportunities that can pull them out of poverty (Churchill (2007)). This indicates a lack of financial literacy.

The informal or unorganized sector employs a sizable chunk of the working population of India. Ahuja & Guha-Khasnobis (2005) gives a detailed list of occupations in these sectors. However, they are especially susceptible to economic vulnerability. Workers in the informal sector tend to have low wages and also lack job security. This along with the lack of social security means that if they have to incur any unplanned expenditure due to illnesses or unemployment, they might be drawn into a vortex of poverty and destitution (Jhabvala(2013)).

Fluctuations in business cycles also make economic vulnerabilities more acute. The rural poor often have to depend on multiple sources of income. After the harvesting season is over, agricultural workers move from their villages to the big cities to work in construction projects or in the small scale industries. During periods of economic recessions, several real estate projects may be rolled back or postponed drying up possibilities of finding employment. Slowdown in the country's economic growth also impacts the employment generation capacity of the SME units. Several of these units may even close down or suspend their operations temporarily.



In recent years, frequent onsets of recessions have seriously impacted the earnings of the rural poor.

Natural disasters also increase the economic vulnerability of the poor, especially in the rural areas.

In India floods and cyclones have frequently affected the lives and livelihood of the impoverished. Villagers lose their life's savings and assets when cyclonic storms and floods destroy their houses and huts, damage crops, uproot fruit trees or kill livestock. When cyclones hit coastal villages, fishermen lose their daily earnings as they cannot venture out into the seas for fishing. Thus, natural disasters morph into "human catastrophes" by destroying assets and means of income generation for the poor. This strengthens the poverty of those who already poor as well as pull more people into poverty (Shephard et al(2013)).

The rural poor often work as casual labourers in agro based industries like sugar mills, jute mills, rice mills, flour mills etc. Earthquakes, floods etc. damage crops or infrastructure like roads, canal embankments, dams etc. hinders the working of these units and diminishes the odds of the rural poor of finding work. The "risk of impoverishment" is therefore associated with lack of market access coupled with loss of assets and the absence of insurance cover (Shephard et al(2013)).

In the poor households – both rural and urban – death, incapacitation or terminal illness of the bread earner often causes the family to incur huge debts and sink deeper into poverty (Ahuja&Guha-Khasnobis (2005)).

Micro-insurance can be effective in shielding the poor against financial hardships resulting from medical emergencies and natural calamities. Not having adequate insurance coverage not only increases the vulnerability of the poor households to financial losses but also causes them mental anxiety. Thus micro-insurance gives them greater confidence in facing such exigencies. Given the high proportion of people living below the poverty line, micro-insurance has a high potential in India

(Gupta et al(2015)). Micro-insurance schemes are meant to enable the poor and marginalized population to buy insurance at affordable rates. As per the Insurance Regulatory and Development Authority of India (IRDAI), a micro-insurance policy is a general or life insurance policy where the sum assured is Rs 50,000 or less (IRDAI1). When the Indian insurance market was opened to private players, the IRDAI made it mandatory for all insurance companies in India to cover the poor and marginalized sections of the population. Subsequently, in the liberalized insurance market of India, almost all insurance companies are offering products for the lower income population (Ahuja & Guha-Khasnobis (2004)).

### ECONOMIC SHOCKS DURING THE COVID-19 PANDEMIC

The outbreak of the COVID-19 pandemic came with a unique set of personal, social and economic challenges for the entire population. However, its impact has been the worse on the financially weak section of the society. The imposition of the nationwide lockdown forced several businesses- both small and large- to suspend their operations. This included businesses in the unorganized sector such as small scale industries, cinema halls, multiplexes, shopping malls, restaurants etc. As a result, their cash inflows dried up and this resulted in several employee layoffs. Even in cases where the employees were not laid off, they did not get their monthly salaries. This has happened in case of shopping mall salespersons, food delivery agents etc. This meant severe financial and mental agony for these people.

Even this pales in comparison to the plight of the migrant labourers who had to return to their homes from other states. Left without their daily wages, the labourers failed to pay rent or buy essentials for their survival. In desperation they had to decide returning to their states. In absence of any means of transport, some had to resort to walking or cycling. The media often covered the horrors they faced on the return journey including deaths of many migrant workers

due to road accidents or exhaustion. Many of those who returned had to be isolated or quarantined. In many cases, these labourers were the sole bread earner for their families. The journey back home was an ordeal in which they lost a huge portion of their savings. Without jobs and means of earning livelihoods these people faced the very real threat of being dragged deeper into poverty.

In May 2020, coastal West Bengal and Orissa were hit by a severe cyclonic storm "Amphan". "Amphan" did untold amount of damage to property, crops and livestock. All this happened when the country was still under lockdown and economic growth projections were looking discouraging.

In this atmosphere of absolute hardship, people were still faced with death, illness and personal accidents. The restrictions on movement necessitated to contain the spread of COVID-19 only added to their miseries even more.

### MICRO-INSURANCE SCHEMES AS BARRIERS AGAINST HAZARDS

In the past years, several micro-insurance and social security schemes have been initiated and promoted by the government to protect the lower income population against losses arising from hospitalization, illness, accidents, death etc. Although insurance cannot prevent these from actually taking place, but it can lessen- to a large extent- the financial loss arising out of these eventualities.

A few such schemes are discussed here.

The **Pradhan Mantri Suraksha Bima Yojana (PMSBY)** scheme provides cover of Rs 2 lakh for death or full disability due to accident and Rs 1 lakh for partial disability. The scheme applies to people of age group of 18 to 70 years having bank accounts. Annual premium is Rs12 only, which is debited from the bank account of the policy holder.

**Samaj Sathi** is a unique accident and death benefit scheme for Self

Help Groups (SHG) promoted by the Government of West Bengal. The scheme provides for payment of Rs 2 lakh on the event of death or total permanent disablement due to accidents and Rs 1.5 lakhs for partial disablement. Additionally the scheme also has option of payment of Rs 100 per day for wage loss due to hospitalization. Over and above the principal amount there is provision for payment of Rs 2500 for funeral expenses of the policy holder.

The **Aam Aadmi Bima Yojna (AABY)** provides a cover of Rs30000 for natural death and Rs 75000 for accidental death and disability. The scheme applies to applicants of 18-59 years. The applicant must be the head of the family of a family Below Poverty Line (BPL) or one that is marginally above BPL. The annual premium is Rs 200. Either 50% or total subsidy is available to eligible members.

The **Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)** has a provision for paying Rs2 lakhs on account of death for any reason. People of the age group 18-50 years with bank accounts are eligible to apply. An annual premium of Rs 330 is charged from the policy holder's bank account.

## CONCLUSION

Of all shocks affecting the poor, death, disability and medical expenses are probably the most crippling as they drain their life's savings, make them incur huge debts and land deeper into poverty. These typically have been the very reasons why the poor faced hardships in the atmosphere of COVID-19. While the schemes promise to lessen the misery of the poor, there are issues regarding the lack of financial literacy in the poor—especially among the BPL families. Another issue is lack of doorstep banking facilities. Majority of the schemes require the applicant to have bank accounts. Even though the PradhanMantri Jan DhanYojna scheme has succeeded in opening bank accounts for many unbanked families, it has been seen that many

of the account holders do not make active use of these accounts. Hence, aside from having the schemes, it's important to impart financial literacy among the poor. The framework developed in this paper also identified lack of financial literacy as one of the reasons that make the poor more vulnerable to economic shocks. **MA**

## REFERENCES

1. Ahuja, Rajeev & Guha-Khasnobis, Basudeb(2004) *Extending Formal Insurance to the Informal Economy Workers in India. EGDI and UNU- WIDER Conference Unlocking Human Potential: Linking the Informal and Formal Sectors*
2. Ahuja, Rajeev & Guha-Khasnobis, Basudeb(2005). *Micro-Insurance in India: Trends and strategies for further extension. ICRIER Working Paper no 162*
3. Churchill, Craig (2007): *Insuring the Low-Income Market: Challenges and Solutions for Commercial Insurers. Geneva Paper on Risk and Insurance—Issues and Practice*
4. Ciurean, Roxana Liliana; Schroeter, Dagmar & Glade, Thomas (2013) "Conceptual Frameworks of Vulnerability Assessments for Natural Disasters Reduction," *Chapters, in: John P. Tiefenbacher (ed) Approaches to Disaster Management - Examining the Implications of Hazards, Emergencies and Disasters, IntechOpen.*
5. Gupta, Pradeep Kumar; Venkataramani, Bhama; Singh, dhenduShekhar & Ambarkhane, Dilip (2015): *Challenges of Effective Implementation of Micro-Insurance in India: A Case Study of Bhartiya Agro Industries Foundation (BAIF), Annual Research Journal of Symbiosis Centre for Management Studies, Pune, Vol. 3, April 2015, pp. 176–187*
6. ILO1: [https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS\\_237793/lang--en/index.htm](https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_237793/lang--en/index.htm)
7. ILO2: <http://www.impactinsurance.org/about/facts-on-microinsurance>
8. IRDAII: [https://www.policyholder.gov.in/Economically\\_Vulnerable.aspx](https://www.policyholder.gov.in/Economically_Vulnerable.aspx)
9. Jhabvala, Renana (2013): *Informal Workers & the Economy, The Indian Journal of Industrial Relations, Vol. 48, No. 3, January 2013*
10. McCord, Michael & Osinde, Sylvia. (2005). *Reducing vulnerability: The supply of health microinsurance in East Africa. Journal of International Development. Vol.17, Issue 3, April 2005.*
11. Shepherd, A; Mitchell, T; Lewis, K; Lenhardt, A; Jones, L; Scott, L.; Muir-Wood, R (2013) *The geography of poverty, disasters and climate extremes in 2030, Overseas Development Institute (ODI), <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/8633.pdf>*

[avishekroyonline@gmail.com](mailto:avishekroyonline@gmail.com)

# CRM: A DIFFERENTIATING STRATEGY TO RETAIN CUSTOMER IN LIFE INSURANCE SECTOR



**Dr. FurquanUddin**

Assistant Professor

Dept. of Management & Business Administration  
Aliah University, Kolkata

## Abstract

*The purpose of marketing is not to create the customers merely but also to retain them in all industries including life insurance. In India, less than one-fourth of the insurable population has life insurance cover. People buy life insurance primarily for tax saving, investment and risk cover in India. Apart from creating new customer, it is imperative before life insurers to retain the existing customers. In order to do so, customer relationship management (CRM) is used and its importance gets enhanced when it is a service product. Life insurance is a financial service product which is regarded as unsought product in India. Therefore, the present article stresses on significance of CRM and steps involved in life insurance business.*

## Introduction

The current scenario of Indian insurance market is complex, competitive and in growth stage. The insurance industry in India has witnessed a full circle; the competitive environment before 1956, the monopolistic environment till 1999-2000 and once again market driven since 2000. At present, India (with around 17 percent of the world population) is largely an untapped market with nearly 75 percent of the population still living without any insurance cover. The major hassle the industry faces is obtaining clients.

As a matter of fact, the big fish in the insurance industry dominates the sector. There are about 24 life insurance companies including LIC of India, a public entity and market leader in the industry also faces the customer churning.

Life insurance marketers have now consensus that CRM is indispensable if they want to offer high quality services since it gratifies existing customers and gains new ones. As a matter of fact, policies get sold only if relationships are developed. CRM assists in tackling these problems with its customer-friendly, digital-based CRM instruments that boost sales

opportunities. CRM covers the entire gamut of customer's experience from the point of acceptance of proposal to completion of the policy term. In a competitive market, three things count product, brand and the experience play a vital role, therefore, CRM is poised to play the role of differentiator in the market.

## Conceptual Framework of CRM

The road to customer relationship management (CRM) is not a new one. It is being used since the human origin. As concerned with business, utility of CRM had not been well identified. In various sector, due to the monopoly

and mass production, businesses need not the CRM concepts. But, now-a-days, due to the cut-throat competition and number of so many rivals the significance of CRM has been increased. CRM is the part of relationship marketing. Relationship with suppliers, public, government, external and internal customers etc. come under the term relationship marketing when the relationship marketing is particularly practiced with customers it becomes CRM.

Berry, was the first person, who coined the term CRM in 1983. According to him, there were many literatures on attracting and creating the customers but rarely on retaining the customer, as that was the age of mass productions. In order to develop relationship marketing plan, Berry has suggested different marketing strategies viz., core service strategy, relationship customisation, service augmentation, relationship pricing and internal marketing. Many researchers found that customer retention and customer share is very important apart from attracting customers. Customer share is defined as the ratio of customer's purchase of a particular category of products or services from all suppliers. According to Sir Richard Greenbury, Chairman, Marks & Spencer. "To run profitable business we have customers who tell us." Thus, in the market driven economy, CRM plays a positive role in not only satisfying and delighting the customers but also in retaining the customers.

CRM is the road from brand trial to brand usage to brand advocacy. It is a passion to please the customer and a search for excellence and quality in every interaction with him/her. It is about human interactions (aided by technology) and behaviour. Thus, CRM, an extensive strategy, is a process of acquiring, retaining and coordinating with selective target audience to render superior value for the organisation and the customer. In order to achieve more efficiencies and effectiveness in catering customer value, CRM utilises the integrations of marketing, sales, customer services and the supply chain management functions of the organisation.

### Why CRM in Life Insurance Sector

The launch of the frequent flier programs by American Airlines and other carries in 1981, identified high-value customers and offered recognition and treatment to them. Since the hotels, car rentals, credit card issuers, retailers, telephone companies, insurance companies, banking companies etc. based their marketing strategies on customer retention. By using rewards, recognition and special treatment to high value customers these programs sought to "turn customers into members" who willingly collaborate with the sponsor in the continuing marketing process. These collaborative relationships helped customers becoming "insiders" and willing to contribute their time, opinions and discretionary purchase volume in their favour. Therefore, due to the increasing significance of CRM, insurance companies are practicing this process. There are some following reasons which lead to the practices of CRM in life insurance sector:

#### (i) Realisation that Existing Customers are Important -

As per Pareto's Law, 80 percent of the total sales come from 20 percent of the customers hence, the need for CRM, the core of which is customer retention. It is highly beneficial for a firm to build long lasting relations with its customer. It is the efforts of a business firm as a whole and not just that of one salesperson or marketing department above that can ensure effective CRM benefits. All departments in the firm must think customer. Now-a-days, insurance companies are emphasizing on the big clients who regularly invest in insurance plans in order to save the tax. These clients are businessmen & professionals.

#### (ii) The Cost of Acquiring Customers -

Businesses typically spend five times as much money, time and efforts in getting new customers than retaining existing ones- the old "bird in the hand" thus coming to roost has motivated businesses to try to maximise existing customer relationships. The most advanced and developed companies learnt from past

failures that CRM hits of strategy, and thus technology alone cannot be able to tackle high level issues such as new-customer acquisition and web-based marketing. In the case of life insurance sector, agents, executives or managers etc. spend much time, money and efforts to persuade the prospective customer while in dealing with existing ones they have to tell only about the plans and their benefits.

#### (iii) From Customer Acquisition to Customer Loyalty -

Consumers are fickle and more cynical than ever before, they no longer believe what they read and see and for large purchases they are more inclined to do their own research. They are also busier than ever and have consequently placed a premium on their leisure time. As concerned with investment in insurance policies they evaluate multifacets like risk-cover, return, claim, premium and other benefits. Now, loyalty is becoming the mantra on every executive's lips, customer satisfaction rates are plummeting. Ultimately, CRM plays a vital role in creating customer loyalty.

#### (iv) Attention on Customisation and Customer Retention

Treating customers like cattle is the antithesis of CRM, the goal of which is to recognise and treat each customer as an individual. As a matter of fact, if one individual is dissatisfied then he would tell a collection of other individuals i.e. one widely accepted marketing rule of thumb that claims the average unhappy customer tells eight other potential customers about his negative experience. Such spreading of consumer disapproval turns the world of viral marketing. Now-a-days, the insurance executives tell the plans to the customers according to their specific needs and requirements. They (executives) emphasise on building the strong relationship which consequently in retaining the existing customers and reduces customer churning. And it is the universal fact that creation is a easy task but retention is difficult one. So, CRM helps in customer retention. Practically, some executives present the insurance policy as a gift on some occasions like the birthday of the customer's children.

### (v) Internal Customers are the Precious Assets

Internal customers refer to the human resources of the organisation. As they are considered most valuable assets so it is necessary to satisfy them as well. The organisation interacts with the customers through it's employees. That's why the internal customers should be satisfied by providing handsome salary, attractive incentives, bonus, commission, schemes, perquisites, etc. in order to take better performance as an input.

### CRM Process in the Life Insurance Sector

CRM in the life insurance sector is not always easy to build, may be because it is one of the most complicated financial products. It is a process that takes some time, and usually involves a lot of work in explaining the customers what are the long term benefits, purposes and protection an insurance policy can provide them. The success or failure as an insurance agent is closely related by the customer connections. Therefore, he/she must take one step at a time and try to educate customers while selling products; this is the way to real profits if he/she knows how to do it. An executive can start by following some the most important steps in building a solid relationship marketing process in the life insurance sector.

#### Step I Cogitate from customer's perspective

As an insurance executive, he/she has to try seeing things from the customer's perspective, as this is the only way to explain the benefits of the products in close relationship with their needs. Moreover, he/she will be able to manage CRM in the insurance sector in an excellent direction by establishing an emotional connection and a trust based relationship with the customers.

#### Step II Preparation of an effective demonstration pertaining to the benefits of the insurance products

While presenting the insurance products to customers the most important thing is that to underline the product's benefits as per the

customer's needs. The best way to handle this is to have a firm belief in the product and a deep knowledge about it. Therefore, when the customer expresses its needs an executive must match right away their needs with the features of the product, and this make successful relationship marketing in the insurance sector.

#### Step III Specification of the offer's value

An executive can start by indicating the customer the expenses they can avoid on a long term if they will purchase his/her product. Providing them with related stories of existing customers and specify the value it brought to their lives. The previous customers as references can be used (if they agree, of course), as only a happy customers can convince a prospect one. And it is said that publicity (WOM) is more effective than any other promotional tools.

#### Step IV Regular Contact

Under this step, a CRE will show the customers that the organisation has not forgotten them by sending emails with the latest news about the products, fund value, status, newsletter or offers, SMS, telecalling, personal meeting etc. for eg. usually agents/executives wish their customers on special occasion like birthday, festivals, marriage anniversary, etc.

#### Step V Perseverance and patience are required in insurance sector

These two can turn the relationship marketing in the insurance sector into great results, if we talk about the high profits. Positioning company's image effectively in the insurance market can be achieved only through knowledge, education and a small financial input. Therefore, organising and planning properly the CRM can definitely help in establishing a solid reputation while building a long customer base.

### Conclusion

Life insurance business is one of the complicated businesses, needs good relationship. As at present times there are 24 life insurance companies, therefore competition became stiff, consumers are now more rational they want to get return well at minimum investment even in unfavourable

economic period. Therefore, by CRM an insurer may satisfy them, and through which customers will be retained as loyal customers. Many insurers are being suffered from customer churn. Especially, LIC whose market share was 100 percent in 2001 and in the financial year 2019 it is 66.58 percent in terms of renewal premium and 66.42 percent in total premium. Despite this fluctuation (fall), LIC is at the top position among the rivals. That's why the CRM concept is being used in LIC for retaining the policyholders. Upto some extent, it is fact that LIC has implemented CRM effectively as LIC has won the many awards regarding customer loyalty and brand equity. LIC has introduced a new program i.e. RRP (Renewal Relationship Program) and redesigned the role of CRM for the effective & smooth functioning of business operation.

Some alternative premium payment channels like ECS, Internet payment, online payment, ATMs etc. have been initiated by LIC, which provide gratification to the policyholders.

Thus, it can be stated that creation is an easy task but retention is difficult and typical one. Therefore, CRM may be proved as panacea in the life insurance business operation. MA

### References

1. Dyche, Jill; (2006). *The CRM Handbook : A Business Guide to Customer Relationship Management*, Pearson Education.
2. Seth, Rakesh and Seth, Kirti, (2005). *Creating Customer Delight; the how and why of CRM*, New Delhi.
3. Sehgal, N.K., (2007). *Relationship Marketing : A Source of Competitive Advantage*, India Journal of Marketing, 7.
4. Mishra, Devesh, Deb. Madhurims, Guin, Kalyan Kumar and Sinha, Gautam, (2007). *Customer Relationship Management (CRM) in Context of Food Marketing*, Indian Journal of Marketing, 17.
5. Chadha, Suresh, (2002). *Relationship Marketing : Managing Customer Focus*, Indian Journal of Marketing, March-April.
6. 4Ps, (2008). *Business & Marketing; 1 Aug.-28 Aug.*
7. [www.crm-forum.com](http://www.crm-forum.com)
8. [www.wikipedia.com](http://www.wikipedia.com)
9. [www.crminfo.com](http://www.crminfo.com)

[furquanbhu@gmail.com](mailto:furquanbhu@gmail.com)



# CHANGE IN PERCEPTION ABOUT INSURANCE AMONG THE YOUTH DUE TO COVID 19



**Dr. Kushal De**  
Assistant Professor,  
Department of Commerce  
Dhruba Chand Halder College, Kolkata



**Rishav Sarkar**  
Independent Researcher  
Balurghat, Dakshin Dinajpur

## Introduction

Insurance is one of the most neglected sectors in developing economies and India is no exception. The penetration and reach in India is one of the lowest in the fields of insurance. A significant proportion of the population has not yet realized the value of insurance. Even

## Abstract

*Insurance is one of the most neglected sectors in developing economies and India is no exception. Calamities and pandemics usually shake up the population reminding them about necessities for adequate cover. Indian economy has been severely hit by COVID 19 and the real pictures of the public healthcare system along with exploitation by the private players have been exposed. Widespread layoffs in the already troubled job market and series of natural calamities have further created insecurity in the hearts of people. Under these circumstances, the present study tries to assess the perceptions of young India about insurance through a survey conducted on a representative population of financially independent youth residing in West Bengal. The tabulated results show that the pandemic has raised the level of awareness regarding insurance among the youth and many have realized that they are underinsured. Mediclaim and term policies have gained widespread acceptance even among the youth.*

among those who are insured, a large majority is under-insured. Calamities and pandemics usually shake up the population reminding them about necessities for adequate cover. In today's economy, a major health issue or a natural calamity may drain away the entire life's savings of any family if they are not adequately insured. Besides providing risk coverage, insurance gives peace of mind to the insured.

The World Bank (2020) specified that the corona virus pandemic has a multifaceted impact on the insurance sector globally and locally in client countries with both negative effects and offsetting elements. It can be expected that insurers may be significantly negatively affected, given that they provide coverage for claims for death, health and other adverse contingencies. Asset market deterioration is also material; however, net effects are more nuanced. Shekhar and Pandey (2020) observed that a crisis such as COVID-19 affects all business sectors but it especially puts the spotlight on insurers who can expect to be inundated with general inquiries and claims across multiple different lines, whether that is for health, life or non-life cover. Roy (2020) said that the virus is weighing heavily on India. Private sector hospitals are arbitrary charging money, running into tens of lakhs of rupees. At this time, insurance companies have launched corona virus specific health insurance policies, due to nudge of regulator IRDAI. It is clear that lack of adequate cover might drain an individual and his family completely. The present study is undertaken to assess the present state of insurance and the perceptions about insurance among financially independent youth.

### Objectives of the Study

COVID 19 has made a huge impact on the society in general and on the mindset about insurance among the population in particular. Young men have realized the value, coverage and mental peace which a proper policy provides to the insured. The population of India is predominantly young and their perceptions or decisions would shape the future of the nation. Under this backdrop, the present paper makes an honest attempt to assess the under-mentioned issues through a survey conducted on a representative population of financially independent youth:

1. The prevailing status of insurance among the youth
2. Personal perceptions about insurance of the youth
3. How COVID 19 has affected the aforesaid issues among the sample

### Data and Methodology

For the purpose of study, a close-ended questionnaire was designed by the researchers. It contained questions related to insurance and reviewed various perceptions of the youth on the issues chosen. 100 young people residing in Bengal were chosen through purposive sampling technique as sample for the study. The sample consisted of financially independent individuals from the age group of 20 to 35 years. The survey was conducted by the researchers in the month of June-July 2020. The data so obtained were plotted in excel, analyzed and meaningful inferences were drawn.

## Findings from the Survey

### Demographic Profile:

Age	a) 20-25 Years: 55% b) 25-30 Years: 38% c) 30-35 Years: 7%
Educational Qualification	a) Graduate: 58% b) Post Graduate: 31% c) Professional Degree: 6% d) Others: 5%
Occupation	a) Service: 39% b) Business: 4% c) Self Employed: 16% d) Others: 41%
Average Monthly Income	a) Below Rs 20,000: 55% b) Rs 20,001-40,000: 30% c) Rs 40,001-60,000: 8% d) Rs 60,001 and above: 7%
Has COVID 19 affected your monthly income?	a) Yes: 54% b) No: 46%

The sample consists of financially independent adults and 93% of the sample was less than 30 years of age. Only 15% of the sample earned above Rs 40000 per month and it is also found that 54% had their earnings affected due to COVID 19.

### Prevailing Status of Insurance:

What are the Insurance Policies that you presently have?	a) No policy: 25 b) Life Insurance Policy: 33 c) Medical Insurance Policy: 51 d) Accidental Insurance Policy: 2 e) Property Insurance: 1 f) Motor vehicles Insurance: 20 g) Others: 5
How much premium do you pay per year for these policies?	a) Nil: 25% b) Below Rs 5000: 33% c) Rs 5001-15000: 28% d) Rs 15001-30000: 7% e) Above Rs 30001: 7%
Do you feel that you are adequately insured?	a) Yes: 47% b) No: 53%

It is observed that 25% of the sample had no insurance policy to their name. It is also seen that life insurance, medical insurance and motor vehicle insurance were the most preferred policies among those who had insurance. It is found that only 14% of the sample were paying insurance premium of more than Rs 15000 per annum. Due to this 53% of the sample admits that they are under-insured.

### Personal Perceptions on Insurance:

Which Insurance is the more essential for young people like you?	a) Life Insurance: 33% b) Medical Insurance: 42% c) Accidental Insurance: 12% d) Property Insurance: 1% e) Motor vehicles Insurance: 4% f) Others: 4% g) No Insurance is needed: 4%
What percentage of income must a rational individual spent on insurance?	a) Nil: 8% b) Below 10%: 48% c) 10%-20%: 41% d) Above 20%: 3%
Should the government mandatorily pay premium for all citizens?	a) Yes: 69% b) No: 31%
For your personal insurance, would you prefer the public sector or private sector?	a) Public Sector: 63% b) Private Sector: 37%
India is an under-insured country. What do you think is the probable cause for this?	a) Premiums are too high: 14% b) Claim settlements are low: 19% c) Complex procedure: 18% d) Lack of efficient agents: 11% e) Lack of awareness: 38%

Life and medical insurance policies were the two most popular policies among the sample. The other policies were taken mostly as legal compulsions. 44% of the sample feels that they must invest more than 10% of total income for insurance. 69% of the sample even feels that the state must assume the responsibilities of insuring all citizens. It must be noted that even in the age of privatization, insurers belonging to the public sector are preferred by the youth over private players. Lack of awareness about insurance is sighted as the most important cause of under insurance, followed by low claim settlements and complex procedures.

### Impact of COVID 19 on Insurance

Which insurance, according to you, has gained more popularity due to impact of COVID 19?	a) Life Insurance: 14% b) Medical Insurance: 82% c) Accidental Insurance: 1% d) Property Insurance: 1% e) Motor vehicles Insurance: 0% f) Others: 2% g) None: 0%
Do you think buying of insurance has increased after COVID 19?	a) Yes: 73% b) No: 27%

Have you thought of buying a new insurance/insurance due to COVID 19?	a) Yes: 25% b) No: 75%
Do you think people under health insurance will get extra benefit in the present pandemic?	a) Yes: 48% b) No: 16% c) Do not know: 36%
What should be role of the agents during pandemic?	a) Agents should be eliminated: 7% b) Agents should act as advisors: 40% c) Agents should help in processing claims: 47% d) Agents should follow traditional way: 6%
Do you think the pandemic has made insurance a compulsion in everyone's life?	a) Yes: 72% b) No: 28%
Do you think pandemic has increased insurance awareness among people?	a) Yes: 82% b) No: 18%
If insurance were converted in digital mode would you prefer mode?	a) Yes: 91% b) No: 9%
During this pandemic, do you think that individuals are facing difficulties in paying premium?	a) Yes: 92% b) No: 8%

COVID 19 has a profound impact on the insurance industry as observed from the study because 72% of the surveyed youth feel that the pandemic has made insurance a compulsion in everyone's life. 82% also thinks that pandemic has increased insurance awareness among people. Although 92% of the sample feels that presently individuals are facing difficulties in paying premium but still, 73% believe that buying of insurance has increased after COVID 19. The medical policies are deemed to be the most essential ones in the present situation by 82% of the sample.

### Conclusion

Young adults represent the future of any country and their decisions shape future generations but from a survey of the youth, it is observed that they are drastically under insured. A quarter of the sample, although they are financially independent, has no insurance policy to their name. They themselves admit that one must keep an insurance of more than 10% of total earnings but such principle is found missing in their own case. Only 14% of the sample believes that this paucity of interest is due to high premiums and 38% admit that lack of awareness is the primary cause.



Most admit that the pandemic has created insurance awareness among the population, made insurance mandatory in everyone's lives and also perceive that buying of insurance has increased after COVID 19 but only a quarter of the sample admit that they have personally decided to increase their insurance coverage. It is found that the pandemic has enormously enhanced the importance of medical insurance but only 48% think people under health insurance will get extra benefit in the present pandemic. 63% believe that public sector insurers are more reliable for them and looking at the present situation, few options are available.

In conclusion, it can be said that the pandemic is a wakeup call for the population, especially the youth, to take insurance on a serious note. It must be admitted that the financial, social and psychological stress would be much lower if the incumbent is adequately insured. From the insurer's point of view, it must be noted that the role of their agents have to be redefined, subscriptions their policies and claim settlements must be simplified and must become more customer friendly and reliable. **MA**

## References:

1. Shekhar, R. and Pandey, S. (2020). *Adjusting to the new normal- Impact of Covid-19 in insurance industry [Conference presentation]. APA 2020 Convention, Varanasi, India.*
2. Roy, K. S. (2020). *Gasping for Breath: Do you really need coronavirus specific health insurance? Published in The Finapolis. (July 22-28, 2020), pp 1.*
3. *The World Bank Group. (2020, March 29). Covid-19 outbreak- Insurance implications and response. <http://pubdocs.worldbank.org/en/687971586471330943/COVID-19-Outbreak-Global-Policy-Actions-on-Insurance.pdf>.*

[dekushal@yahoo.co.in](mailto:dekushal@yahoo.co.in)  
[rishav.sarkar.56@gmail.com](mailto:rishav.sarkar.56@gmail.com)



## The Institute of Cost Accountants of India

(Statutory Body under an Act of Parliament)

[www.icmai.in](http://www.icmai.in)

**Research Bulletin, Vol. 46 No. II July 2020 (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 publish 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:

- » Corporate Social Responsibility
- » Emerging Markets & the IMF
- » Mutual Funds
- » Environmental Accounting & Auditing
- » Credit Crisis in Fiscal Market
- » Innovation & Indegenisation: Proceeding towards Self-reliance
- » Post COVID-19 Insurance Industry
- » Mega MSME Boost: Key to Self-reliant India
- » Corporate Governance
- » GST- Recent developments and challenges
- » National Education Policy in India
- » Banks in India & Crisis Liquidity Bridge
- » Infra Development: the way forward
- » Doubling Farmer's Income
- » Registered Valuers and Valuation Profession in India
- » Healthcare Cost Management

Papers must be received within **30<sup>th</sup> September, 2020** in the following email id:

[research.bulletin@icmai.in](mailto:research.bulletin@icmai.in)



# **AUTOMATED UNDERWRITING SOLUTIONS – A DISRUPTIVE INNOVATION IN THE INSURANCE INDUSTRY**

## **Abstract**

*Digital transformation has got a major boost from the restrictions imposed by COVID 19. Robotic Process Automation enables Automated Underwriting solutions. It is a disruptive Innovation which has speeded up the processing of new policy proposals and enabled the issue of large number of policies without the historical delays associated with insurance policies.*

## **Introduction**

**D**igital transformation is evident in every walk of life and the COVID 19 outbreak has indeed accelerated its adaptation and acceptance. One of the major enablers of digitalization is the exponential rate of change in the speed and sophistication of Technology based solutions. Underwriting, which was once considered as a near tacit expertise has now been rendered explicit and the current speed of issuing policies would not have been possible if the manual underwriting had remained



**CMA Mani P Sam**  
Professor  
Rajagiri Business School  
Cochin



**Dr. Issac K. Varghese**  
Assistant Professor  
Rajagiri Business School  
Cochin

the sole methodology. Insurance companies have been able to ramp up the issue of policies due to the rapid acceptance of Automated Underwriting and Risk Analysis Software and in turn have disrupted the mode of processing of new business proposals. However, these changes are only the Tip of the Iceberg. The intuitively linear view of technological changes may be limiting our ability to understand the power of future technology.

### What is Underwriting?

Insurance is indeed a risk transfer mechanism. The insurer accepts the risk of the insured, arising from a contingent event (death before maturity date in the case of a life insurance policy), for a fee. The fee, termed premium in common parlance, is determined by the risk associated with the individual. The insurance company is very much aware that some of the policy holders will not survive till the maturity date but an accurate determination of that percentage is essential for determining the premium amount for such a product. Once a standard product is designed and marketed the insurance company wants to ensure that the subscribers to that scheme are no worse than the standard risk anticipated while designing the product. The assessment of such a proposal by a potential subscriber is carried out by an actuary. Actuary is a professional who deals with the measurement and management of risk and uncertainty. The process of ascertaining the risk is called underwriting. Actuaries are experts in risk management and they use their mathematical skills to measure the probability and risk of future events. The profile of an applicant for an insurance product needs to be analysed to predict the potential risk and its financial impact on the insurance company. They also use computers and statistical tools to arrive at their findings and recommendations. If they relax underwriting assessment then the companies will head for a loss. When the actuary directly does the assessment, it may be termed as manual underwriting.

### What is facilitating this disruptive Innovation?

The electronic underwriting technology has been ably aided and assisted by Bigdata. The practice of underwriting itself is now tied to technology and underwriters cannot ignore the information being culled from the massive quantity of applicant data; whether it is on life style, medical information, credit scores, travel history, driving records, prescription histories or any other factor which might have an influence on the long-term mortality risk of an individual.

e-underwriting has come up the hard way. When it was introduced couple of decades back they were only automated rules engines which considered each data point individually. Such a system generally worked on a point system, a credit or debit for status on each risk ranging from health conditions to risky hobbies. The system then added up the points to produce a score which determined the decision. However, the current systems have built multi-variate decision making capabilities. The current AUTOMATED UNDERWRITING solutions are rule based but very soon they will become comprehensive decision management platforms capable of integrating the rules with predictive models. Next genre of

technologies will include closed-loop analytics and machine learning to drive decision-logic improvements. Once deep learning is infused the technology will become capable of improving its performance as it crunches more and more proposals.

The automated system also allows users to create and manage rule sets for multiple products, risk factors, language requirements or regional compliance requirements. It is thus possible to edit the underwriting rule sets that come with AUTOMATED UNDERWRITING SYSTEMS, or build customer specific rules.

Introduction of BIGDATA analytics with the vast data available with AUTOMATED UNDERWRITING solutions have come up with predictive models capable of accelerated solutions. The data availability on customers is expanding in an exponential manner and the capability to crunch them is constantly adding valuable information.

### The emergence of the Demanding customer

Most of the consumers of today are Millennials, they want a buying experience befitting the digital age. They want to make quick, convenient, and affordable purchases. IRDAI also allows a free look up period wherein they are entitled to return a policy and get full refund of premiums paid. Many a time a potential policy buyer is swamped with offers from more than one insurer and company which responds fast normally secures the policy. However, it was not possible to meet this expectation of the customer when onerous manual underwriting was required.

Insurers are investing in digital applications and automated underwriting technologies to match the customer expectations. The integration of the automated solutions with the standard industry workflow facilitates the customers send and receive decisions and data back from AUTOMATED UNDERWRITING SOLUTIONS. Online policy buying and sharing of information may also bring about a major change in the profile of the insurance agent. Emergence of web aggregators as the major source of new proposals cannot be ruled out.

### A plausible model for operation

Insurance companies will engage two types of filters while soliciting proposals and while processing or underwriting them. As no company wants to miss any potential applicant, they will encourage their agents to accept all proposals meeting minimum decision criterion; when in doubt the agent will accept the proposal. So, some bad proposals are accepted at the proposal generating stage. On the other hand, the automated underwriting engine will be set not to accept any bad proposal. As a result, some good proposals will not be accepted by the automated underwriting system. Let us look at the above situation statistically; The company is inclined to commit a **Type I** error at the proposal acceptance stage. Then they will be inclined to accept even some NIGO (Not In Good Order) proposals (just to ensure that no good proposal is lost.). However, at the AUTOMATED UNDERWRITING SOLUTIONS end the company does not want any bad proposals to be accepted because the

automated processing may accept the proposal and proceed to send confirmation to the agent and the proposer and also proceed to issue the policy. The setting will be for **Type II** error.

The chart given below summarizes the situation

		Real Status of Proposal	
		Good	NIGO
Perceived by System	Good	Accepted	Accepted by New Proposal Team (Type I error)
	NIGO	Rejected by Automated solution (Type II error)	Rejected by Automated solution

Normally a further analysis of rejected cases will be done to identify the reason for rejection and based on the identified errors additional documents may be sought or where the documentation available are sufficient, a manual underwriting may be resorted to.

