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DRIVING INDIA TOWARDS TRILLION DOLLAR ECONOMY

Journal of

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory Body under an Act of Parliament)

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THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

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AWARDS 2019

CALL FOR NOMINATIONS

Considering the requests from many Aspirants, the last date of submission of nomination extended to Friday, 4th September, 2020

Screening Committee

Chairman
Mr. Sunil Bhatia
Director (Finance)
Engineers India Ltd

Members
Mr. Inderpal Singh Sandhu
Director (Finance), HHEC Ltd

Mr. Sham Gulati
GM (Finance), HUDCO Ltd

Mr. Ratnesh
GM (Finance), NTPC Ltd

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Joint Secretary & Advisor (Cost), Ministry of Finance

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Former Joint Advisor, TRAI

Mr. Subhash Agarwal
Practicing Cost Accountant

Mr. Upendra Tiwari
Practicing Cost Accountant

Ms. Priyanka Saxena
Practicing Cost Accountant

Permanent Invitees
CMA Balwinder Singh
President

CMA Biswarup Basu
Vice President

CMA Vijender Sharma
Chairman
Professional Development & CPD Committee

Secretary
CMA Nisha Dewan
Secretary
Professional Development & CPD Committee

17th National Awards for Excellence in Cost Management 2019

Eligibility to Participate:
All companies (Listed or Unlisted) Including LLP

Categories:

1. Manufacturing Sector

A1) Private Sector - Mega
A2) Private Sector - Large
A3) Private Sector - Medium
A4) Private Sector - Small
A4) Private Sector - Micro
A5) Public Sector - Mega
A6) Public Sector - Large
A7) Public Sector - Medium
A8) Public Sector - Small

2. Service Sector

B1) Banking, Financial Services and Insurance
B2) Transportation and Logistics
B3) Power Distribution and Transmission
B4) Retail & E-commerce
B5) Hospitality & Tourism
B6) Healthcare
B7) Infrastructure and Construction
B8) Information Technology & Telecommunication
B9) Consulting
B10) Start-up
B11) Others

Evaluating Agency:- Care Ratings Ltd.

Submission of Nomination: By sending email at *ecma@icmai.in*

For details visit website of the Institute:
https://icmai.in/icmai/news/National-Awards.php

6th CMA Awards 2019

Eligibility to Participate:
CMAs in employment and not holding CoP for the last three years

Categories:

CMA CFO	CMA Achiever	CMA Young Achiever
(i) Manufacturing Sector - Public	(iv) Manufacturing Sector - Public	(vii) Manufacturing Sector - Public
(ii) Manufacturing Sector - Private	(v) Manufacturing Sector - Private	(viii) Manufacturing Sector - Private
(iii) Service Sector	(vi) Service Sector	(ix) Service Sector

Submission of Nomination: Online forms or by email at *cmaawards@icmai.in*

For details visit website of the Institute:
https://icmai.in/icmai/news/CMA-Award.php

CMA Balwinder Singh
President
ICAI

CMA Biswarup Basu
Vice President
ICAI

CMA Vijender Sharma
Chairman
Professional Development & CPD Committee
ICAI

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CMA Indu Sharma
Joint Director
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Ph: +91 11 24622156-58

Behind every successful business decision, there is always a CMA

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

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

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**

Headquarters
CMA Bhawan, 12 Sudder Street
Kolkata - 700016

Institute Motto

असतोमा सद्गमय
तमसोमा ज्योतिर् गमय
मृत्योर्मामृतं गमय
ॐ शान्ति शान्ति शान्तिः

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

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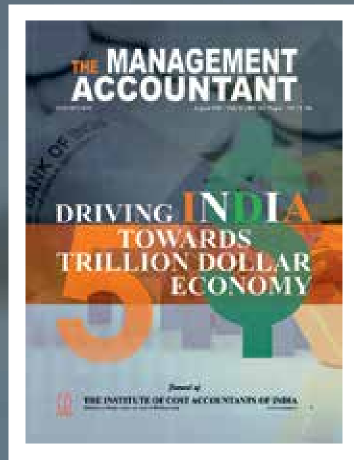
AUGUST 2020



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

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

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EDITORIAL

Greetings!!!

Hon'ble Prime Minister of India had set a GDP target of 'USD 5 trillion Economy' in the next five years. To meet this challenge, we have to be globally competitive and would need growth of 15% per annum. While it is a tall order in the current Covid-19 struck economic situation, we can take this as an opportunity and reassess and revisit the way we function.

Rebooting the economy can be done in two ways—through structural reforms and fiscal stimulus or a combination of both. Structural reform proposals in the 'Atmanirbhar' package are many and far-reaching, covering agriculture, MSME, industry, mining, infrastructure, defence production, etc. The epicentre of Covid-19 disruption being the real sector, the government has to widen its structural reforms to several areas, besides continuing with ongoing reforms. This may invigorate the economy in the medium-term if implemented in a time-bound manner.