### Emerging business models

Automated Underwriting Solutions were originally offered as an application software to be purchased by the insurance company; but considering the large investment involved there were more sceptics. The AMC (annual maintenance cost) and upgradation costs will also be substantial for such a large investment in intangible asset. The providers of Automated underwriting solutions now offer a new model, SaaS (Software as a Service). Such a business model change has converted the solution from an asset to a service. The operating cost of the insurers has become a deterministic one as no upgradation or maintenance cost has to be borne by them. The service provider keeps the software updated and current. The service provider may be able to use the vast data thus generated (of course in an anonymous mode - after

removing personal details) to generate valuable insights. Such data also helps in making the solution more accurate and effectively reduces the Type II error percentage. The clients are also provided with live update of their business and other metrics which help the insurers in developing new products and modifying or dropping the old ones. Such analysis could also enable the regulators and insurers to innovate means to bring in the large number of persons who are yet to benefit from an insurance cover.

### Conclusion

Automated underwriting solutions may be considered as a type of Robotic Process automation (RPA) where the knowledge work has been taken over by the Robot residing in the software. RPA facilitates the emulation and integration of the actions of a human being executing business processes through interaction with digital systems. In other words, the software can effectively mimic the actions of the expert worker. The rising interest in this area is evident from the investment. For example, New York-based UiPath in July 2020 announced a \$225 million Series E round, pushing its valuation to \$10.2 billion. UiPath is a builder of RPA technology. COVID 19 seems to be giving a boost to RPA technology. Speed of response, consistency and innate ability of the RPA systems to continuously improve its performance all contribute towards its speedy acceptance. **MA**

### References

1. <https://www.kurzweilai.net/the-law-of-accelerating-returns>
2. <https://rgare.com>
3. <https://www.uipath.com>

*manipsam@rajagiri.edu*



## OBITUARY

Shri CMA A. Arumugham, Membership No. 6424, past Chairman for the year 2015-2017 of our Tiruchirappalli Chapter of Cost Accountants, has demised on 20/07/2020. Tiruchirappalli Chapter Members' heart felt condolence to the bereaved family. God let his soul rest in peace.



# SOCIO-ECONOMIC ACCELERATION DURING CRISIS THROUGH INSURANCE AWARENESS & LITERACY: CUSTOMER SERVICE APPROACH

## Abstract

*The cover story of the present paper moves on to examine the different aspects of insurance literacy through education, its needs and applicability; and to evaluate the present status of initiatives taken in this regard for future success in India; because, the socio-economic transformation led to the delegation of responsibility in the financial security of individuals and institutions. Particularly, insurance is one of the financial services, which provide financial security of life and properties of individuals and institutions. There exists a gap in the awareness level of insurance benefits in Indian Society. That is why, insurance education is imperative to enhance the understanding and communication about risk issues which may be protected through insurance.*

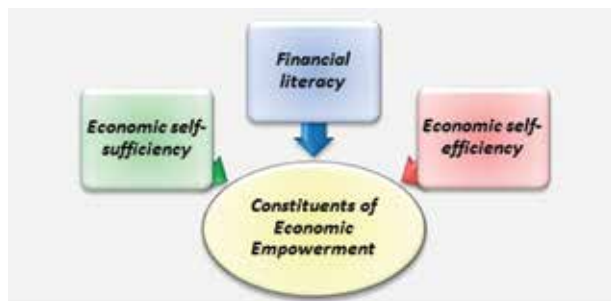


**Dr. Pooja**  
Assistant Professor  
Department of Commerce  
A.M.P.G.C., B.H.U., Varanasi

## Background

**T**he economic empowerment has three basic components viz. financial literacy, economic self-sufficiency and economic self-efficiency. At present, the world economy is facing the socio-economic crisis due to COVID-19 pandemic including Indian economy in particular. To combat such kind of issues, insurance may be proved as a financial safeguard against any risk and uncertainty. Moreover, there is still room for growth of insurance industry because the majority of masses are still not aware about the need of insurance policies in a diverse area of livelihood. But, it can be done through insurance awareness, literacy and education. Presently, substantial

strategies and policies are regularly framed and implemented by IRDAI and industry to bring economic stability and to improve the awareness and literacy of insurance among the general public and industry members, as well through the opening of educational institutions, training & development programmes, awareness campaign, communication networking, and media services etc.



**Figure 1: Constituents of Economic Empowerment**

### Research Gap:

Based on possible reviews, it is found that the studies on microfinance, health insurance, and rural empowerment concerning insurance education have been conducted during different periods. By observing the gap, regarding reviewing and examining the needs and applicability of insurance literacy, and initiatives taken by authorities to spread awareness regarding benefits of insurance in different aspect of life and properties for individuals and institutions during the crisis just like COVID-19 pandemic. That's why the present article **“Socio-Economic Acceleration during Crisis through Insurance Awareness & Literacy”**.

### Problem Statement:

- Why insurance education and literacy is needed?
- In what ways the applicability of insurance education in India can be justified?
- What are the initiatives taken to improve the state of insurance education and literacy etc.?

### Objectives of the Study:

- Examine the initiatives taken to enhance the level of insurance awareness and literacy;
- Evaluate the present status of implementation of policies and initiatives regarding insurance literacy through education in India.

### Research Methodology:

- ⊙ **Nature of Study:** The nature of the study is conceptual and descriptive, hence descriptive research design has been followed.
- ⊙ **Nature of Data Collection:** The study is mainly based on secondary data, which have been collected from prominent sources viz. books, journals, newspapers, magazines, reports, and web materials.
- ⊙ **Analysis and Discussion:** The data collected from different sources have been tabulated, analysed and

discussed systematically with the help of relevant pictures and graphs etc.

### Limitations of the Study:

- ✓ The study is based on secondary information and the reliability of the conclusions depends on published data.
- ✓ Due to the constraints and resource limitations, researcher only education & literacy segment of the insurance industry in India has been taken into consideration as a part of financial education.

### A Look on Different Dimensions of Insurance Literacy & Education in India

Insurance literacy must be integrated by society in rapid transition or rather as a transformation. Education is a most proficient process for such kind of integration and as much a capacity parameter as capital. As a result, strategies should be taken into account of how best it may help customers to identify the reliable and unbiased sources of information besides equipping them with the skills to choose reliable products and services.

#### Study A

#### Areas to Develop Financial Awareness and Literacy in National Strategy

*Keen-sighting the vital role of financial literacy in promoting financial well-being, there is a long-standing need towards building a healthy atmosphere for commitment to financial literacy by the government, and industry. Assembling such commitment and systematising efforts to produce the best possible result remains a formidable challenge and can be best addressed through a national strategy.*

1. **Building Public Awareness of Available Resources:** Improved financial literacy requires an increased public awareness of the issues, as well as the many states, local, and national resources that are available for financial literacy.
2. **Developing Tailored, Targeted Materials and Dissemination Strategies:** A large variety of educational materials already exists to spread awareness and literacy. These resources need to be tailored for particular audiences and educational channels. In this line, a single-source website can be helpful to educators for maximising the use of free financial education resources. Thus, people can learn in many different ways, and get benefited in different ways on different occasions.
3. **Tapping into Public-Private and Private-Private Partnerships:** Improving a nation's financial awareness and literacy is not the responsibility undertaken solely by the Government. The majority of financial education and skill-building activities are currently led by private sector organizations. Public-private and private-private partnerships, therefore, plays an important role in equipping customers with

needed financial awareness and skills.

4. **Research and Evaluation of Financial Literacy Programmes:** It has been assessed from different reports that broad and deep research on financial literacy may be conducted to assist policymakers, as well as public and private sector providers of financial literacy, to improve the effectiveness of their work on financial literacy. Such researches are essential in developing programmes that are proven to achieve results and to ensure the efficient use of resources.



Figure 2: Areas to develop Insurance Education

## Study B

### Needs and Applicability of Insurance Awareness & Literacy through Education in India

Knowledge of the insurance subject matter enables a qualitative service both during pre-sale and post-sale activities. The needs and the applicability of insurance awareness and literacy is implied because of

- **Specific Job Styles of the Service Industry:** When the market position of an insurance company is consolidated, every personnel of the company tend to provide an advisory role to the customers while rendering the services. All these encourage the personnel to be attentive and vigilant while rendering services to the customers.
- **Manpower Factor in Operational Risk:** The extent of operational risk in the service industry is likely to be exposed have been evident in the revised BASEL-II accord in the concept of minimum capital requirement exclusively for operational risks. Amongst other factors responsible for a company to be exposed to operational risks, personnel working in the organisation are viewed as one of the major contributing factors in the definition portion of BASEL-II.
- **Knowledge Flows Down:** The role of every B.O.D.in insurance organisation initiate from imparting the prompt knowledge to all the independent directors and ends with ensuring its categorization down the line organisation. Thus, the relevance of job-related education is indisputable at every level of hierarchy right from the directors to the managers of a unit that leads a few insurance advisors.

- **Appropriate Job Knowledge for Underwriting:** Underwriting is one of the technical aspects that need the expertise of the person-in-charge for every contract. It needs updated job knowledge to the dealing personnel to secure that insurers are not made the conduits of fraudulent activity.
- **Faster Claims Settlement:** One of the most needed operational areas in the insurance business is a timely settlement of claims. Better-informed personnel can bring compliments to the organisation, thereby reinforcing the confidence and loyalty of the customers on the system of insurance as a whole.
- **Proper Policy Servicing:** Almost all operating personnel of this operational area need to render some or other advisory services in the course of their job. Updated job knowledge not only is a value-added service to a policyholder but also an image enhancer to the insurer, in the long run, as a satisfied customer is a source of publicity.
- **Strong Internal Corporate Communications:** With the changing dynamics of the market, operational and regulatory practices etc.; an effective internal communication establishes the best learning culture in the insurance company. Thus, insurers may establish a sharing platform within the organisation whereby, all the employees of the insurance company which can be possible only with the help of proper education and learning.

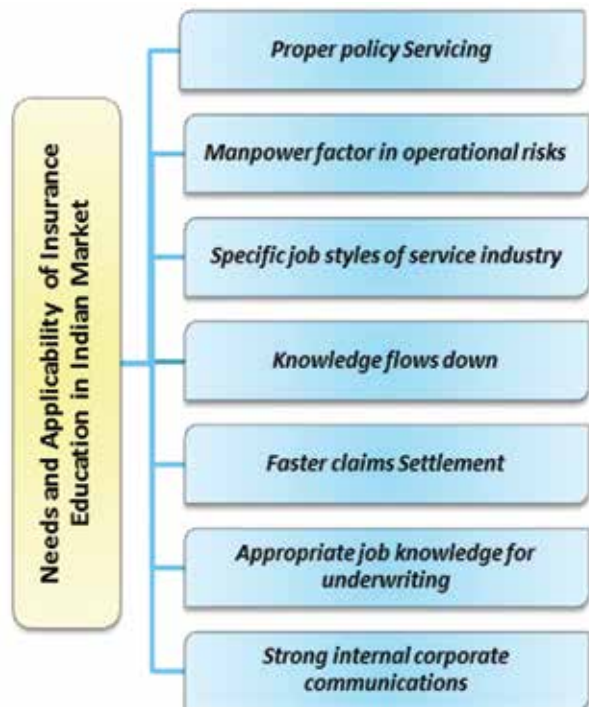
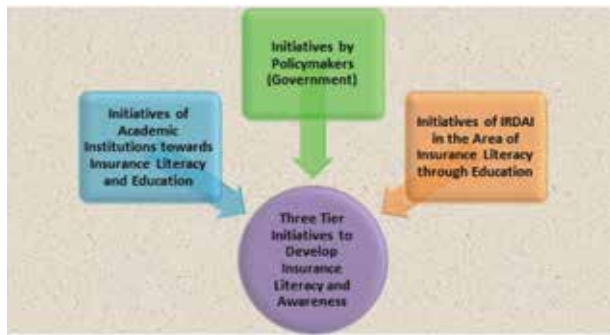


Figure 3: Needs and Applicability of Insurance Education in Indian Market

## Study 3

**Initiatives to Develop and Promote Insurance Education: The Reality & Track Forward**

Immense efforts have been put up by IRDAI, the prime regulatory body of insurance to educate and empower the citizens about the insurance benefits in India; and their rights and responsibilities. Several initiatives have been taken by Insurance Institutions, Government of India and IRDAI to spread and promote awareness among Indian masses.



**Figure 4: Three Tier Initiatives to Develop Insurance Literacy and Awareness in India**

**A. Initiatives of Academic Institutions towards Insurance Literacy and Education:**

In India, there are some leading insurance institutions facilitating insurance awareness and education among public and professionals, which always aim at providing the products updated about the latest developments of the industry. Insurance education is given in UG, PG and professional courses in almost all the universities, colleges and institutions etc. including Academic Corporation Association, Academy of Insurance Management, Asia Pacific Institute of Management, New Delhi, Actuarial Institute of India, Mumbai, Centre for Insurance Studies and Research, National Law University, Jodhpur, Institute of Certified Risk and Insurance Managers, Hyderabad, Institute of Insurance and Risk Management, Hyderabad, Insurance Institute of India, Mumbai, National Insurance Academy, Pune etc. These professional institutions may run workshops/seminars at various parts of the country, preferably in renowned academic centres, to bring up the awareness levels about insurance.

**B. Initiatives by Policymakers (Government):**

An emerging issue is always fulfilled by the attention of future generations which is to be nurtured from the grassroots. The conceptual issues are made in roads at the academic stage which leaves an indelible impression on the minds of people. Perhaps with this intention, the concepts of disaster management, risk and uncertainty, crisis, pandemics, greenhouse emissions etc. are introduced by policymakers at various stages of academics. That's why, without

loading the academic burden on the targeted learners, courses on insurance and risk management deserve to be a part of the academic chores.

**C. Initiatives of IRDAI in the Area of Insurance Literacy through Education**

There are several initiatives have been taken to strengthen Insurance literacy and awareness among common masses. All these aimed to educate customers and employees to acquire knowledge and skills to get jobs or further their career ambitions and to serve society. For the purpose, different awareness programmes have been conducted on television, radio and simple messages about the rights and duties of policyholders; information also disseminated through print media by sustained campaigns in English, Hindi and eleven other Indian languages. IRDAI has also brought out publications of Annual Reports, quarterly Journals 'Policyholder Handbooks' etc.

Moreover, a dedicated website for consumer education in insurance is also launched as Consumer Education Website of IRDAI consisting different sections. The awareness creating section is an initiative towards spreading awareness through consumer education and policyholder protection; consist of IRDAI Documentary Film, Insurance Awareness Day-2016, Insurance Awareness Day-2015, Insurance Awareness Day-2014, Annual Seminar of IRDAI, BimaBemisaal, IRDAI Connects, JagoGrahakJago, Sponsored Events, Insurance Awareness Survey, Comic Strips, Comic Book Animations, Vernacular Comic Books, Essay Competition, Other Awareness Initiatives, News Items or Important Information for the Customers, E-Books, Post Launch Survey Report of IRDAI's Insurance Awareness Campaigns (2010-2015) and National Centre for Financial Education.

*At present of COVID-19 pandemic, for the protection of policyholders' interest and to maintain insurance transparency, initiatives have been taken by IRDAI, viz. Guidelines on Short Term Health policies for COVID-19, Norms on collection of Health Insurance premium during COVID 19 crisis, and COVID Corner etc. The details of such info have been uploaded on Consumer Education Website related to life insurance, health insurance, non-life insurance, finance & accounts, re-insurance, intermediaries and general instructions at [https://www.policyholder.gov.in/Covid\\_Corner\\_365.aspx?NEWS](https://www.policyholder.gov.in/Covid_Corner_365.aspx?NEWS).*

**Concluding Words:**

*Both the industry and the IRDA have been looking to improve insurance literacy through sustained efforts in public education and industry training. Thus it is worth to mention that insurance is a very important part of financial planning. In this way, proper knowledge can help to protect assets, to manage the risk and to reduce the severe consequences of any uncertainty that happened.*

**Further Scope of the Study:**

- An Empirical study on the perception of customers



towards their awareness level on insurance in general or in the life insurance or general insurance in particular or any corporation etc.

- A comparative study on a regional basis to evaluate the understandings of common masses towards insurance policies to combat risk and uncertainty.
- An empirical study on students' perceptions of insurance education and so on. **MA**

## References

1. Acharyya, M. Secchi, D. (2015). "Why Choose an Insurance Career? A Pilot Study of University Students' Preferences Regarding the Insurance Profession", <https://doi.org/10.1057/gpp.2013.33>
2. Bull, Trevor: (2007). "Insurance Training and Development", *IRDA Journal*, Vol. 5, No. 8, July 2007, pp. 18-20. [https://www.irdaonline.org/irdacontent/journals/irda\\_july07.pdf](https://www.irdaonline.org/irdacontent/journals/irda_july07.pdf)
3. Burns, Catherine. Dalal, Aparna. (2010). "Explaining Insurance: Implementing Consumer Education in CARE-India's Insure Lives & Livelihoods Program", [www.financialaccess.org](http://www.financialaccess.org)
4. Chatterjee, Arup. (2007). "Insurance Awareness", *IRDA Journal*, Vol. 5, No. 8, July 2007, pp. 32-35. [https://www.irdaonline.org/irdacontent/journals/irda\\_july07.pdf](https://www.irdaonline.org/irdacontent/journals/irda_july07.pdf)
5. Cole, Shawn. Sampson, Thomas. Zia, Bilal. (2009). "Financial Literacy, Financial Decisions, and the Demand for Financial Services: Evidence from India and Indonesia", [http://www1.worldbank.org/prem/poverty/ie/dime\\_papers/1107.pdf](http://www1.worldbank.org/prem/poverty/ie/dime_papers/1107.pdf)
6. Kumar, Sumit. Anees, Md. (2013). "Financial Literacy & Education: Present Scenario in India", <http://www.ijemr.net>
7. Mishra, K. C. (2007). "Insurance Education", *IRDA Journal*, Vol. 5, No. 8, July 2007, pp. 25-27. [https://www.irdaonline.org/irdacontent/journals/irda\\_july07.pdf](https://www.irdaonline.org/irdacontent/journals/irda_july07.pdf)
8. Mony, S. V. (2006). "Financial education and Insurance", *PFRDA-OECD conference on Financial Education-Delhi, September 21, 2006*. <http://www.oecd.org/finance/financial-education/37734011.pdf>
9. Nash, Dean Roy. (2012). "Financial Literacy- An Indian Scenario", *Asian Journal of Research in Banking and Finance*, Vol. 2 Issue 4, April 2012, ISSN 2249 7323. <http://www.aijsh.org/setup/banking/Paper184.pdf>
10. Outreville, J. François. (1990). "The Role of Insurance Education in Colleges and Universities", *Insurance Journal*, December 1990. [https://www.researchgate.net/publication/295850051\\_The\\_role\\_of\\_insurance\\_education\\_in\\_colleges\\_and\\_universities](https://www.researchgate.net/publication/295850051_The_role_of_insurance_education_in_colleges_and_universities)
11. Release. (2014). "Financial Literacy and Inclusion Survey by National Centre for Financial Education", *Press Release, Securities and Exchange Board of India (SEBI)*, <http://www.sebi.gov.in>
12. Report. (2012). "National Strategy for Financial Education", *Publication of Reserve Bank of India*, July 16, 2012, retrieved from <http://www.rbi.org.in/scripts/PublicationDraftReports.aspx?ID=675>
13. Srinivasan, G. (2014). "Financial Illiteracy A Big Challenge for Insurance Sector", *The New Indian Express*, August 2014, <http://www.newindianexpress.com>
14. Wells, Brenda. Epermanis, Karen. Gibson, Jack P. (2016). "The Effect of Insurance Education on Student Attitudes: A Study of the Property and Casualty Insurance Industry", <https://www.irmi.com>
15. Uddin, Mohammed Ahmar. (2017). "Microinsurance in India: Insurance Literacy and Demand", *Business and Economic Horizons*, Volume 13, Issue 2, 2017, pp.182-191. <http://dx.doi.org/10.15208/beh.2017.14>

[pooja.bhu091@gmail.com](mailto:pooja.bhu091@gmail.com)



## OBITUARY

Shri Prof. M. P. Vellore, Membership No. 10571, Fellow Member and Faculty of our Tiruchirappalli Chapter of Cost Accountants, has demised on 10/08/2020. Tiruchirappalli Chapter Members' heart felt condolence to the bereaved family. God let his soul rest in peace.



# DISRUPTIVE INNOVATION IN INSURANCE SECTOR: A PATH TOWARDS PROGRESS



**Dr. Rohan P. Dahivale**  
HoD & Dean Academics

Rajgad Institute of Management Research & Development  
Pune

## A] Disruptive Innovation:

If any business is interested in the creation of a new market along with a value network by eventually disrupting an existing market with its value network that business should know the concept of disruptive innovation. This business theory displaces an established market leading organizations, products, services, and alliances.

Disruptive Innovation is defined by The Harvard Business Review as “A process whereby a smaller company with fewer resources is able to successfully challenge established incumbent businesses”. Here explicitly, current existing businesses focus on getting better with their services and products for their most profitable and demanding customers. The entrants target some of the niche marketing segments and sometimes they prove innovative disruptive business design by profitably targeting some of the overlooked marketing segments. These in return gain a toehold as these business models prove to be more suitable in terms of functionality and often at a lower price.

## Abstract

*A disruption innovation is a concept which generally originates from less demanding customers at the low end or non-existent (or new) markets. It is a process and not a product or service. This new business model significantly differs from the current existed. The future market will be owned by the customer demand and low-cost services with transparency in the process with high-quality digital services must be offered by the insurers to sustain in the competitive world. The future customers in front of the insurers are the millennials and the post-millennials era people; these are digitally and technologically advanced customers. Thus there must a service offers accordingly to attract and retain them. This paper highlights the use of disruptive innovation in the insurance sector.*

Earlier it was thought that the theory of ‘disruption innovation’ was all about constant upward climbing efforts by the organization, technologically. If organizations failed to do so, it can cause a rapid downhill slide. According to Christensen<sup>1</sup> and colleagues, in reality, majority good organizations are aware of the innovations and they don’t arise first as the business environment doesn’t allow them to

do so as the steps are not enough profitable.

On the contrary, the start-up organizations can adopt occupy different value network. With these innovations, the already established firms just can have a small loss in the market share or maybe there are too many new entrants in the marketing environment. In such cases, sustainability is the bigger reward. Such services or products offered by the organizations through disruptive innovations generally skip the various traditional stages in the 'new product development' stages. To gain a quicker market share and get a competitive advantage, the development process is also faster.

Disruptive innovations are mostly ignored by the already well-established organizations, as they generally offer tight profit margins. Disruptive innovations still are always in the phase of 'closer to customer demand approach' at regular time stages these can be strategically counterproductive. Still, they can found sometimes as 'constructive' as slight changes in the services (in case of service failure) may lead to economic benefits. Forward-thinking and constructive innovations should always be encouraged.

### B| Global Scenario of Indian Insurance Sector<sup>iii</sup>:

During the year 2018, the share of India was 1.92 %, in the global insurance market. Considering the Indian population, these figures are considerably low. Nevertheless, during the year 2018 in India, the total insurance premium was increased by 9.3% (inflation-adjusted). While across the globe the total insurance premium was increased by 1.5%

(inflation-adjusted).

Globally share of Life Insurance was 53.40% of the total premium while in Indian business it was higher i.e. 73.85%. Thus the share of non-life insurance was globally 46.60% and in Indian business, it was 26.15% during the year 2018.

Among 88 countries, India was at 10th Rank in the life insurance market. According to Swiss Re India's share in global life, the insurance market was 2.61% in the year 2018. The life insurance premium was increased by 7.7% (inflation-adjusted) during the year 2018 in India; while the global life insurance premium was increased by 0.2% (inflation-adjusted).

India was at 15th Rank in the non-life insurance market. India's share in the global life insurance market was 1.1% in the year 2018. The non-life insurance premium was increased by 14.0% (inflation-adjusted) during the year 2018 in India. During this period global non-life insurance premium was increased by 3.0% (inflation-adjusted).

Life Regions/ Countries	Life	Non-Life	Total
Advanced Markets	0.8	1.9	1.3
Emerging Markets	-2.0	7.1	2.1
Asia-Pacific	-0.1	6.4	2.1
India	7.7	14.0	9.3
<b>World</b>	<b>0.2</b>	<b>3.0</b>	<b>1.5</b>

Table 1: Total Real Premium Growth Rate (in%): 2018  
(Source: Swiss Re, Sigma No. 3/2/2019)

### C| Insurance Penetration and Density in India:

Year	Life		Non-Life		Insurance Sector	
	Density (USD)	Penetration (%)	Density (USD)	Penetration (%)	Density (USD)	Penetration (%)
2001	9.10	2.15	2.40	0.56	11.50	2.71
2002	11.70	2.59	3.00	0.67	14.70	3.26
2003	12.90	2.26	3.50	0.62	16.40	2.88
2004	15.70	2.53	4.00	0.06	19.70	3.17
2005	18.30	2.53	4.40	0.61	22.70	3.14
2006	33.20	4.10	5.20	0.60	38.40	4.80
2007	40.40	4.00	6.20	0.60	46.60	4.70
2008	41.20	4.00	6.20	0.60	47.70	4.60
2009	47.70	4.60	6.70	0.60	54.30	5.20
2010	55.70	4.40	8.70	0.71	64.40	5.10
2011	49.00	3.40	10.00	0.70	59.00	4.10
2012	42.70	3.17	10.50	0.78	53.20	3.96
2013	41.00	3.10	11.00	0.80	52.00	3.90
2014	44.00	2.60	11.00	0.70	55.00	3.30
2015	43.20	2.72	11.50	0.72	54.70	3.44
2016	46.50	2.72	13.20	0.77	59.70	3.49
2017	55.00	2.76	18.00	0.93	73.00	3.69
2018	55.00	2.74	19.00	0.97	74.00	3.70

Table 2: Insurance Density and Insurance Penetration in India (Year 2001 to Year 2018)

(Source: Swiss Re, Sigma<sup>iii</sup>, Various Issues)

Note:

1. Insurance Density is measured as ratio of 'Premium' (in USD) to 'Total Population'.
2. Insurance Penetration is measured as ratio of 'Premium' (in USD) to 'GDP' (in USD).

From Table 2, it can be clearly seen that during the first decade of the 21st century, the insurance sector showed a consistent growth from 2.71% (in the year 2001) to 5.20% (in the year 2009) i.e. insurance penetration. Thus this period is called the insurance sector liberalization in India. Since the year 2009, insurance penetration is showing decline figures. Similarly, the insurance density levels are constantly increased since the year 2001 (USD 11.50) to the year 2010 (USD 64.40). After the year 2010, figures showing a slight decline further but gradually regaining the insurance density levels in the year 2018 (USD 74.00).

For the life insurance sector, the insurance density is showing a similar trend like the total density figures. Since the year 2001 (USD 9.10), it showed peak value during the year 2010 (USD 55.7) and now gained in the year 2018 (USD 55.0) after a downfall. The insurance density for non-life insurance is showing steady growth since the year 2001 (2.40 USD) to the year 2018 (19.0 USD).

#### D] Disruptive Innovation in Insurance Sector:

Up till now, we saw the concept of Disruption Innovation and the current scenario of the Indian insurance sector in brief. Many organizations usually provide attention towards the most profitable customers with the provision of ever-improving services and here less demanding customers are being paid lesser attention.

The focus of the insurers was on the baby boomers (Born 1946-1964) and Generation-X (Born 1965-1980) and these customers will continue to be in focus. But much attention must be given to millennials (Born 1981-1996). The main focus and target customers are millennials. There must be unique plans to attract these customers. In the coming years, insurers should have attractive plans for the Post-Millennials (Born 1997-Present) and a team should be appointed to focus on a strategic action plan for these customers. These are the future customers which creates a space for the disruptors as new entrants.


For the insurers targeting these Millennials for a few unique new policies is needed as these customers are grown up in a technologically saturated and advanced world. In this era, interactive buying experiences along with instantaneous buying experiences are the usual norms. Insurers that will provide such policies specially carted to the wants and needs of these customers will blossom for sure. A traditional payout plan at death or late retirement or after death is not the only satisfactory offerings for these generations. Customers are looking for some non-traditional insurance services offerings those can be beneficial to them during their life span may be at regular intervals or at the peak time zone of their needs. This is the reason for outside vendors with a lot of capital investment and massive amounts are the key disruptors.

#### E] A Path Ahead

- i. It is suggested that organizations can be their own source of disruption; instead of waiting for a new entrant in the competition with new policies with a competitive advantage. The best way for this is to make a review process of the existing policies.

- ii. Policyholders can be rewarded in terms of reduced premium for a healthy lifestyle and non-claims. It will be a win-win situation.
- iii. Fitness club memberships (with discounts through tie-ups), diet plan consultations (yearly or half-yearly), monitoring eating habits through counselling sessions, Webinars of Yoga and healthy lifestyle, etc. can be arranged.
- iv. Health check-ups, staying away from unhealthy habits, etc. can be monitored through a dedicated app and Smartphone. The winning points can be earned by the policyholder which can be converted into cash rewards in terms of reduction in the next premium.
- v. A customized plan with greater flexibility from the insurer side should be offered. The insurer can develop complex and customized plans with a much simpler process of the execution with the help of technological advances.

#### F] Conclusion


There is value chain breakup in the insurance value chain and tightly vertically integrated value chain is speedily modularized. This has been done by new technologies, which permit for breaking activities across many diverse players. This led the organizations to use this for their competitive advantage and pursue flexible partnerships. Connections with the insurer are changing. This can redirect the attention of the insurer from risk appraisal to risk avoidance. For this to happen, the insurer must convince their customers about connected insurance services and offers are better than the traditional offers. 

#### References

- i. Christensen, Clayton M. (1997). *The innovator's dilemma: when new technologies cause great firms to fail*. Boston, Massachusetts, USA: Harvard Business School Press. ISBN 978-0-87584-585-2
- ii. <https://www.irdai.gov.in>
- iii. <https://www.swissre.com>

---

[rohandahivale@gmail.com](mailto:rohandahivale@gmail.com)



# A STUDY ON AWARENESS OF HEALTH INSURANCE AMONG YOUNG GENERATION – WITH SPECIAL REFERENCE TO KOLKATA

## Abstract

*In this pandemic world, health insurance is undoubtedly getting prime importance as because it helps minimizing the risks associated with the medical treatment of any individual regardless of their ages. But there are lot of people who are not aware of the morphology of the health insurance policies offered by the different healthcare institutions. This study identifies the awareness of health insurance among young generation with special reference to Kolkata.*



**CMA Sandip Basak**

Faculty

Eastern India Regional Council  
Institute of Cost Accountants of India, Kolkata



**Shounak Das**

Ph.D. Research Scholar

Department of Commerce  
University of Calcutta, Kolkata

## Background of the Study:

The entire world has been suffering from the unprecedented threat of Covid – 19 pandemic since last six months. India being the largest democracy is not exception to that. With 1695988 confirmed cases till date, it is highly required to make the people aware of their health related issues. Moreover every single rational citizen has to know how to protect their health and how to insure themselves so that at the moment of getting any medical treatment there will be no unexpected loss

of money. And here lies the necessity of health insurance. Actually health insurance refers to the insurance against the risk of incurring different medical expenses among different individuals. But the true fact is that most of the people are hardly concerned about the significant characteristics of health insurance. Even a large number of people do not know the factors having significant impact on the different kinds of health insurance policies.

Therefore this study has been done to identify the factors having significant impacts on the adoption of the health

insurance policies adopted by the people and it is made based on the young generation of Kolkata being the cultural city of West Bengal.

**Literature Review:**

There are lot of studies conducted on the awareness of health insurance among the people of different countries including India. Some of them are extracted below.

- **Vinothet. al.(2019)** in their study concluded that health insurance is required to ensure good medical treatment from reliable healthcare institutions. Moreover this sector has been growing along with the country’s economic reforms.
- **Indumathiet. al. (2016)** in their study identified that awareness of health insurance mainly depends on education and socio-economic status.
- **Kala et. al. (2015)** in their study examined that most of the people, though being aware of the health insurance, do not want to adopt the policies as because the terms and conditions of the health insurance companies are not transparent enough.

The result of available literatures is not conclusive enough and most of the studies have been conducted on the

consumers of other parts of India except West Bengal. So this study attempts to bridge the gap.

**Research Objectives:**

The sole objective of the study is to identify the factors significantly impacting the adoption of various health policies by the people of younger generation in modern days, with special reference to Kolkata.

**Research Methodology:**

The study is based on primary survey to understand the factors significantly impacting the adoption of different health policies by the people of younger generation, in modern days. The study has been conducted based on sample collected from Kolkata. The single dependent factor and 6 independent factors are measured in 5 point ordinal scale. To identify the association and its significance, the researchers have used Spearman Rank Correlation. The individual correlation results and significance factor has been analyzed to conclude on variable impacting policy adoption. Finally, recommendations are provided by the researchers for better adaptation of health policies among younger generation. The choice of independent variables is based on researchers’ judgment, backed by through study of related literature.

**Data Presentation and Analysis:**

**H<sub>01</sub>:** There is no relationship between policy regarding idea and extent of cover by different health policies among younger generation.

**Correlations, Table: 1**

			EXTENT OF COVER	POLICY REAGARDING IDEA
Spearman’s rho	EXTENT OF COVER	Correlation Coefficient	1.000	.407**
		Sig. (2-tailed)	.	.000
		N	150	150
	POLICY REAGARDING IDEA	Correlation Coefficient	.407**	1.000
		Sig. (2-tailed)	.000	.
		N	150	150

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The above table 1 represents the rejection of null hypothesis at 1% level of significance with P value of .000. Hence significant positive correlation exists between policy regarding idea and extent of policy cover with correlation coefficient of 0.407.

**H<sub>02</sub>:** There is no relationship between ease of getting claim and extent of cover by different health policies among younger generation.

**Correlations, Table: 2**

			EXTENT OF COVER	EASE OF GETTING CLAIM
Spearman’s rho	EXTENT OF COVER	Correlation Coefficient	1.000	.281**
		Sig. (2-tailed)	.	.000
		N	150	150
	EASE OF GETTING CLAIM	Correlation Coefficient	.281**	1.000
		Sig. (2-tailed)	.000	.
		N	150	150

\*\* . Correlation is significant at the 0.01 level (2-tailed)

The above table 2 represents the rejection of null hypothesis at 1% level of significance with P value of .000. Hence significant positive correlation exists between ease of getting claim and extent of policy cover with correlation coefficient of 0.281.

**H<sub>03</sub>**: There is no relationship between paper work and premium price and extent of cover by different health policies among younger generation.

**Correlations, Table: 3**

			EXTENT OF COVER	PAPER WORK AND PREMIUM PRICE
Spearman's rho	EXTENT OF COVER	Correlation Coefficient	1.000	.291**
		Sig. (2-tailed)	.	.000
		N	150	150
	PAPER WORK AND PREMIUM PRICE	Correlation Coefficient	.291**	1.000
		Sig. (2-tailed)	.000	.
		N	150	150

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The above table 2 represents the rejection of null hypothesis at 1% level of significance with P value of .000. Hence significant positive correlation exists between paper work and premium value and extent of policy cover with correlation coefficient of 0.291.

**H<sub>04</sub>**: There is no relationship between desired policy availability under feasible conditions and extent of cover by different health policies among younger generation.

**Correlations, Table: 4**

			EXTENT OF COVER	DESIRED POLICY AND FEASIBILITY
Spearman's rho	EXTENT OF COVER	Correlation Coefficient	1.000	.335**
		Sig. (2-tailed)	.	.000
		N	150	150
	DESIRED POLICY AND FEASIBILITY	Correlation Coefficient	.335**	1.000
		Sig. (2-tailed)	.000	.
		N	150	150

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The above table 4 represents the rejection of null hypothesis at 1% level of significance with P value of .000. Hence significant positive correlation exists between desired policy availability under feasible conditions and extent of policy cover with correlation coefficient of 0.335.

**H<sub>05</sub>**: There is no relationship between extent of policy cover by peers and extent of cover by different health policies among younger generation.

**Correlations, Table: 5**

			EXTENT OF COVER	EXTENT OF COVER BY PEERS
Spearman's rho	EXTENT OF COVER	Correlation Coefficient	1.000	.351**
		Sig. (2-tailed)	.	.000
		N	150	150
	EXTENT OF COVER BY PEERS	Correlation Coefficient	.351**	1.000
		Sig. (2-tailed)	.000	.
		N	150	150

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The above table 5 represents the rejection of null hypothesis at 1% level of significance with P value of .000. Hence significant positive correlation exists between extent of policy cover by peers and extent of policy cover with correlation coefficient of 0.351.


$H_{06}$ : There is no relationship between Lifestyle threat and extent of cover by different health policies among younger generation.

**Correlations, Table: 6**

			EXTENT OF COVER	LIFESTYLE THREAT
Spearman's rho	EXTENT OF COVER	Correlation Coefficient	1.000	.080
		Sig. (2-tailed)	.	.329
		N	150	150
	LIFESTYLE THREAT	Correlation Coefficient	.080	1.000
		Sig. (2-tailed)	.329	.
		N	150	150

From the above table 6 it is clearly observable that null hypothesis is accepted with a P value of 0.329 ( $P > .050$ ). Hence no significant correlation exists between Lifestyle threat and extent of cover by different health policies among younger generation.

### Conclusion and Recommendations:

Health Insurance is of a prime requirement in front of the every single citizen of any country including India as because Covid – 19 pandemic stands before everyone as an image of unprecedented threat of getting attacked or facing death. Based on the analysis of data, it can be concluded that young generation in Kolkata are quite aware of the health insurance policies of different companies available in the market. But in order to protect them from the unethical practices of the insurance companies, the Government should take some steps to bring out the transparency of the companies in front of the consumers as far as terms and conditions are concerned. 