Timely investments and committed businesses will spur growth. A stronger financial market (debt markets especially) and the push to raise the standards of corporate governance would give confidence to the investors. The manufacturing sector would benefit from proactive labor law reforms and from enhanced skilling initiatives.

Financing India's growth objective will need multiple initiatives. The total size of the Indian banking industry is about Rs 100 lakh crore (USD 1.3 trillion). Economists and bankers agree that with our blend of the services sector being a dominant GDP player, we would need to double the current credit pool (banking sector size) to help achieve the USD 5 trillion economy.

An important sector where we will need capital investment is the infrastructure sector. This sector would need financial leverage as well. The digital wave that's all around us will play a critical role in enabling and improving access to financial products and services throughout India. With digital, information cannot be arbitrage between geographies or economic might of the customers.

Further, during the course of the pandemic COVID-19, people have started using digital medium for work commitments, education, and entertainment. Online platforms for work meetings have seen a massive rise in popularity. FMCG & Retail sector has seen a growth in this tough time. With continued fear of complete lockdown, food-based retail chains and essential commodity providers have emerged as winners. Given the heightened need for healthy food and immunity-boosting products among consumers have further broadened the scope for the companies in the product segment. These companies are revamping their growth strategies with a focus on providing a value proposition to consumers in existing categories, launching new products in the food and health categories, enhancing the direct distribution reach in the rural market, door to door services, etc. which will help them to achieve the growth in the medium term.

Healthcare sectors have faced hardships owing to the lockdown and all non-emergency treatments taking a back seat. But this sector shall see immense investment in the aftermath of the pandemic. The world would now realize that the threat of a pandemic is very real and investment in the sector to safeguard will be done in the near future. Demand for certain medical devices like oximeters, Personal Protective Equipment (PPE) kits, and masks have seen a rise as infected patients with mild symptoms under self-care and isolation need these basic devices for self-monitoring. The market to the above-specified sectors is expected to see growth owing to this pandemic. Some are converting this into an opportunity by changing their product mix. New brands are coming up with essential supplies like hand sanitizers and disinfectant cleaners.

For the survival of the business and MSME sector, growth plays a vital role and it depends on its internal environment and external environment. The internal environment is the strength and weakness of the business entity whereas the external environment lists all factors which affect the business which is uncontrollable. The trick lies in playing with the uncontrollable factors eventually budding them into opportunities.

This era of new normal produces opportunities for CMAs today to transform in their future-ready versions where they play a significant role in making business decisions based on their techno-professional skills can result into better value creation for the stakeholders. The changing roles of CMAs also come with a track of new skills, knowledge and attitude change which one needs for becoming the management accountant of the future.

We need to create a "mission" and ensure that we drive down the message to every citizen to participate with their full might for this nation-building activity. This assumes that there would be speedy progress in policy development for building world-class infrastructure, developing a positive business ecosystem that can drive up investor confidence, revamped education and skilling initiatives, and better quality healthcare system and urban infrastructure. These in turn, also improve the nation's Liveability Index as well as the Human Development Index.

This issue presents a good number of articles on the cover story **"Driving India towards 5 Trillion Dollar Economy"** 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.* 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