### References:

1. *Vinoth. M. and Mathiraj P.S. (2019). A Study on Health Insurance Schemes of Selected Health Insurance Companies in India. Researchgate Publications. March, 2019. Link: [https://www.researchgate.net/publication/331673785\\_A\\_STUDY\\_ON\\_HEALTH\\_INSURANCE\\_SCHEMES\\_OF\\_SELECT\\_HEALTH\\_INSURANCE\\_COMPANIES\\_IN\\_INDIA/citation/download](https://www.researchgate.net/publication/331673785_A_STUDY_ON_HEALTH_INSURANCE_SCHEMES_OF_SELECT_HEALTH_INSURANCE_COMPANIES_IN_INDIA/citation/download)*
2. *Indumathi k, Hajira I, Gopi Arun and Subramanian Mangala. (2016). Awareness of health insurance in a rural population of Bangalore, India. International Journal of Medical Science and Public Health. DOI: 10.5455/ijmsph.2016.15042016476.*
3. *Gowda Sudhir, Manjunath Chaitra and Krishna Deepa. (2015). Awareness about health insurance in rural population of South India. International Journal of Community Medicine and Public Health. DOI: <http://dx.doi.org/10.18203/2394-6040.ijcmph20151064>*
4. *Kala Sonal and Jain Premila. (2015). A Study on*

*Awareness of Health Insurance among People with Special Reference to Rajasthan (India). International Journal of Business Quantitative Economics and Applied Management Research. ISSN: 2349-5677. Vol. 1. Issue – 12.*

### Web-Links:

1. <https://www.pwc.in/assets/pdfs/services/crisis-management/covid-19/covid-19-impact-on-the-indian-insurance-industry.pdf>
2. [https://www.researchgate.net/publication/312889692\\_Public\\_health\\_awareness\\_knowledge\\_attitude\\_and\\_behaviour\\_of\\_the\\_general\\_public\\_on\\_health\\_risks\\_during\\_the\\_H1N1\\_influenza\\_pandemic](https://www.researchgate.net/publication/312889692_Public_health_awareness_knowledge_attitude_and_behaviour_of_the_general_public_on_health_risks_during_the_H1N1_influenza_pandemic)
3. <https://www.commonwealthfund.org/publications/issue-briefs/2020/jun/implications-covid-19-pandemic-health-insurance-survey>
4. <https://www.financialexpress.com/money/importance-of-health-insurance-in-a-world-of-frequent-pandemics/2002734/>
5. <https://www.healthcare.gov/why-coverage-is-important/coverage-protects-you/>
6. <https://www.aegonlife.com/insurance-investment-knowledge/health-insurance-awareness-india/>

[sandip.cma@gmail.com](mailto:sandip.cma@gmail.com)  
[snhdas@yahoo.in](mailto:snhdas@yahoo.in)





# PROSPECT OF LIFE INSURANCE INDUSTRY IN INDIA - A STUDY



**Dr. Sankar Paul**

Assistant Professor, Department of Commerce  
Hooghly Mohsin College, Hooghly

## Abstract

*Indian Life Insurance Industry has contributed to the financial sector of Indian economy. It provides both social security as well as tax benefit to the policy holders. In this study prospect of Life Insurance Industry over the years 2009-10 to 2018-19 has been highlighted. Indian economy has gone through a bad phase, so Life Insurance Industry does not significantly contribute to the economy. Prospect of Public life insurance company i.e. LIC and 23 private life insurance companies have been shown in this study. From the study, we have seen that total premium collection of life insurance industry has gone up. Market share of LIC has gone down and share of private entrants has gone up. Moreover in this study, we have seen that over the years policy holders still seek for traditional life fund over unit link fund because of less risk associated with traditional fund.*

## Introduction

**L**ife Insurance Industry contributes to the financial sector of Indian economy and provides an important social security. It provides both life benefits of the policy holders along with tax benefit. Over the years more no. of new policies have been

introduced which have shown that Indian Life Insurance industry has been boost up. At present 24 life insurance companies are operating in India out of which 1 is public life insurance company i.e. LIC. In our study, trend of Life Insurance Industry in India has been highlighted over the years 2009-10 to 2018-19.

**Table 1: List of Public and Private Life Insurance Company Operating in India**

Public Life Insurance Company	Private Life Insurance Company
1. Life Insurance Corporation of India	1. Aditya Birla Sun Life Insurance Co. Ltd.
	2. Aegon Life Insurance Co. Ltd.
	3. Aviva Life Insurance Co. Ltd.
	4. Bajaj Allianz Life Insurance Co. Ltd.
	5. Bharti AXA Life Insurance Co. Ltd.
	6. Canara HSBC OBC Life Insurance Co. Ltd.
	7. DHFL Pramerica Life Insurance Co. Ltd.
	8. EdleweissTokio Life Insurance Co. Ltd.
	9. Exide Life Insurance Co. Ltd.
	10. Future General Life Insurance Co. Ltd.
	11. HDFC Life Insurance Co. Ltd.
	12. ICICI Prudential Life Insurance Co. Ltd.
	13. IDBI Federal Life Insurance Co. Ltd.
	14. India First Life Insurance Co. Ltd.
	15. Kotak Mahindra Life Insurance Co. Ltd.
	16. Max Life Insurance Co. Ltd.
	17. PNB Met Life India Insurance Co. Ltd.
	18. Reliance Nippon Life Insurance Co. Ltd.
	19. Sahara Life Insurance Co. Ltd.
	20. SBI Life Insurance Co. Ltd.
	21. Shriram Life Insurance Co. Ltd.
	22. Star Union Dai-ichi Life Insurance Co. Ltd.
	23. TATA AIA Life Insurance Co. Ltd.

*Source: Annual Report of IRDA (2018-19 as on 31.3.2019)*

### Indian Life Insurance Industry in Global Scenario

Indian Life Insurance Industry and Global Life Insurance Industry over the years 2009-10 to 2018-19 have been shown.

Table 2: Share of Indian Life Insurance Industry in Global Scenario over the years 2009-10 to 2018-19

Regions/ Countries	Life Insurance (All Figures are in %)									
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Advanced markets	-2.8	1.8	-2.3	1.8	-0.2	3.8	2.5	-0.5	-2.7	0.8
Emerging markets	4.2	13.0	-5.1	4.9	6.4	6.9	12	16.9	14.0	-2.0
Asia-Pacific	1.8	4.2	0.5	6.5	-6.5	6.1	7.8	7.4	5.6	-0.1
India	10.1	4.2	-8.5	-6.9	-1.1	1.0	7.8	8.0	8.0	7.7
World	-2.0	3.2	-2.7	2.3	0.7	4.3	4	2.5	0.5	0.2

*Source: Swiss Re*

In life insurance business India is ranked 10<sup>th</sup> among 88 countries in 2018-19. From the above table, it has been seen that share of Indian Life Insurance business is gradually declined over the years from 2010-11 to 2014-15 and increase from the year 2015-16 to 2018-19. During the same period i.e. 2009-10 to 2018-19, global life insurance business was increased in 2010-11 and declined in 2011-12. Thereafter global life insurance business increased over the years 2012-13 to 2018-19. But we can see that share of Indian Life Insurance business over the years is better than share of global life insurance business. The main reason behind it is that People living in India are more inclined to life insurance business which provides them life benefit, social security and tax benefit. But globally, life insurance business was not popular.

### Growth of Life Insurance Industry

Growth of Life Insurance Industry can be discussed from the view points of Insurance Penetration and Insurance Density indicators. Insurance Penetration is measured as percentage of total premium to GDP. Insurance Density is ratio of total premium to population (per capita premium).

**Table 3: Insurance Penetration and Density in India**

Year	Life	
	Density (USD)	Penetration (Percentage)
2009-10	47.70	4.60
2010-11	55.70	4.40
2011-12	49.00	3.40
2012-13	42.70	3.17
2013-14	41.00	3.10
2014-15	44.00	2.60
2015-16	43.20	2.72
2016-17	46.50	2.72
2017-18	55.00	2.76
2018-19	55.00	2.74

**Source: Swiss Re.**

From the above table, it has been seen that, Insurance Density increases upto 2010-11 varying from 47.70 USD to 55.70 and thereafter it declines from 2011-12 till 2013-

### Analysis, Presentation and Findings

#### i) To highlight the collection of total Life Insurance premium in India over the years 2009-10 to 2018-19

Total amount of collection of Life Insurance premium of public life insurance company and private sector has been discussed over the years 2009-10 to 2018-19.

**Table 4: Collection of Total Life Insurance Premium in India over the years 2009-10 to 2018-19**

Insurer	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
LIC (Rs. in Crore)	186077.31	203473.40	202889.28	808803.58	236942.30	239667.65	266444.21	300487.36	318223.20	337505.07
Growth over the previous year (%)	18.30	9.35	-0.29	2.92	13.48	1.15	11.17	12.78	5.90	6.06
Private Sector (Rs. in Crore)	79369.94	88131.60	84182.83	78398.91	77359.36	88433.49	100499.02	117989.02	140586.20	170626.96
Growth over the previous year (%)	23.06	11.04	-4.52	-6.87	-1.33	14.32	13.64	17.40	19.15	21.37
Total (Rs. in Crore)	265447.25	291604.99	287072.11	287202.49	314301.66	328101.14	366943.23	418476.62	458809.44	508132.03
Growth over the previous year (%)	19.69	9.85	-1.57	0.05	9.44	4.39	11.84	14.04	9.64	10.75

**Source: Annual Reports of IRDA (2009-10 to 2018-19)**

14 varying from 49.00 USD to 42.70 USD and again it increases from 2016-17 to 2018-19 varying from 46.50 USD to 55.00 USD. The main reason behind the slowdown of Insurance Density at the initial years is that Indian economy faced slow growth. On the other hand, Insurance Penetration has gone down from 2010-11 to 2014-15 varying from 4.4% to 2.60% and thereafter it has gone up from the year 2015-16 to 2017-18. At the initial years Life Insurance Penetration has declined because of slow GDP rate.

### Objectives of the Study

The study has the following objectives,

- To highlight the collection of total Life Insurance premium in India over the years 2009-10 to 2018-19.
- To show the market share of Life Insurance Industry in India over the years 2009-10 to 2018-19.
- To highlight the fund wise investment of life insurers over the years 2009-10 to 2018-19.
- To show the profit of Life Insurance Industry in India over the years 2009-10 to 2018-19.

### Methodology

The entire study is exploratory and empirical in nature. Data regarding public and private life insurance companies have been collected from the annual reports of Insurance Regulatory Development Authority (IRDA) of India and annual reports of Life Insurance Company of India (LIC) over the years 2009-10 to 2018-19.

Collection of total life insurance premium declined at the initial year from 2010-11 to 2012-13 registering growth rate varying from 9.85 % to 0.05%. Thereafter it increases 2015-16 upto 2016-17 and again declined in the year 2017-18 and increases in 2018-19 registering growth rate of 10.75% over the previous year 2017-18 i.e. 9.64%. Moreover we have seen that, growth of LIC has not been significant at the initial year from 2010-11 to 2012-13 varying from 9.35% to 2.92% and thereafter it increases 2015-16 and again

declined from 2017-18 and increases in 2018-19. Private life insurance companies also registered declining growth rate from the year 2010-11 to 2013-14 varying from 11.04% to -1.33%. But it increases from the year 2016-17 till 2018-19 registering growth rates varying from 17.40% to 21.37%. Over the years 2009-10 to 2018-19, we have seen that private sector life insurance companies have collected more amount of premium over the public life insurance company i.e. LIC.

### ii) To show the market share of Life Insurance Industry in India over the years 2009-10 to 2018-19

Market share of public life insurance company i.e. LIC and private sector life insurance companies have been shown over the years 2009-10 to 2018-19.

**Table 5: Market share of Life Insurance Industry in India over the years 2009-10 to 2018-19**

Insurer	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
LIC (%)	70.10	69.78	70.68	72.70	75.39	73.05	72.61	71.81	69.36	66.42
Private Sector (%)	29.90	30.22	29.32	27.30	24.61	26.95	27.39	28.19	30.64	33.58
Total (%)	100	100	100	100	100	100	100	100	100	100

*Source: Annual Reports of IRDA (2009-10 to 2018-19)*

From the above table, it has been seen that market share of LIC has declined at initial year 2010-11. Thereafter it has increased from the year 2011-12 till 2013-14. Market share of LIC has gone down from the year 2014-15 to 2018-19 varying from 73.05 % to 66.42%. On the other hand, at initial year market share of private life insurance companies has gone down but soon after it has increased from 2014-15 till 2018-19 varying from 26.95% to 33.58%. Market share of private players have increased over LIC from the year 2014-15 to 2018-19 is because private insurance companies have introduced more customized products, aggressive marketing and improved distribution channel so that policy holders go for private life insurance companies.

### iv) To highlight the fund wise investment of life insurers over the years 2009-10 to 2018-19

At present endowment and money back policy are unpopular to customers because it yields less return. So the customers must seek for the policies which give maximum rate of return. The objective of providing hedge against inflation through a contract of Insurance pushed insurer to link the insurance policy with market and thus the industry observed the beginning of Unit Linked Insurance Policy (ULIP). In ULIP, at the time of maturity policy holders redeem the units collected at the then prevailing unit price. Some policy also offers additional loyalty at maturity. Here, we have discussed the fund wise investment of life insurers over the years 2009-10 to 2018-19.

**Table 6: Fund wise Investment of Life Insurers over the years 2009-10 to 2018-19 (Rs. in Crore)**

Year	Life Fund			Pension and General Annuity Fund			Unit Linked Fund			Total of All Fund		
	LIC	Private Sector	Total	LIC	Private Sector	Total	LIC	Private Sector	Total	LIC	Private Sector	Total
2009-10	698153	33137	731291 (60.31)	133588	10038	841075 (11.85)	160589	176951	337540 (27.84)	992331	220127	1212458 (100)
2010-11	798291	42784	841075 (58.81)	173282	16646	189927 (13.28)	177016	222099	399116 (27.91)	1148589	281528	1430118 (100)
2011-12	914614	60006	974620 (61.64)	212754	23913	236667 (14.97)	141703	228269	369972 (23.40)	1269070	312188	1581259 (100)
2012-13	1037656	82343	1120000 (64.19)	251011	31375	282387 (16.18)	114324	228184	342507 (19.63)	1402991	341902	1744894 (100)
2013-14	1181000	107225	1288225 (65.81)	298818	38761	337579 (17.25)	94479	237183	331661 (16.94)	1574296	383169	1957466 (100)
2014-15	1359829	135480	1495309 (66.53)	343812	45660	389472 (17.33)	82671	280069	362740 (16.14)	1786312	461210	2247522 (100)

2015-16	1527016	170437	1697453 (67.84)	412664	51539	464203 (18.55)	69439	270973	340412 (13.61)	2009119	492949	2502068 (100)
2016-17	1701886	206087	1907953 (66.85)	502645	63754	566399 (19.84)	70766	309075	379841 (13.31)	2275277	578917	2854193 (100)
2017-18	1883018	254462	2137480 (67.02)	600374	73625	673639 (21.12)	43530	334411	377941 (11.86)	2526923	662137	3189060 (100)
2018-19	2042651	304804	2347455 (66.44)	683735	90527	774262 (21.91)	34272	377153	411425 (11.65)	2760658	772485	3533143 (100)

(Figure in the bracket indicates percentage of individual fund to total fund)

Source: Annual Reports of IRDA (2009-10 to 2018-19)

From the above table, it has been seen that investment of life insurer in life fund has increased over the years 2009-10 to 2018-19. Moreover we have seen that investment of life insurer in pension and general annuity fund has been increasing over the years 2009-10 to 2018-19 but significantly investment of life insurer in unit linked fund has been gradually decreasing over the years 2009-10 to 2018-19. Similarly, we have seen that investment of LIC and private life insurance companies in life fund and pension and general annuity fund has been increasing over the years 2009-10 to 2018-19 but LIC and private life insurance companies both are not significantly contributing to unit linked fund.

#### iv) To show the profit of Life Insurance Industry in India over the years 2009-10 to 2018-19

Profit of life insurance industry has been shown over the years 2009-10 to 2018-19.

**Table 7: Profitability of Life Insurance Industry in India over the years 2009-10 to 2018-19**

Years	Profit (Rs. in Crore)		
	LIC	Private Sector	Total
2009-10	1061	-2050	-989
2010-11	1172	1485	2657
2011-12	1313	4661	5974
2012-13	1437	5511	6948
2013-14	1656	5932	7588
2014-15	1823	5788	7611
2015-16	2517	4898	7415
2016-17	2231	5496	7727
2017-18	2446	6064	8511
2018-19	2688	5747	8435

Source: Annual Reports of IRDA (2009-10 to 2018-19)

Net profit of LIC has been increasing over the years 2010-11 to 2015-16 varying from 1172 crore to 2517 crore. But private life insurance companies have suffered net loss in 2009-10, soon after net profit of private life insurance companies has increased over the years 2010-11 to 2014-15 varying from 1485 crore to 5788 crore. Thereafter it declines in the year 2015-16 and increases from the year 2016-17 till 2017-18 and again declines in 2018-19. Total life insurance industry has shown positive trend of net profit over the years 2010-11 to 2014-15 varying from RS. 2657 crore to Rs.7611 crore. Thereafter it declines in the year 2015-16 and soon after increases from 2016-17 to 2017-18.

#### Conclusions

Growth rate of Indian economy registered in terms of GDP has not been significant over the years 2009-10 to 2018-19. So, Indian life insurance industry has suffered a lot. Total premium collection of both LIC and private life insurance companies has not been increasing significantly due to slow down of Indian economy. Moreover, we have seen that market share of LIC has decreased over the years and emergence of private life insurance companies has been seen over the years. The study has shown that policy holders of life insurance industry still rely on traditional life fund over unit linked fund. So, investment of life insurer in unit linked fund has been gradually decreasing over the years. In 2009-10 life insurance industry has registered net loss and private entrants have suffered huge amount of loss but soon after, life insurance industry have shown positive trend of net profits. Govt. Policy should be changed and regulatory guidelines should be adopted for the development of life insurance industry. The Indian life insurance industry should conduct extensive market research before introducing new products targeted at specific segment of customers with modified distribution channel. More amount of life insurance premium to be invested in unit linked policies from the traditional life fund. **MA**

#### References

1. Kumar.Amit., 'Indian Life Insurance Industry- the changing trends,' *Journal of Arts, Science and Commerce, Researchers world.*
2. [www.irdaindia.org](http://www.irdaindia.org)
3. [www.bimadeals.com](http://www.bimadeals.com)
4. [www.licindia.in](http://www.licindia.in)
5. [www.swissre.com](http://www.swissre.com)

[paulsankar16@yahoo.in](mailto:paulsankar16@yahoo.in)

# DIGITAL OBJECT IDENTIFIER (DOI)

Issue: August - 2020 [Vol. 55 No. VIII]

Name of The Article	Name of Author/s	Volume	Issue	Issue No.	Page No.	DOI Numbers
EASE OF DOING BUSINESS RANK: A DIRECTION TO REACH INDIA'S 5 TRILLION ECONOMY TARGET	Dr. Ashoka M L Abhishek N	Vol.55	Aug-20	8	18-21	10.33516/maj.v55i8.18-21p
TECHNOLOGICAL ADVANCEMENTS IN RENEWABLE ENERGY SECTOR	CMA Arnab Chatterjee	Vol.55	Aug-20	8	22-25	10.33516/maj.v55i8.22-25p
INDIA: \$5 TN ECONOMY AND ROLE OF INFRASTRUCTURE, EXPORT AND SKILL DEVELOPMENT	Dipen Roy	Vol.55	Aug-20	8	26-29	10.33516/maj.v55i8.26-29p
5 TRILLION ECONOMY AND AGRICULTURE - COUNTRY'S HIDDEN POTENTIAL	CMA Ela Sen	Vol.55	Aug-20	8	30-32	10.33516/maj.v55i8.30-32p
EODB RANKING 2020 – REMARKABLE IMPROVEMENT BY INDIA	Dr. Inchara P M Gowda	Vol.55	Aug-20	8	33-36	10.33516/maj.v55i8.33-36p
BUSINESS OF AGRICULTURE FOR US\$ 5 TRILLION ECONOMY - NAYA SANKALP, NAYA BHARAT!	CMA Kalyani Karna	Vol.55	Aug-20	8	37-42	10.33516/maj.v55i8.37-42p
AN ALTERNATIVE MODEL TO DETERMINE THE UN-SUSTAINABILITY IN BUSINESS	CMA (Dr.) L. Kailasam	Vol.55	Aug-20	8	43-49	10.33516/maj.v55i8.43-49p
INDIA: DESERVES TO BE THE WORLD'S NEW MANUFACTURING HUB	CMA (Dr.) Niranjan Mahendranath Shastri CA Gautam Jain	Vol.55	Aug-20	8	50-55	10.33516/maj.v55i8.50-55p
AGRICULTURE WITH SPECIAL EMPHASIS ON HORTICULTURE AND AGRIBUSINESS OPPORTUNITIES - A CASE STUDY ON WEST BENGAL	CMA Rana Deb	Vol.55	Aug-20	8	56-59	10.33516/maj.v55i8.56-59p
COVID - 19 IMPACT ON THE MISSION OF 5 TRILLION DOLLAR ECONOMY: A STUDY ON OIL AND GAS INDUSTRY IN INDIA	CMA Sandip Basak Sahita Mitra	Vol.55	Aug-20	8	60-65	10.33516/maj.v55i8.60-65p
ECONOMIC SURVEY 2019-20: A FOCUS ON ACHIEVING A \$5 TRILLION ECONOMY	CMA Raghavendra Roy	Vol.55	Aug-20	8	66-69	10.33516/maj.v55i8.66-69p
DRIVING INDIA TOWARDS 5 - TRILLION DOLLAR ECONOMY – MSMEs HOLD THE KEY	L. Srinivasan	Vol.55	Aug-20	8	70-73	10.33516/maj.v55i8.70-73p
DIGITAL TRANSFORMATION OF AGRICULTURE - SEEDS IN THE WOMB OF TIME	CMA (Dr.) Paritosh Basu	Vol.55	Aug-20	8	75-80	10.33516/maj.v55i8.75-80p
MANAGEMENT ACCOUNTING, STRATEGY IMPLEMENTATION AND THE IMPORTANCE OF RISK MANAGEMENT	Paul Sharman	Vol.55	Aug-20	8	81-84	10.33516/maj.v55i8.81-84p
CMA 2.0: BUILDING CAPABILITIES WITH BIG DATA	Shubham Saxena CMA (Dr.) Ashish Varma	Vol.55	Aug-20	8	85-87	10.33516/maj.v55i8.85-87p
CHANGE IN SCENARIO IN CORPORATE GOVERNANCE IN BANKING SECTOR IN INDIA	Dr. Ravichandran S	Vol.55	Aug-20	8	88-92	10.33516/maj.v55i8.88-92p
MANAGE YOUR FINANCE WITH SAP S/4HANA FINANCE SOLUTION	Dr. Ravi Surya Subrahmanyam	Vol.55	Aug-20	8	93-95	10.33516/maj.v55i8.93-95p
COVID-19 AND ITS IMPACT AND REPERCUSSIONS ON GLOBAL WORLD	Dr. Badar Alam Iqbal	Vol.55	Aug-20	8	96-98	10.33516/maj.v55i8.96-98p
COVID 19 AND INDIAN BUSINESSES: A SYNOPTIC VIEW	Dr. Debasish Sur	Vol.55	Aug-20	8	99-103	10.33516/maj.v55i8.99-103p
THE TRANSFORMATIVE ROLE OF NSDC IN THE CREATION OF BETTER JOB OPPORTUNITIES, FOR UN - SKILLED AND SEMI - SKILLED WORKERS IN SELECT SECTOR - AN ANALYTICAL STUDY	Dr. Sathish Manthana CMA Gurunadha Rao Nerella	Vol.55	Aug-20	8	104-107	10.33516/maj.v55i8.104-107p

# DIGITAL TRANSFORMATION OF HEALTHCARE SERVICES - RECENT INITIATIVES AND ADVANCEMENTS



**CMA (Dr.) Paritosh Basu**  
Senior Professor  
NMIMS School of Business Management  
Mumbai

## Background

Every single nation, irrespective of stage of development and might of wealth, has been shown a mirror by the unprecedented health emergency caused by Covid-19 Pandemic. It has revealed the blatant picture of healthcare facilities, gaps in infrastructure, inadequacy of care giving professionals, and state of readiness to handle such crises, despite experiencing earlier pandemics like Spanish Flu, Ebola, and Swine Flu. Mankind perhaps has finally understood that pandemic affects richer people faster like lifestyle diseases in large proportion than poor, when any amount of money cannot help arranging the needful treatment.

The present crisis has persuasively brought out three major learning points. The first one is that preventive measures would always reduce the burden of hospitalisation, intensive care, and treatment of patients in critical conditions. Quicker the response time, lesser would be the probability of the crisis developing into unmanageable dimensions. The third one is the need for working with principles of universal altruism for managing any such mass affecting disease. It would help developing a sense of collaboration and cooperation among all stakeholders, including a global multi-lateral agency that should take charge of timely coordination across all nations.

For effective handling of all these in a cost effective

manner the overriding requirement is collection, safe storage and efficient analyses of all relevant data in respect of citizens' health across all societal strata, service providers, manufacturers of medicines and equipment, results from their applications, etc. coupled with appropriate documentation under a prescribed set of guidelines. The need for standard policies, code of governance, and operating processes requires no overemphasis.

One would have not come to a different conclusion even if such a pandemic inflicted crisis is kept aside, and issues related to delivery of health care services is thought through in general. Any analytical introspection would have revealed many of these dangerous chasms of healthcare facilities in many countries, including India. Therefore, finding ways and means for solving such problems for humanity is the clarion call of the day.

## Objective

The author in his earlier columns have written about certain initiatives of scientists since late 1990s for digital transformation of healthcare services. Readers might have noted how certain systems and processes have been fortified with digital tools for improving speed, quality, and effectiveness of healthcare services both in pre and post medical treatment stages. Major examples are use of AI and ML for augmenting speed and success factor of diagnoses, selection of medicine, robotic surgery, IOTs for detection, monitoring and controlling of diseases, blockchain platforms for healthcare service delivery, and so on.

In this column the author has made efforts to briefly narrate how digital transformation can help successful implementation of some of the recent policy decisions in India. Recent advancements in global arena for digital transformation of healthcare have also selectively been narrated. The author will relate his directional thoughts about what all solutions can further be thought through for startups to develop cost effective solutions and faster implementation.

## Implementation of India's National Digital Health Blueprint

Niti Aayog has shared on July 15, 2020 in public domain India's National Digital Health Blueprint (NDHB)<sup>1</sup> with the objective to gather comments and views from all stakeholders in sequel to the National Health Policy, 2017. This Policy has laid down the key principles of ".....citizen-centricity, quality of care, better access, universal health coverage, and inclusiveness."

Paragraph 5.4 of the NDHB has outlined 'Methods & Instruments recommended by NDHB' for implementation, clearly reveals government's intent for applications of digital tools and platforms for end to end handling and delivery of healthcare services to citizens of India with the principle of inclusive happiness.

## Digital Transformation for Attainment of Objectives

In the following paragraphs the author has attempted to ideate and identify possible applications of digital tools,

platforms, and solutions which can help attaining those objectives of NDHB and their further advancements. The paragraph headings, stated in italic fonts, have been excerpted from the said Blueprint.

- a. *'Establishing and managing the core digital health data and the infrastructure required for its seamless exchange.'* - A Blockchain Platform can provide solutions for end to end handling and recording of events and transactions right from expression of interest to settlement of payments. This platform would also be able to handle recording and management of citizens' identity and credentials, safe stacking of health data and secured storage of related documents in a digital library with abilities to retrieve and share.

This digital solution provides all required safety, immutability, transparency, and security. It would warrant that none can extract, modify, erase, breach privacy and exploit any such data and documents with ulterior motives. Yet at the same time all authorised participants would have seamless access for performing transactions from his / her computer node as facilitated by 'Distributed Ledger Technology' which Blockchain is synonymously known as. Such participants will be able to derive transactional data to the extent required for accounting, reporting, and analyses.

The proposed Platform would also ensure that participating citizens, business entities and other agencies do not live with a sense of 'Data Slavery for Life'. Because any participant would have rights to call back at any point of time his / her all personal, or their institutional data and documents from the Platform at their own volition even if the platform is run by a Government Agency.

- b. *"Promoting the adoption of open standards by all the actors in the National Digital Health Ecosystem, for developing several digital health systems that span across the sector from wellness to disease management.* - A Super Smart Contract, with duly linked specific Smart Contracts for each layer and sequence of transactions / events, can be incorporated in a Blockchain platform. Such contracts will ensure compliance of all standards and guidelines as laid down in the NHP, 2017 and NDHB. These Smart Contracts would be drafted by eminent lawyers and digitally embedded while coding the software with scopes for permitted flexibility to amend the contract(s) to the extent permitted.
- c. *"Creating a system of Personal Health Records, based on international standards, and easily accessible to the citizens and to the service providers, based on citizen-consent."* - As stated in point 'a' above this objective can be achieved by implementing an integrated digital document library.
- d. *"Following the best principles of cooperative federalism while working with the States and Union Territories for the realization of the Vision";* - The



author would like to envisage the same Nodal Structure that he has recommended for implementing the 'Kishan Blockchain Platform' in his 12th monthly column titled 'Digital Transformation of Agriculture – Seeds in the womb of time'<sup>2</sup>. The solution designing team will have to meet the challenge of enabling scalability and interoperability by and between such District level Platforms that would be integrated to the State and then to the national level Blockchain Platforms.

- e. *"Promoting Health Data Analytics and Medical Research"*- Applications of digital tools for multidimensional and multipurpose data analytics will help conducting the intended medical research. For this all digitalised medical data, test reports, records of treatments provided, and surgical history, as appropriate, can be analysed using tools from the stable of 'Cognitive Intelligence' and 'Machine Learning'. Similar analyses can also be done for data related to service providers for insurance, pathological and radiological tests, hospitals, doctors, pharmaceutical companies, pharmacists, medical equipment, and appliance vendors, etc.

Results from such analytical studies would help perceiving trend patterns over a given period for patients of different age groups, gender, morbidity conditions, geographical segments, etc. Analyses can also be conducted to derive insightful inferences about various medical tests, results and effectiveness of treatment methodology adopted and drugs administered and by doctors.

All this information can be shared on a 'Need to Know Basis' through a stringent access control mechanism. Such astute of information would effectively contribute while introspecting and taking policy decisions, adopting standards, and initiating action steps for qualitative and quantitative improvements in delivery of healthcare services.

The aforesaid Blockchain Platform(s) operated with hierarchical nodal structure can seamlessly be integrated to ensure collection of data without any human intervention and maintaining one version of truth. The institutional service providers would also be able to apply RPA and Bots for channelizing data from internal systems through their nodal outlet of the Blockchain Platform. Doctors' hand-held and desktop medical appliances, and the IoTs / IoBs used by patients can also be integrated through push and pull mechanisms enabled by RPA and Bot for capturing patients' health conditions and treatment related data. This has more been explained subsequently in this paper.

- f. *"Enhancing the efficiency and effectiveness of Governance at all levels."* - Applications of the aforesaid digital platforms, tools and solutions would warrant the desired efficiency, effectiveness, and compliance of standard codes of governance as set out in the said Policy and Blueprint.

- g. *"Ensuring Quality of Healthcare."* - The combined effects and benefits derived from end to end digital transformation of systems and processes will result in qualitative improvement of services to ensure citizens' wellness and timely and cost-effective service deliveries to citizens.
- h. *"Leveraging the Information Systems already existing in the health sector."* - The above processes for digital transformation would not call for discarding all the existing IT Systems used at their end by stakeholders. Those can suitably be modified and integrated with the aforesaid solutions in a cohesive manner. For this software known as 'Application Programme Interface' can suitably be used to the extent considered desirable and required for cohesive orchestration.

Some of the transactions within the proposed Blockchain Platform would call for settlement by payment, e. g., for insurance premium, medicines, fees of doctors, charges for pathological and radiological tests, services by hospitals, etc. In the absence of any digital currency such payments are to be made by fiat currency, i. e., INR through any of the disjointed processes beyond the realms of the said Platform. Those could be credit cards, cheques, or payment gateways of FinTech service providers. If, there would have been a digital currency, bank could have been a direct participant in the Platform and the participants would have settled payments using the same.

The author reiterates his recommendation for introducing 'Central Bank Digital Currency' (CBDC) in India. This would obviate the need for any disjointed transaction to be handled beyond the realms of the proposed Blockchain Platform

The readers may be keen to know about what all are happening in digital transformation space for health care services across the world. The author would like the readers to refer a comment of Mariana Fernandez<sup>3</sup> about the research paper of Frost and Sullivan titled Global Blockchain Technology Market in the Healthcare Industry, 2018–2022<sup>4</sup>. This report has examined, *"Key growth opportunities and highlights success factors and strategic imperatives for blockchain commercial deployment consideration in the healthcare space by assessing commercial partnerships. It also analyzes best-practice case studies for the identified growth opportunities."* This report remains to be studied in detail by the author.

## Advancements in Digital Tools and Systems

### Digital Stethoscope

The word stethoscope is a combination of two Greek words *stethos* meaning chest and *scopos* meaning examination / study. It is the oldest appliance that doctors even today use for listening to sounds of heart, chest, bowel, and blood flow noises of human bodies. French physician Rene Laennec attached a long-rolled paper tube to a funnel and thus the first stethoscope was born in 1818.

Innovative engineers have electronically enhanced the power of a stethoscope and made it a more versatile

performer. The new stethoscope can transfer through Bluetooth connection digital signals to hand-held smart phones and other computing devices of doctors. It has built in facilities for “... filtering, buffering, and amplification of the auscultated sounds, as well as conversion to a digital signal.

... These digital signals are then forwarded to the signal-processing module, which will package the information in a higher-order classification and cluster the data for a clinical diagnostic decision.<sup>5</sup> The following picture delineates the transformation of a stethoscope.



Traditional Stethoscope

Digital Stethoscope

Smartphone and EKO Software Device

**Source:**

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5757962/> and <https://shop.ekohealth.com/products/duo-ecg-digital-stethoscope>

Clinicians are thus more and better equipped to visualize, record, and save sounds for further diagnostic analysis. Advanced versions of such an electronic stethoscope can function as an ECG machine. All these evolutions have helped feeding such digitalised clinical records to a central system for further cognitive analysis. Such an electronic stethoscope is thus emerging as an IoT. The computing devices / facilities at the doctors’ end can be also made to serve as an Edge Computing facility.

**Neuralink – The Fitbit for Head**

Besides SpaceX, Elon Mask is passionate about his second project called ‘Neuralink’. It is a small coin sized Fitbit type device with fitted tiny wires which can be implanted underneath human skull by a bloodless surgery. It has all sensors that one can see in a smart watch and can capture thousand channels of information and has mega-bit wireless transmission capacity. The Link has a 6-axis inertial measurement unit, temperature and pressure gauges and in-built digital application that can relate to a Smart Phone. According a report by Forbes<sup>6</sup> Elon Mask while speaking about Neuralink mentioned that any patient suffering from neuralgic and spinal disorders would look normal with its help. According to him world will increasingly have larger numbers of people affected by neuralgic disorders and spinal problems. This experiment has so far been shown to be tired on pigs and yet to be used for human beings.

**IoTs and IOBs - Tiniest of The Amazing Trio**

Three digital technologies are fast emerging to be the trio of heroes for industry sectors and christened as ‘The Amazing Trio’. Those are Blockchain, Artificial Intelligence

and Internet of Things (IoTs). Healthcare service space is no exception to that. These three technologies are increasingly being used to facilitate seamless digital transformation with a 360<sup>o</sup> approach. Importance of Blockchain and AI need not anymore be emphasised. It will be appropriate to write more about ‘Internet of Body’ (IoB) which is an extension of IoTs and emerging to be the gamechanger technology for medical treatments.

IoTs make all things at our home, cars, cities, and industries smart by adding sensors and connectivity. Both doctors and patients are also now being powered by IoTs which facilitate two-way communication on a real time online basis. These, when connected through Bluetooth to smart phones and computing devices, help keeping digital records of patients’ health conditions and treatments related information. Days are not far when pillows will be fitted with a IoT which will inform the doctor about duration and intensity of sleep a patient had in previous night.

Asamanya Mohanty<sup>7</sup> has aptly defined and introduced IOBs in these lines. “*Internet of Bodies (IoB) is an extension of the IoT and is the outcome of the Internet of Things (IoT) connecting with the human body. It is the inevitable development that’s taking the technology status quo by storm. Instead of devices, appliances and other items connected to the internet as in IoT, it’s human bodies which are now connected to a network, through devices that are ingested, embedded, implanted or connected to the body in some way. Once connected, data can be exchanged, and the body and device can be remotely monitored and controlled.*”

The following picture, albeit not much clear, gives an idea that IOBs that will soon be used for remedying sufferings related to almost every single ailing part of human body.



Prosthetic image source: [www.popularmechanics.com](http://www.popularmechanics.com)

The proposed project of Elon Mask for Neuralink, as narrated above, is an example of IoB. Reading of research papers reveal more such probable use cases. Such IoBs are taken by patients like any other medicinal tablets. Upon getting positioned in stomach digital signals are emitted by those IoBs which render other radiological and scanning processes easy, less time consuming, and cost effective. Once the purpose is served those IoBs dissolves away without causing any harm to a human body.

## Digital Health Passport for International Travelling

Days are not far when international travellers would carry another passport to cross sovereign boundaries other than the one issued by immigration authorities. This Health Passport will be digitally issued and managed end to end through a Blockchain Platform. International and even domestic travelling in the present pandemic period has caused enormous hassles for any traveller. Such Health Passport will enable smooth travelling with not only a certificate of good health condition but also with conviction of the traveller.

The present author is of the view that the Blockchain Platform(s), as ideated above for healthcare services, can be integrated with the Platform for issuing and surveillance of Digital Health Passport. If need be, this can also be integrated with Platforms like 'Arogya Setu' being used in India for tracking and monitoring spread of Covid-19 Pandemic as well as recovery of affected patients.

IBM has reported that<sup>8</sup> "After months of COVID-19 lockdown, many areas in the U.S. continue to grapple with the pandemic response while other countries around the world are starting to lift restrictions (with mixed results). To reopen safely, businesses are envisioning digital health passports as a way to verify coronavirus testing or immunity status today and, in the future, vaccination."