Month	Theme	Subtopics
September 2020	Insurance Sector in India: Today's reality and the path ahead	• Life Insurance in India: Promoting innovation and creativity for growth and development • Recent developments in General Insurance Sector • Insurance Risk Management: Role of Actuaries involved • Differential Customer Service: A key determinant of growth • Disruptive innovation: A path to progress • Insurtech: Re-shaping the Insurance Industry • Impact of COVID-19 in insurance sector • Cyber crime Insurance: A growing market • Securing Rural India • Agri-Insurance in India vis-a-vis Global practices • IRDAI Rules and Regulations: Challenges and impact on Insurance business • Risk management practices in insurance business - Role of CMAs
October 2020	Self-Reliant India: Pathway to a Robust Economy	• Indian Economy post Covid-19: A positive outlook • Constraints towards induction of indigenous system • Atmanirbhar Bharat: 5 Pillars To make India Self-Reliant • Intent, Inclusion, Investment, Infrastructure, Innovation: Need of the hour to bring India back on track for fast-paced growth • MSMEs: key to self-reliant India • Overhauling education structure to be self-reliant • Vocal for Local with a special emphasis to Indian pharmaceutical sector • Challenges and prospects of self-reliance in Indian Defence sector • Strengthening domestic industry by Streamlining the governance system • Made in India, made for the world • Innovation for self-sustainability: Role of CMAs
November 2020	Agricultural Costing & Pricing	• Agricultural Pricing Policy in India: Opportunities and Challenges • Global Agro Pricing Policy v/s Indian Agro Pricing Policy • Minimum Support Prices(MSP): Key to protect farmers • Direct Benefit Transfer for Agri Input Subsidy • Transformation of Agriculture to Achieve the Sustainable Development Goals (SDGs) • Direct Benefit Transfer (DBT) for Agri Input Subsidy • Doubling Farmer's Income by 2022: Ease of doing Agri Business • Government policies and Governance Reforms in Agricultural Marketing • Advancement in digital technology: Farming gets smart and frugal • Nanotechnology in Agriculture • Agricultural Costing - Role of CMAs
December 2020	Indian MSMEs: Key to Economic Restart	• Significant role of MSMEs towards attainment of visionary Atmanirbhar Bharat • Revision of definition of MSMEs: A step to boost investment and Ease of Doing Business • COVID-19 and its impact on Indian MSMEs • Innovation and Digitalization: Changing the MSME landscape • RestartIndia: an Advisory Platform for MSMEs • Equity Infusion in MSME • e-Market linkage for MSMEs • Government Packages to cater MSMEs in the new Normal • Subordinate Debt for Stressed MSMEs • Potential for MSMEs in the Defence Sector • Exploring opportunities for MSMEs in India post COVID-19: Role of CMAs

The Above Subtopics are only suggestive and hence the articles may not be limited to them only.

Articles on the above topics are invited from readers and authors along with scanned copies of their recent passport size photograph and scanned copy of declaration stating that the articles are their own original and have not been considered for anywhere else. Please send your articles by e-mail to editor@icmai.in latest by the 1st week of the previous month.

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PRESIDENT'S COMMUNIQUÉ

CMA Balwinder Singh
President
The Institute of Cost Accountants of India

"Deh Shiva var mohe ihai, Shubha karman te kabhu na taron"
Oh Lord give me this blessing, that I may not be deterred from good deeds

- Sri Guru Gobind Singh

My Dear Professional Colleagues,

Launch of Platform for "Transparent Taxation" by Hon'ble Prime Minister of India

Achieving a new milestone in the structural reforms initiated by the Government of India, Shri Narendra Modi, Hon'ble Prime Minister of India on 13th August 2020 launched a platform "Transparent Taxation" to honour the honest taxpayers of the country. I am happy to share that I had an opportunity to represent the Institute in the Transparent Taxation Platform launch event by the Government of India. The event was also attended by various chambers of commerce, trade associations, etc.

The new tax reform is aimed at bringing transparency and honouring the honest taxpayers who play an important role in national development. Faceless assessment, faceless appeal and taxpayer charter part of new platform 'Transparent Taxation Honoring the Honest'.

The Transparent Taxation platform is among a series of laws introduced by the government to simplify tax filing, ease tax compliance and help the taxpayers. It will strengthen efforts of reforming the tax system and will instill a sense of fearlessness among the honest taxpayers.

Independence Day Celebrations

It gives me immense pleasure to share that the Institute observed 74th Independence Day all over India through its headquarters, regional councils and chapters of the Institute. As you all are aware celebrations this year were restrained owing to the coronavirus COVID-19 pandemic. National Flag was unfurled by CMA Biswarup Basu, Vice President at the Headquarters of the Institute, followed by my live address to all members and students of the Institute. It was an opportunity to discuss and apprise the fraternity at large about the initiatives taken by Institute in respect of members, students and chapters. Various member and student convenience initiatives were announced. CMA course Going Global and World Class Employability & Techno-Skill Development Training initiatives were launched. I am thankful to the Council Colleagues who also joined event and addressed the members & students.

I was also invited to address the members of Indore Dewas Chapter of the Institute at the e-celebration of 74th Independence Day with Vice President, Council Members of WIRC and officials. It was an opportunity to discuss the various initiatives with the participants.

Announcement of Online home based Foundation Examination

I am pleased to inform that the Institute has decided to conduct Foundation Examination of June, 2020 (re-scheduled to 6th September, 2020) in home based online mode due to pandemic Novel Corona Virus (COVID-19) to ensure the interest of all the stakeholders and in particular the candidates/ students. The candidates/students can appear in the Foundation Examination to be held on 6th September, 2020 through online mode using mobile/laptop/ desktop/tab. The time-table and details are available at *https://icmai.in/upload/Institute/Updates/ foundation_notification_04082020.pdf.*

Announcement of Online home based CAT Examination

I am pleased to inform that the Institute has decided to conduct CAT Examination Foundation Course (Entry Level) Part-1 on 13th September, 2020 in home based online mode due to pandemic Novel Corona Virus (COVID-19) to ensure the interest of all the stakeholders and in particular the candidates/students. The candidates/ students can appear through online mode using mobile/ laptop/desktop/tab. The time-table and details are available at *https://icmai.in/upload/cat/CAT-Exam-Notification-TFH.pdf*

Announcement of merging of June, 2020 Intermediate and Final Examinations with December, 2020.

The Institute has decided to merge the rescheduled Intermediate and Final Examination of June, 2020 session to be held from 1st – 10th September, 2020 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. Examinations' time table will be released separately on Institute's website. For detailed notification visit: *https://icmai.in/upload/Institute/Updates/inter_final_notification_04082020.pdf*. It will be our endeavour to provide the facility of Online home based examination and Online centre based examination at the option of the candidate for Intermediate and final examinations.

CMA Course – Going Global - World Class Employability & Techno-Skill Development Training

I feel elated to announce that the Institute is now going Global by introducing "World Class Employability & Techno-Skill Development Training Programme" in its rich CMA Curriculum for the Intermediate Students mandatorily from August 2020 Batch onwards.

As a long-term vision of the Institute and professional social responsibility towards the society, being an organization under the administrative control of the Ministry of Corporate Affairs, the Institute needs to ensure that the students pursuing the CMA Course should possess and acquire robust employability skills to cope with the global challenges and become a future-ready professional.

Hence, the Institute has launched a bouquet of online World Class Employability and Techno-Skill Training facilities in the form of 'SAP Certification', 'Microsoft Certification', 'Cambridge University Certification' and 'E-filing' for its Intermediate Students from August 2020 Batch onwards. I believe with this revolutionary step coupled with the introduction of the 'Online Examination' facility for the students, the Institute is now really going Global. I urge members to motivate prospective students to join 'CMA Course' in large numbers to avail these World Class training facilities and become an enabler for 'Self-Reliant India'.

Association with BFSI Sector Skill Council of India

I am delighted to give you a slice of good news that regular follow up by CAT Directorate with BFSI Sector Skill Council of India for alignment of CAT Curriculum of the Institute under National Skills Qualifications Framework (NSQF) has paid rich dividends. The BFSI Sector Skill Council of India in the 25th meeting of the National Skill Qualification council has approved that the CAT course of the Institute aligns with their Qualification Pack BSC/ Q8101 - Accounts Executive. The CAT Directorate is soon going to enter into an MOU with BFSI Sector Skill Council of India in this regard. I would like to heartily congratulate CMA H. Padmanabhan, Chairman-CAT for his astute leadership, which has helped bringing BFSI SSC on board. I would also like to thank CMA Rakesh Singh, Former President, CMA R K Jain, HOD (CAT) and other officials of CAT Directorate who virtually met the National Skills Qualifications Committee to pursue the matter. I hope the ensuing association with BFSI SSC would provide further impetus to the CAT course throughout India and be able to be in line with the skill India mission of the Government of India.

Banking Courses Launching ceremony on 1st, 8th and 16th August, 2020

The Banking, Financial Services and Insurance Committee have successfully launched three Certificate courses on Concurrent Audit of Banks, Treasury and International Banking and Credit Management of Banks in the month of August, 2020. We are indeed pleased to state that 211 participants in total have enrolled for the 1st batch of the courses.

The certificate course on Concurrent Audit of Banks was ceremoniously launched on 1st August, 2020. Smt. Rajni Saraf Mahajan, President & CFO of J&K Bank was the Chief Guest for the inaugural programme. In total 76 participants are attending the session.

The certificate course on Treasury and International Banking was also launched on 8th August, 2020. Shri Bhaskar Sen, Former CMD of United Bank of India was the Chief Guest and was also graced by Shri S.V. Sastry, Deputy Managing Director, Global Market, State Bank of India who delivered the Keynote Address. The course is being attended by 59 participants.

The certificate course on Credit Management of Banks was launched on 16th August, 2020 and CMA Jaimin Bhatt, President and Global CFO was the Chief Guest for the session. It was also graced by the Guest of Honour, CMA M.K. Bhattacharya, Executive Director, Indian Bank. In total 76 participants are attending the 1st batch of the course.

I congratulate CMA Chittaranjan Chattopadhyay, Chairman Banking, Financial Services & Insurance Committee for excellent initiative, extremely fast execution, that too inaugurated by the leading personalities of the Banking Sector. I am sure the members and stakeholders at large will be immensely benefited from these courses.

Inviting Nominations for Awards 2019

At the outset I would like to thank the esteemed organizations and CMAs in employment for their response and submission of the nomination for the 17th National Awards for Excellence in Cost Management - 2019 and 6th CMA Awards 2019 respectively. In view of the requests from the organizations and members for further extension of date for submitting nominations as their in-house processes are delayed and are unable to meet the timeline due to the current scenario of COVID-19, the Institute has decided to further extend the last date of submission of nomination to 4th September, 2020.