## Conclusion

Readers may feel that this article is abruptly coming to an end. More would have been better. So is the feeling of the author. More could have been written about many use cases of digital solutions which are being innovated by 'startupians' for the benefit of humanity. Shall look forward to writing more about digital transformation health care and animal care in course of time. **MA**

**Note:** The author acknowledges contributions of Ms. Rajashree Basu in writing this column.

## Webliography

1. [https://www.nhp.gov.in/NHPfiles/National\\_Digital\\_Health\\_Blueprint\\_Report\\_comments\\_invited.pdf](https://www.nhp.gov.in/NHPfiles/National_Digital_Health_Blueprint_Report_comments_invited.pdf)
2. <https://www.linkedin.com/feed/update/urn:li:activity:6705770448912752640/>
3. <https://ww2.frost.com/news/press-releases/blockchain-in-healthcare-will-live-up-to-the-hype-versus-reality-for-stakeholders/>
4. [https://go.frost.com/NA\\_PR\\_TH\\_MFernandez\\_K31A\\_Blockchain\\_Nov19](https://go.frost.com/NA_PR_TH_MFernandez_K31A_Blockchain_Nov19)
5. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5757962/>
6. [https://www.gadgetsnow.com/tech-news/elon-musk-wants-to-put-a-fitbit-like-device-in-your-brain-heres-why/articleshow/77816167.cms?utm\\_medium=referral&utm\\_campaign=iOSapp&utm\\_source=twitter.com&utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://www.gadgetsnow.com/tech-news/elon-musk-wants-to-put-a-fitbit-like-device-in-your-brain-heres-why/articleshow/77816167.cms?utm_medium=referral&utm_campaign=iOSapp&utm_source=twitter.com&utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)
7. <https://www.scrabbl.com/internet-of-bodies-iob-extends-internet-of-things-iiot-redefines-future-of-bionics-and-embedded-systems>
8. <https://www.ibm.com/blogs/blockchain/2020/07/blockchain-newsletter-for-july-are-digital-health-passports-in-our-future/>

[Paritosh.Basu@sbm.nmims.edu](mailto:Paritosh.Basu@sbm.nmims.edu)

# SKILLING INDIA MISSION: THE ISSUES NEEDED TO BE REDRESSED



**CMA (Dr.) Ananta Mohan Mishra**  
Principal  
Ramnagar College  
Depal, Purba Medinipur

## Abstract

*India is the second most populous country for whom skill-based technical education is one of the best options specially those who do not have enough academic talent or strong financial support to pursue costly general education. However, common people are not yet aware of the importance of this education which is to be rectified immediately. At the same time, Government must also to take serious approach by putting a concerted effort improving the quantitative and qualitative aspect of skill-based education immediately in order to reap the demographic dividend of our country.*

## 1.00: INTRODUCTION

The importance of education in accelerating socio-economic development is immensely acknowledged since the time immemorial. Education largely influences various avenues of economic growth and development; such as eradication of poverty, health standard, gender disparity and similar other issues. Education which aims to develop skills, abilities, understandings, attitudes, work-habits and appreciations in employment in a useful and productive basis can be defined “Vocational Education”. While defining vocational skills the International Labour Organization(ILO) opines “as the ability to carry out the tasks and duties of a given job”. Recently The British Council has adopted the concept of *Core Skills*<sup>1</sup> and according to the international research there are six Core Skills namely; Digital Literacy, Critical Thinking and Problem Solving, Creativity and Imagination, Student Leadership, Collaborative and Communication and Citizenship. There are various definitions of skills and they have interlinking relations by which an overall skill is set as presented in Figure 1.

**FIGURE 1: INTERLINKING RELATIONS BETWEEN DIFFERENT TYPES OF SKILLS**



## 2.00: HISTORICAL BACKGROUND OF VOCATIONAL EDUCATION IN INDIA

With the passage of time vocational education in India has been expanded and evolved through a series of steps

taken at the authoritative level; a glimpse of which has been presented in Figure 2.

**FIGURE 2: HISTORICALLY LANDMARK EVENTS FOR INDIA'S SKILL DEVELOPMENT LANDSCAPE**

Year	Event
1956	First Industrial Policy in India was formulated
1961	Apprenticeship Act was passed
1964	Indian Education Commission (Kothari Commission)
1966	Nation Labour Policy
1968	First National Policy for Education (NEP)
1969	First Industrial Training Institute was set up
1986	New National Policy on Education
1992	Modified Policy on Education
2008	National Skill Development Corporation was established
2009	First National Policy on Skill Development was finalized
2013	National Skill Qualification Framework
2014	Ministry of Skill Development and Entrepreneurship was established and enactment of Apprentice (Amendment Act)
2015	National Policy on Skill Development and Entrepreneurship and Training and Apprentice Division was moved to MSED (from Ministry of Labour and Employment)

Source: Compiled from different literatures.

### 3.00: ARGUMENTS IN FAVOUR OF SKILLING INDIA

Why should India go for skill development? In this context we may quote a comment made by our honourable Prime Minister Mr Narendra Modi: "Today the world and

India need a skilled workforce. If we have to promote the development of our country then our mission has to be 'Skill Development' and 'Skilled India'. Millions and millions of Indian youth should acquire the skills which could contribute towards making India a modern country. I also want to create a pool of young people who are able to create jobs and the ones who are capable of creating jobs and do not have the opportunities, they must be in a position to face their counterparts in any corner of the world". Under this backdrop, we present our arguments for Skilling India, in brief.

#### 3.01: Demographic Dividend

The golden opportunity for skill development arises from a unique 25-year window of opportunity, called India's demographic dividend. Experts opine that India could be termed as a "Young Nation" because it is expected that by 2030 a third of the world's working age group (between 15-59 years) will be from India. Further it is observed that 62 percent of India's population is in working age group (15-59 years) and more than 54 percent of the total population is below 25 years of age.<sup>3</sup> It is estimated that the average of population in India by 2020 will be 29 years against 40 years in USA, 46 years in Europe and 47 years in Japan.<sup>4</sup> Further, it is pointed out that during next 20 years the labour force in the industrialized world is expected to decline by 4 percent, while in India it will increase by 32 percent. Thus there has been a golden opportunity of reaping the demographic dividend for which India needs to equip its workforce with employable skills and knowledge by that time.

#### 3.02: Improvement in Employable Skills

From Table 1 representing domain-wise employability of talent during last five years, shows that except engineering students (B.E/B.Tech with mean value % of 53.18) others passed out from other disciplines have poor employability skill (i.e., below 50%). Among them students completed MBA, MCA and B.Pharm have average employability skill over 40 percent, but rest of the students those possessed B.A, B.Sc or B.Com and Polytechnic do not have significant employability skill readily fit to be employed in respective jobs.

**TABLE 1: DOMAIN-WISE EMPLOYABILITY OF TALENT (in %)**

SKILLS Domain	2015	2016	2017	2018	2019	Mean Value	Growth Rate (%)
B.E/B.Tech	54.00	52.58	50.69	51.52	57.09	53.18	-0.82
MBA	43.99	44.56	42.28	39.40	36.44	41.33	-6.04
B.A	29.82	27.11	35.66	37.39	29.30	31.86	6.82
B.Com	26.45	20.58	37.98	33.93	30.06	29.8	12.67
B.Sc	38.41	35.24	31.76	33.62	47.37	37.28	2.94
MCA	45.00	39.81	31.36	43.85	43.19	40.64	-9.68
ITI	44.00	40.90	42.22	29.46	NA	39.15	-11.02
Polytechnic	10.14	15.89	25.77	32.67	18.05	20.50	101.17
B.Pharm	56.00	40.62	42.30	47.78	36.29	43.6	-22.14

Source: India Skill Report/2019, Powered by Wheebox, India Partner, CII, p.13.

### 3.03: Global Knowledge Economy

We all know that India has been progressively moving towards becoming a global knowledge economy and there have been a rising aspirations from its youths. This can be successfully managed if we focus on advancement of skills and job training with due emphasis on their communication skill to make themselves employable in the ever-changing socio-economic work environment.

### 3.04: Fostering Entrepreneurship and Employment

Entrepreneurs are the champions in fostering economic advancement by providing a source of income and employment themselves, create jobs and employment for others, contribute innovation, rational and new thinking and drive greater upstream and down-stream value chain services.<sup>5</sup>An ideal entrepreneurial environment is built up with five pillars, namely, access to funding, entrepreneurial culture, supportive regulatory and tax regimes, educational systems that support entrepreneurial mindsets, and a coordinated approach that links the public, private and voluntary sectors.<sup>6</sup>

### 3.05: A Tool for Sustainable Growth and Development

One of the biggest challenges of India's growth economy is to provide jobs and employment to the labour force. From the available statistics it is noted that employment growth rate in our country remains between 1.4 and 1.8 percent against the labour force growth rate of 2.23 percent<sup>7</sup> (male and female inclusive). It is interesting that 93 percent of the workforce belongs to the informal/unorganized sector of which half of them are female. Thus the country has to find out the solution of increasing the scope of employment, and also to pave the way for increasing participation of women labour force in the development process.

### 4.00: SKILL STRUCTURE IN INDIA

In regards to the promotion of skill – development,

Ministry of Skill Development and Entrepreneurship, (MSDE) Government of India, being the highest authority responsible for coordinating all skill development activities in collaboration with other Ministries, State Governments, Industry and others, to accelerate the skilling efforts across the county.

#### 4.01: Vision Statement

“To create an ecosystem of empowerment by skilling on a large scale at speed with high standards and to promote a culture of innovation based on entrepreneurship which can generate wealth and employment so as to ensure sustainable livelihoods for all citizens in the country”<sup>8</sup>.

#### 4.02: Objectives

The objectives of MSDE are as follows, in brief:<sup>9</sup>

- Collaboration with all concerned for evolving an appropriate skill development framework,
- Removal of disconnect between the demand for and supply of skilled manpower through vocational and technical training, skill-up gradation, building of new skills, innovative thinking etc,
- Mapping of existing skills and their certification,
- Expansion of youth entrepreneurship education and capacity through forging strong partnership between educational institutions, business and other community organizations and set national standard for it,
- Role of coordination relating to skill development, industry-institute linkage,
- Bringing public-private partnership element in this activity, etc

With a view to understand the activities undertaken for providing skill initiatives in our country some important statistics are given in Figure3.

**FIGURE 3: INMPORTANT STATISTICS OF SKILL DEVELOPMENT INFRASTRUCTURE IN INDIA**

S/N	Organ	Major Functions	Training Infrastructure
1	Director General of Training	<ul style="list-style-type: none"> <li>• Policy Formulation</li> <li>• Laying down Standard</li> <li>• Revising Course Curricula</li> <li>• Granting Affiliation etc.</li> </ul>	<ul style="list-style-type: none"> <li>• 11,964 ITIs in India; of them</li> <li>• 9,680:Privately run</li> <li>• 2,284 Govt-run</li> </ul>
2	NSDC Affiliated Organizations	<ul style="list-style-type: none"> <li>• Funding and Incentivizing</li> <li>• Enabling Support Services</li> <li>• Shaping Skill Module</li> </ul>	<ul style="list-style-type: none"> <li>• 267 Affiliated Training Centre</li> </ul>
3	AICTE Affiliated Institutions	Training & Placement	1,910 Polytechnics
4	Senior Secondary Schools	Training and placement	70,700 Overall; of them <ul style="list-style-type: none"> <li>• 24,062 government</li> <li>• 19,816 Private-aided</li> <li>• 26,892 Private-unaided</li> </ul>
	MSDE	<ul style="list-style-type: none"> <li>• Skill Development Initiative Scheme</li> <li>• Scheme under NCVT</li> <li>• Pradhan Mantri Kaushal Vikash Yojna (PMKY)</li> </ul>	<ul style="list-style-type: none"> <li>• 1386 Qualification Packs</li> <li>• 6,744 Unique National Occupational Standards (NSO)</li> </ul>

Source:Compiled from different sources

#### 4.04: Incremental Human Resource Requirement

Different survey data pointed out that India is among the fastest growing economies of the world. India is projected to achieve its highest annual GDP growth rate of 7.9 percent over the next 8 years overtaking the China.<sup>10</sup>This growth is expected to be sustained as a result of some high-growth rate sectors as identified by the NSDC. It is estimated that 109.73 million additional skilled manpower will be required across 22 key sectors by 2022 (See Table 2).

**TABLE 2: ILLUSTRATIVE HIRING REQUIREMENTS ACROSS SELECT SECTORS TILL 2022 (In Millions)**

S/N	Sectors	Hiring Requirements	
		2008	2022
1	Electronics & IT Hardware	0.9	4.2
2	Furniture & Furnishings	1.4	4.2
3	Leather & Leather Goods	2.5	7.0

4	IT &ITeS	2.2	7.5
5	Gems and Jewellery	3.3	8.0
6	BFIS	4.3	8.5
7	Organized Retail	0.3	17.6
8	Real Estate Services	13	48.0
9	Auto and Auto Component	25	38.0
10	Building & Construction	35.3	61.6

Source: Overview of India's Evolving Skill Development Landscape, p11

#### 4.05: Domain-wise Hiring Trend of Talents

If we consider the educational background of the additional requirement of skilled manpower it is observed that different engineering graduates have the maximum increasing trend followed by graduates having Commerce, Management and Computer Applications background. On the other hand, those having Postgraduate or equivalent degree, ITI Degree or Arts graduates have lesser demand in the job market as reflected in Table 3.

**TABLE3: DOMAIN-WISE HIRING TREND OF TALENTS**

S/N	Domains	Years					
		2015(%)	2016(%)	2017(%)	2018(%)	2019 (%)	CAGR
1	Undergraduate or Equivalent	6	8	6	14	12	10.6
2	ITI	6	14	13	7	12	14.6
3	Polytechnic	4	7	11	4	7	3
4	PG or Equivalent (MCA/MSC/MA/M.Com/C.A./M. Tech)	8	8	6	10	11	0.12
5	Management or Equivalent (MBA, PGDM)	22	16	16	19	13	-1.0
6	Graduates: BCA/BBA/B.Com/B.Sc etc	23	23	23	24	22	0
7	Engineering (BE/B.Tech)	29	25	25	22	23	-0.09

Source: Overview of India's Evolving Skill Development Landscape, p17

#### 4.05: Training Schemes

NSDS has developed a single window platform to aggregate supply and demand trends in the Indian vocational education and training space referred to as National Labour Market Information System (N-LMIS). At present 8 major Central Skill Development Schemes are conducted with 5 Ministries<sup>11</sup> as shown in Figure 4

**FIGURE 4: GLIMPSE OF TRAINING SCHEME OFFERED BY DIFFERENT MINISTRIES.**

S/N	Name of the Ministry	Name of the Schemes
1	Ministry of Skill Development and Entrepreneurship	Skill Development Initiative Scheme (SDIS) Standard Training Assessment and Rewards (STAR) Pradhan Mantri Koushal Vikash Yojna (PMKVY)

2	Ministry of Micro Small and Medium Enterprises (MSME)	MSME Advance Training Institute MSME Development Institute
3	Ministry of Minority Affairs	<i>Seek ho Aur Kamao</i>
4	Ministry of Housing and Urban Affairs	Employment through Skill Training and Placement
5	Ministry of Textile	Integrated Skill Development Scheme

Source: Ministry of Skill Development and Entrepreneurship, Government of India (2015): Annual Report 2018-19, p.25.

## 5.00: CHALLENGES

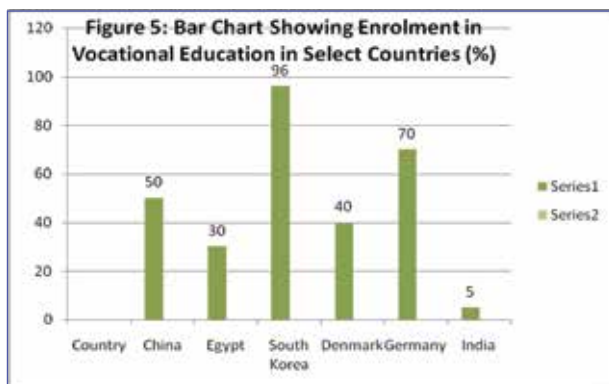
The Skilling India mission initiated by the Government of India faces some challenges as described in brief.

- **Sub-Standard Delivery System**

Despite having huge demand nationally and internationally, India is yet to develop a standard delivery framework to enrich students in various skills in demand. The reasons are poor training facilities, lack of qualified trainers and standard qualification frameworks to establish quality and consistency across the institutions and allow workers mobility.

- **Low Perception among the People's Mind**

According to 12<sup>th</sup> Plan Document of the Planning Commission, 85 percent of the labour force in India has educational qualification up to secondary level of them 55 percent have an educational background only up to primary level, however merely 2 percent<sup>12</sup> of its workforce have only vocational training and another 8 percent have non-formal vocational training. In comparison to this the enrolment in vocational education in some of the developed countries are presented in Figure 5 (Bar Chart).



- **Lack of Link with General Education**

The perspective of vocational education in India has been changed after the establishment of Ministry of Skill Development and Employment at Union Government level and formulation and implementation of National Skill Development Policy 2009 and thereafter 2015. As a result, status of vocational skill-based education has been improved by UGC with the introduction of B.Voc Stream (One year Certificate, 2 year Diploma and Three year Degree) at the UG and PG (M. Voc under *Koushal Bikash Kendra* Scheme) level. In order to assess and measure the quality level of skill gained by the students as many as 61 Sector Skill Councils have been formed with respective quality framework and thus skills are being measured upto level 10. This arrangement has given scope to the students; for the first time; to avail the benefit of both horizontal and vertical mobility and they may continue study on general subjects along the skill-based subjects

simultaneously; which needs to be expanded,

### Weak Link with the Industry

There is a direct link between the skill developer (training institute) as well as skill users and success of “Skilling India” mission depends upon the coordinated approach of functioning of these two. It is unfortunate that majority of the training institutes do not have adequate industrial linkage as result, students after completing skill training could not find job or employment easily.

- **Lack of Coordination**

Skill development of the Central Government is monitored through more than 20 Ministries/ Departments and it is unfortunate that there has been lack of robust coordination in monitoring mechanism to ensure desired. Further there is multiplicity in assessment and certification systems which lead to create confusion among the employers to select the appropriate candidate.

- **Declining Labour Force Participation rate of Women**

Statistics shows that mean value of labour force participation by women was meagre (28%) compared to the males (72%), although employability statistics of women remained higher than males (40.78% by females and 39.16 by males). This signifies that women labour force remained neglected which is not a healthy sigh for sustainable growth and development of our country.

- **Faculty have no Industrial Experience**

Field survey in different schools and colleges offering vocational educations revealed that faculties have no industrial exposure; as a result students do not have real life industrial training experience. After getting appointment they have to adjust with the work environment.

- **Lack of Entrepreneurial Skill and Motivation**

One of the prime objectives of various nation building projects taken at the central government level (Start up India, Skilling India or Making India) was to encourage our talents to make their mindset not as a job seeker rather job providers. So self employment is one of the inspiring avenues need to be followed by the aspiring youths of our country. But success on this line remains unimpressive till date.

## 6.00: CONCLUSION

Skilling India mission is a very useful initiative taken by the Government when our country has entered in G 10 group of world economy. We are talking for self-reliance and self-dependence and recent COVID-19 pandemic has forced to talk on this line. Our country is the second most populous one for whom skill-based technical education is one of the best options specially those do not have enough academic



talent or strong financial support to pursue costly general education. However, common people are not yet aware of the importance of this education which is to be rectified immediately. At the same time, Government must also take serious approach by putting a concerted effort improving the quantitative and qualitative aspect of skill-based education immediately in order to reap the demographic dividend of our country. **MA**

#### NOTES AND REFERENCES

1. *British Council Report (2015): The UK Skills System: An Introduction.*
2. *Ministry of Skill Development and Entrepreneurship, Government of India (2015): National Policy for Skill Development and Entrepreneurship, New Delhi, p.1.*
3. *British Council (2015): Overview of India's Evolving Skill Development landscape, p.4.*
4. *Ministry of Human Resource Development, Government of India (2015): National Higher Education Mission, New Delhi, p 6.*
5. *Ernst and Young (2015): Megatrends 2015, Making Sense of the World in Motion,*
6. *Ministry of Skill Development and Entrepreneurship, Government of India (2015): National Policy for Skill Development and Entrepreneurship, New Delhi, p.9.*
7. *Government of India(2015): Economic Survey 2014-15, Vol I, Dept of Economic Affairs, Economic Division, February, p.11*
8. *Ministry of Skill Development and Entrepreneurship, Government of India (2015): Annual Report 2018-19, New Delhi, p.2.*
9. *Ibid, p.11.*
10. *Economic Times dated 22.12.2015*
11. *Ministry of Skill Development and Entrepreneurship, Government of India (2015): Annual Report 2018-19, New Delhi, p.25.*

[anantamohanmishra@gmail.com](mailto:anantamohanmishra@gmail.com)



## **BANKING, FINANCIAL SERVICES AND INSURANCE COMMITTEE THE INSTITUTE OF COST ACCOUNTANTS OF INDIA**

(Statutory Body under an Act of Parliament)

### **ADMISSION**

has started for the

**2<sup>nd</sup> Batch of BFSI Courses.**

Please login to the **BFSI portal** for further details.

The link is stated as follows:

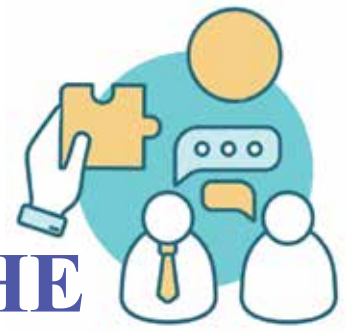
[https://icmai.in/Banking\\_Insurance/Courses.php](https://icmai.in/Banking_Insurance/Courses.php)

**For details please call the department:**

**CMA Dibbendu Roy**  
Joint Director  
9643443047/8368693781

**CMA Rajendra Bose**  
Joint Director and HOD of BFSI Department  
9007068555

Please email to [bfsi@icmai.in](mailto:bfsi@icmai.in) for any queries



# ADDRESSING THE SKILL GAP: ROLE OF TECHNOLOGY ENABLED FLEXIBLE LEARNING



**Dr. Anirban Ghosh**

Director (i/c), School of Vocational Studies  
Netaji Subhas Open University  
West Bengal

## Introduction

Skills and knowledge are the driving force of economic growth and social development for any country. Vocational education and training consists of practical courses through which one can gain skills and experience directly linked to a career in future. It helps students to be skilled and in turn, offers better employment opportunities. Potentially, the target group for skill development comprises all those in the work force, including those entering into the job market for the first time. India has set up a target of skilling 500 million people by 2022. One of the greatest advantages for the Indian economy is the sustained growth of the work force population. The appropriate skill development efforts would provide an opportunity to achieve inclusion and productivity within the country and at the same time the skill development initiatives would help in employment generation, economic growth and social development. Skills mean employability and mobility. So a skilled person will have greater opportunity in the job market as well as his /her vertical or horizontal mobility would be easier. The social development depends on the entrepreneurial development and entrepreneurial/ industrial development depends on the skilled work force. Only the skilled workforce can increase the level of productivity as well as increase the quality of the product and services which in turn, helps in livelihood of the people. At present skills base of the Indian economy is quite low as compared to other developed economies of the world. Many of the developed economies have 60% to 80% as skilled workers of the total work force.

## Abstract

*Education helps an individual achieve self actualization and it is only the proper education that makes one better equipped in raising one's capability to contribute towards self and the overall social and national development. No doubt, skills and knowledge are the driving force of economic growth and social development for any country. A skilled person will have greater opportunity in the job market as well as his/her vertical or horizontal mobility will be easier. Vocational education in India aims at developing skilled manpower through diversified training programmes to meet the requirements of mainly the unorganized sector and to instill self employment skills. The present paper deals with the importance of skill development programmes in the present day context and the role of Technology enabled Flexible Learning (TeFL) to up-skill/ re-skill the workforce.*

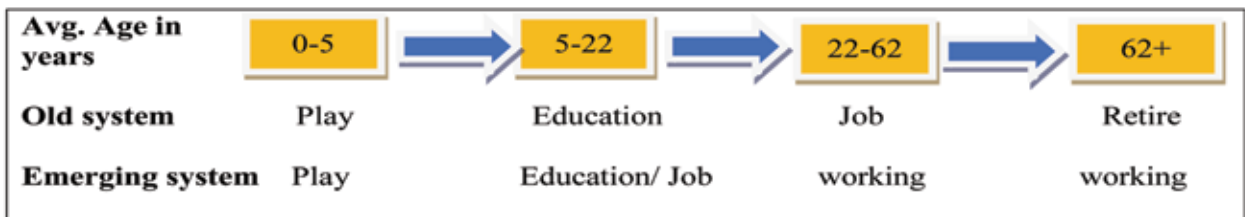
Vocational education and training in India aims at developing skilled manpower through diversified courses to meet the requirements of mainly the unorganized sector and to instill self-employment skills. According to census report (2011), it was estimated that population in the age group 15-59 years is likely to increase by approximately 63.5 million new entrants between 2011-2016. The majority of this increase is in the age group of 20-35 years. The average age of its population was estimated to be 29 years for the next 6 years. With a population of 1.21 billion of which more than 62% are in the working-age group of 15-59 years and more than 54% are below 25 years, India is among the youngest nations in the world (Report of the

Ministry of Skill Development and Entrepreneurship 2015). It is estimated that this working age group (15-59 years) is likely to be more than 64% by 2021 and India will have 25% of the world's total work force by 2025 who could contribute to the economic growth of the country.

Currently, in India only 2% in the age group of 15-29 years have received vocational training and around 8% are reported to have received non-formal vocational training. As a result a large number of youths actually enter the job market without vocational training which in turn implies low productivity. Another alarming issue is that almost half of the graduates who are coming out from college education system each year are not employable or do not possess the basic skills necessary for any industry. According to the India Skills Report (2019), about 65% of graduates and 57% of post graduates in India are unemployable to any job. The present young India has an opportunity to be the global supplier of manpower. But our country may lose this golden opportunity not having the capability to cater to this demand of skilled workforce. If our country is able to skill its people with the requisite life skills, job rolls or entrepreneurial skills, the demographic advantage can be converted into the

democratic dividend wherein those entering labour market or are already in the labour market can contribute to economic growth of the country.

In the 21<sup>st</sup> century, variety of factors such as globalization, mobility and the wave of automation are changing the work environment. New jobs are replacing the age old job rolls and the present job seekers lack the skills and expertise which are required for success in the emerging environment. The Industry 4.0 has now emerged with automation, analytics and work from remote places. According to a report of PWC (2019), the automation will significantly change or make the existing job obsolete within next ten years. In such a situation it is important for corporates, academia, policy makers as well as job seekers to keep an eye on market trends and be ready to deal with the changes. Every day, we have to learn, unlearn and relearn. The PWC report says that the existing workforce needs upskilling and reskilling for their survival in days to come. In today's economy, working adults are required to go back to education and training for re-training and re-skilling. The following diagram shows the present scenario of workforce where re-skilling is a must in 21<sup>st</sup> century job environment.



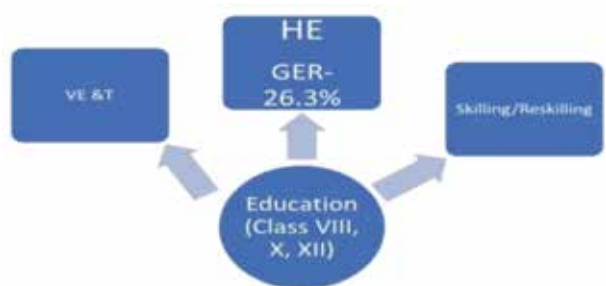
In earlier system, generally, people entered into the job market at the age 25 years and retired at 62 years of age. But presently entire eco-system of the job market has been changed. Sometimes, the youth has to take job to support their families immediately after class X or XII at the age of 16-17 years. Since the people remain active in physical and mental health, they can continue their service beyond 62 years. But the skills which they acquired 40-45 years ago may not be relevant today, so such type of people need to be re-trained/ re-skilled.

**Present challenge**

If we consider the unorganized sector in India, we find that over 93 percent of employed is working in this sector. The unorganized sector is much more labour intensive than that of organized sector. The unorganized sector is not just the hub for employment creation but also for manual skills. Out of the employed persons in unorganized sector only 10% are skilled.

The other serious problem of India is the problem of dropouts. In India, the Gross Enrolment Ratio (GER) at Class VIII-96.9%, Class X-78.5%, Class XII-54.2% (Educational Statistics, MHRD 2016) and the GER in higher education is 26.3% as per AISHE-MHRD report 2018-19. So a huge number of students remain outside the formal education due to varied socio-economic reasons. What will they do? How they will maintain their livelihood? But it is our (policy makers/ educators/ education providers) responsibility to bring the dropouts in the education system to train them for their livelihood and to keep them in economic activities

so that they can also contribute to the development of the country. The necessary change in imparting the vocational training should be made for the dropouts of students after Class VIII, X and XII to keep them involved in social development. The present school education system also needs vocationalization of curricula so that from school level, the students can acquire some skills and competency in some trade. The Vocational Education and Training (VE & T) can only be popularized through government initiatives at the school level.



**Figure 1: Channel of Vocational Training**

**Government Initiatives**

Skill development is an important driver to address poverty reduction by improving employability, productivity and helping sustainable development and inclusive growth. It facilitates increased employment opportunities and income generation. Though skill training in various job roles has improved in recent years, the absence of appropriate

job linkages is the major problem of unemployment in the country. At policy making level, the government has been trying to implement various schemes to skill/ reskill the Indian youth to convert the huge young population into demographic dividend.

In 2009, the Ministry of Labour and Employment, GoI formulated the National Policy on Skill Development. It was the first step towards a comprehensive effort towards skill development involving all stakeholders (government, industry, trade unions, and civil society) to create a skills ecosystem in India. The National Skill Development Policy 2009 mandated National Skill Development Corporation (NSDC) to setup Sector Skills Councils (SSCs) to bring together the stakeholders viz. industry, work force and academia. Apart from the National Skill Development Policy, the National Skills Qualification Framework (NSQF) in 2013, National Skill Development Mission (NSDM) in 2015 were introduced to formulate skill development strategies to address the different challenges in skill development. The objective was to empower the workforce with required skills, knowledge and qualifications to make the Indian workforce globally competent. The other skill development programmes of the Central Government are the 'Pradhan Mantri Kaushal Vikas Yojana (PMKVY)' and 'Deen Dayal Upadhyaya Grameen Kaushal Yojana (DDUGKY)' the objectives of which are to transform rural youth into an economically independent and globally relevant workforce. The training programmes are available in sectors like automobile, retail, beauty therapy, construction, food and beverages, tailoring, ITeS etc. which are meant for Class V and Class VIII standards. The basic objectives of such "Skill India" initiatives are to ensure that the millions of untrained youth who enter the job market, receive formal skill-building opportunities to be certified from recognized Sector Skills Council (SSC) so that they can enhance their competency level and make them employable.

### Meeting the Challenges


The enormous gap between the demand and supply of skilled workforce cannot be addressed only by the limited number of conventional institutions of education which has fixed intake to cater to the demand of large number of skilled workforce. The abovementioned government initiatives have also some limitation to reach the grassroot levels of rural India. There is another important issue of accessibility. The lack of access to good academic content and training keeps the vulnerable and the marginalized sections in the vicious circle of low skills and in turn low employment. The marginalized group which includes rural poor, youth, persons with disabilities, migrant workers and women needs to be skilled to get maximum contribution towards the social development. To ensure access to education for these deprived section of the society, one would face two main obstacles – one for males and the other for females. In case of prospective male learners, their respective families would expect them to help the family heads in augmenting their earnings while the girls would be supposed to take part in the daily chores and help their mothers. Moreover, there may not be any educational institutions nearby to serve them nor they may have enough money to enrol themselves in hostels to pursue their study. In these circumstances, technology enabled distance learning is a wonderful possibility to pursue

their study and make them valuable members of the society. The important point is that a boy or a girl can continue his or her study, while at the same time, supporting their families in some ways or other. The technology mediated flexible learning has thus created an opportunity for them in terms of access to education which otherwise had eluded their forefathers in the past.

It is a fact that over 93 percent of employment in India is in the unorganized sector with employees working in relatively low productivity jobs. Provision of appropriate skills may thus be an important intervention to increase the productivity of this workforce. This problem can not be addressed by the formal system of education. The present scarcity of skilled workforce can be solved by technology enabled flexible learning system (TeFL). The TeFL system because of its inbuilt learner friendly feature and flexibility has the potential to enable the learners to deal with the challenging and difficult task of acquiring skills. Through flexible learning methodology and with the help of Information and Communication Technology (ICT), virtual laboratory and virtual workshop a large number of persons can be trained/ retrained with a specific skill. The existing work force can also take advantage of re-training or upskilling without leaving their present job through the TeFL. With proper planning, the employability of the rural youth can be enhanced with region specific demand and modular based vocational training. This will expand self-employment opportunity as well. Therefore, a well designed and well planned TeFL programme may address the "skill gap" by proving vocational education and training to:

- ✓ Fresh graduates who are trying to find a suitable job
- ✓ Newly entrants graduates in the job market
- ✓ Existing workforce
- ✓ Remotely located students
- ✓ Dropouts at primary and secondary/ post secondary levels.

### Conclusion

Digital learning would be a new normal in the present scenario of COVID-19. Digital platform facilitates self learning, personalized learning, peer learning to clear doubts or to solve a problem. A person may access a well designed online academic content to increase his/ her skill and/or knowledge at any time and any where. The existing workforce may take the opportunities to re-skill/ re-learn without disturbing their work schedule. The migration from rural areas to urban areas can also be minimized by providing proper vocational training through proper integration of ICT tools. So, to address the huge demand-supply mismatch in the job market in the country, the TeFL may be a solution for imparting vocational training. 

### References

1. Reports:
2. *Educational Statistics at a Glance, MHRD, 2016*
3. *Report, AISHE, MHRD, 2018-19*
4. *Global Survey on Technology, Jobs and Skills- PWC (2019)*

[anirban1972@gmail.com](mailto:anirban1972@gmail.com)

DISRUPTIVE INNOVATION

# DISRUPTIVE INNOVATION AND COVID-19: ROAD TO SUSTAINING BUSINESSES AND PROMISES FOR FUTURE



**CMA Apoorva Vyas**  
Research Scholar  
Department of Accounting  
JNVU Jodhpur

## Abstract

*‘The only permanent thing is change’ is an adage difficult to comprehend but is the only guiding light in the most challenging scenarios. Comfort zones and habits have been proved to be dangerously limiting in respect of businesses across economic zones as well as business cultures. The business equivalent of change is ‘Risk’ which drives our sensibilities and approaches towards managing and mitigating the same. COVID-19 has and shall continue to have a barbaric impact on businesses across sectors and industries. Hence a fresh set of disruptive innovation across sectors can bring re-defining changes. Also, disruptive innovation can re-engineer the business processes and make sure that we change to align with this change and put it to best use.*

Clayton M. Christensen (1995) identified disruptive innovation as an innovation which leads to the creation of a new market and value network which in due course, can displace established market leaders and products. Over the course of time, these innovations can change the market structure and values, players. These processes take longer to develop but can lead to faster penetration and greater impact on the

market. Over years a variety of market-players have come to like, follow and eventually praise this theory for their entrepreneurial successes. With this it becomes imperative to highlight that every turnaround/new success doesn’t qualify to be a result of disruptive innovation. This emphasis becomes increasingly relevant in the light of the fact that essential refinements in the theory over the past few years appear to be overshadowed by the popularity of its initial formulation.

A disruptive innovation begins in either of the following: low-end or new-market footholds. In case of low-end footholds, these exist because enterprises are less drawn to the less-demanding customers. These footholds are tapped into by the disrupters by easily satisfying this set of neglected customers with good enough products. In case of new-market footholds, these are created by the disrupters by converting non-consumers into consumers. Hence,

disruptive innovation is bound to appeal to the low-end strata of consumers and then crawl into the main market i.e. they travel from fringe to mainstream. Generally, this travel takes time and also allows the market players to ignore these veritably slow tortoises as they don't start off as winners. Though often misconstrued and shallowly applied, may be post COVID timeframe is the most potentially lucrative time to apply this strategy.

Various studies have time and again proven that the largest part of our consumerist economy and its counterparts lies in the hands of the unorganized sector- directly or indirectly. This unorganized sector has been and shall be continually affected/ impacted in the post-COVID scenario. A number of changes have already started unfolding and fortunately, they span across sectors. Movies and big stars moving to OTT platforms because cinema halls are no longer available to the public, companies like Urban Clap quickly moving into mainstream as they choose to bring home the essentials with necessary precautions taken in front of the service recipient are some of the examples.

## Ideology and Challenges

Disruption is generally defined to be a process where-in smaller entities with limited resources at their disposal have the ability to perform and challenge established entities. They generally enter into the market and stabilize themselves by addressing the overlooked customers of the existent Industry giants. As an entrant, they offer more at lower prices and hence showcase potential of inviting mainstream customers eventually to be a part of their growth story. It is when the mainstream customers start adopting the entrant's products/ services in their usual capacities that disruption is said to have occurred. Hence, the following must be highlighted about the concept:

1. Such innovators are bound to start from the low-end of the market. Their product performances are also low in comparison to the long term players of the market. Hence

they are expected to grow regularly so as to overshoot the needs of a chunk of mainstream customers too.

2. Disruptive innovators are expected to find their niche in the less profitable segments of the market. Their quest for performing better allows them to move upstream and gain a foothold across the low-end as well as mainstream customers such that they can challenge the dominant market players. Generally, in the beginning these disruptive innovators are considered inferior by the mainstream customers served by incumbents.
3. It is also pertinent to highlight that the concept of innovation cannot be invoked wherever one would like to. Also, some concepts of this theory have been misunderstood and the tenets have been ill-applied. Not every game-changing plan can suffice to be hailed as disruptive innovation.
4. Disruptive innovation, when applied in close consonance with its basic theory and tenets also has the capacity to lower the market prices. They serve the incumbents' customers better at lower prices and gradually convert them into their own customers which are satisfied at their (lower) prices.
5. Small competitors too are expected to be ignored and do not qualify as disruptive innovators unless they show a disruptive trajectory. Their effort of sabotaging peripheral business and customers is to be ignored.
6. Disruptive innovation is bound to be a process and not a breakthrough incident. The process involves the travel from fringe to mainstream. It can be, at times, a very long journey to make it to mainstream. For example, Netflix started its journey in 1997. It did have an appeal but was too technologically advanced

and difficult to comprehend as a concept even for the most sophisticated customers. It could penetrate very few homes but it continued growing into the different needs of the variety of customers involved. With newer technologies (like video streaming and entertainment oriented use of internet etc.) coming into existence and Netflix's effective response to them, it did start appealing to a number of new customers along with the mainstream customers of the market. Though it took very long but Netflix's trajectory did call upon the superior market players and orchestrated their collapse.