We are eagerly looking forward to your active participation in the 17th National Awards for Excellence in Cost Management 2019 and '6th CMA Awards 2019'**.** For details visit the website of the Institute *https://icmai.in/icmai/news/National-Awards.php* and *https://icmai.in/icmai/news/CMA-Award.php*

Live Interactive Session with Shri Sushil Kumar Modi, Hon'ble Dy CM of Bihar

I am happy to inform that the Institute organised a WEBINT on the theme "Three Years of GST in India: Past, Present and Expectations" on 16th August 2020. The event was graced by Shri Sushil Kumar Modi, Hon'ble Deputy Chief Minister of Bihar as its Chief Guest. I along with CMA Biswarup Basu, Vice President addressed the participants and shared the initiatives and activities of the Institute on GST. CMA Vijender Sharma, Chairman, Professional Development & CPD Committee and Members' Facilities Committee, CMA Chittaranjan Chattopadhyay, Chairman, Banking, Financial Services & Insurance Committee also shared their thoughts on the topic during the session. CMA Robin Singh, Manager, Indirect taxes, Deloitte ME and CMA Bhogavalli Mallikarjuna Gupta, Chief Taxologist - Logo Infosoft were the key speakers who deliberated in detail on the topic and I am sure that the participants were immensely benefited.

SAFA Board Meeting

I am pleased to inform that I attended 63rd Meeting of the SAFA Board held via video conferencing on 8th August, 2020. The meeting was attended the heads of all SAFA member bodies. The initiatives of SAFA Webinars/E-Conferences and e-meetings of various SAFA Committees were shared.

ICMAB International Webinar

I was invited by the Institute of Cost and Management Accountants of Bangladesh (ICMAB) to present a technical paper in its International webinar on the theme "CMA's Role in Ensuring Compliance in Financial Reporting" on 24th July 2020. I presented the technical paper on "Practicing Opportunities of CMAs as well as Cost Audit". Prof. Shibli Rubayat Ul Islam, Chairman, Bangladesh Securities and Exchange Commission (BSEC) was the Chief Guest. Leaders and representatives from various organisations from SAFA and other PAOs around the region were present.

Meeting of Cost & Management Accounting Standards Board, Sri Lanka

I am pleased to inform that I attended the meeting of Cost & Management Accounting Standards Board, Sri Lanka via video conference on 15th July, 2020. The agenda of the meeting included to discuss how to take forward the Cost & Management Accounting Standards Board of Sri Lanka and to prepare a work plan to achieve its objectives.

Webinar by Indian Chamber of Commerce

I was invited to address at the Webinar organised by the Indian Chamber of Commerce (ICC) on "Lending & Credit Risk" powered by TransUnion CIBIL on 30th July 2020. Senior Bankers, Mr. Rajesh Kumar, MD and CEO, TransUnion CIBIL, Mr. Pallav Mohapatra, Managing Director and CEO, Central Bank of India, Mr. Rajiv Sabharwal, Managing Director and CEO, Tata Capital and Mr. Atanu Sen, Chairman, ICC National Expert Committee on BFSI, Ex-Deputy MD, State Bank of India & Ex- MD SBI Life Insurance Co Ltd. discussed the way at which we can minimize the risk and increase the lending round the country.

Webinar on Internal Auditing Global Perspective

It was my privilege to deliver the key note address at the PD & Capacity Building programme organised by the Manonmaniam Sundaranar University in association with Internal Auditing and Assurance Standards Board (IAASB) of the Institute on "Internal Audit - Global Perspective" on 1st August 2020. Dr. B. Revathy, Professor, MS University was the Chief Guest. I congratulate Dr. K. Pitchumani, Vice-Chancellor, MS University and CMA P Raju Iyer, Chairman, Internal Auditing and Assurance Standards Board (IAASB) for taking the initiative to organise this joint programme.

CII Interactive session on Critical Aspects of Cost Accounting

I am pleased to share that I was invited as Key Note Speaker by Confederation of India Industry (CII) on 18th July, 2020 to address on Critical aspects of Cost Accounting. The deliberations included Cost Accounting Standards followed in India, Auditing & Assurance Standards, Treatment of various items of cost incurred during lockdown, Board Reporting framework, role & importance of Cost Accounting Post Covid and Auditing process amidst lockdown & social distancing. I am thankful to CII for organizing the event which is the need of the hour for the benefit of industry participants.