7. Disrupters often build business models that involve a thought-process change and hence are different from the incumbents. In most cases, it comes out of an understanding of the current product, its incompetence and the customer's reaction to those. Most disruptive innovations have found their niche in the understanding of the loopholes of the symbiosis of the product and its existence in the market. Apple had pioneered this aspect of disruptive innovation with the launch of their phone. It not only worked on the phone but more than that it took an initiative to work on the ecosystem of the phone in the form of apps. This caused the phone to become the easiest and most convenient replacement of a laptop and established Apple in the mobile phone market.
8. Incumbents also have a role to play in the success of disruptive innovators. Generally they do not respond aggressively and in the past, they have, at times, failed to take the innovators seriously enough. Various researchers have made a variety of suggestions in respect of the incumbents' strategy to combat disruptive innovation. These range from strengthening

relationships with customers to creating new divisions to tap on the opportunities arising on account of disruption. Disruptive innovation allows the incumbents to accelerate innovations and defend their businesses. In the long run, either they provide better and cheaper products/services to their clients (owing to their experience and existence in the business ecosystem) or at times, take-over the new entity. Thus disruptions cause each entity – whether incumbent, competitor or entrant – to improve their products/services and move up the market.

## Disruptive Innovation and COVID-19

COVID-19 has entailed a number of changes in each sphere of human existence. While we get used to the 'new-normal', businesses across sectors have also been subjected to changes. From online education to home-based salon services, there have been a variety of changes ushered in as the 'new-normal'. It is too early to predict the trajectory of any of such changes to be disruptive but it certainly possible to point out, in light of the above discussion, that this is how disruptive innovations are ushered into a market.

The current situation is unsettling especially on account of the uncertainty involved and most of the changes are actually more of a survival strategy. For example, most 5-Star restaurants have either started take-away or home delivery options, neither of which could ever be associated with them or their sophisticated clientele as it wasn't as much about the food as about the service. This change seems to be a mere accommodation at the moment but can be a possible innovation especially if we dwell into the cost factors involved therein. Obviously, a 5-star food facility is a lucrative option and if effectively priced, can reign in a number of new customers. Pricing and the role of a Cost and Management Accountant becomes increasing relevant here. There are a number of expenses that

are not being occurred at the moment and most of these are the more taxing expenses in respect of an ongoing unit. Hence the idea should not be trying to sell at the same prices but to sell at a price that is justified, practical and relevant. Also, we cannot overlook the fact that the purchasing power is on a decline in this period as the resources have shrunk across income groups. Moreover, there is also an increase of expenses in response to protecting employees and customers from COVID-19.

Similar analogies can be applied to other businesses and hence this is the time to change to survive as well as take the necessary leap of faith in terms of business growth and expansion. It is imperative to mention here that this time is more about sustenance and survival of the fittest. Financial health of the entities shall also be put to test during these times and some age-old financial management systems shall find their revival in this time. These challenges are also bound to threaten the existence of new entrants who are in the stage of initial existence and settlement. The government has played its role by providing moratoriums and other short-term credit facilities under their various programmes. The public sentiment of 'Go vocal for local' shall also be an interesting player in the market, if exploited correctly. Client sensibilities are changing and in long absence of their favourite (imported/Indian) product (owing to the pandemic circumstances), a replacement shall be solicited and a local product would be an easy entry into their psyche, provided it is delivered the right way.

## Conclusion

It is safe to conclude that businesses have been pushed into an uneasy frame by COVID-19 and its aftermath. The past few months have been more about fighting the battle on an individual/personal level but very soon it shall engulf the businesses and their existence. Very few organisations shall have enough resources at their disposal to continue their non-functional state of existence. Soon, regular cash-inflows shall become essential. In such times, only

changes can ensure survival and these can range from changing client bases to changing product/service options. These times call for thinking out-of-the-box and with a sense of empathy so that you don't end up shooing away the most needed customers. It is time to accept that everyone is hitting new lows and that no one can possibly be kept out of the aftermath of this situation and only the feeling of mutual co-existence can see us through these testing times. **IMA**

## References:

1. Anthony S.Fauci, H. Clifford Lane, and Robert R. Redfield, (2020), "COVID-19 – Navigating the Uncharted", *The New England Journal of Medicine*
2. Ahuja, G., Lampert, C.M., (2001), "Entrepreneurship in the large corporation: A longitudinal study of how established firms create breakthrough discoveries", *Administrative Science Quarterly*, Vol.38
3. Baker, W.E., Sinkula, J.M., (2005), "Market Orientation and the New Product Paradox", *Journal of Product Innovation Management*, Vol.22, Issue 6
4. Bower, J.L., (1970), "Planning within the firm", *American Economic Review*, Vol.60, Issue 2
5. Christensen, C.M., (1997), "The Innovator's Dilemma: When new technologies cause great firms to fail", *Harvard Business School Press*
6. Christensen, Raynor and McDonald, (2015), *Harvard Business Review*, December 2015 issue (Available online at [www.hbr.org](http://www.hbr.org))
7. De Wit E, Van Doremalen N., Falzarano D., Munster, V.J., SARS and MERS, (2016), "Recent Insights into emerging coronaviruses, *Nat Rev Microbiol*
8. Gilbert, C., (2003), "The Disruption Opportunity", *Sloan Management Review*, Vol.44, Issue 4
9. Govindrajana, V., Kopalle, P.K., (2004), "How legacy firms can introduce radical and disruptive innovations: Theoretical and Empirical Analyses", *AO M2004 Conference Paper*, BPS: A1-A6
10. Hang, C.C., Yu, D. and Chai, K.H., (2007), "An exploratory study on understanding the technological dimension in Disruptive Innovation", *Proc. Of ISMOT, Hangzhou*



## FACTORS AFFECTING MICRO ENTERPRISES DUE TO COVID-19: AN ANALYTICAL STUDY



**Dr. Gautam Chandra Deb**

Assistant Professor  
Department of Commerce, Nabinchandra College  
Badarpur, Assam



**Dr. Nikhil Bhusan Dey**

Emeritus Professor & Former Dean  
Mahatma Gandhi School of Economics and Commerce  
Assam University (A Central University), Silchar

### INTRODUCTION

The Micro, Small and Medium Enterprises (MSMEs) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades (Annual Report, MSME, Govt. of India, 2018-19). The MSMEs known as the backbone of Indian economy. This sector contributes significantly to Indian economy in terms of Gross Domestic

### Abstract

*The Micro, Small and Medium Enterprises (MSMEs) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. This sector contributes significantly to Indian economy in terms of Gross Domestic Product (GDP) and employment generation. In this research paper, 50 micro enterprises and five categories of the enterprises have been selected from Badarpur which comes under Karimganj district, Assam on the basis of convenient sampling. In order to determine factors affecting micro enterprises due to COVID-19, four factors such as finance, supply chain, infrastructure and miscellaneous have been considered. The study has been conducted by using both primary data and secondary data. The study area is confined to the Badarpur town which is suburban under Karimganj district, Assam and it also covers both rural and urban area. The period covers for the study from 1st May to 30th June, 2020. The data has been analyzed through appropriate statistical tools; interpretation of data is based on tabulation and analysis. The hypotheses are tested with the help of One Way ANOVA test. The conclusion is drawn on the basis of data analysis.*



Product (GDP) and employment generation. As per the report of Central Statistics Office (CSO) and Ministry of Statistics and Programme Implementation (MOSPI), the shares of MSMEs Gross Value Added (GVA) in total GVA during 2016-17 were 31.8%. The shares of MSMEs related to export from during 2018-19 was 48.10% (The Hills Times).

## NEW CONCEPT OF MSMEs

To give a boost to Atmanirbhar Bharat Abhiyaan,

classification criteria of MSMEs have been defined by the government and launched CHAMPIONS portal along with new schemes for MSMEs. Under the new definition, the distinction between manufacturing and services enterprises has been eliminated. Under the new definition of MSMEs, the investment criteria for such enterprises have been revised upwards, while an additional criterion of turnover has been introduced.

**Table: 1 Existing MSME Classification**

**Criteria: Investment in Plant & Machinery or Equipment**

Classification	Micro	Small	Medium
Manufacturing enterprises	Investment <25 lakh	Investment <5 crore	Investment <10 crore
Service enterprises	Investment <10 lakh	Investment <2 crore	Investment <5 crore

**Table: 2 Revised MSME Classification**

**Composite Criteria: Investment and Annual Turnover**

Classification	Micro	Small	Medium
Manufacturing & service enterprises	Investment <1 crore and turnover <5 crore	Investment <10 crore and turnover <50 crore	Investment <20 crore and turnover <100 crore

Source: msme.gov.in

## REVIEW OF LITERATURE

**Mukherjee (2018)** has observed in his that more efforts in the form of higher investment in advanced technology and research and development, higher usage of digital and technology enabled platform, more investment in human resources, improved access to finance, reduced infrastructural gaps, lesser stringent business regulations can help in improving the competitiveness of the MSMEs.

**Deb and Dey (2018)** has remarked in their studies that working capital tools and techniques are very effective in managing the working capital efficiently and effectively. Tools and techniques of working capital can be used by the management as a means of checking the efficiency with which working capital is being used in the enterprise. It has been found from this study that most of the enterprises especially engineering enterprises are not aware of tools and techniques of working capital. So it can be said that all unaware selected categories of the enterprises should be educated about the importance of tools and techniques of working capital, which should be applied to run their businesses smoothly.

## OBJECTIVE OF THE STUDY

- ⊙ To analyse the factors affecting micro enterprises due to COVID-19 in Badarpur under Karimganj district, Assam.

## RESEARCH METHODOLOGY

The study on "Factors Affecting Micro Enterprises due to COVID-19: An Analytical Study" has been conducted by using primary data and secondary data. Primary data has been collected through schedule. Secondary information

has also been collected from various sources, viz., journals, websites, annual reports, newspaper etc. In this study, micro enterprises are identified as per revised "Micro, Small and Medium Enterprise Classification".

Researcher has selected 50 micro enterprises from Badarpur area under Karimganj district, Assam on the basis of convenient sampling. The five categories of the enterprises are selected which are - food processing units, engineering enterprises, textile product, paper and paper products enterprises and grocery enterprises. The data has been analyzed through appropriate statistical tools; interpretation of data is based on tabulation and analysis. The hypotheses are tested with the help of One Way ANOVA test. The conclusion is drawn on the basis of data analysis. All the statistical computations have been done by using Microsoft Excel, 2010.

## SCOPE OF THE STUDY

The study area is confined to the Badarpur town and its surroundings which come under Karimganj district, Assam and it also covers both rural and urban area. In this research paper, 50 micro enterprises which consist of 5 categories of enterprises and at the same time, 10 enterprises from each category are selected in order to get a better scenario of the selected micro enterprises in the study area. Only 50 enterprises are taken into consideration for this research purpose because it becomes cumbersome to collect data from a large group of enterprises during COVID-19. The period covers for the study from 1<sup>st</sup> May to 30<sup>th</sup> June, 2020.

## ANALYSIS AND INTERPRETATION OF DATA

India is a developing country. The position of India's Micro, Small and Medium Enterprises (MSMEs) is the

largest in world after china. MSME plays a significant role to accelerate the growth of Indian economy. But the position of MSME will be very unimaginable and unpredictable after this epidemic. However, in order to determine factors affecting micro enterprises due to COVID-19, four factors such as finance, supply chain, infrastructure and miscellaneous have been considered.

Table 3 consists of finance factor which represents

53% of the food processing units agree that it is affected by COVID-19 which is followed by 55% engineering enterprises and 65% grocery. It has been found from the study that grocery enterprises are more affected due to COVID-19 so far as finance factor is considered because enterprises face a number of finance problems such as shortage of finance, inadequate working capital etc. which hinders in the smooth functioning of business.

**Table 3: Finance Factor Affecting Micro Enterprises due to COVID-19**

Enterprises ↓	Food Processing Units				Engineering Enterprises				Textile Product				Paper and Paper Products Enterprises				Grocery Enterprises			
	Agree	Disagree	Neutral	Total	Agree	Disagree	Neutral	Total	Agree	Disagree	Neutral	Total	Agree	Disagree	Neutral	Total	Agree	Disagree	Neutral	Total
Problems of finance	5	2	3	10	6	3	1	10	4	4	2	10	7	2	1	10	8	1	1	10
High cost of credit	3	6	1	10	7	2	1	10	5	3	2	10	2	6	2	10	6	3	1	10
Inadequate working capital	7	2	1	10	7	1	2	10	6	2	2	10	7	2	1	10	8	1	1	10
Inadequate support from the banking system for credit facility	6	2	2	10	2	5	3	10	3	6	1	10	2	6	2	10	4	5	1	10
Total	21 (53)	12 (30)	7 (17)	40 (100)	22 (55)	11 (28)	7 (17)	40 (100)	18 (45)	15 (38)	7 (17)	40 (100)	18 (45)	16 (40)	6 (15)	40 (100)	26 (65)	10 (25)	4 (10)	40 (100)

Source: Data compiled from field survey

Note: Figures in parentheses denote percentages of total agree, disagree and neutral

### Hypotheses

For the purpose of determining finance factor affecting micro enterprises, the following hypotheses are formulated:

**H<sub>0</sub>1:** There is no significant difference in the finance factor of agree among selected categories of enterprises in Badarpur under Karimganj district, Assam.

**Table 4: One-way ANOVA of Finance Factor (Agree)**

Sources of variation	SS	Df	MS	F-value	p-value
Between groups	11	4	2.75	0.61	0.66
Within groups	66.75	15	4.45		
Total	77.75	19			

Since the p-value (0.66) is greater than 5 percent level of significance (0.05), the hypothesis H<sub>0</sub>1 is accepted, indicating that there is no significant differences in the finance factor of agree among selected categories of enterprises in Badarpur under Karimganj district, Assam.

**H<sub>0</sub>2:** There is no significant difference in the finance factor of disagree among selected categories of enterprises in Badarpur under Karimganj district, Assam.

**Table 5: One-way ANOVA of Finance Factor (Disagree)**

Sources of variation	SS	Df	MS	F-value	p-value
Between groups	6.7	4	1.68	0.44	0.77
Within groups	56.5	15	3.77		
Total	63.2	19			

That the p-value (0.77) is greater than 5 percent level of significance (0.05), null hypothesis is accepted which shows that there is no significant differences in the finance factor of disagree among selected categories of enterprises in Badarpur under Karimganj district, Assam.

Table 6 represents another factor which affects micro enterprises due to COVID-19 is supply chain. It has been remarked that there is a decrease of demand of supply chain in almost all selected enterprises. Table 6 also demonstrates

that 65% of the grocery enterprises agree that they are affected due to COVID-19 followed by 55% of the food processing units and 52% of the paper and paper products enterprises when factor like supply chain is taken into

account. Even the suppliers are unable to deliver goods in due time while grocery enterprises place order as most of the goods are bought from outside of the district.

**Table 6: Supply Chain Factor Affecting Micro Enterprises due to COVID-19**

Enterprises →	Food Processing Units				Engineering Enterprises				Textile Products				Paper and Paper Products Enterprises				Grocery Enterprises			
	Agree	Disagree	Neutral	Total	Agree	Disagree	Neutral	Total	Agree	Disagree	Neutral	Total	Agree	Disagree	Neutral	Total	Agree	Disagree	Neutral	Total
Procurement of goods at a competitive cost	5	3	2	10	4	4	2	10	2	6	2	10	7	2	1	10	8	0	2	10
Availability of goods	7	2	1	10	5	4	1	10	7	1	2	10	5	2	3	10	7	1	2	10
Lack of demand	7	1	2	10	8	2	0	10	8	1	1	10	6	2	2	10	5	2	3	10
Delivery of goods by the suppliers on due time	3	5	2	10	3	5	2	10	2	3	5	10	3	5	2	10	6	2	2	10
Total	22 (55)	11 (28)	7 (17)	40 (100)	20 (50)	15 (38)	5 (12)	40 (100)	19 (48)	11 (27)	10 (25)	40 (100)	21 (52)	11 (28)	8 (20)	40 (100)	26 (65)	5 (12)	9 (23)	40 (100)

Source: Data Compiled from Field Survey

Note: Figures in parentheses denote percentages of total agree, disagree and neutral

**H<sub>3</sub>:** There is no significant difference in the supply chain factor of agree among selected categories of enterprises in Badarpur under Karimganj district, Assam.

**Table 7: One-way ANOVA of Supply Chain Factor (Agree)**

Sources of variation	SS	df	MS	F-value	p-value
Between groups	25.08	4	6.27	3.67	0.04
Within groups	25.65	15	1.71		
Total	50.73	19			

We found significant differences among five categories of the enterprises according to supply chain factor of agree (p-value, 0.04 < 0.05) so null hypothesis is rejected.

**H<sub>4</sub>:** There is no significant difference in the supply chain factor of disagree among selected categories of enterprises in Badarpur under Karimganj district, Assam.

**Table 8: One-way ANOVA of Supply Chain Factor (Disagree)**

Sources of variation	SS	df	MS	F-value	p-value
Between groups	23.6	4	5.9	3.58	0.02
Within groups	24.75	15	1.65		
Total	48.35	19			

That the p-value (0.02) is smaller than 5 percent level of significance (0.05), the hypothesis H<sub>4</sub> is rejected which reports that there is significant differences in the supply chain factor of disagree among selected categories of enterprises in Badarpur under Karimganj district, Assam.

Regarding infrastructure factor, Table 9 exhibits that most of the selected micro enterprises except paper and paper products enterprises are not affected due to COVID-19 when factor like infrastructure comes into scenario. It has been found that 70% of the paper and paper products enterprises agree that they are affected in this pandemic situation because enterprises face problems such as transportation, roads, power, water etc. As a result, it becomes difficult to carry on the business smoothly and sometimes unable to meet customers' demands.

**Table 9: Infrastructure Factor Affecting Micro Enterprises due to COVID-19**

Enterprises →	Food Processing Units				Engineering Enterprises				Textile Products				Paper and Paper Products Enterprises				Grocery Enterprises			
	Agree	Disagree	Neutral	Total	Agree	Disagree	Neutral	Total	Agree	Disagree	Neutral	Total	Agree	Disagree	Neutral	Total	Agree	Disagree	Neutral	Total
Transportation problems	5	3	2	10	4	4	2	10	2	5	3	10	6	1	3	10	7	1	2	10
Inadequate infrastructure facilities including power, water etc.	2	5	3	10	3	6	1	10	1	6	3	10	8	1	1	10	2	6	2	10
Total	7 (35)	8 (40)	5 (25)	20 (100)	7 (35)	10 (50)	3 (15)	20 (100)	3 (15)	11 (55)	6 (30)	20 (100)	14 (70)	2 (10)	4 (20)	20 (100)	9 (45)	7 (35)	4 (20)	20 (100)

Source: Data Compiled from Field Survey

Note: Figures in parentheses denote percentages of total agree, disagree and neutral

**H<sub>0</sub>5:** There is no significant difference in the infrastructure factor of agree among selected categories of enterprises in Badarpur under Karimganj district, Assam.

**Table 10: One-way ANOVA of Infrastructure Factor (Agree)**

Sources of variation	SS	df	MS	F-value	p-value
Between groups	32	4	8	2	0.23
Within groups	20	5	4		
Total	52	9			

In this result, the null hypothesis is accepted because the p-value (0.23) is greater than 5% level of significance (0.05) which states that there is no significant differences in the infrastructure factor of agree among selected categories of enterprises in Badarpur.

**H<sub>0</sub>6:** There is no significant difference in the infrastructure factor of disagree among selected categories of enterprises in Badarpur under Karimganj district, Assam.

**Table 11: One-way ANOVA of Infrastructure Factor (Disagree)**

Sources of variation	SS	df	MS	F-value	p-value
Between groups	24.6	4	6.15	1.81	0.26
Within groups	17	5	3.4		
Total	41.6	9			

Since the p-value (0.26) is greater than 5 percent level of significance (0.05), the hypothesis H<sub>0</sub>6 is accepted which reports that there is no significant differences in the infrastructure factor of disagree among selected categories of enterprises in Badarpur.

Table 12 discusses about miscellaneous factors such as stability of sales, revenue, manpower and managerial inadequacies. One common observation among five enterprises is that sales are not stable during this COVID-19 and as a result, revenue is also not stable. Table 12 also reports that among five enterprises, paper and paper products enterprises and grocery enterprises express dissent about availability of skilled manpower as most of the employee are not staying in the local area of Badarpur. Better to say, they come from far of their destination places, more particularly there is a restriction of travelling and at the same time, they have to undergo different COVID tests while they reach their workplace.

**Table 13: Miscellaneous Factor Affecting Micro Enterprises due to COVID-19**

Enterprises →	Food Processing Units				Engineering Enterprises				Textile Products				Paper and Paper Products Enterprises				Grocery Enterprises			
	Agree	Disagree	Neutral	Total	Agree	Disagree	Neutral	Total	Agree	Disagree	Neutral	Total	Agree	Disagree	Neutral	Total	Agree	Disagree	Neutral	Total
Stability of sales	3	6	1	10	2	6	2	10	3	5	2	10	2	7	1	10	3	6	1	10

Declining revenue	7	1	2	10	7	2	1	10	4	5	1	10	7	2	1	10	6	2	2	10
Availability of skilled manpower	3	5	2	10	5	4	1	10	3	5	2	10	0	8	2	10	1	9	0	10
Managerial inadequacies	2	7	1	10	1	8	1	10	1	8	1	10	1	7	2	10	2	5	3	10
Total	15 (38)	19 (47)	6 (15)	40 (100)	15 (38)	20 (50)	5 (12)	40 (100)	11 (27)	23 (57)	6 (15)	40 (100)	10 (25)	24 (60)	6 (15)	40 (100)	12 (30)	22 (55)	6 (15)	40 (100)

Source: Data Compiled from Field Survey

Note: Figures in parentheses denote percentages of total agree, disagree and neutral

**H<sub>7</sub>:** There is no significant difference in the miscellaneous factor of agree among selected categories of enterprises in Badarpur under Karimganj district, Assam.

**Table 14: One-way ANOVA of Miscellaneous Factor (Agree)**

Sources of variation	SS	df	MS	F-value	p-value
Between groups	5.3	4	1.33	0.23	0.92
Within groups	85.25	15	5.68		
Total	90.55	19			

It has been found no significant differences among five categories of the enterprises as per miscellaneous factor of agree (p-value, 0.92>0.05), therefore, null hypothesis is accepted.

**H<sub>8</sub>:** There is no significant difference in the miscellaneous factor of disagree among selected categories of enterprises in Badarpur under Karimganj district, Assam.

**Table 15: One-way ANOVA of Miscellaneous Factor (Disagree)**

Sources of variation	SS	df	MS	F-value	p-value
Between groups	4.3	4	1.08	0.17	0.95
Within groups	94.5	15	6.30		
Total	98.8	19			

That the p-value (0.95) is greater than 5 percent level of significance (0.05), the null hypothesis is accepted which reports that there is no significant differences in the miscellaneous factor of disagree among five categories of enterprises in Badarpur under Karimganj district, Assam.

## RELIEF MEASURE TAKEN BY GOVERNMENT OF INDIA FOR MSMEs

Government of India has announced 20 lakh crore economic packages on 12.05.2020. It is almost 10% of

country's GDP which will help India to become Self Reliant and boost Make in India initiative. It's time to "Be Vocal for the Local". There will be five pillars of Self Reliant India such as economy, infrastructure, system, demography and demand (*kredx.com*). Indian MSMEs will play a significant role to become Self Reliant India. Indian MSMEs will be badly affected by Covid-19 pandemic. To strong the foundation of Indian MSMEs and to achieve the dream of Self Reliant India, Government of India has taken several measures which are as follows:

- Collateral-free Automatic Loans:** MSMEs have been badly affected by COVID-19 require additional funding in order to meet operational liabilities built up, buy raw material and restart business. For that the government has announced ₹3 lakh crores collateral-free loans to revive MSMEs. It is valid till 31<sup>st</sup> October 2020. MSMEs whose outstanding upto ₹25 crore and turnover ₹100 crore are eligible to avail such benefit. Through this scheme, 45 lakh units can resume business activity and safeguard jobs.
- Subordinate Debt for stressed MSMEs:** Government of India facilitates provision of ₹20,000 crore as subordinate debts for stressed MSMEs. Only functioning MSMEs which are NPA or stressed are eligible to avail this type of benefit and around 2 lakh MSMEs are likely to benefit.
- Equity infusion through Fund of Fund:** MSMEs always face shortage of funds. To solvethis problem ₹50,000 crore equity infusion for MSME has been arranged through fund of fund.Fund of fund with corpus of ₹10,000 crores will be set up. It will provide equity funding for MSMEs with growth potential and viability. Fund of fund will be operated through a mother fund and few daughters funds. It will help to enlarge MSME size as well as capacity and will encourage MSMEs to get listed on main board of stock exchange.
- Global tenders to be disallowed upto 200 crore:** Indian MSMEs and other companies have often faced competition from foreign companies. To overcome this, global tenders will be disallowed in government

procurement tenders upto ₹200 crores. This will be step towards Self-Reliant India and support Make in India .Moreover, this will also help MSMEs to increase their business.

- 5. Marketing and Liquidity Aid:** MSMEs currently face problems of marketing and liquidity due to COVID-19. E-market linkage for MSMEs is to be promoted to act as a replacement for trade fairs and exhibitions. Fintech will be used to enhance transaction based lending using the data generated by the e-marketplace.
- 6. Decrease in EPF contribution:** Actually businesses need support to increase production over the next quarter. In order to increase production over the next quarter, statutory PF contribution of both employer and employee has been decreased to 10% each from existing 12% for next three months. This scheme will be applied for those workers who are not eligible for 24% EPF support under PM GaribKalyan Package. This will provide liquidity of 6750 crore to employers and employee over 3 months (msme.gov.in).

## CONCLUSION

The MSMEs sector in India is growing at good pace and even is providing employment opportunities to masses of the people. But considering the current situation, it has been

found that a few of the micro enterprises are temporarily shutting their business until normalcy resumes. In order to revive Indian MSMEs, Government of India has taken several measures through Self Reliant and Make in India initiative but special emphasis should be given on its implementation. **MA**

## REFERENCES

1. *Annual Report, MSME, Govt. of India, 2018-19.*
2. *Deb, G. C., & Dey, N. B. (2018). Application of Tools and Techniques of Working Capital in MSEs in Barak Valley: A Study, SEDME, 45 (3), 77-80.*
3. *Kredx.com › blog › covid-19-impact-on-msmes-its-sign.*
4. *Mukherjee, S. (2018). Challenges to Indian micro small scale and medium enterprises in the era of globalization. Journal of Global Entrepreneurship Research, 8 (28), 10-19.*
5. *The Economic Times, 14 May, 2020.*
6. *Thapa, R. COVID-19 effects on MSMEs, The Hills Times, April 16, 2020.*
7. *www.msme.gov.in*

[gautamdeb047@gmail.com](mailto:gautamdeb047@gmail.com)  
[nikhil.b.dey@gmail.com](mailto:nikhil.b.dey@gmail.com)

## Kind Attention !!!

Dear Students,

Expand your Knowledge with **The Management Accountant** - The Journal for CMAs. The Journal (ISSN 0972-3528) started its Journey in 1966. We have expanded our Readership from 1 to 94 Countries. The Management Accountant Journal is indexed at Index Copernicus and J-gate. It is also having Global Impact and Quality factor (2015):0.563.

The Articles incorporated here are written on current topics covering various interesting areas of Finance, Tax, Laws, Cost & Management, Economics, Accounts, Professional Updates, Interviews of eminent personalities, Information related to Examinations, Newly Launched courses, Placement news, etc. makes the Journal more Student-friendly.

*Kindly note: 70% Discount is available for CMA Students*

- If delivered via Ordinary Post - ₹300/- for 12 issues for registered students of the Institute
- If delivered via Courier/Speed Post - ₹550/- for 12 issues for registered students of the Institute (₹250 for Courier Charge in addition to ₹300)

Subscribe now: [http://icmai-rnj.in/public/journals/254/images/MA\\_Subscription.pdf](http://icmai-rnj.in/public/journals/254/images/MA_Subscription.pdf)

# SUGAR SCENARIO FOR THE SEASON 2020-21 IN MAHARASHTRA



**Dilip S. Patil**

Managing Director

Karmayogi Ankushrao Tope Samarth Sahakari Sakhar Karkhana Ltd.  
Ankushnagar, Dist. Jalna

## Abstract

*Sugar and Sugarcane: Expected sugar cane crushing for the season 2020-21 in the country and in the Maharashtra state. Problems related to sugarcane production and its disposal. The sugar cooperatives and sugar Market: Expected sugar production for the season 2020-21 in the country. Government policy on fixation of MSP, FRP, Buffer Stock Subsidy and Export policy for the season 2020-21. Effect of Corona epidemic in the sugar industry, modernization and growth of Co-operative sugar factories in a changing technical and strategic environment and problems before Sugar Industry.*

## 1) Sugar and Sugarcane

**E**xpected sugar cane crushing for the season 2020-21 is, 305 to 310 lakh MT in the country. In the preceding season 2019-20, 61.60 lakh crushing was completed in the Maharashtra state, which will more than double to 104.50 lakh tons for the crushing season 2020-21, conferring to which we predict the production to rise by 60%. The average sugar yield of the country will be between 10.70% to 10.80% and it will produce 330 lakh MT of sugar. Out of this, 315 lakh MT of sugar will be available for sale after subtracting the diversion to ethanol. Sugar production in the country and the global market will be greater in

the year 2020-21 due to normal rain, helpful to a rise in production from the beginning. We still expect sugar production to increase in Brazil owing to higher sugarcane production. Since sugarcane is a solid cash crop, the area under sugarcane has raised. Therefore, the tendency of farmers towards sugarcane cultivation is possible to proceed. Productivity per acre has again raised as it gets developed into newly improved sugarcane varieties.

- Subsidy Scheme for Harvester purchase: - Because of the surge of Covid-19 virus, the availability of cane harvesting labourer's during the present crushing season will be slighter and the cane

harvesting labourers will need an alternative mechanical cane harvester to complete the crushing season. Mechanical Harvester purchasers were receiving 40% subsidy under the "Rashtriya Krishi Vikas Yojana" for the buying of the mechanical harvester. This scheme is now closed, the government should carry out this scheme as before.

- Subsidy for drip irrigation should extend up to 90%: - As sugarcane crop production is cyclic up-down of production, a tremendous variation in sugarcane production, in Marathwada region. It requires

subsidy aid for drip irrigation scheme to cultivate sugarcane production, preserve water and boost production. For this, up to 90% grant should be given to this program by the government.

- Allotment of Additional Sugarcane to other sugar factories: - For the current crushing season 2020-21, Karmayogi Ankushrao Tope Samarth Sahakari Sakhar Karkhana in Jalna district has 9 lakh MT more than the crushing capacity and Jai Bhavani Sahakari Sakhar Karkhana Ltd., district Beed has an additional 5 lakh MT of sugarcane which requires to be disposed of otherwise the producers will have to face serious financial trouble. Apart from these sugar factories, it is also necessary to dispose of excess sugarcane in the Maharashtra state. For this, the allocation/distribution of surplus sugarcane needs to be decided by the government and its implementation needs to be resolved. For this purpose, there is a need to give sugarcane transportation aid from the government for additional sugarcane crushing to the sugar mills who take sugarcane for crushing. Also, the rate difference in FRP of the two factories should as a subsidy to the farmers.
- Release of high yielding breeds of sugarcane which consume low water: - The state of Uttar Pradesh is heading in both sugarcane production and sugar recovery because of CO-0238 developed by the Sugarcane Breeding Center, Coimbatore. a time-bound program should be planned for the State of Maharashtra for high yielding and high sugar recovery giving varieties of sugarcane. For this, Sugarcane-Breeding Center, Coimbatore and Vasantdada Sugar Institute, Pune and Padegaon Sugarcane Research Center should do collective efforts.

## 2. The sugar cooperatives and sugar Market

Because of outdated technology and financial hardships, the industry in the Co-operative the sector has been in fall from some years now and some cooperatives have locked down. There, with modern machinery, private entrepreneurs have established industries with distilleries, Co-products and other by-products. Co-operative sugar mills are identifying it progressively troublesome to compete with these private mills. Over the last few years, excess sugar production and interest burden on holding of sugar stock, and loans got for FRP, have subverted the economic calculations of the industry. Many cooperatives are in short-margin. Hence many of the cooperative's accounts have become NPA because of nonpayment of their loan instalments. The surge in FRP over the last few times has forced to lower incomes and higher costs. FRP, interest and depreciation factors should take into consideration while measuring the minimum sale price of sugar. Also, the minimum sale price of sugar needs to be linked to the FRP.

According to an announcement by ISMA (Indian Sugar Mills Association, New Delhi), 305 lakh MT of sugar is predicted to be produced in 2020-21 season. At the beginning of the season, there will be 115 lakh MT of sugar stocks. However, according to separate experts in the industry, the season will produce around 330 lakh MT. of sugar, it will divert 15 lakh MT of sugar for ethanol. 315 lakh MT of sugar will be available for domestic sale. Considering 115 lakh MT of sugar stock at the beginning of the season, 430 lakh MT of sugar will be available for selling. Because of the Corona pandemic indigenous sugar consumption will be between 255 and 260 lakh MT. If the central government extends its present scheme of export subsidy, 60 to 70 lakh MT of sugar will be exported. Looking at the forward market in March 2021, the trade is between 13.50 and 14 cents. This means that the price of sugar exports will remain the same. The central government has been fixing the minimum selling price of sugar for the last few years so that the price of sugar does not

fall below the production value of sugar. Financial cost (interest) and depreciation cost are not taken into consideration while determining the minimum selling price. The sugar industry has long demanded that it be considered. Recently, a group of ministers headed by Union Home Minister has recommended raising the minimum selling price of sugar from Rs 31 / - per kg to Rs 33 / - per kg. According to some sources, the proposed sale price hike is a correction in the previous season's selling price of sugar and not because of interest and depreciation costs on sugar production as per the demand of the industry. The central government has not yet announced the FRP for the 2020-21 season. However, according to the news published quoting various sources, it is learned that the FRP for the season 2019-20 will be fixed by increasing Rs 100/- PMT as the FRP for the season 2019-20. They announce if this FRP, the production cost of sugar will increase and the selling price of sugar will increase by further Rs. 2 / - per kg to Rs. 35 / - per kg. According to some, the central government will not increase the rate of sugar considering the depreciation and interest. The increase of Rs.2 / - per kg from October 1, 2020, proposed by the Central Government, is for the increase in FRP. Therefore, the minimum selling price of sugar will not exceed Rs.33 / - per kg. Apart from this, if the minimum selling price of sugar goes up by Rs 2 / - per kg, the price of ethanol will go up accordingly.

### Effect of Corona pandemic in the sugar industry:

1. Domestic sugar consumption has been reduced by about 10 to 15 lakh MT. Because of the lack of demand from industrial buyers like ice cream makers, soft drink makers and confectionery makers have led to a slowdown in sugar sales. Besides, restrictions on weddings and ceremonies have reduced sugar consumption.
2. Because of the impact of Corona disease on the global market, the inflow and outflow of goods to domestic and



foreign ports has cooled down and the price of crude oil has come down. All this has had a combined effect on sugar exports

### 3. Modernization and growth of Co-operative sugar factories in a changing technical and strategic environment.

Sugar production techniques are changing day by day and new technologies have come with increased efficiency, it reduced wasted sugar and improved sugar quality. Automation, instrumentation techniques reduce manpower, reduce the time of production and shutdown period during production, and increase efficiency. Most of the Co-operative sugar mills have machinery based on old technology and have low production capacity. Increasing production capacity, efficiency requires modernization, automation, instrumentation and use of new technology. It is necessary to replace the old technology-based machinery in phases and replace it with new technology-based machinery. There is also a need to increase the accuracy of work and the quality and efficiency of production through automation and instrumentation. Many Cooperative sugar factories have a largely untrained workforce, along with old technology-based machinery. This leads to difficulties in the production process. For this, it should adopt a policy to train the employees and to recruit highly educated workers while recruiting new vacancies. Besides, it should bring professional management into co-operation. This will help the Co-operative sugar mills to keep pace with the changing times with the private sugar mills.

#### 4. Problems before Sugar Industry.

1. Export subsidy for sugar exported in 2018-19 and 2019-20 seasons has not been received yet.
2. Buffer stock subsidy for 2018-19 and 2019-20 seasons has not been received yet.
3. The 2019-20 Buffer Stock Subsidy Scheme expired in July 2020. Considering the excess sugar production in the

season 2020-21, it is necessary to continue this scheme.

4. Sugar Export scheme: - Considering the excess sugar production in 2020-21, it is necessary to continue the sugar export subsidy and export sugar transport subsidy scheme by deciding the policy of exporting 60 to 70 lakh MT of sugar.
5. Restructuring of long-term loans from factories needs to be restructured otherwise the factories will face difficulties in getting loans if the loan account becomes NPA and delay in commissioning of the factory.
6. The scheme, which was being funded by the Sugar Technology Mission for research in the technology of sugar machinery needs to be continued.
7. In the case of Tasgaon Co-operative Sugar Factory, the review petition filed by the Sugar federation against the decision of the Hon'ble Supreme Court has been rejected. Therefore, there is no way out for the Co-operative sugar factories, if the income tax department starts recovery of income tax, not a single Co-operative sugar factory in the state will run.
8. The government should provide relief to the sugar mills with negative NDR and negative net worth to get loans for pre-seasonal expenses.
9. The central government has announced interest subsidy schemes for setting up ethanol projects from sugarcane juice, B-heavy molasses, C-molasses, sugar syrup to solve the problem of excess sugar. Many Cooperative sugar mills took part in this, but because of lack of own share of capital and lack of feasibility as per the financial statements of the factory, no loan was received from the banks and it set no ethanol project. During the previous government, the Sugar

Commissioner had proposed to the government to give 30% share capital for the installation of ethanol project, but it was not implemented. Now it is demand from the industry that the central government should provide share capital to sugar mills through NCDC for setting up these projects so that implementing ethanol project can be accelerated and it can solve the problem of excess sugar.

10. The central government has said that incineration boilers should be installed in the distillery project to reduce pollution. In this incineration boiler, bagasse or coal has to be used as a supplementary fuel. Instead, the technology of incineration boiler needs to be developed using only spent-wash.
11. The Power Purchase Agreement (PPA) of the Co-generation units set up by the sugar mills is ending in the next one to two years. Under the current agreement, the rates are between Rs 6.64 and Rs 6.80 per unit. Now a reverse bidding system is being adopted for new contracts after the expiration of the contract. The rate is between Rs. 3 / - to Rs. 5 / -. They should keep this rate at a minimum of Rs. 5 / - per unit, then the cogeneration projects are affordable. Some sugar factories should not have Power Purchase Agreements (PPAs) after setting up new cogeneration projects.
12. From October 1, 2020, the minimum selling price of sugar is increasing by Rs. 2/- per kg. We expect ethanol selling price to improve otherwise Ethanol production will not be affordable without this improvement. **MA**

[dilip.patil4@gmail.com](mailto:dilip.patil4@gmail.com)



## GLOBAL FINANCIAL CRISIS – A POST DECADE STUDY OF ITS IMPACT AND RECURRENCE



**Dr. Radhanath Pyne**  
Associate Professor  
Department of Commerce  
S.A.Jaipuria College, Kolkata



**Prof. Mitasi Das**  
Associate Professor  
Department of Commerce  
Vijoygarh J.Ray College, Kolkata

### Abstract

*The importance of the changed regulation due to the Global Financial Crisis (GFC) was always felt. This paper tries to visualise what has changed or what has not changed so far. In the way of changing scenario it also critically examined how the perpetrators are treated who allured the subprimes to cumulate their greed. The paper ends with throwing lights over the possibilities of future crisis with some noted changes in regulation in India's real estate sector.*

The importance of the years 2020, as per the opinion of the experts (Roubini and Rosa 2018), is the year of reappearance of financial crisis. This paper re-examined what has changed and what has not changed even after the Global Financial Crisis (GFC) in financial paradigm. With the several burning issues, it also discussed the

process of handling the perpetrators who flouting the rules, allured the subprime lenders and engineered the derivatives to cumulate their lust. Before ending with the possibilities of future crisis, it also highlighted the condition of India after the crisis in brief.

*Former UK Prime Minister Gordon Brown said in September, 2018 that*

*world economy was "sleepwalking into a future crisis".*

### I. Change of Financial scenario of the world

Global growth has recovered since the Global Financial Crisis (GFC) and the recession caused by it. The world is on track for 3.9 per cent growth in 2018 according to IMF(2019).

The initial shock of GFC was felt in 2007 when 40 per cent loan went to the subprime who have no capacity to service them. (Oliver – 2017). Sale of Bear Sterns (investment bank) to J.P.Morgan was a clear signal to the collapse of the US subprime mortgage leading to a global financial crisis. Now after 12 years a large stimulus was injected through the quantitative easing (QE). Four major areas of QE are

- a) Central Bank
- b) the effect of financial regulation
- c) the outlook for the global economy and
- d) the changes in investment behavior. (Rowe Price)

Government issued securities of \$4 trillion which was criticized by the economists for QE (Quantitative Easing) again as their role is to manage the interest and inflation rate. Dodd Frank Act in US and European Market Infrastructure Regulation in EU are the two major regulations were passed to control the activities of the commercial banks. Gabe Solomon (2020) predicted that after 2008 the tighter regulation has helped prolonged bull market as the risk for the small unit has declined as there are difficulties in getting loans. Equity investors purchased many foreclosed house and rented them to the owners. In 2009, President Obama endorsed \$787 bn. stimulus package. The debt on household prior to the crisis in countries like US, Spain, Ireland and UK have already cut down a lot though over the last ten years and the total amount of debt has gone twice the size of global GDP. More of the specific changes due to GFC are described below.

### *Household debt*

US households have reduced their debt by 19 percentage points of GDP over the past decade. But the homeownership rate has declined from its 2007 high of 68 percent to 64 percent in 2018—and while mortgage debt has remained relatively flat, student debt and auto loans are up sharply. Besides mortgage debt, broader measures of household

financial wellness remain worrying. In the United States, 40 percent of adults surveyed by the Federal Reserve System expect to struggle to cover an unexpected expense of \$400. Outstanding student loans gone up to \$1.4 trillion, and auto loans (including subprime auto loans) surged up rapidly in the United States.

### *Global imbalances between nations have declined*

The most striking changes are the declines in China's current account surplus and the US deficit. China's surplus reached 9.9 percent of GDP at its peak in 2007 but is now down to just 1.4 percent of GDP. The US deficit hit 5.9 percent of GDP in its peak at 2006 but had declined to 2.4 percent by 2017. Large deficits in Spain and the United Kingdom have similarly eased.

## **II. Continuation of uncontrolled activities after a decade**

### *a) Increasing Global Debt*

The combined global debt of governments, non financial corporations, and households has grown by \$72 trillion since the end of 2007. Though the growth is minimal with the relative measure to GDP, global nonfinancial corporate debt, including bonds and loans, has more than doubled over the past decade to hit \$66 trillion in mid-2017. China alone accounts for more than one-third of global debt growth since the crisis. Its total debt has increased by more than five times over the past decade to reach \$29.6 trillion by mid-2017.

### *b) Surging government debt*

Public debt was mounting in many advanced economies even before 2008, and it inflates even further though the tax revenues have dropped and a rise in social-welfare payments has increased. Government debt now exceeds annual GDP in Japan, Greece, Italy, Portugal, Belgium, France, Spain, and the United Kingdom. In emerging economies sovereign debt is 46% of GDP on average compared with 105 percent in advanced economies.

### *c) China's relentless growth in debt*

While China is currently controlling its debt burden, there are three areas to watch. First, roughly half of the debt of households, nonfinancial corporations, and government is associated, either directly or indirectly, with real estate. Second, local government financing vehicles have borrowed heavily to fund low-return infrastructure and social-housing projects. Third, around a quarter of outstanding debt in China is provided by an opaque shadow banking system. Yet China's government has the capacity to bail out the financial sector if default rates reach crisis levels (Lund et al, 2019).

## **III. Asian scenario after GFC**

There was a prior notion that Asia had decoupled itself from the advanced countries which is not true. Asian exports decreased by over 30 percent, average sovereign credit default swap (CDS) spreads increased more than threefold for five Asian economies, and emerging Asia stock prices fell by more than 60 percent. First there is a total fall in exports in GFC period (July 2008 – February 2009) was evident across Asia, from Japan to Indonesia. Second, the export shrinkage was swift and sharp—which was about 35 percent from peak to trough (July 2008 to February 2009). Third, intra-Asian exports reduced by even more than shipments to the advanced economies. It fell by 48 percent during GFC period against a 29 percent decline in exports to the U.S. and 15 nations of the European Union (EU-15) over the same period. (Heng et al, 2009). After GFC, Asia needs to attend four areas. First, Asian nations must be stringent in investment rules and investors' protection in investment in physical capital, including infrastructure. Second, enhance the standard of human capital and education levels, particularly in higher education in Asia. Third, is to enhance the regional trade and financial integration. Developing a solid financial system in the region is a key building block in supporting structural adjustments in the region. Fourth, flexibility in currency is also important to promote

longer term structural adjustments and to rectify though Paul Volcker observed many years ago, increased currency flexibility “cannot be a substitute for more fundamental policies to restore competitiveness, to enhance productivity and savings, and to maintain stability.”(Volcker and Gyohten ,1992).

#### IV. Punishment for meltdown activities

For most onlookers, including criminologists and the public in general, the corporate actions represented intricate and arcane business practices become trivialized in regard to their criminal components (Pontell et al , 2013) .” Barak(2012) demonstrates not only how major white-collar crimes are demeaned to “non-issue” status(Goetz, 1997), but how the state selectively adopts the techniques of “damage control” over “crime control” in response to massive lawbreaking by elites (Calavita and Pontell, 1991).Still there has not been a single major prosecution resulting from the financial meltdown. Barak (2012) argues that this result is “neither by accident nor conspiracy but mostly by consensus or collusion”. A milestone case which influenced SEC policies in dealing with cases related to the subprime crisis was the Cioffi– Tannin trial. In October 2009, two Bear Stearns hedge fund managers, Ralph Cioffi and Matthew Tannin stood trial in a rare criminal case related to the subprime crisis. The main allegation against them was that they misled investors about the financial health of their funds which collapsed in 2007. The charges based on e-mails between the two included conspiracy, securities fraud and wire fraud. For eighteen months in their monthly statements, they reported that only six percent of their holdings were invested in subprime mortgages when in reality the figure was 60 % (Geis 2012). Also, they lied about their personal investment in the funds. In fact, Cioffi pulled out \$2 million of his own money from the fund he managed, while at the same time, both of them advised their clients to stay in the funds (Hays 2009; Cohan 2010). In e-mails between them, they

expressed increased concerns about the mortgage market while presenting upbeat views to investors. In October 2007, one of them suggested to close the funds because of negative financial prospects. Shortly after that the funds lost \$1.6 billion in their value (Thomas 2008). On November 10, 2009, the jury at the US District Court in Brooklyn found Cioffi and Tannin not guilty on all charges claiming that the government did not provide enough evidence beyond reasonable doubt to convict them. The jury accepted the defense claim that the e-mails showed that the two were following the market and “held mixed views about how the depressed market could affect their funds.”In the GFC, major crimes have yet to be identified for at least three reasons. First, the government remains inactive on early warning signs from the FBI of fraud, which guaranteed that the major organized effort is necessary. Second, those in power were close to persons whose activities are questionable. Third, the government was hurriedly bailing out major financial institutions without seriously spotting out the responsibility for the disaster.

#### V. India after GFC

From the last five years Indian real estate regulations made the real estate sector more conservative than before. Ministry of Statistics and Programme Implementation has submitted a report that out of 782 projects, 215 projects were delayed ranging from 1 to 261 months (Kolichala, 2019). The situation is completely different from 2016 by promulgation of RERA. Supreme Court in the direction of the case Jaypee Infrastructure Ltd has defined the representatives of the allottees as the member of the Committee of Creditors under newly enacted Insolvency and Bankruptcy Code, 2016 and subsequently said the home buyers as Financial Creditors. Part of RERA has brought into effect from May, 2016 and the other part from May, 2017. As per sec 4(1) (D), the 70% of the money received from the buyers is to be transferred to a separate account in a bank to use only for the cost of the construction purpose. Under section 11 of the said

Act a web page is to developed by the promoter to review the progress of the project quarterly. Without any written agreement a promoter is barred to receive more than 10% of the cost from the buyer as per sec 13. Sec 18 of the Act says that if a promoter fails to deliver the project in the stipulated time he or she is entitled to withdraw herself from the project with the amount paid by him with stipulated interest or can remain in the project if he or she is paid with interest for the delay. Insolvency and Bankruptcy Code, 23016 and the Consumer Protection Act, 1986 have come of great help to redress the grievances of the buyers. In a nut shell India is legally guarding itself from any kind of money laundering process or financial engineering process to create a social justice.

#### VI. Possibility of future meltdown

Market should bridge the gap the liquidity created by the quantitative easing otherwise the next crisis will be much severe. Assets bubbles are always unpredictable. Regulations do not substitute vigilance and risk awareness from institutions and investors. There are several areas where we can focus to predict the next financial crisis. They are as follows:

- Cyber attack- there should be proper coordination between government and private sector to control it.
- Loss regulated areas- Shadow banking sector with \$45 trillion offer loan to creditor with low interest rate.
- China’s debt to GDP is 150% and it holds top 5 banks of the world’s top 10. US bond market is doubled than their pre-crisis level.
- Corporate leverage has increased more than the pre-crisis level
- Derivative market is more than \$500 trillion today which is seven times of global GDP.
- Relation of garbage by the technological companies will create disturbance in the financial market.(Weiss)

## Lessons for the future

- Financial system should not grow than its protection.
- Oversight structure should not be designed in a way so that it covers only part of the financial system.
- Reforms put in place with much higher capital cushions that are applied broadly across the financial system.
- More rigid regulations on risk taking authority should create a stronger financial system, much stronger than it was in 2007
- Broader range of emergency, like a fire fighting authority, is to be developed.

## Prospective risks are:

1. A debt crisis from excessive level of corporate indebtedness
2. A collapse of bubble in the stock market
3. A debt crisis set off by excessive levels of consumer indebtedness
4. Sovereign Debt Development
5. Mortgage Market Development
6. Western Banks are less profitable
7. Evolution of Non-financial Corporate Debt obligation
8. Evolution of Household Debt
9. US Equity prices

## Concluding Remarks

The rules and regulations after GFC become stringent than before. Global banks become more conservative, sacrificing their profit. But their conservativeness has led the doors of non-banking financial corporation open. Global corporate Debt has inflated through non-banking corporation. Though household debt is controlled yet the students' loan has increased manifold in the US. A tendency which was observed throughout the world is disconnecting itself from the foreign debt, more specifically debt in foreign currency. Foreign loans has devalued the currency by putting a country in financial crisis. It has injured the

economy of India like other Asian countries. But India is still safe as it has decoupled it from the global finance and making some rules in real estate sector.

Probability of future crisis depends mainly on the hands of the regulators through legal sanctions and implementation of it. The GFC 2008 has shown enough evidence of casual handling of the perpetrators and let the criminal free from conviction and punishment. Rules of investment in the long term assets may check the volatility of the market. The financial trust on government will depend on its controlling activities over the area of investment. The rate of inflation is also to be restricted so that the demand for the extra money dissipates. Though it is impossible to forecast the actual time of recession yet it is predicted after 12 to 15 years. So it is high time to gear up with all vigilant activities to prevent any crisis in 2023 or around.

MA

## References:

1. Barak, G. (2012): *Theft of a nation: Wall St. looting and federal regulatory colluding.* Publisher Rowman and Littlefield, August.
2. Calavita, K., and H. N. Pontell (1994): *The state and white-collar crime: saving the savings and loans.* *Law and Society Review*, 28, 297–324
3. Cohan, W. D (2010): *House of cards.* New York: Anchor Books
4. Geis, G (2012): *The great American economic meltdown of 2007 and onward.* In D. Shichor, L. Gaines, & A. Schoepfer (Eds.), *Reflecting on white-collar crime* (pp. 175–195). Long Grove, IL: Waveland Press.
5. Goetz, B (1997): *Organization as class bias in local law enforcement: arson-for-profit as a "nonissue."* *Law & Society Review*, 31(3), 557–588.
6. Hays, T (2009): *Ralph Cioffi, Matthew Tannin verdict: Ex Bear Stearns hedge fund managers not guilty on all fraud charges.* <http://www.huffingtonpost.com/2009/11/10>
7. Heng, S. K (2009): *The Global Financial Crisis: Impact on Asia and Policy Challenges Ahead – Panel Discussion – Asian Economic Policy Conference*, available at [www.Frbsf.org/economic\\_research/files/Panel\\_Heng](http://www.Frbsf.org/economic_research/files/Panel_Heng)
8. *IMF World Economic Outlook Database*, April 2019.
9. Kolichala, H. K (2019): *Home Buyers and Three Fold Protection of Law, The Management Accountant*, vol 54, no. 11, November.
10. Lund, S., A Mehta, J. Manyika and G. Goldstein (2019): *Anticipating the Next Global Financial Crisis and Recession*, [www.iiedc.si/blog/single-blog-post/iiedc-wisdoms/2019/08/20](http://www.iiedc.si/blog/single-blog-post/iiedc-wisdoms/2019/08/20)
11. *Oliver's Insight* (2017): *AMP Capital*, 24.8.17, edn. 25. Savill's *The Global Financial Crisis*, Savill's.com research
12. Pontell, N. H., W. K. Black and G. Geis (2013): *Too big to fail, too powerful to jail? On the absence of criminal prosecutions after the 2008 financial meltdown* Published online: 29 August, Springer Science+Business Media Dordrecht
13. Solomon, G (2020): *Vice President at T. Rowe Price Group Inc.* [www.troweprice.com/retrieved/19.1.2020](http://www.troweprice.com/retrieved/19.1.2020)
14. Thomas, L. Jr. (2008): *Prosecutors build Bear Stearns case one-mails.* *The New York Times*. June 21
15. Volcker, Paul, and Toyoo Gyohten (1992): *"Changing Fortunes: The World's Money and the Threat to American Leadership."* Times Books, p. 294.
16. Roubini, N and Brunello Rosa (2018): *The Makings of a 2020 Recession and Financial Crisis*, <https://www.project-syndicate.org/commentary/financial-crisis-in-2020-worse-than-2008-by-nouriel-roubini-and-brunello-rosa-2018-09?barrier=accesspaylog>

[radhanathp@yahoo.com](mailto:radhanathp@yahoo.com)

# AN EMPIRICAL STUDY OF NATIONAL CULTURE BASED ON HOFSTEDE MODEL AND ITS EFFECT ON THE INEQUAL DISTRIBUTION OF INCOME AND WEALTH



**Dr. Rajib Bhattacharya**

Associate Professor  
International School of Business & Media (ISB&M)  
Kolkata



**Dr. Shuvashish Roy**

Financial Advisor  
Hazrat Khajar Bashir Unani Ayurvedic Medical College &  
Hospital Foundation  
Jamalpur, Bangladesh



**Dr. Sarmistha Sarma**

Professor - Marketing  
Institute of Innovation in Technology and Management  
(Affiliated to GGSIP University)  
New Delhi

## Abstract

*The construct of inequal distribution of income and wealth in an economy is known to bring about other ancillary issues like decrease in literacy rate, lower levels of health parameters and other social conditions. This study aims to assess the extent of explicability of the variations in inequality in distribution of income and wealth across nations, measured by Gini Coefficient, by the variations in Hofstede's dimensions of national culture. Linear multivariate regression analysis has been done to achieve the objective.*

## Introduction

To control inequality in distribution of income and wealth among citizens of a nation, knowledge of two aspects is necessary. Firstly, there should be an objective measurement of inequality in distribution of income and wealth. Secondly, there should be a clear knowledge on the determinants of such inequality and the nature of association between the causal factors and such inequality. The first aspect has been solved and degree of inequality in distribution of income and wealth is globally measured by the Gini Coefficient formulated by Corrado Gini. Regarding the second aspect, there is a disagreement among researchers. It is against the backdrop of this controversy, the current study has been undertaken to assess the extent of the effect of national cultures on the degree of inequality in distribution of income and wealth in the countries.

## Survey of literature

This study has largely been influenced by the findings of Malinoski (2012). Malinoski (2012), explored the relationship between international cultures and income inequality using data from 75 countries. She found that two of Hofstede's Dimensions of Culture i.e. individualism and long-term orientation, exhibited a negative relationship with the Gini coefficient of a country.

She used five of Hofstede's dimensions of national culture. After a span of seven years since her research, this study is to examine the degree of explicability of the changes in inequality of income by the changes in six dimensions of national culture as professed by Hofstede.

The various researches of Hofstede (2003, 2010) and Trompenaars (2012) have been found globally in order to get a broad view of the culture. As such this paper focuses on the initial four dimensions of national culture as identified by Hofstede (1983) i.e. Power Distance, Individualism, Masculinity versus Femininity and Uncertainty Avoidance. Though he extended the number of dimensions of national culture to six (<http://www.geert-hofstede.com>) with introduction of two new dimensions of Long-Term Orientation in 1991 based on research by Michael Bond and Indulgence versus Restraint in 2010 based on analysis by Michael Minkov.

Brief descriptions of the six dimensions considered in this paper have been provided hereafter. All the dimensions have been scaled from 0 – 100.

Power-Distance (coded as “pdi” in this study) measures the degree of equality, or inequality, between people of one society.

Individualism (coded as “ici” in this study) focuses on how much people of a society define themselves apart from their group.

Masculinity (coded as “mfi” in this study) measures the degree the society reinforces the traditional masculine work role model or not.

Uncertainty Avoidance (coded as “uai” in this study) focuses on the level people try to cope with stress by fighting

uncertainty and ambiguous situations within the society.

Long-term (coded as “lsi” in this study) orientation encompasses the basic notion that preparing for the future is always needed.

Indulgence (coded as “iri” in this study) stands for a society that allows relatively free gratification of basic and natural human drives related to enjoying life and having fun.

## Objective of the study

The study aimed at determining whether national cultures have any effect on the inequality of distribution of income and wealth in nations.

## Methodology of the study

The Gini Coefficient (coded as “gin” in this study) was taken to be the measure of inequality of income and wealth. 82 countries were screened out for which the Gini coefficient as well as values of all the six dimensions of culture was available. Thus, the data points in this study were 82.

The skeletal structure of the regression equation was constituted as:

$$\text{gin} = \text{Intercept} + \beta_1 * \text{pdi} + \beta_2 * \text{ici} + \beta_3 * \text{mfi} + \beta_4 * \text{uai} + \beta_5 * \text{lsi} + \beta_6 * \text{iri}$$

The statistical significance of the intercept and the coefficients of the predictor variables were tested by t test at 5% Level of Significance through framing the following hypotheses

$H_0$ : The regression coefficient is statistically insignificant

$H_1$ : The regression coefficient is statistically significant

The value of the Adjusted  $R^2$  was taken to be the measurement of the extent of explicability of the variations in inequality of income by the variations in the six dimensions of national culture.

ANOVA was applied to test the robustness of the regression model by testing the statistical significance of the F statistic at 5% Level of Significance through framing of the following hypotheses:

$H_0$ : The model is not robust

$H_1$ : The model is robust

The presence of autocorrelation in the regression model was tested by computing the Durbin-Watson statistic and testing its statistical significance at 5% Level of Significance through framing of the following hypotheses:

$H_0$ : True Autocorrelation = 0

$H_1$ : True Autocorrelation > 0

The Residuals versus Fitted Plot was also done to test the accuracy of the regression model. The normality of the distribution of the residuals was tested by plotting the

Quantile-Quantile (Q-Q) plots as well.

All the statistical processes were carried out on R platform. The R codes are contained in the Appendix.

### Findings of the Study

The distributions of the dependent variable as well as the six predictor variables were not found to be normally distributed. The corresponding values of skewness and kurtosis are contained in Table 1.

**Table 1**  
**Kurtosis & Skewness of the Dependent & Independent Variables**

Variables	Kurtosis	Skewness
<b>pdi</b>	-0.577	-0.31
<b>ici</b>	-1.04	0.531
<b>mfi</b>	0.041	-0.063
<b>uai</b>	-0.785	-0.242
<b>lsi</b>	-0.889	0.374
<b>iri</b>	-0.825	0.18
<b>gin</b>	-0.331	0.538

*Source: Authors' own calculations*

The coefficient of correlation matrix of the intercept and the six predictor variables are contained in Table 2.

**Table 2**  
**Correlation Coefficient Matrix of the Intercept and the Independent Variables**

	(Intercept)	pdi	ici	mfi	uai	lsi	iri
(Intercept)	1	-0.731	-0.590	-0.069	-0.336	-0.352	-0.563
pdi	-0.731	1	0.674	-0.256	-0.105	0.091	0.239
ici	-0.590	0.674	1	-0.201	0.021	-0.161	0.007
mfi	-0.069	-0.256	-0.201	1	-0.020	-0.055	-0.048
uai	-0.336	-0.105	0.021	-0.020	1	-0.052	0.102
lsi	-0.352	0.091	-0.161	-0.055	-0.052	1	0.471
iri	-0.563	0.239	0.007	-0.048	0.102	0.471	1

*Source: Authors' own calculations*

The covariance matrix of the intercept and the six predictor variables are contained in Table 3.

**Table 3**  
**Covariance Matrix of the Intercept & the Independent Variables**

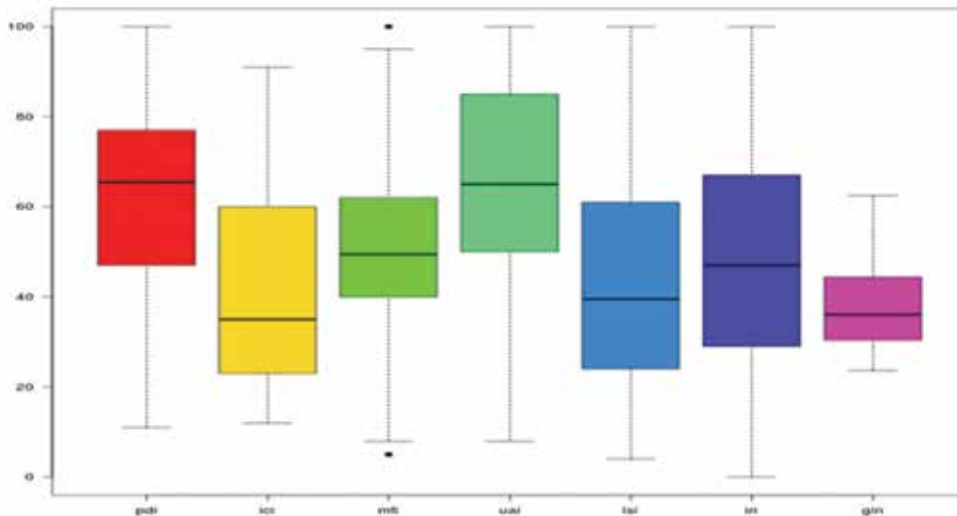
	(Intercept)	pdi	ici	mfi	uai	lsi	iri
(Intercept)	0.000	-0.005	-0.003	-0.000	-0.001	-0.001	-0.002
pdi	-0.005	0.000	0.000	-0.000	-0.000	0.000	0.000
ici	-0.003	0.000	0.000	-0.000	0.000	-0.000	0.000
mfi	-0.000	-0.000	-0.000	0.000	-0.000	-0.000	-0.000
uai	-0.001	-0.000	0.000	-0.000	0.000	-0.000	0.000
lsi	-0.001	0.000	-0.000	-0.000	-0.000	0.000	0.000
iri	-0.002	0.000	0.000	-0.000	0.000	0.000	0.000

*Source: Authors' own calculations*



The Box & Whiskers plot of the dependent variable and the predictor variables are contained in Figure 1.

**Figure 1**  
**Box & Whiskers plot of the Dependent & Independent Variables**



The summary of the constructed regression model which mainly shows the value of the Adjusted R<sup>2</sup> is contained in Table 4.

**Table 4**  
**Summary of the regression model**

R Square	Adjusted R Square	Std. Error of the Estimate
0.348	0.295	7.141

Source: Authors' own calculations

The intercept and the regression coefficients of the six predictor variables are contained in Table 5. The variable having the absolute value of t statistic  $\geq 2$  are statistically significant. This is obvious from the corresponding p-value of the t statistic which is  $\leq 0.05$  i.e. the Level of Significance.

**Table 5**  
**Coefficients of the Intercept and the Independent Variables**

Variables	Estimate	Std. Error	t	Pr(> t )
<b>(Intercept)</b>	43.536	6.625	6.571	0.000
<b>pdi</b>	0.0364	0.057	0.630	0.531
<b>ici</b>	-0.136	0.050	-2.707	0.008
<b>mfi</b>	0.042	0.0422	1.008	0.316
<b>uai</b>	-0.087	0.038	-2.265	0.0263
<b>lsi</b>	-0.065	0.038	-1.678	0.097
<b>iri</b>	0.074	0.039	1.865	0.066

Source: Authors' own calculations

The results of the ANOVA test done to assess the robustness of the constituted regression equation, is contained in Table 6.

**Table 6**  
**Summary of ANOVA**

F	Regression df	Residual df	p Value
6.674	6	75	0.000

Source: Authors' own calculations

The presence of autocorrelation in the constituted regression model is tested by the computation of Durbin-Watson statistic the value of which along its p-value, are contained in Table 7.

**Table 7**  
**Summary of Durbin-Watson Statistic**

Statistics	Method	Alternative Hypothesis	p Value
2.02670323	Durbin-Watson test	true autocorrelation is greater than 0	0.54977697

Source: Authors' own calculations

The extent of multicollinearity in the constructed regression model has been tested by computing the Variable Inflation factor (VIF) of the six predictor variables, which are contained in Table 8.

**Table 8**

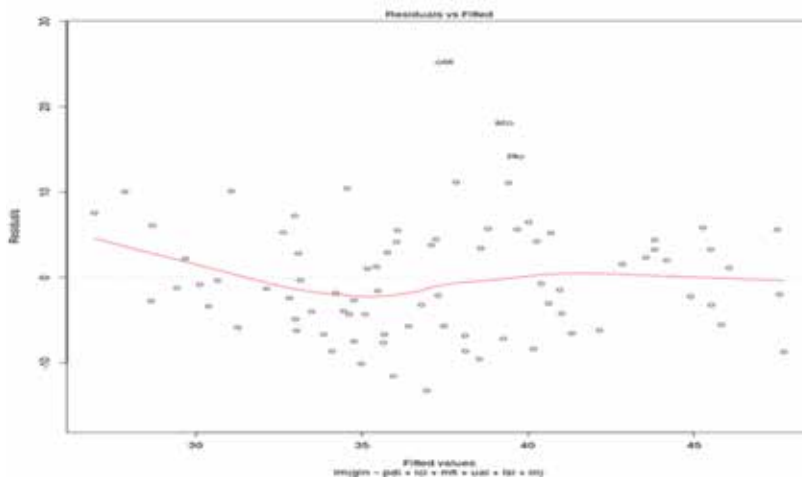
**Summary of Variable Inflation Factor (VIF)**

Variables	VIF
pdi	2.219
ici	2.076
mfi	1.078
uai	1.066
lsi	1.377
iri	1.413

Source: Authors' own calculations

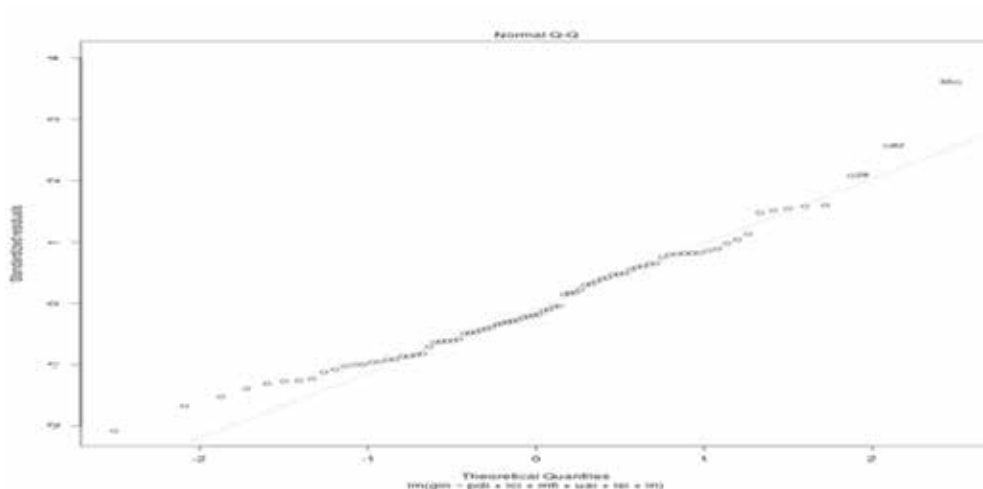
The plotting of the Residual versus Fitted values are contained in Figure 2.

**Figure 2**  
**Residual Vs Fitted Plots**



The normality of the distribution of the residual values has been plotted through the Q-Q Plot contained in Figure 3.

**Figure 3**  
**Residuals Normal Q-Q Plot**



## Discussions

From the value of the Adjusted  $R^2$ , the dimensions of national culture could explain only 29.50% of the variations in inequality of distribution of income and wealth. The model is statistically robust as evidenced by rejection of the null hypotheses of the F static. The model free from the problem of autocorrelation as the Durbin-Watson statistic is close to 2 and the null has been accepted. The problem of multicollinearity is also not that significant as the values of the Variable Inflation factor (VIF) have been found to be marginally over 2 for two predictor variables and below 1.50 for the other 4 predictor variables.

The value of the Adjusted  $R^2$  indicated that a vastly greater amount of the variation in the inequality was explained by factors other than national culture. This finding supports the views of Jordan (2004) whose research showed that inequality of income is more due to structural & economic causes rather than cultural & behavioural factors. The statistically significant predictor variables were found to be the Individualism vs Collectivism (ici) and Uncertainty Avoidance (uai). Both of these predictor variables were found to be inversely related with Gini coefficients indicating nations with high Individualism might result in low inequality in distribution of income and wealth. Similarly, nations with high Uncertainty Avoidance might lead to lower inequality of income and wealth. These findings are somewhat similar to the findings of Milanoski (2012).

## Conclusion

The findings of this study lead to the conclusion that national culture to a considerable extent, is relevant in the context of causing inequality of distribution of income and wealth in nations. These findings thus bridge the apparent conflict between the behavioural / cultural factors and economic and structural factors as determinants of inequality of distribution of income and wealth. MA

## References

1. Hofstede, Geert (1983). *National Cultures in Four Dimensions. International Studies Of Man & Organizations. Vol XIII. No.1-2. Pp 46 – 74, M E Sharpe Inc 1983.*
2. Hofstede, Geert Jan; Minkov, Michael (2010). *Cultures and Organizations: Software for the Mind: Intercultural Cooperation and its Importance for Survival. Tata McGrawHill Education.*
3. Jordan, Gregory. (2004). *The Causes of Poverty - Cultural vs. Structural: Can There Be a Synthesis?. Perspectives in Public Affairs, Spring 2004, 18-34.*
4. Malinoski, Mallory. (2012). *On Culture and Income Inequality: Regression Analysis of Hofstede's International Cultural Dimensions and the Gini Coefficient. Xavier Journal of Politics, Vol. III, No. 1.*
5. Trompenaars, Alfons (2012). *Riding the Waves of Culture: Understanding Diversity in Global Business. 3rd Revised Edition. Nicholas Brealey Publishing (2012).*
6. <https://data.worldbank.org/indicator/si.pov.gini> accessed on 03 November 2019
7. <https://www.hofstede-insights.com/product/compare-countries/> accessed on 03 November 2019

---

[rajib.conference@gmail.com](mailto:rajib.conference@gmail.com)  
[shuvashishroy@gmail.com](mailto:shuvashishroy@gmail.com)  
[headresearchcentre@iitmjp.ac.in](mailto:headresearchcentre@iitmjp.ac.in)

### Kind Attention !!!

To make the wide publicity of your Region and Chapter of the Institute we print the matters/happenings/news achievements/activities related to your Region and Chapter. For the wide coverage of the same you are hereby requested to provide us the brief write-ups related to any activities organised by your Region and Chapter for the purpose of publication in **“The Management Accountant”** Journal along with the selected high resolution pictures (.jpeg format) within 45 days of the date of the event and within 20<sup>th</sup> of every month to [editor@icmai.in](mailto:editor@icmai.in)

### Kind Attention !!!

UGC Approved List of Journals has been revisited by UGC-CARE (University Grants Commission - Consortium for Academic and Research Ethics) w.e.f. 14.06.2019. We are in the process of getting enlisted in it and will inform as soon as we get enlisted.

# SUSTAINABLE DEVELOPMENT GOAL ON HEALTH - PROGRESS OF INDIA



**Prof V. Usha Kiran**

Department of Commerce

Osmania University, Hyderabad &

Honorary Director, Indian Council of Social Science Research  
Southern Region



**Dr. M.V. Karunasree**

Assistant Professor

University College for Women, Koti  
Osmania University, Hyderabad

## Abstract

*The growth and development of any nation depends on a healthy workforce. Health for all should be a guiding principle of the Government. Driving India to a 5 trillion \$ economy is possible only when investing takes place in health. The Government and people should focus on creating health-enabling places so that the individuals, families and communities get support to attain good health determinants, behaviours and outcomes. Adopting SDG 3 on Health and comparing the progress in achieving the targets from time to time is the only way of making India more safe and secure place to live in.*

सर्वे भवन्तु सुखिनः

सर्वे सन्तु निरामयाः ।

सर्वे भद्राणि पश्यन्तु

मा कश्चिद्दुःखभाग्भवेत् ।

(All should/must be happy, be healthy, see good; may no one have a sorrow in heart)

## Introduction

**H**ealth is a fundamental human right and essential prerequisite of an individual. The growth and development of the nation requires a healthy workforce and standard of living of



**Dr. Harsha Burgula**

MD, General Medicine, I Year PG Resident  
Kalinga Institute of Medical Sciences, Bhubaneswar

the people will improve through the development of the nation. Driving India to a 5 trillion \$ economy is possible only when investing takes place in health-promoting and health-enabling places which support individuals, families and communities in achieving good health determinants, behaviours and outcomes. The best practices in health in turn impact upon the ecosystem and natural resources which influence biodiversity and has a long-lasting effect on national and global sustainability. Strengthening public investment and expenditure in the health sector and restructuring of the existing public and private healthcare system into a universal access mechanism are needed (Duggal, 2007). Public spending on health care system in India suffers from low levels of public expenditures on the state of health infrastructure and fiscal space for health care in terms of stimulation and substitution effects of Central transfers for health to States (Choudhury, 2012). The Indian government realized the importance of public health as one of the basic needs and started focussing on it. It is important to over-emphasize the fact that health is a public or social good and so cannot be left to the vagaries of the market. There should be a multi sectoral approach to achieve universal health coverage and to meet sustainable

development goals. The life-course approach to health can be extended to all age groups, health topics and countries by building on a synthesis of existing scientific evidence, experience in different countries and advances in health strategies and programs (Shyama Kuruvilla, 2018). The process of global societal change can be motivated and guided through alternative methods which relate the sustainable wellbeing. A well constructed sustainable wellbeing index and linking the sustainable development goals with a comprehensive systems dynamics model can track stocks and flows and make projections into the future under different policy scenarios (Robert Costanza, 2016). India's health system should have an universal access to good quality health-care services without anyone having to face financial hardship as a consequence. A preventive and promotive health care orientation in all developmental policies and universal access to good quality health care services should be taken as a central goal of national health policy (Vikram Patel, 2015).