ASSOCHAM Interactive session on Indian Valuation System "Post Covid-19 & Draft Valuation Bill"

I am pleased to share that I was invited by ASSOCHAM to address on Draft Valuation Bill in an event organized on 29th July, 2020 on Indian Valuation System "Post Covid-19 & Draft Valuation Bill". It was pleasure to interact on the topic amongst Shri Pawan K. Kumar, Executive Director, IBBI and other industry participants.

Task Force Meetings of Assam Public Sector undertakings

I had the opportunity to attend various Task Force meetings of Assam Public Sector Undertakings during the last few weeks alongwith CMA Biswarup Basu, Vice President and CMA Chittaranjan Chattopadhyay, Council Member and Chairman, Banking, Financial Services & Insurance Committee of the Institute. The Task Force have been formed to improve performance of Assam PSEs under the direct supervision of Principal Secretary to Govt. of Assam. The efforts of the Institute have been well applauded by the Govt. of Assam.

EIRC Webinar on Forensic Audit – Handling the Challenges

I was invited to address at the webinar on Forensic Audit – Handling the Challenges by the Eastern India Regional Council on 18th July, 2020. The deliberations by the Key Note Speaker CMA Aloke Kumar Bardhan, Assistant Director, Serious Fraud Investigation Office, MCA were extremely practical for the conduct of Forensic Audit, the way to handle the same and the challenges in respect thereof. I compliment the efforts of CMA Pallab Bhattacharya, Chairman EIRC, CMA Arundhati Basu, Chairperson, Members in Industry Committee EIRC and team EIRC for excellent organization of the webinar. CMA Chittaranjan Chattopadhyay, Chairman, Banking, Financial Services & Insurance Committee also shared his thoughts on the topic during the session.

Inauguration of Coaching Classes

I had the privilege to inaugurate academic year 2020-21 of the ICMS, Authorised CMA support centre and Recognised Oral Coaching Centre on 19th July, 2020 through online mode. I had the opportunity to address the students on the strategies for success in life and academics. CMA H. Padmanabhan, Chairman, Regional Council and Chapters Coordination Committee, CAT and AAT Board, CMA Jyoti Satish, Chairperson, SIRC and CMA Sankar P. Panicker, Vice Chairperson, SIRC also advised and motivated the students.

I had the privilege to inaugurate Online Coaching classes of Trivendrum Chapter on 25th July, 2020. I had the opportunity to address the students on the strategies for success in life and academics. CMA Biswarup Basu, Vice President & Chairman Training & Education Facilities and Placement Committee, CMA H. Padmanabhan, Chairman, Regional Council and Chapters Coordination Committee, CAT and AAT Board, CMA Jyoti Satish, Chairperson, SIRC and CMA Sankar P. Panicker, Vice Chairperson, SIRC also advised and motivated the students.

I had the privilege to inaugurate Online Coaching Classes of Southern India Regional Council on 14th August, 2020. I had the opportunity to address the students on the strategies for success in life and academics. CMA H. Padmanabhan, Chairman, Regional Council and Chapters Coordination Committee, CAT and AAT Board, CMA Jyoti Satish, Chairperson, SIRC and CMA Sankar P. Panicker, Vice Chairperson, SIRC also advised and motivated the students.

Virtual Chapter Meet of WIRC

I was invited to address at the first virtual Chapter meet organized by WIRC on 18th July, 2020. I compliment the efforts of CMA Neeraj D. Joshi, Chairman, WIRC & Chairman, CASB and CMA H. Padmanabhan, Chairman, Regional Council and Chapters Coordination Committee, CAT and AAT Board in organizing the first of its kind meet to ensure better co-ordination of the activities of Institute Headquarters, Regional Council and Chapters. The meet deliberated on the issues being faced, suggestions for improvement and remedial measures for the smooth working. The meet was graced by CMA Biswarup Basu, Vice President of the Institute and Council members from WIRC, Regional Council Members of WIRC and representatives of various Chapters.

Webinar by Bengaluru Chapter

I am pleased to share that I along with CMA Biswarup Basu, Vice President inaugurated the Professional Development Webinar organised by the Bengaluru Chapter on the topic "Professional Accountant – Corporate Governance and Bhagavad Gita" and "Business Process Improvement" on 12th August 2020. CMA (Dr.) PVS Jagan Mohan Rao, Advisor and Immediate Past President of South Asian Federation of Accountants (SAFA) and Mr. B. Rajesh, Chief Consultant, SGC Services were the resource person. I congratulate CMA Manjula B.S., Chairperson, Bangaluru Chapter and her team for organizing this webinar of such important topics.

Inauguration ceremony of Meerut & Saharanpur Chapter

I am delighted to share that the Institute organised the Inauguration ceremony of the Meerut & Saharanpur Chapter on 14th August 2020 through WEBINT. My thanks to CMA Vijender Sharma, Chairman, Professional Development & CPD Committee and Members' Facilities Committee and CMA H. Padmanabhan, Chairman, Regional Council and Chapters Coordination Committee, CAT and AAT Board for motivating the members and students of the Meerut & Saharanpur Chapter by their presence and thoughts. I congratulate the members and students of both the Chapters on this occasion.

Co-Branded Credit Card for the Members

I am pleased to inform that the Institute has signed a MOU with BOB Financial Solutions Limited (BFSL) on 14th August 2020. The MOU offers Co-branded Credit Card for the members of the Institute at special Terms & Conditions. The online link/web form for the purpose of enabling members of the Institute to apply for the card will be launched very soon.

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

DIRECTORATE OF STUDIES

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

- An exclusive 'Online Mock Test Platform' with a sufficient number of exercises as per the CMA Curriculum has been developed to facilitate CMA Students for practicing various MCQ problems on a real-time basis in view of forthcoming online examinations. Students can view their score, correct answers, timing, and dummy result sheet after the test is over. Presently, this facility has been extended to the Foundation Students and will be extended to Intermediate and Final level Students very soon.
- A special e-learning drive has been launched for the Foundation Students in view of forthcoming Online Examinations scheduled to be held in the month of September 2020. All faculty members will train the students with MCQ based teaching pedagogy on all the subjects to make themselves aware, groom and cope with the online examination pattern.
- Besides, subject-wise Online Classes have been conducted for the CMA Intermediate and Final level Students on regular basis to make themselves well-prepared before the forthcoming examinations.
- Regions and Chapters are also encouraged to conduct online classes for the benefit of the students.

Mega E-Career Awareness Programme: Mega e-Career Awareness Programme on "Commerce Education & Beyond" [4th Edition] has been successfully organized jointly with EIRC of the Institute and in association with Department of Commerce, University of Calcutta where the Corporate Partner was Reliance Industries Ltd. and the Knowledge Partner was SAP.

I had the pleasure to share e-dais of the inaugural session with the Chief Guest of the event CMA Rajneesh Jain, President & CFO, Reliance Jio, Guest of Honour, Prof. Asis Kr. Chattopadhyay, Pro Vice-Chancellor for Academic Affairs, Prof. Debasis Das, Registrar, Prof. S.S. Saha, Dean (Acting), Prof. Ashish Kr. Sana, HOD, Department of Commerce, University of Calcutta along with my Council Colleagues, CMA Biswarup Basu, Vice President, CMA Chittaranjan Chattapadhyay, CMA H. Padmanabhan and Chairman of EIRC CMA Pallab Bhattacharya. There were two eminent speakers in the technical session - Mr. Gchandra Mouleeswaran, Head – Solution Architect, Training & Enablement SAP, India, and CFA Vikash Goyal, Director – Omnifin Solutions. A large number of students, faculties, and members had participated in this auspicious event.

DIRECTORATE OF CAT

- **WEBINT**

My council colleague CMA H. Padmanabhan, Chairman-CAT continues his streak with spearheading the Institute's endeavours to be engaged with the Members and Students of the Institute, during these trying times with hosting the WEBINT series of webinars since April, 2020. The WEBINT has been appreciated by the various stakeholders of the Institute.

- **Association with BFSI Sector Skill Council of India**

I would like to place on records the overall efforts by the CAT Directorate officials towards ensuring association with BFSI Sector Skill Council of India and providing excellent students' service. They are working tirelessly in providing assistance to students in matters pertaining to the CAT course viz. registration, study material, examination, certificate, Level-2 tests etc. inspite of truncated working conditions enforced by Covid-19 pandemic.

BOARD OF ADVANCED STUDIES

I am pleased to share that the Board of Advanced Studies has announced its 2nd Batch of "SAP Finance Power User Course with SAP Learning Hub". This 2nd SAP Batch will commence from October 2020 and 500 participants will get the golden opportunity to pursue this valuable course to sharpen their professional career.

The online live classes for 1st & 2nd Batches of "Certificate Course in Data Analytics for Finance Professionals", "Executive Diploma in Business Valuation", "Certificate Course in Arbitration" and revisionary class for 1st Batch of SAP are being conducted to facilitate and train the participants with the intricacies of the subject matter.

The Board of Advanced Studies will be launching an apt Certificate Course on "Advanced Business Excel for Finance Professionals" from October 2020 to enlighten our members and students with various application areas of 'Excel' to excel in their career path in the right direction.

I congratulate CMA Debasish Mitra, Chairman, Board of Advanced Studies and his team members to take these high-tech initiatives for the development of the profession as a whole.

PROFESSIONAL DEVELOPMENT & CPD COMMITTEE

I would like to inform you that the Institute submitted Comments/Suggestions on "Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2020".