The Sustainable Development Goals (SDGs), a collection of 17 goals with 169 targets set by UNO are very important which are interconnected. Achievement of one goal depends on the achievement of other goals. The National Health Policy (NHP) 2017 recognized SDG 3 which focuses on health, ensure healthy lives and promote well-being for all age group. SDG 3 comprises 13 targets, including four listed as "means-of-implementation" targets. In the improvement of health, the NHP calls for "achieving convergence among the wider determinants of health." A framework of health promotion should be understood as a process enabling people to increase control over their health; an identification of mechanisms which can "energize" health promotion, and, finally, an elaboration of the implementation strategies to achieve equitable access to health. It means creating environments conducive to health, in which people are better able to take care of themselves, and to offer each other support in solving and managing collective health problems (Jake EPP.1987).

**Objectives and Research Methodology:**

The study examines the progress of India in achieving the sustainable development goal on health in terms of targets by making a comparison of state of affairs in 2015 and 2018. The budget allocations are analysed for eight year period 2014 to 2020 segregated into before and after launching SDGs. The study adopts a descriptive method. The required information is collected from secondary sources. The data are analysed with the help of percentages, compound annual growth rate and t- test.

**Results and Discussion:**

**SDG Target -3.1 and 3.2:** Target goals indicate to reduce

the global maternal mortality ratio (MMR) to less than 70 per 100,000 live births. By 2030, end preventable deaths of newborns and children under 5 years of age (U5MR), with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1000 live births and U5MR to at least as low as 25 per 1000 live births.

Maternal mortality in a region is a measure of reproductive health of women in the area. As per the World Health Organization, maternal death is the death of a woman while pregnant or within 42 days of termination of pregnancy, from any cause related to or aggravated by the pregnancy or its management.

**Table 1**  
**MMR and U5MR in India**

(MMR Per 100000 live births U5MR per 1000 live births)

Health indicator	Year			Decrease in % from 2014 to 2018
	2014-2016	2015-2017	2016-2018	
MMR	130	122	113	13
U5MR	48	42	37	22.9

Source: NHP 2019, Central Bureau of Health Intelligence, Ministry of Health and Family Welfare and www.statista.com

There is a considerable decrease in the MMR and U5MR. For the year 2017, the target rate of MMR was fixed at 100 per 100000 live births. India missed the target by recording 122 per 100000 live births. Even among the States, MMR is found to be more variable during 2018 as Kerala, Maharashtra, Tamilnadu, Telangana and Andhra Pradesh recording the lower rate than the target i.e. 70 Per 100000 live births whereas the other States have recorded more than 70 Per 100000 live births. Similarly in case of U5MR, the target is to be achieved is 12 per 1000 live births by 2030 or to at least as low as 25 per 1000 live births. U5MR is the probability (expressed as a rate per 1,000 live births) of a child born in a specified year dying before reaching the age of five. India reported 8, 82,000 child deaths in the year 2018 with the median under-five mortality rate per 1,000 live births in India being 37. A significant improvement in vaccination coverage for children between 12-23 months of age and nutritious food supply to all the children under 5 will improve the wellbeing of children. Assam, Madhya Pradesh, Odisha, Rajasthan, Uttar Pradesh have the high incidence of U5MR. The South, the West and some of the North States could record a lower rate of incidence. The Government has to take corrective measures to bring down the MMR and U5MR disparities among the States.

**Table -2**

**Cases and Deaths due to Communicable Diseases in India**

Diseases	Increase/Decrease in 2018 over 2015 (in numbers)		Increases/Decreases in 2018 over 2015 ( %)		% of Death to Cases
	Cases	Deaths	Cases	Deaths	

Malaria	727527	202	65	70	0
Chikungunya	-30588	0	-112	0	0
Kala Azar	3855	5	47	100	0
Encephalitis Syndrome	-2620	553	-30	46	-21
Japanese Encephalitis	-65	97	-4	35	-149
Dengue	-1343	48	-1	22	-4
Cholera	238	-2	27	-50	-1
Diarrhoeal	-961396	-234	-8	-19	0
Typhoid	-462540	-6	-25	-2	0
Respiratory Infection	-6345809	-1079	-18	-41	0
Tetanus Neonatal	560	8	76	67	1
Tetanus other than Neonatal	-5722	33	-169	32	-1
Diphtheria	-8471	-95	-261	-112	1
Whooping Cough	13476	-4	43	-100	0
Measles	4619	4	18	11	0
Viral Hepatitis	-10349	-187	-8	-47	2
Rabies	-12	0	-12		0
Meningococcal Meningitis	8620	20	72	12	0
Syphilis	14011	0	47		0
Gonococcal	29044	-4	34	-400	0

Source: National Health Policy 2019 and 2015

The goal target is to end by 2030, the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases. Diseases like malaria, kala azar, whooping cough, tetanus neonatal, cholera, meningococcal meningitis, syphilis and gonococcal have registered an increase in cases while remaining diseases registered lower occurrences. In remaining communicable diseases the percentage of deaths has been controlled.

### Target -3.4, 3.5 and 3.6

- By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being
- Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol
- By 2020, halve the number of global deaths and injuries from road traffic accidents

Table – 3

### Case/Deaths in Non Communicable Diseases

Diseases	2015	2018	Increase/Decrease	Percentage
Diabetes	930277	3102186	2171909	233
Hypertension	1279858	4038166	2758308	216
HTN&DM	0	1106360	1106360	infinity
CVDs	82338	198753	116415	141
Stroke	0	69413	69413	infinity
Common Cancer	11652	168122	156470	1343

Accidental Deaths	413457	0	-413457	-100
Suicides	133623	0	-133623	-100
Snake bite	1018	885	-133	-13
Iodine Deficiency	1384006	9953453	8569447	619

Source: National Health Policy 2019 and 2015

Deaths due to non communicable diseases are on the rise in the year 2018 compared to 2015. Deaths due to Accidents, suicides and snake bite registered a decline.

**Target 3.7:** To achieve universal health coverage, including financial risk protection, access to quality essential health-care services, safe, effective, quality and affordable essential medicines and vaccines for all

Health coverage gained an impressive growth by 45.4% from the year 2015 to 2018 through various schemes except Rashtriya Swasthya Bima Yojana which recorded a negative percentage. Covering the people under one health scheme or another is an important indicator as the cost of expenditure to the persons suffering from diseases comes down. It is possible to have quality medicines and treatment at a lower financial risk. Compared to the size of population; the protection is not sufficient; hence there is a need to create awareness on health coverage.

**Target 3.12:** To increase health financing, the recruitment, development, training and retention of the health workforce in developing countries and least developed countries. The Government of India started exercising on the alternative medicinal systems along the allopathic system. There is an increase in Allopathic doctors, Ayush doctors, nurses and pharmacists ( 23,8.6 and 15 percentage respectively) during the three years. However, per doctor the patient population,

(1: 10000), India has to go a long way in human resource development in health sector. A significant increase in granting allopathic hospitals (39%), ayush hospitals & dispensaries (11%,70%) and nursing/ Pharma institutions (57%) and Medical colleges (33%) is observed. Though there is an improvement in infrastructure creation, still the health for all cannot be met with this scanty number of institutions.

### Health Financing

India's public health expenditure in 2015 was 1.1%

GDP, very less compared to other developing countries. The government has committed to enhance public health expenditure to 2.5 per cent of GDP by 2025.

India has allocated during the last 8 years, a total of Rs 679373.8 Crores spread over various sectors of health. The top priority has been given to health research followed by Ayush, Health sector, NRHM, family welfare and NACO. The compound annual growth rate is high in health sector followed by NACO, health research, Ayush, family welfare and NRHM. Overall compound annual growth is calculated at 10.52.

**Table – 4**  
**Health allocations in various sectors (in Rs Crores)**

Sector	Before Launching SDGs 2012 – 2016 (Mean)	After Launching SDGs 2016 – 2020 (Mean)	Actual Totals (2012-2020)	CAGR
Health Sector	8577	19142	110874.6	17
Family Welfare	1034	1461	9980.9	7
Ayush	20437	29655	200369.3	8
NRHM	1667	2075	14967	5
NACO	706	1488	8775.2	14
Health Research	31894	51708	334406.8	11
Total			679373.8	10.52

Source: National Health Profile 2019 (Mean allocations and CAGR are calculated)

A null hypothesis is set up to test that there is no difference in the budget outlays before and after the launching of SDGs with an alternative hypothesis that there is a significant increase in the allocation to various sectors after the launch of SDGs. Paired t – test is applied and resulted t value is 0.04 is lower than the alpha level 0.05. Accordingly one can conclude that there is a significant difference in allocations before and after launch of SDGs. Higher allocations to various sectors improve help in the achievement of SDGs.

### Conclusion:

The Government of India should have a vision with multi dimensional approach to shape health systems and prioritise the health for all to have a sustained development. Investment in health, organization of human resources, financing of healthcare services and development of vaccinations and medicines to prevent and control diseases are imperative. Since alternative medical systems are available, more research should be taken up to understand their effectiveness in controlling the diseases. Use of sophisticated technology in health helps in fighting against the ill health and creates a knowledge source for future references. "Health for all, health coverage for all" should be the guiding principle to the Government and people. Health awareness programs on vaccination, help lines on available health care systems are necessary to educate the people. Extensive health investments and making the medical help accessible to each and every citizen in India will drive India towards attaining sustainable progress, the SDG targets and Health for All.

MA

### References

1. Adnan A. Hyder, P. P. (2012 Vol1 e 35). *Measuring the*

*health of populations: explaining composite indicators.*  
*Journal of Public Health Research*

2. Choudhury, M. G. (March 2012). *Health Care Financing Reforms in India*. National Institute of Public Finance and Policy
3. Duggal, R. (AUGUST 2007). *Health care in India: Changing the Financing Strategy. Social Policy & Administration 0144-5596, Vol. 41, No. 4*
4. EPP, J. (1987 Vol 1 No 4). *Achieving Health for all- A Framework for Health Promotion. HEALTH PROMOTION Health Promotion, Oxford University Press Vol I, No. 4*
5. Fabrizio Bert, G. S. (2015 Vol4 , 393). *How can we bring public health in all policies? Strategies for healthy*. *Journal of Public Health Research*
6. Robert Costanza, L. F. (2016). *Modelling and Measuring Sustainable well being in connection with the UN Sustainable Development Goals. Ecological Economics*, [www.elsevier.com](http://www.elsevier.com)
7. Rodolfo F. Damiano, L. A.-A. (Jan/Feb 2016). *Brazilian scientific articles on "Spirituality, Religion and Health"*. *Arch. Clin. Psychiatry (São Paulo) vol.43 no.1 São Paulo*.
8. Shyama Kuruvilla, R. S. (Jan 2018 96 (1)). *A life-course approach to health: synergy with sustainable development goals. Bull World Health Organ*
9. Vikram Patel, R. P. (Vol 386 December 12, 2015). *Assuring health coverage for all in India. www.thelancet.com.*

### Websites:

1. [www.cbhidghs.gov](http://www.cbhidghs.gov)
2. [www.un.org](http://www.un.org)

[usha.vadithala@gmail.com](mailto:usha.vadithala@gmail.com)  
[venkatarunasree@gmail.com](mailto:venkatarunasree@gmail.com)  
[burgula.1995@gmail.com](mailto:burgula.1995@gmail.com)



# Down The Memory Lane

September 2010



Hon'ble Union Minister for Parliamentary Affairs and Water Resources, Shri Pawan Kumar Bansal being welcomed by Shri G.N. Venkataraman, CCM and IPP on occasion of Seminar on "DTC and IFRS-A Professional Perspective" organized by Chandigarh-Panchkula Chapter of Cost Accountants.

Shri B.M. Sharma, President of ICWAI and Shri M Gopalakrishnan, Vice President, ICWAI called on Dr. T.V. Somanathan, Joint Secretary, Ministry of Corporate Affairs at New Delhi.



Signing of Mo U between ICWAI and The Institute of Professional Accountants and Auditors of Russia (IPAR) in Moscow on September 23, 2010. Delegates seen in the picture are: Mr. V. V. Skobara, President, IPAR; Shri R. Bandopadhyay, IAS, Secretary, MCA, Govt. of India; Shri B.M. Sharma, President, ICWAI and Shri A.N. Raman, CCM, ICWAI.

September 2000

D.C. Bajaj, President, ICWAI, presenting a bouquet to P.L. Sanjeeva Reddy, Secretary, Department of Company Affairs, Government of India during his visit to the Institute on September 9, 2000. Bibhananada Majumder, Central council Member and Dr. S. R. Acharya, Adviser look on.



Seminar on WTO: Impact on Indian Economy and Future of Accounting Profession in Calcutta. Seen in the picture from left R.J. Goel, CCM and Past President, Shyamal Banerjee, Past President, Bibhananda Majumder, CCM, Dr. Bhar, WTO Expert from RIS, New Delhi and Mahesh Shah, CCM & Past President.





# Down The Memory Lane

September 1990

*Shri Sankar Dutta, President, The ICWAI presenting a bouquet to Ms. Katherine Grimshaw, Director, International Affairs, The Chartered Institute of Management Accountants, London.*



*Shri P.D. Phadke, Vice President, The ICWAI presenting a bouquet to Ms. Helen Brand, Project Officer, The Chartered Institute of Management Accountants, London.*

*Shri A. Ghose, Jt. Chief Officer, DBOD, RBI inaugurated the 2-day Seminar on "Cost Accounting in Banking Services". From left to right: Shri S. R. Acharyya, Secretary, the ICWAI; S. Chakraborty, DGM, UCO Bank; A. Ghose, Jayanta Bose, DGM, Allahabad Bank, Arjun Bhyay, DGM, Central Bank and S.Mukherjee, AGM, UBI.*



September 1980



*Seminar on "Development of Financial Institutions and Industrial Banking" on September 7, 1980 at Grand Hotel, Calcutta. Sitting from left to right: Shri H.P. Ray Chaudhury; Shri N.K. Roy; Professor J.S. G. Wilson; Shri N.K. Bose, Shri Shyamal Banerjee; Shri S.N. Ghose; Shri B. Dey.*

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

## EASTERN INDIA REGIONAL COUNCIL

EIRC had organized a Virtual CEP on “Forensic Audit - Handling the Challenges” at 18th July 2020 through WEBINT by the initiative of Members in Industry Committee of EIRC-ICAI. CMA Balwinder Singh President-ICAI, Chief Guest and CMA Chittaranjan Chattopadhyay, CCM-ICAI, Guest of Honor were present in the programme. CMA Pallab Bhattacharyya, Chairman-EIRC, CMA Arundhati Basu - Chairperson Members in Industry Committee & CMA Ashis Banerjee RCM-EIRC, also was present. CMA Alope Kumar Bardhan - Assistant Director, Serious Fraud Investigation Office, MCA was the key speaker. There was an overwhelming response and also all the participants had highly appreciated the programme. EIRC had organized a Virtual CEP on “An Overview of Forensic Audit - under IBC

2016” on 29th July 2020 through WEBINT by the initiative by Members in Industry Committee of EIRC-ICAI. Shri Susobhan Sinha, Regional Director of Reserve Bank of India, Kolkata was the Chief Guest of the programme, CMA Biswarup Basu, Vice-President-ICAI & CMA Chittaranjan Chattopadhyay, CCM-ICAI were the Guest of Honor of the programme. CS DR. Mamta Binani, Former President of ICSI and 1st Insolvency Professional & CMA Sanjeev Ahuja, Resolution Professional, Mediator, Arbitrator, Strategy Advisor were the Hon’ble Speakers. There was an overwhelming response and also all the participants had highly appreciated the programme. EIRC hoisted the flag on 74th Independence Day on August 15, 2020.



**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA**  
**EASTERN INDIA REGIONAL COUNCIL**  
(Statutory body under an Act of Parliament)  
**Initiative by:**  
**Members in Industry Committee**

CEP  
 Credit:  
 2hrs

**Virtual CEP on**  
**"An Overview of Forensic Audit - under IBC 2016"**  
 29<sup>th</sup> JULY 2020 (04:00 PM - 06:30 PM)

Special Guest of Honour

**CMA Biswarup Basu**  
Chairman, ICAI-EIRC

Chief Guest

**Shri Susobhan Sinha**  
Regional Director,  
 Reserve Bank of India, Kolkata

HOST

**CMA Arundhati Basu**  
Chairperson  
 Members in Industry  
 Committee

Guest of Honour

**CMA Chittaranjan  
 Chattopadhyay**, CCM-ICAI

Speaker

**CS DR. Mamta Binani**  
Former President of ICSI  
 1st Insolvency Professional

Guest of Honour

**CMA Ashis Banerjee**  
RCM-EIRC

Guest of Honour

**CMA Chittaranjan  
 Chattopadhyay**, CCM-ICAI

Speaker

**CMA Sanjeev Ahuja**  
Resolution Professional,  
 Mediator, Arbitrator, Strategy Advisor

The link to join & registration Programme to: <https://www.icmai.in/Website/Member/MemberLogin.aspx>  
(The registration link will be activated 30 Minutes before the Scheduled time)

You are requested to kindly mention your name and membership number in the message box for CEP credit Hours.

## THE INSTITUTE OF COST ACCOUNTANTS OF INDIA BHUBANESWAR CHAPTER

The Chapter organized a Motivational Session in association with all Odisha Chapters on the theme “Password for Happiness” through digital platform (WEBINT) on 2nd August, 2020. Shri Dina Vatsala Das, Spiritual Coach

and Mentor, ISKCON Bhubaneswar graced and addressed on the Occasion as “Resource Person”. CMA Mukesh Chaubey, Chairman of the Chapter delivered welcome address, CMA Saktidhar Singh, Chairman PD Committee

of the Chapter delivered key note address, introduced the guest and extended formal vote of thanks. CMA Niranjn Mishra, Council Member and Chairman, Indirect Taxation Committee of the Institute, CMA Uttam Kumar Nayak, Secretary, Eastern India Regional Council and CMA Mukesh Chaubey, Chairman of the Chapter met to Shri Sujeet Kumar , Hon'ble Member of Parliament (Rajya Sabha), Odisha on 10th August,2020 and discussed on various professional development avenues. This Chapter has organized a WEBINT on "Intricacies of Internal Audit- COVID 19" in Association with Others Chapters at Odisha on 12th August, 2020 for CMA Members & Stakeholders at PAN Odisha. CMA P Raju Iyer, Council Member and Chairman , Internal Auditing Standards Board ,the Institute of Cost Accountants of India graced and addressed as "Chief Guest". CMA Niranjn Mishra, Council Member and Chairman, Indirect Taxation Committee of the Institute graced and addressed as "Special Guest", CMA Bharat Bhusan Gupta, Director (Finance), Haryana Power Generation Corporation Ltd., Haryana and CMA T.K. Jagannathan, Practicing Cost Accountant, Bengaluru delivered on the topic as "Resource Person". On the Occasion, CMA Mukesh Chaubey , Chairman of the Chapter delivered welcome address and CMA Saktidhar Singh, Chairman, PD Committee of the Chapter introduced the Guests and extended formal vote of thanks. The Chapter observed the 74th Independence Day at its premises at CMA Bhawan by taking all precautionary

measures issued by the Govt. to contain spreading Pandemic Covid-19. CMA Sudhansu Kumar Sahu, Past Chairman, ICAI-Bhubaneswar Chapter unfurled the National Flag as "Chief Guest" and addressed on the Occasion. Chairman of the Chapter CMA Mukesh Chaubey also addressed on the occasion. There was arrangement for Webcast for view of Members, Faculties and Students. The ICAI- Board of Advanced Studies & the Chapter organized a WEBINT on "Data Analytics and Artificial Intelligence" in association with All Chapters at Odisha on 16th August, 2020 CMA Members & Stakeholders at PAN India. CMA Debasish Mitra, Council Member and Chairman, Board of Advanced Studies of the Institute graced and addressed on the occasion as "Chief Guest". CMA H. Padmanabhan, Council Member and Chairman, RC's & Chapters Coordination Committee and CAT & AAT Board and CMA Niranjn Mishra, Council Member and Chairman, Indirect Taxation Committee, The Institute of Cost Accountants of India graced the occasion as "Special Guest". Dr. Prabir Kumar Das, Professor and HOD (Quantitative Techniques), Indian Institute of Foreign Trade delivered on the topic as "Resource Person". On the Occasion, CMA Mukesh Chaubey , Chairman of the Chapter delivered welcome address and introduced the Guests & Resource Person . CMA Saktidhar Singh, Chairman, PD Committee of the Chapter delivered key note address and CMA Ajay Kumar Samal, Secretary of the Chapter extended formal vote of thanks



## THE INSTITUTE OF COST ACCOUNTANTS OF INDIA ROURKELA CHAPTER

The second e bulletin was published by the chapter. This noble endeavor is one more step towards the goal of

professional development in particular and upholding the value of the profession in general.

## NORTHERN INDIA REGIONAL COUNCIL

## THE INSTITUTE OF COST ACCOUNTANTS OF INDIA JAIPUR CHAPTER

In order to make the environment pollution free and also as a social responsibility for greenery in the rainy season, the Chapter organised Tree Plantation Program on 26th July 2020 and again on 9th August 2020. On 26th July 2020 more than 200 Plants of Sheesham, Karanj, Gullar, Sitaphal etc. have been planted at the Royal Avenue, Tonk Road and in the premises of Genus Power Infrastructure Ltd., Sitapura Industrial Area. Officers and Staff of Genus Power, Chairman of Jaipur Chapter CMA Swapnil Bhandari, Past Chairmans CMA S.L. Swami, CMA Rakesh Yadav and CMA Vinod Chittora, Members of the Chapter CMA Mahendra Kumar Jain, CMA Deeptanshu Pareek, CMA Anand Kumar Gupta, CMA Govind Sharma, CMA Ratan Lal Sharma, CMA Deepak Mittal, CMA Kapil Kumar Agrawal and others represented the Chapter at the Tree Plantation Program. On 9th August, 2020 more than 200 Plants of Sheesham, Karanj, Gullar, Sitaphal Arjun etc. have been planted at B-53, Ramjipura, Nevta, Mothya Ki Dhani, Officers Enclave, Ajmer Road. Chairman of Jaipur Chapter CMA Swapnil Bhandari, Past Chairman CMA S.L. Swami and CMA Rakesh Yadav, Members of the Chapter CMA Vishnu Upadhyay, CMA Deeptanshu Pareek, CMA Kapil Kumar Agrawal and others represented the Chapter

at the Tree Plantation Program. The Chapter Celebrated the 74th Independence Day on 15th August 2020 at Chapter Premises. Chairman of the Chapter CMA Swapnil Bhandari hoisted the National Flag along with Members and Staff. On this occasion CMA Swapnil Bhandari welcomed all the participants. He also appraised the members about various activities, achievements and latest developments at Jaipur Chapter. Many senior members of the Chapter also expressed their views and gave suggestions on various matters. On this occasion, Neemgiloi plants were also distributed to the Members. Programme was conducted by CMA Sudarshan Nahar, Secretary of the Chapter. The Chapter organised Webinar on 16th August 2020 on the Topic "Cyber Security, Office Automation and Management Tools & Techniques". In the beginning of the seminar CMA Swapnil Bhandari, Chairman of the Chapter welcomed the Key Speaker and participants. Key Speaker of the Webinar was Mr. Chirag Goyal, eminent IT Expert. He explained in details about Cyber Security, Automation and Management Tools and Techniques. Large number of members attended the Webinar. At the end of the Program CMA Sudarshan Nahar, Secretary of the Chapter thanked all the participants. The Program was conducted by CMA Tanuj Agrawal.



## THE INSTITUTE OF COST ACCOUNTANTS OF INDIA BEAWAR CHAPTER

The 74th Independence Day was celebrated at the Chapter with great enthusiasm. Chairman of the Chapter, CMA Rupesh Kothari hoisted the national flag and wished all the members and students. He prayed for the Nation and hoped that things get back to normal soon. CMA Maneesh Jain, Vice-chairman said on the occasion that the Chapter will take up social issues apart from professional activities. CMA Mitesh Chopra, secretary of the Chapter asked everyone to do their duties properly as it is the best service to the nation. He also stressed that CMAs can play an important role in realising the dream of “Atmanirbhar Bharat”. CMA Jyoti Maheshwari, Treasurer, requested everyone to respect freedom of others when enjoying own freedom. She assured the Student members of the support of the chapter. Chapter Patron, CMA Prakash Kothari and Joint Secretary CMA Mandeep Singh Committee member also attended the occasion. All the members and students attended the program online in view of the pandemic. The program was also streamed live on the Facebook page of the chapter. A tree plantation drive was taken up by the members and students of the chapter on August 17, 2020. On this occasion, Chairman of the Chapter, CMA Rupesh Kothari underlined the importance of not only planting but also protecting trees. He also assured that the Chapter and its members are fully aware of its responsibilities towards the environment and will be working in the direction diligently. Committee member CMA Nitin Malu, CMA Ankur Singhal, CMA Nikita Bhutra, CMA Aditi Gaur, CMA Mayank Pipara Student member Rakesh Kumawat and students were present at the occasion.



## THE INSTITUTE OF COST ACCOUNTANTS OF INDIA KOTA CHAPTER

The Flag Hoisting programme was done on 15th August, 2020.



## SOUTHERN INDIA REGIONAL COUNCIL

On the eve of 'GST Day Celebration Week', a WEBINT was organised by SIRC in association with Regional Council and Chapter Coordination Committee and Tax Research Department – ICAI on 6th July, 2020 on the Topic, "Input Tax Credit (with case studies)".

CMA (Mrs.) Jyothi Satish, Chairperson – SIRC rendered welcome address. In her address, she informed that the Institute has been organizing a series of WEBINT Programs on relevant and important topics from the time Lockdown by the Govt. came in to effect. She welcomed and introduced the Chief Guest of the Event, Shri J.M. Kennedy IRS, GST Commissioner, Chennai- North. The Chief Guest in his address appreciated the Institute for organizing many programs on GST in the past and being a link between the regulator & industry. He also congratulated the Institute on conducting webinars with a series of programmes on 'GST' to its members through online Interactive Sessions on the occasion of 3rd GST Day celebrations. He enlightened

the audience about different initiatives being taken by the Govt & CBEC to facilitate easy compliance of GST. On the Topic, "Input Tax Credit (with case studies)", the Speaker Shri V. Srinivasan, GST Consultant, Chennai gave an excellent and elaborative presentation. During his speech, he touched upon the topics such as 'Basic Definition of ITC', 'Conditions for availing ITC', 'Time limit for availing ITC' '+ 10% Restriction' and 'Blocked/Restricted Credit' etc. While concluding the WEBINT Session, Chairperson – SIRC thanked President, Vice President, RCCCC and TRD of the Institute for facilitating such programs at National level. Approximately 250 Members participated in the Session. On 15th July, 2020, a WEBINT was organised jointly by SIRC and Regional Council and Chapters Coordination Committee, CAT & AAT Board of the Institute during which Resource Person, CMA Dr. A. Mayil Murugan, Former Chairman, SIRC – ICAI and HOD, addressed on the Topic, 'Research and Business Analytics for CMAs'.

## THE INSTITUTE OF COST ACCOUNTANTS OF INDIA TIRUCHIRAPALLI CHAPTER

The Chapter celebrated 74th Independence Day on August 15, 2020. Flag hoisted by CMA M. Shanmuga Sundaram, Chairman of the Chapter.



## THE INSTITUTE OF COST ACCOUNTANTS OF INDIA BANGALORE CHAPTER

'Managing Cost –Covid19' was conducted at Chapter's premises through online Webinar on June 27, 2020. GST Day Celebration Week - RCM under GST and Related Issues was conducted at the chapter, through online Webinar on July 4, 2020. "Stress Management: Science of Mind and Body" was organized at the chapter, through online Webinar on July 11, 2020. On July 15, 2020, programme on "Opportunities for CMAs in Management System" was conducted at the Chapter, through online Webinar. "Provision of Place of Supply under GST Law" at the Chapter, through online Webinar held on July 18, 2020. International Yoga Day was conducted at the Chapter, through online Webinar on June 21, 2020. Career Counselling was organized in association with RV Group of Education Institutions, through online Webinar on July 16, 2020. The Chapter organized Professional Development Meets on various dates of July and August 2020. The Chapter organized career counselling programmes on July and August 2020. Dhee-Vikasa Students Study Circle Meeting was organized on various dates of July and August 2020. A Professional Development Meet on "Professional Accountant - Corporate Governance and Bhagavad Gita, Business Process Improvement" was organised at the Chapter, through online Webinar. CMA Balwinder Singh - President, CMA Biswarup Basu - Vice President, Dr. P V S Jagan Mohan Rao, Immediate Past President and Advisor SAFA, Mr. B. Rajesh - Chief Consultant, SGC Services, CMA Manjula B.S. Chairperson of the chapter, CMA Sreepada H.R. - Chairman PD Committee of the chapter, CMA Kumar H N – Vice Chairman of the chapter, CMA Satish R Secretary of the chapter were present in the programme. Independence Day Celebration was organised on August 15, 2020 and CMA Manjula B.S. Chairperson of

the chapter, CMA Sreepada H.R. - Chairman PD Committee of the chapter, CMA Satish R – Secretary of the chapter,

Chairman-Coaching, CMA Jayarama A V Treasure of the chapter attended the meeting.



**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA  
COCHIN CHAPTER**

The Chapter conducted various programmes at Cochin Chapter of the Institute. The Chapter signed MoU with Rajagiri College of Social Sciences, Satellite Centre of the Chapter at CMA Bhavan, Center For Excellence, Vyttila, Cochin on 25th July 2020. The Chapter celebrated India’s 74th Independence Day on 15th August 2020 at CMA Bhawan, Center for Excellence, Chalikkavattom, Vyttila.

CMA Sureshkumar K P, Chairman of the Chapter hoisted the National Flag. CMA Sankar P Panicker, Vice Chairman, SIRC, CMA Lajeesh K L, Secretary of the Chapter and MC members and staff were present on the occasion.



### THE INSTITUTE OF COST ACCOUNTANTS OF INDIA HYDERABAD CHAPTER

On June 13, 2020 an Interactive session with Past Chairmen & Past President was conducted through video conferencing to discuss the Chapter activities being carried out in a year. On June 16, 2020 Management Information System report plays a key role in improving performance, productivity, and profitability of the organization. It provides the necessary information to managers and supervisors at various levels to help them to discharge their functions of organising, planning, control and decision making. CMA T.C.A. Srinivasa Prasad is a proficient in our profession and respected for his knowledge and work. On 21.06.2020, Brain – Storming session was organised by the chapter on “Agricultural Costing”. CMA D. Zitendra Rao, CMA M. Venkateswarlu, CMA Debaraja Sahu, CMA D. Venkateswarlu, CMA Janardhan Reddy, CMA Lavanya K.V.N, CMA Surya Prakasham, CMA Ramana Murthy, CMA Revala, CMA N. Krishnan, CMA Khaja Jalal Uddin expressed their views. A meeting was scheduled of all Past Chairman and Past Presidents from Hyderabad on 26th June, 2020 through Video conferencing for their suggestions. On 30.06.2020, Representations related to GST Law & Procedures sent to Grievance Redressal Committee. On 09.07.2020 - Cost Audit in GST Perspective was organized by the chapter. The Programme was presided by CMA Hima Vidya, Secretary of the chapter. CMA Khaja Jalal Uddin, Vice Chairman welcomed the speaker and CMA Someswara Babugaru, Member introduced the speaker to the audience. This session was taken by the Speaker Sri G. Rambabugaru, superintendent, CGST, R.R. Dist, Hyderabad. He has explained various points in detail like Exact Definition of Audit, Types of audit, Authority to conduct audit – Section 65, Follow up after GST Audit, SCN -other provisions, Major issues, Difference b/s GSTR - 2A and GSTR – 3B, Situations where credit is required to be reversed, Special Audit – Section 66 etc. On July 16, 2020, Cost Audit in GST Perspective was organised and CMA M. Kameswara Raogaru, Past chairman of the Chapter clearly explained about COST AUDIT under Companies Act, 2013 covering the points of Section 148 of Companies Act 2013, Application of Cost Auditing

Standards, Cost (Record and Audit) Rules, 2014 as amended, Coverage etc. He also discussed in detail his second agenda topic on ‘GST under CGST Act’ -Threshold for GST Registration, Audit requirements under GST, Certification of Annual Return under form9C. CMA (Dr.) K.Ch.A.V.S.N. Murthy, CCM addressed the participants during this session. On July 18, 2020, Shri Arun Kumar, Superintendent of GST had been invited as a Chief Guest in Litigations/Assessments in GST programme. He informed that the scope of litigation will be minimized due to the changes that are taking place in GST Law and procedures see that GST is designed in such a way. Mr. Karan Talwar had been invited as a speaker for the technical session on ‘Litigations /Assessments in GST’. He appeared in a number of cases pertaining to GST, Central Excise, Service Tax, VAT, Central Sales Tax, Customs, Foreign Trade Policy issues and Income Tax before the Hon’ble Supreme Court, Telangana and AP High Court, CESTAT, STAT, ITAT and quasi-judicial authorities. Corona and Covid -19 - Are we doing right this programme started with an invitational address by CMA Lavanya Kanduri, Treasurer and Chairperson of Members Services Sub-Committee on July 12, 2020. CMA M. Venkateswarlu, Chairman of the chapter appreciated CMA Lavanya Kanduri for her effort to organize this useful programme in this needy hour and welcomed the Speaker Dr. Vishwakesen Middela. CMA Lavanya Kanduri introduced the speaker to the delegates. Dr. Vishwaksen Middela shared very useful information through his Power Point Presentation. He explained how the Corona Virus spreads, symptoms of Covid-19, Types of Corona Virus Tests, Sanathana Naturopath Practices, Aayurveda Remedies, Citizens responsibility to prevent the spread, Expected time of Vaccinations, Herd Immunity etc. CMA Rajasekhar N., CFO of Shantha Biotechnics has informed that the Vaccine from Sanofi is expected by June 2021. Participants asked various doubts during this session and got clarified.



**WESTERN INDIA REGIONAL COUNCIL****THE INSTITUTE OF COST ACCOUNTANTS OF INDIA  
AHMEDABAD CHAPTER**

The Chapter organized various CE Programs during GST DAY CELEBRATION WEEK in form of GST web series for the members from 2nd July'20 to 6th July'20. The details of the programs are given below. The Web series was inaugurated by welcome speech given by CMA Malhar Dalwadi, Secretary of Chapter. CMA Haren Bhatt, Chairman of Chapter and CMA Dakshesh Choksi, Chairman of PD

Committee welcomed faculties during the session. CMA Haren Bhatt, Chairman of Chapter and CMA Dakshesh Choksi, Chairman of PD committee expressed thanks to other office bearers of Ahmedabad chapter for organizing such a wonderful web series. CMA Malhar Dalwadi proposed vote of thanks.

**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA  
PIMPRI CHINCHWAD AKURDI CHAPTER**

The Chapter conducted the webinar on "IFRS 15 : Revenue Recognition" on Sunday, May 24, 2020 through Zoom Digital platform. The webinar was started with the introduction of speaker CMA Pradeep Sahasrabudhe, Training Director with Bee-Pro Solutions Private Limited. The Chapter conducted the webinar on "Tangible Non-Current Assets" on Saturday, May 30, 2020 at 6:00pm to 8:30pm through Zoom Digital platform. The webinar was started with the introduction of speaker CMA Pradeep Sahasrabudhe, Training Director with Bee-Pro Solutions Private Limited and Practicing Cost Accountant. He said IAS 16 does not apply to certain assets covered by other standards. The Chapter conducted the webinar on "MSMEs" on June 6, 2020 at 6:00pm to 8:30pm through Zoom Digital platform. CMA Ashish Deshmukh, Past Chairman of the Chapter welcomed and introduced the speaker CMA Mahendra Bhombe, Entrepreneur, Practicing Cost Accountant & Member – WIRC of ICAI and CA Maheshwar Marathe, Advisor – MSMEs & Practicing Chartered Accountant. CMA Mahendra Bhombe in his speech started with COVID-19 & its impact on MSMEs. He asked how many of you feel COVID 19 is gone have long lasting impact on your business? He said, this virus is mounting a very serious threat to the global economy which is already in grave peril. CMA Maheshwar Marathe in his speech focused on MSME Samadhaan – Delayed Payment Monitoring System. Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 contains provisions to deal with cases of delayed payment to Micro and Small Enterprises (MSEs). The Chapter conducted the webinar on "Aatmanirbhar Bharat (Part 2) – Agri Sector" on Saturday, June 14, 2020 at 4:00pm to 6:30pm through Google Digital platform. CMA Pradeep Deshpande, Secretary of the Chapter welcomed and introduced the speaker CMA Ashish Deshmukh, Chartered Engineer, Practicing Cost Accountant & Past Chairman of the Chapter. CMA Ashish Deshmukh in his speech started with the topic Aatmanirbhar Bharat – Agriculture (Third Tranche) and said Agriculture is the greatest and fundamentally the most important of our industries. The webinar ended with vote of thanks. The Chapter conducted the webinar on "Aatmanirbhar Bharat (Part 3) – Beating China" on Saturday, June 20, 2020 at 6:00pm to 8:30pm through Google Digital platform. CMA

Mahendra Bhombe, Member – WIRC has welcomed and introduced the speaker CMA Dhananjay Kumar Vatsyayan, IP, Chartered Engineer, Practicing Cost Accountant & Vice-Chairman of the Chapter. The Chapter conducted the webinar on "Old Tax Regime Vs New Tax Regime" on Friday, June 26, 2020 at 6:00pm to 8:30pm through Google Digital platform. CMA Jayant Hampiholi, Member – Chairman of the Chapter has welcomed and introduced the speaker CA Pushpahas Umadikar, Practicing Chartered Accountant. CA Pushpahas Umadikar in his speech said that the Salary persons are only eligible for opting between Old tax regime and New tax regime every year but not having business income. He further highlighted on Income Tax Slabs from Rs.2.5 lakhs to 15 lakhs. He focused on various exemptions on Interest such as Housing Loan, Form 80C, NPS, Mediciclaim, Education Loan Interest, Saving Bank Interest, Senior Citizen Interest, Donations etc. Then he explained on the Advantage and Disadvantages of income tax. He said, each Individual has different levels of savings and depending on the amount of savings one should opt for appropriate tax regime. Income tax allows interchange every year; make use of the same accordingly. Question-Answer session commenced during the webinar. Session was well interactive. The seminar was attended by members in practice, members from industries, professionals and students in large numbers. The webinar ended with vote of thanks. The Chapter conducted the webinar on "GST Updates and Audit including Departmental Audit" on Saturday, July 4, 2020 at 6:00pm to 8:30pm through Google Digital platform. CMA Pradeep Deshpande, Secretary – PCA Chapter has welcomed speaker and all the audience participated in the webinar. CMA Jayant Hampiholi, Chairman of PCA Chapter has introduced the eminent speaker CMA Ashok Nawal, Practicing Cost Accountant. The Chapter conducted the webinar on "Lease Accounting" on Saturday, July 11, 2020 at 6:00pm to 8:30pm through Google Digital platform. CMA Pradeep Deshpande, Secretary – PCA Chapter has welcomed all the audience participated in the webinar and introduced the speaker CMA Pradeep Sahasrabudhe, Practicing Cost Accountant. The webinar ended with the vote of thanks. The Chapter conducted the webinar on "Sources of Investments" on July 18, 2020 at 6:00pm to

8:30pm through Google Digital platform. CMA Jayant Hampiholi, Chairman of the Chapter has welcomed speaker and all the audience participated in the webinar. CMA Pradeep Deshpande, Secretary of the Chapter introduced the speaker Mr. Amol Amale, Director – Precision Technicals Pvt Ltd. Mr. Amol Amale in his speech explained the correct definition of Investment. Then he focused on the different things which are to be checked before investment such as Regulatory, Safety, Returns, Liquidity and Taxability. The

Chapter conducted the webinar on “Recent Opportunities to CMAs – IBC, Valuation, MCS Audit, ID etc” on Saturday, July 25, 2020 at 6:00pm to 8:30pm through Google Digital platform. CMA Jayant Hampiholi, Chairman – PCA Chapter has welcomed speaker and all the audience participated in the webinar and introduced the speaker CMA L D Pawar, Practising Cost Accountant & Past Chairman - WIRC. CMA Dhananjay Kumar Vatsyayan, Vice – Chairman of the Chapter gave the vote of thanks.

### THE INSTITUTE OF COST ACCOUNTANTS OF INDIA NAVI MUMBAI CHAPTER

The Chapter conducted a Webinar CEP programme on the theme “Prospects of Registered Valuer for CMA” on August 16, 2020 via Google Meet app. The speaker for this event was CMA Harshad Deshpande, Registered Valuer & Insolvency Professional. CMA Sirish Mohite, Chairman of the Chapter, introduced the speaker and the importance of the topic in today’s professional world, to the audience and the programme commenced with the speaker elaborating on the concept of Valuation in India and across the globe. The speaker examined the concept of Valuation wherein Value denotes the value of the underlying assets as on a particular date. This is critical for making strategic business decisions like Fund raising, mergers & acquisitions, sale/liquidation of businesses, strategic business decisions like family or shareholder’s disputes, voluntary value assessment and to comply with regulatory or accounting requirements in India under RBI, Income Tax, Companies Act, SEBI laws etc. The speaker then motivated the students & professionals to pursue valuation as a career option by interpreting the examination requirements, syllabus, scope, methods of valuation – Asset approach, Income approach & Market approach etc. Reference should be made to [www.ibbi.gov.in](http://www.ibbi.gov.in), [www.rvoicmai.in](http://www.rvoicmai.in), [www.ivsc.org](http://www.ivsc.org) etc for more details. The audience was listening with rapt attention and were deeply enlightened with the facts. A large number of professionals & students participated in the programme. The lucid presentation & the interactive workshop came to an end with the speaker being felicitated by CMA Vivek Bhalerao, PD Committee Chairman of the Chapter and the vote of thanks being proposed by CMA L Prakash, Past Chairman of the Chapter. The Chapter conducted the Oral Coaching inauguration function Webinar on August 16, 2020 via Google Meet app. The Chief Guest for this event was Shri Sanjay Chaturvedi, Head HR, Valvoline Cummins Pvt Ltd and the Guests of Honour were CMA Rajendra Kumar Gupta, Finance Head, Cotton Corporation of India and Ms Shubhada Nayak, Principal, KB Patil College Vashi. The Oral Coaching Classes will commence from 17th August 2020 for Foundation, Intermediate and Final for December 2020 exams and will be conducted online due to Covid19 regulations. The programme commenced with Chairman CMA Sirish Mohite introducing the Chief Guest and welcoming him to the function. CMA Vaidyanathan Iyer Vice Chairman and CMA Ajay Mohan Secretary welcomed the dignitaries to the program and introduced the Guests of Honour. The lighting of the lamp was conducted online at

the hands of the dignitaries amidst the soulful rendering of the Institute Anthem which set the vibrant mood for the rest of the function. CMA Sirish Mohite and CMA Vaidyanathan Iyer briefed the students and other members present, on the Oral Coaching course curriculum and Practical Computer Training and Communications and Soft Skills Workshop which will be organized for the benefit of the students. They emphasised on the importance of attending these online sessions and not to miss any online classes so that the students can cope up well in the successful completion of the CMA course. CMA Sushant Ghadge Treasurer and CMA Ajay Mohan introduced the various faculties appointed for Oral Coaching Class and welcomed them to the Chapter. They congratulated the students on enrolling for the CMA course and wished them all success. The Chief Guest then gave a pep talk to the students on the roles of future CMA’s and explained that India will soon celebrate the 75th anniversary of its independence and our country targets to achieve a GDP of more than 10%. Cost competitiveness and Operational excellence right from the grassroots level to the global level under the Make in India initiative will help us achieve this target. The CMA plays a prominent role in achieving Cost competitiveness with a p54

lethora of tools like Balanced Scorecard, Lean Management, Activity based Management etc and acts as an accelerator in nation building with the implementation of cost controlling techniques and effective strategic management. The members and students listened with rapt attention. The Guest of Honour Principal of KB Patil College Ms Shubhada Nayak gave a motivational speech to the students and urged for an all-round development of personality and to be thoroughly genuine. The Guest of Honour CMA Rajendra Gupta highlighted to the students that this CMA Course helps the students to take up function in finance, costing, accounts and administration. CMA BN Sapkal congratulated the Chapter students who passed Foundation Exam & enrolled for Intermediate in the upcoming batch. He wished them all success. He cited practical examples of various opportunities available for CMA’s in different sectors including IT, AI Data Analytics and stressed on upgrading their existing skills to achieve success. CMA L Prakash, Immediate Past Chairman welcomed the students and mentioned that CMA course is one of the best professional courses and the role of CMA is growing rapidly in this fast paced world. He then proposed the vote of thanks.

### DIRECT TAXES

- **Circular No. 16/2020 dated 30<sup>th</sup> August 2020:** Imposition of charge on the prescribed electronic modes under section 269SU of the Income-tax Act, 1961. The Government to encourage digital transactions and move towards a less-cash economy. the Finance (No. 2) Act 2019 inserted a new provision namely section 269SU in the Income-tax Act, 1961 (“the IT Act”), which provides that every person having a business turnover of more than Rs. 50 crores during the immediately preceding previous year shall mandatorily provide facilities for accepting payments through prescribed electronic modes. Further, a new provision namely section 10A was also inserted in the Payment and Settlement Systems Act 2007 (“the PSS Act”), which provides that no Bank or system provider shall impose any charge on a payer making payment, or a beneficiary receiving payment, through electronic modes prescribed under section 269SU of their IT Act.

A circular no. 32/2019 dated 30.12.2019 was issued by the Board to clarify that based on section 10A of the PSS Act, any charge including the MDR (Merchant Discount Rate) shall not be applicable on or after 01 “ January, 2020 on payment made through prescribed electronic modes.

Banks are, therefore, advised to immediately refund the charges collected, if any, on or after 1<sup>st</sup> January, 2020 on transactions carried out using the electronic modes prescribed under section 269SU of the IT Act and not to impose charges on any future transactions carried through the said prescribed modes.

- **Notification No 58/2020 dated 10<sup>th</sup> Aug 2020:** In exercise of the powers conferred by clause (d) of sub-section (8) of section 139A and clause (ii) of sub-section (7) of section 206AA 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, 1962. In the principal rules, after rule 114AAA, the following rule shall be inserted, namely:—

“Class or classes of person to whom provisions of section 139A shall not apply. 114AAB. (1) The provisions of section 139A shall not apply to a non-resident, not being a company, or a foreign company, (hereinafter referred to as the non-resident) who has, during a previous year, made investment in a specified fund if the following conditions are fulfilled, namely:—

(i) the non-resident does not earn any income in India, other than the income from investment in the specified fund during the previous year;

(ii) any income-tax due on income of non-resident has been deducted at source and remitted to the Central Government by the specified fund at the rates specified in section 194LBB of the Act; and

(iii) the non-resident furnishes the following details and documents to the specified fund, namely:—

(a) name, e-mail id, contact number;

(b) address in the country or specified territory outside India of which he is a resident;

(c) a declaration that he is a resident of a country or specified territory outside India; and

(d) Tax Identification Number in the country or specified territory of his residence and in case no such number is available, then a unique number on the basis of which the nonresident is identified by the Government of that country or the specified territory of which he claims to be a resident.

- **Notification No. 59/2020 dated 10<sup>th</sup> Aug 2020:** — In exercise of the powers conferred by sub-section (1) of section 280A of the Income-tax Act, 1961 (43 of 1961) and section 84 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 (22 of 2015), the Central Government, in consultation with the Chief Justice of the High Court of Bombay, hereby designates the following courts of Magistrates of First Class as Special Courts under sub-section (1) of section 280A of the Income-tax Act, 1961 and section 84 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 in the State of Maharashtra, for trial of offences punishable under the Income tax Act, 1961 and other related matters, namely:-

(i) the 38th Court, Ballard Pier for Mumbai region and 31st Court of Additional Chief Metropolitan Magistrate, Vikhroli for Mumbai including cases at Thane;

(ii) the Court of the Chief Judicial Magistrate, Nagpur for entire Vidarbha region, and

(iii) the Court of 10th Joint Civil Judge Junior Division and Judicial Magistrate First Class (Court No. 8), Pune for Pune region.

- **Notification No 60/2020 dated 13<sup>th</sup> Aug 2020:** In exercise of the powers conferred by sub-section (3A) of section 143 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby makes amendments in the E-assessment Scheme, 2019 published vide notification of the Government of India, Ministry of Finance (Department of Revenue), Central Board of Direct Taxes, in the Gazette of India, Extraordinary, vide number S.O 3264 (E) dated the 12th September, 2019.

- Notification No 62/2020 dated 13<sup>th</sup> Aug 2020:** — In exercise of the powers conferred by section 118 and sub-sections (1) and (2) of section 120 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the amendments in the notification of the Government of India, Ministry of Finance published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (ii) vide no. S.O. 2753 (E) dated the 22nd October, 2014.
- Notification No 63/2020 dated 13<sup>th</sup> Aug 2020:** — In exercise of the powers conferred by sub-sections (1) and (2) of section 120 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes, hereby makes the following amendments in the notification of the Government of India, Ministry of Finance published in the Gazette of India, Extraordinary, Part-II, Section 3, Sub-section (ii) vide number 50 of 2014, S.O. 2752(E) dated the 22nd October, 2014. In the principal notification, (i) in the Schedule-I, after serial No. 67, serial number 67a shall be inserted.
- Notification No 64/2020 dated 13<sup>th</sup> Aug 2020:** In pursuance of the powers conferred by sub-sections (1), (2) and (5) of section 120 of the Income-tax Act, 1961 (43 of 1961) (hereinafter referred to as the said Act), the Central Board of Direct Taxes hereby directs that the Income-tax Authorities of the National e-Assessment Centre (hereinafter referred to as the NeAC) specified in Column (2) of the Schedule attached with the said notification, having its headquarters at the place mentioned in column (3) of the said Schedule, shall exercise the powers and functions of Assessing Officer concurrently, to facilitate the conduct of Faceless Assessment proceedings in respect of territorial areas mentioned in the column (4), persons or classes of persons mentioned in the column (5) and cases or classes of cases mentioned in the column (6) of the Schedule-1 of the notification No. 50 of 2014 in S.O. 2752 (E) dated the 22nd October, 2014 published in the Gazette of India, Extraordinary Part II, Section 3, sub-section (ii).
- Notification No 65/2020 dated 13<sup>th</sup> Aug 2020:** In pursuance of the powers conferred by sub-sections (1), (2) and (5) of section 120 of the Income-tax Act, 1961 (43 of 1961) (hereinafter referred to as the said Act), the Central Board of Direct Taxes hereby directs that the Income-tax Authorities of Regional e-Assessment Centres (hereinafter referred to as the ReACs) specified in Column (2) of the Schedule attached with the said notification, having their headquarters at the places mentioned in column (3) of the said Schedule, shall exercise the powers and functions of Assessing Officers concurrently, to facilitate the conduct of Faceless Assessment proceedings in respect of territorial areas mentioned in the column (4), persons or classes of persons mentioned in the column (5) and cases or classes of cases mentioned in the column (6) of the Schedule-1 of the notification No. 50 of 2014 in S.O. 2752 (E), dated the 22nd October, 2014 published in the Gazette of India, Extraordinary Part II, section 3, sub-section (ii).
- Notification No 66/2020 dated 13<sup>th</sup> Aug 2020:** In pursuance of the powers conferred by sub-sections (1) and (2) and (5) of section 120 and section 133C of the Income-tax Act, 1961 (43 of 1961) (hereinafter referred to as the said Act), read with rule 12 D of the Income-tax Rules, 1962, the Central Board of Direct Taxes hereby- (a) authorises that the Principal Commissioners of Income-tax (Regional e-Assessment Centre) (Verification Unit) [(hereinafter referred to as PCIT (ReAC) (VU)] specified in column (2) of the Schedule (hereinafter referred to as the said Schedule) annexed hereto, having headquarters at the places specified in the corresponding entry in column (3) of the said Schedule, to exercise the concurrent powers along with any other authority under the said Act and to hold additional charge and act as Prescribed Authority, in respect of such territorial areas or such cases or class of cases or such persons or class of persons specified in the corresponding entry in column (4) of the said Schedule and in respect of all income or class of income

(b) authorises the Principal Commissioners of Income-tax (ReAC) (VU) specified in column (1) of the said Schedule to issue orders in writing for the exercise of powers and performance of functions by the Additional Commissioners of Income-tax (ReAC) (VU) or Joint Commissioners of Income-tax (ReAC) (VU), who are subordinate to him, in respect of such territorial areas or such persons or classes of persons or of such income or class of income or of such cases or class of cases specified in the corresponding entry in column (4) of the said Schedule;

(c) authorises the Additional Commissioners of Income-tax (ReAC) (VU) or the Joint Commissioners of Income-tax (ReAC) (VU) referred to in clause (b), to issue orders in writing for the exercise of powers and performance of functions by the Deputy Commissioners of Income-tax (ReAC) (VU)/ Assistant Commissioners of Income-tax (ReAC) (VU) / Income-tax Officers (ReAC) (VU), who are subordinate to them, in respect of such territorial areas or such persons or classes of persons or of such income or class of income or of such cases or class of cases specified in the corresponding entry in column (4) of the said Schedule in respect of which the Additional Commissioners or Joint Commissioners of Income-tax ((ReAC) (VU) are authorised by the Principal Commissioners of Income-tax (ReAC) (VU) under the clause (b) above.
- Notification No 67/2020 dated 17<sup>th</sup> Aug 2020:** In exercise of the powers conferred by sub-clause (iii) of clause (c) of Explanation to the clause (23FE) of

section 10 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, 1962.

after rule 2DA, the following rules shall be inserted, namely: - “2DB. Other conditions to be satisfied by the pension fund. - For the purposes of clause (23FE) of section 10, the pension fund shall be required to satisfy the following other conditions, namely: -

(i) it is regulated under the law of a foreign country including the laws made by any of its political constituents being a province, state or local body, by whatever name called, under which it is created or established, as the case may be;

(ii) it is responsible for administering or investing the assets for meeting the statutory obligations and defined contributions of one or more funds or plans established for providing retirement, social security, employment, disability, death benefits or any similar compensation to the participants or beneficiaries of such funds or plans, as the case may be;

(iii) the earnings and assets of the pension fund are used only for meeting statutory obligations and defined contributions for participants or beneficiaries of funds or plans referred to in clause (ii) and no portion of the earnings or assets of the pension fund inures any benefit to any other private person;

(iv) it does not undertake any commercial activity whether within or outside India;

(v) it shall intimate the details in respect of each investment made by it in India during the quarter within one month from the end of the quarter in Form No. 10BBB;

(vi) it shall file return of income on or before the due date specified under sub-section (1) of section 139 and furnish along with such return a certificate in Form No. 10BBC in respect of compliance to the provisions of clause (23FE) of section 10, during the financial year, from an accountant as defined in the Explanation below sub-section (2) of section 288.

2DC. Guidelines for notification under clause (23FE) of section 10.- (1) For the purposes of notification under sub-clause (iv) of clause (c) of Explanation to the clause (23FE) of section 10, the pension fund shall make an application in Form No. 10BBA enclosing therewith relevant documents and evidence, to the

(i) Member (Legislation), Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, North Block, New Delhi during the financial year 2020-2021

(ii) Member, Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, North Block, New Delhi having supervision and control over the work of Foreign Tax and Tax Research Division during the other financial years.

- **Notification No 68/2020 dated 27<sup>th</sup> Aug 2020:**

In the notification of the Government of India, Ministry of Finance, Department of Revenue, Central Board of Direct Taxes, number S.O. 2754(E), dated 13th August, 2020 published in Gazette of India, Extraordinary, Part II, Section 3, Sub-section (ii), in the Schedule

(i) against serial number 7 in column (4), against entry number (iii), words — Principal Commissioner/ Commissioner of Income-tax, Bengaluru – 4 are deleted and words Principal Commissioner/ Commissioner of Income-tax, Hubballi is inserted;

(ii) against serial number 26, in column (4),- (a) the number and words (iv) Principal Commissioner/ Commissioner of Income-tax, Kolkata -8 is deleted and is replaced with number and words (iv) Principal Commissioner/ Commissioner of Income-tax, Kolkata 18

(iii) against serial number 42, in column (4),- (a) the number and words —(i) Chief Commissioner of Income-tax, Ludhiana are deleted and number and words —(i) Chief Commissioner of Income-tax, Panchkula are inserted.

- **Notification No 71/2020 dated 31<sup>st</sup> Aug 2020:** In pursuance of sub-clause (ii) of clause (a) of sub-section (I) of Section 138 of the Income-tax Act, 1961, the Central Government hereby specifies “Scheduled Commercial Banks” listed in the Second Schedule of the Reserve Bank of India Act, 1934 for the purposes of the said clause.

## INDIRECT TAXES

### GST

- **Notification No. 62/2020-Central Tax dated 20<sup>th</sup> Aug 2020 :** Seeks to make Tenth amendment (2020) to CGST Rules. In the Central Goods and Services Tax Rules, 2017 (hereinafter referred to as the said rules), in rule 8, for sub-rule (4A), the following sub-rule shall be substituted with effect from 01st April, 2020, namely: -

“(4A) Where an applicant, other than a person notified under sub-section (6D) of section 25, opts for authentication of Aadhaar number, he shall, while submitting the application under sub-rule (4), with effect from 21st August, 2020, undergo authentication of Aadhaar number and the date of submission of the application in such cases shall be the date of authentication of the Aadhaar number, or fifteen days from the submission of the application in Part B of FORM GST REG-01 under subrule (4), whichever is earlier.

(i) In the said rules, in rule 9, with effect from 21st August, 2020 (i) in sub-rule (1), for the proviso, the

following provisos shall be substituted, namely:-  
 “Provided that where a person, other than a person notified under sub-section (6D) of section 25, fails to undergo authentication of Aadhaar number as specified in sub-rule (4A) of rule 8 or does not opt for authentication of Aadhaar number, the registration shall be granted only after physical verification of the place of business in the presence of the said person, in the manner provided under rule 25:

Provided further that the proper officer may, for reasons to be recorded in writing and with the approval of an officer not below the rank of Joint Commissioner, in lieu of the physical verification of the place of business, carry out the verification of such documents as he may deem fit.

(ii) in sub-rule (2), before the Explanation, the following proviso shall be inserted, namely: -  
 “Provided that where a person, other than a person notified under sub-section (6D) of section 25, fails to undergo authentication of Aadhaar number as specified in sub-rule (4A) of rule 8 or does not opt for authentication of Aadhaar number, the notice in FORM GST REG-03 may be issued not later than twenty one days from the date of submission of the application.

- **Notification No. 63/2020 – Central Tax dated 25<sup>th</sup> Aug 2020:** In exercise of the powers conferred by sub-section (2) of section 1 of the Finance (No. 2) Act, 2019 (23 of 2019), the Central Government hereby appoints the 1st day of September, 2020, as the date on which the provisions of section 100 of the Finance (No. 2) Act, 2019 (23 of 2019), shall come into force.
- **Notification No. 64/2020 – Central Tax dated 31<sup>st</sup> Aug 2020:** Seeks to extend the due date for filing FORM GSTR-4 for financial year 2019-2020 to 31.10.2020. The Government, hereby makes the following further amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 21/2019- Central Tax, dated the 23rd April, 2019, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R. 322(E), dated the 23rd April, 2019, namely:- In the said notification, in the third paragraph, in the first proviso, for the figures, letters and words “31st day of August, 2020”, the figures, letters and words “31st day of October, 2020” shall be substituted.

## Customs

- **Notification No. 32 /2020 – Customs dated 7<sup>th</sup> Aug 2020:** Seeks to amend notification No. 50/2017-Customs dated 30th June, 2017 so as to exempt goods for KKNP 5 and 6.  
 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, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 785(E), dated the 30th June, 2017, namely:- In the said notification, in List 32, after item number 12 and the entries relating thereto, the following shall be inserted, namely: - “13) Kudankulam Nuclear Power Project (KKNPP) Units- 5 and 6 (1000 MW x 2)”.

- **Circular No.35/2020-Customs dated 10<sup>th</sup> Aug 2020:** Revised procedure for Import of Pets / Live Animals. The Ministry of Fisheries, Animal Husbandry & Dairying, and Department of Animal Husbandry & Dairying (DAHD) has issued Office Memorandum dated 15.07.2020 vide F. No. L-110110/26/2019-Trade (E-14194) prescribing procedure for import of Live Animals in general and also for import of pets (only Dogs and Cats) as baggage/Personal imports by Passengers. The Relevant portion is as follows: “for “Ease of Understanding and Doing Business” as well as streamlining the complete process of import of live animals into India by the importers, the Standard Operating Procedures (SOPs); Process for import; Application Form for obtaining advance No Objection Certificate from AQCS; Veterinary Health Certificate format to fulfill Indian requirements; format for advance No Objection Certificate; format for Physical Examination of Pet at port of arrival; format for Physical Examination of the pet/animals during Quarantine period at AQCS; format for final No Objection Certificate, etc. have been standardized for import of live animals including pets into India and are annexed herewith. The details of post-import tests and name of laboratories where required tests will be done, has also been mentioned”. The above said O.M dated 15.07.2020 can be accessed in the following URL ([http://dadf.gov.in/sites/default/files/OM%20dated%2015%20July%202020%20on%20import%20of%20live%20animals\\_0.pdf](http://dadf.gov.in/sites/default/files/OM%20dated%2015%20July%202020%20on%20import%20of%20live%20animals_0.pdf))
- **Circular No. 36 /2020-Customs dated 17<sup>th</sup> Aug 2020:** Procedure to be followed in cases of manufacturing or other operations undertaken in special warehouses under section 65 of the Customs Act. Manufacture and Other Operations in Special Warehouse Regulations, 2020 (hereinafter referred to as the MOOSWR, 2020) have been issued vide Notification No. 75/2020-Customs (N.T.) dated 17th August, 2020. These regulations allow manufacturing and other operations in a special warehouse licensed under section 58A of the Customs Act, 1962, with

regard to warehoused goods specified in clause (1) of Notification No. 66/2016-Customs (N.T) dated 14th May, 2020 (herein after referred to as, “specified goods”)

MOOSWR, 2020 and this Circular cover the procedures and documentation for a section 58A warehouse, operating under Section 65 of the Act, in a comprehensive manner including application for seeking permission under section 65, provision of execution of the bond and security by the licensee, receipt, storage and removal of goods, maintenance of accounts, conduct of audit etc.

Further, the Special Warehouse (Custody and Handling of goods) Regulations, 2016, which were hitherto governing the procedure for custody and handling of goods deposited in and removed from a Special Warehouse have been amended, vide Notification No.77/2020- Customs (N.T) dated 17th August, 2020, to exclude their application for such warehouses operating under section 65. The said regulations will continue to be applicable for special warehouses, not operating under Section 65.

- **Circular No.37/2020-Customs dated 19<sup>th</sup> Aug 2020:** Extension of Deferred payment of Customs duty benefits to ‘Authorised Public Undertakings’. In reference to Notification No.78/2020-Customs (N.T.) dated 19.08.2020 permitting ‘Authorised Public Undertakings’ (APU) to avail the facility of deferred payment of Customs import duty under proviso to sub-section (1) of section 47 of the Customs Act, 1962. This facility shall be made available to eligible APUs w.e.f. date of publication of Notification No. 78/2020-Customs (N.T.) dated 19.08.2020.

The facility of deferred payment of Customs import duty shall be governed by the Deferred Payment of Import Duty Rules, 2016, as amended. It is expected that the extension of this facility to the Authorised Public Undertakings shall expedite the Customs clearance of their imported goods at the Ports/ Airports/ICDs.

The facility of deferred payment of Customs import duty shall be available to Public Undertakings of Central and/or State Government subject to fulfillment of specified criterion.

- **Circular No.38/2020-Customs dated 21st Aug 2020:** Guidelines regarding implementation of section 28DA of the Customs Act, 1962 and CAROTAR, 2020 in respect of Rules of Origin under Trade Agreements (FTA/PTA/CECA/CEPA) and verification of Certificates of Origin. This circular aims to provide procedure for sending verification request to the Verification Authorities in exporting countries in terms of trade agreements, section 28DA and CAROTAR, 2020, and further guidelines for implementation of aforementioned section and rules.

The CAROTAR 2020 shall come into force on 21st September, 2020, to provide sufficient time for transition and to ensure that the prescribed conditions in terms of rule 4 are complied with. Necessary modifications in bill of entry format are being made to allow declaration in terms of rule 3(a) and 3(d) of CAROTAR, 2020.

*Sources:*

*Income tax portal, www.gstcouncil.gov, cbic portal*

Ref No: G/82(127)/01/08/2020

28<sup>th</sup> August, 2020

**NOTIFICATION**

In partial modification of Notification No. G/82(127)/08/2020 dated 28<sup>th</sup> August, 2020, it is hereby notified that in pursuance of Regulation 146 of the Cost and Works Accountants Regulations, 1959, the Council of the Institute at its 325<sup>th</sup> Meeting held on 28<sup>th</sup> June; 5<sup>th</sup>, 19<sup>th</sup>, 21<sup>st</sup> & 22<sup>nd</sup> July; 2<sup>nd</sup> & 3<sup>rd</sup> August, 2020 by virtue of power conferred therein has constituted the following Chapter of The Institute of Cost Accountants of India covering the area of Balasore, Mayurbhanj and Bhadrak District in the State of Odisha.

**The Institute of Cost Accountants of India – Balasore Chapter**  
O.T.Road,  
Balasore – 756 001  
Odisha.



**CMA Kaushik Banerjee**  
Secretary

**NOTIFICATION**

**Sub: Merging of Intermediate and Final Examinations, 2020**

**The Institute of Cost Accountants of India announces the merging of June, 2020 Intermediate and Final Examinations with December, 2020.**

**The Institute of Cost Accountants of India** has decided to cancel the rescheduled Intermediate and Final Examination of June, 2020 session to be held from 1<sup>st</sup> - 10<sup>th</sup> September, 2020 due to pandemic Novel Corona Virus (COVID- 19) to ensure the interest of all the stakeholders and in particular the candidates/students and merge the June, 2020 examination with December, 2020 examinations, with due carryover of all relevant benefits already available to students including fee payment and subject wise exemption for the Intermediate and Final Examinations to be held in December, 2020.


The Intermediate and Final Examinations for the June, 2020 session which have been merged with the December, 2020 Examinations and the Intermediate and Final Examinations' time table and programme details will be released separately on Institute's website.

Examination form already submitted by the candidates/students for the Intermediate and Final Examinations, June, 2020 session will remain same for the Intermediate and Final Examinations to be held in December, 2020. Candidates/students need not apply again.

Candidates/students who have submitted examination form for the Intermediate and Final Examinations, June, 2020 session are allowed to add their Group with payment of differential examination fee for appearing in the Intermediate and Final Examinations to be held in December, 2020.

The candidates/students who have not enrolled for the Intermediate and Final Examinations, June, 2020 session may enrol afresh by submitting online examination form for December, 2020 term of examination.

The candidates/students are advised to keep regularly in touch with the website of the Institute for further notifications and announcements relating to December, 2020 Examinations and in case of any query or clarification can e-mail us at [exam.helpdesk@icmai.in](mailto:exam.helpdesk@icmai.in).



**CMA Kaushik Banerjee**  
Secretary



INTERMEDIATE AND FINAL EXAMINATION TIME TABLE & PROGRAMME – JUNE 2020 (Merging) AND DECEMBER 2020

PROGRAMME FOR SYLLABUS 2016	
ATTENTION: INTERMEDIATE & FINAL EXAMINATION WILL BE HELD ON ALTERNATE DATES FOR EACH GROUP.	
FINAL	
Day & Date	(Time: 2.00 P.M. to 5.00 P.M.)
Thursday, 10th December, 2020	(Group – III) Corporate Laws & Compliance (P-13)
Friday, 11th December, 2020	(Group – IV) Corporate Financial Reporting (P-17)
Saturday, 12th December, 2020	(Group – I) Financial Accounting (P-05)
Sunday, 13th December, 2020	(Group – II) Operations Management & Strategic Management (P-09)
Monday, 14th December, 2020	(Group – III) Laws & Ethics (P-06)
Tuesday, 15th December, 2020	(Group – IV) Cost & Management Accounting and Financial Management (P-10)
Wednesday, 16th December, 2020	(Group – I) Direct Taxation (P-07)
Thursday, 17th December, 2020	(Group – II) Cost Accounting (P-08)
	(Group – III) Indirect Taxation (P-11)
	(Group – IV) Company Accounts & Audit (P-12)
	(Group – I) Strategic Financial Management (P-14)
	(Group – II) Strategic Cost Management – Decision Making (P-15)
	(Group – III) Direct Tax Laws and International Taxation (P-16)
	(Group – IV) Cost & Management Audit (P-19)
	(Group – I) Indirect Tax Laws & Practice (P-18)
	(Group – II) Strategic Performance Management and Business Valuation (P-20)

EXAMINATION FEES	
Group (s)	Final Examination
One Group (Inland Centres) (Overseas Centres)	₹1400/- US \$ 100
Two Groups (Inland Centres) (Overseas Centres)	₹2800/- US \$ 90

- Application Forms for Intermediate and Final Examination has to be filled up through online only and fees will be accepted through online mode only (including Payfee Module of IDBI Bank). No Offline form and DD payment will be accepted for domestic candidate.
- STUDENTS OPTING FOR OVERSEAS CENTRES HAVE TO APPLY OFFLINE AND SEND DD ALONG WITH THE FORM.
- (a) Students can login to the website [www.icmai.in](https://icmai.in) and apply online through payment gateway by using Credit/Debit card or Net banking.  
(b) Students can also pay their requisite fee through pay-fee module of IDBI Bank.
- Examination form already submitted by the students for the Intermediate and Final Examinations, June, 2020 session will remain same for the Intermediate and Final Examinations to be held in December, 2020. Students need not apply again.
- Students who have submitted examination form for the Intermediate and Final Examinations, June, 2020 session may enroll afresh by submitting online examination form for December, 2020 term of examination. Intermediate and Final Examinations to be held in December, 2020.
- The students who have not enrolled for the Intermediate and Final Examinations, June, 2020 session may enroll afresh by submitting online examination form for December, 2020 term of examination.
- Last date for receipt of Examination Application Forms is 10<sup>th</sup> October, 2020.
- The provisions of Direct Tax Laws and Indirect Tax Laws, as amended by the Finance Act, 2019, including notifications and circulars issued up to 31<sup>st</sup> May, 2020, are applicable for December, 2020 term of examination for the Subjects Direct Taxation, Indirect Taxation (Intermediate), Direct Tax laws and International Taxation and Indirect Tax Laws & Practice (Final) under Syllabus 2016. The relevant assessment year is 2020-21. For statutory updates and amendments please refer to: <https://icmai.in/studentswebsite/Syl2016.php>
- Companies (Cost Records and Audit) Rules, 2014 as amended till 31<sup>st</sup> May, 2020 is applicable for December, 2020 examination for Paper 12- Company Accounts and Audit (Intermediate) and Paper 19 - Cost and Management Audit (Final) under Syllabus 2016. For updates and amendments please refer to the link: <https://icmai.in/studentswebsite/Syl2016.php>
- The provisions of the Companies Act 2013 are applicable for Paper 6 - Laws and Ethics (Intermediate) and Paper 13 - Corporate Laws and Compliance (Final) under Syllabus 2016 to the extent notified by the Government up to 31<sup>st</sup> May, 2020 are applicable for December, 2020 term of examination. Additionally, for applicability of ICDR, 2018 for Paper-13 - Corporate Laws & Compliance (Final) under Syllabus 2016 refer to relevant circular in website for December, 2020 term examination by following link: <https://icmai.in/studentswebsite/Syl2016.php>
- For Applicability of IInd AS and AS for Paper 5 - Financial Accounting, Paper 12 - Company Accounts and Audit (Intermediate) and Paper 17 - Corporate Financial Reporting (Final) refer to relevant circulars and notifications in website for December, 2020 term examination in the given link: <https://icmai.in/studentswebsite/Syl2016.php>
- Pension Fund Regulatory and Development Authority Act, 2013 is being included in Paper 6-Laws and Ethics (Intermediate) and Insolvency and Bankruptcy Code 2016 is being included in Paper 13 - Corporate Laws and Compliance (Final) under Syllabus 2016 for December, 2020 term of examination. Please refer to the link: <https://icmai.in/studentswebsite/Syl2016.php>
- Examination Centres: Adipur-Kacheh (Gujarat), Agartala, Agra, Ahmedabad, Akurdi, Allahabad, Anasol, Aurangabad, Bangalore, Baroda, Bhatnagar, Bhopal, Bhubaneswar, Bilaspur, Bikaner (Rajasthan), Bolkar, Calicut, Chandigarh, Chennai, Coimbatore, Cuttack, Dehradun, Delhi, Dhanbad, Dujalin (Assam), Durgapur, Ernakulam, Erode, Faridabad, Ghaziabad, Guntur, Gurgaon, Guwahati, Haridwar, Hazaribagh, Howrah, Hyderabad, Indore, Jaipur, Jabalpur, Jalandhar, Jamnagar, Jammu, Janshedpur, Jodhpur, Kalyan, Kanpur, Kanpur, Kolkata, Kollam, Kota, Kottakkal (Malappuram), Kottayam, Lucknow, Ludhiana, Madurai, Mangalore, Mumbai, Mysore, Nagpur, Noida, Patna, Patiala, Patna, Pondicherry, Port Blair, Pune, Raipur, Rajahmundry, Ranchi, Rourkela, Salem, Sambalpur, Shillong, Shimla, Sitlagur, Vindhyannagar, Waltair and Overseas Centres at Bahrain, Dubai and Muscat.
- A candidate who is fulfilling all conditions specified for appearing in examination will only be allowed to appear for examination.
- Probable date of publication of result: To be announced in due course.

\* For any examination related query, please contact [exam.helpdesk@icmai.in](mailto:exam.helpdesk@icmai.in)



# Benevolent Fund

## FOR THE MEMBERS OF THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

CMA Bhawan, 12 Sudder Street, Kolkata - 700016

### 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. It is also for outright grant of prescribed amount to the beneficiary in the event of death of a member of the Fund.

### LIFE MEMBERSHIP FEE

Onetime payment of ₹7500/-

### BENEFITS

- ⊙ **Income Tax Benefit under section 80G**
- ⊙ **Outright grant not exceeding ₹3,00,000.00/- in each case to the beneficiary in the event of death of the member.**
- ⊙ **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.**

#### Coverage of Critical Illness, leading to hospitalization, may cover the following -

- ⊙ Cancer / Malignancy
- ⊙ 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
- ⊙ Thalassemia
- ⊙ 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.

To apply for life membership or for further details please visit

<https://eicmai.in/External/Home.aspx#>

# MARWAR INDIA **now online!**



[www.marwar.com](http://www.marwar.com)

FOLLOW US

  
marwar.magazine

  
Marwaramagindia

  
marwar\_india

It's time to gift yourself a good read. As they say...

WHENEVER YOU READ A GOOD MAGAZINE SOMEWHERE IN THE WORLD A DOOR OPENS TO ALLOW IN MORE LIGHT



Subscribe Now

**SPENTA**  
MULTIMEDIA  
PVT LTD

For information on subscription and advertising please contact:

2nd Floor, Peninsula Spenta,  
Mathuradas Mill Compound, Senapati Bapat Marg,  
Lower Parel, (West) Mumbai 400013,  
Tel. No. : +9124811010 Ext No: 1031 /1024  
circulation@spentamultimedia.com