I am glad to inform you that on the Institute's representation, Rajasthan Housing Board included Cost Accountants Firm for empanelment as RERA Consultant. In addition, the PD Directorate sent representations to various organizations for inclusion of cost accountants for providing professional services and same have been agreed by many organisations.

During the month of July 2020, various tenders / EOI / requirements of professional work for cost accountants were hosted at PD portal which included Airports Authority of India, Uttar Pradesh Power Corporation Limited (UPPCL), HMT Machine Tools Limited, Central Cottage Industries Corporation of India Ltd. (CCIC), Himachal Pradesh General Industries Corporation (HPGIC) Limited, Haryana Forest Development Corporation, Rajasthan Housing Board, Bureau of Indian Standards (BIS) Vishakhapatnam, KIOCL Ltd., Indian Institute of Petroleum Dehradun, Southern Railway, Madhya Pradesh Poorv Kshetra Vidyut Vitaran Company Limited (MPPKVVCL), South Eastern Coalfields Limited (SECL), Bharat Coking Coal Limited (BCCL), Mahanadi Coalfields Limited (MCL), Meghalaya Energy Corporation Limited (MeECL), NHPC Limited, Steel Authority of India Limited (SAIL), Himachal Pradesh Power Corporation Limited, etc.

During the month Professional Development and CPD Committee organised two webinars on "Directors & Meetings under the Companies Act, 2013 and Covid Impact" and the other on "Private Equity an Alternative Financing Strategy".

During the month around one hundred webinars were organised by the different Committees, Regional Councils and Chapters of the Institute on the topics of professional relevance and importance. We are sure our members are immensely benefited.

BANKING, FINANCIAL SERVICES AND INSURANCE COMMITTEE

We are happy to state that the Council has approved the long standing demand of creating a separate Banking, Financial Services and Insurance (BFSI) Department which is now headed by a Joint Director. For any assistance, support, query or suggestion related to BFSI, you may pleases send mail to bfsi.hod@icmai.in. The Committee has been renamed as "Banking, Financial Services and Insurance Committee" to maintain parity with the department. The BFSI Committee conducted 7 webinars and 2 WEBINTs in the month of July, 2020. With great satisfaction and joy I want to highlight that the BFSI Committee has launched the 2nd Quarterly issue of BFSI Chronicle on 24th July 2020. The BFSI Committee conducted a WEBINT on the topic of ' Risk Mitigation and fraud prevention by Forensic Techniques in Post COVID-19' on 24th July 2020. The WEBINT was graced by CMA Yogesh Gupta, IPS, Special Director of Enforcement Directorate (Eastern Region) as Chief Guest and Shri Ajay Vyas, Executive Director of UCO Bank as Guest of Honour. The Moderator for the session was Dr. Rishabh. C. Lodha, Chairman of ICMAI RVO. The eminent speakers for the panel discussion were CMA Aloke Kumar Bardhan, Assistant Director (Banking), SFIO, Kolkata, MCA, CMA Neeraj Arora, Advocate, CMA Nayana Savala, Practising Cost Accountant and CMA Vijender Sharma, Chairman Professional Development and CPD Committee, Members' Facilities Committee and Council Member. The WEBINT was attended by members, students and guests from financial institutions and banks.

TECHNICAL DEPARTMENT

• Cost Accounting Standards Board (CASB)

I congratulate CMA Neeraj D. Joshi, Chairman, CASB, for successfully organising a series of WEBINTS on Practical Aspects of Cost Accounting Standards in association with the WIRC of the Institute during 19th to 25th July 2020. The series was immensely successful in generating interest amongst the members. I appreciate the eminent cost accountants for taking sessions during the series and sharing their practical experiences with the attendees. The sessions were efficiently hosted by CMA Viayak Kulkarni, Chairman, PD Committee of the WIRC.

The objective of organising such sessions is the capacity building of the members on technical matters. To take up the questions raised by the members and attendees the board also organised a Special Question and Answer session on 27th July 2020 which was attended by all the speakers and many of the questions received were resolved in the session. The links of all the sessions are available on the YouTube account of the Institute and all the presentations presented by the speakers during the series have been uploaded on the CASB portal of the website. Hence those members who could not attend the sessions can refer to the YouTube account of the Institute.

• Cost Auditing and Assurance Standards Board (CAASB)

Release of General FAQs: I congratulate CMA (Dr.) Ashish P. Thatte, Chairman, CAASB, for releasing the General FAQs on Standards on Cost Auditing. It is understood that another trench of the SCA wise FAQs will be released shortly. The FAQs have been long awaited and it is expected that FAQs will be well received by the members. The FAQs are available on the CAASB portal of the website.

Series of WEBINTS on SCAs: I am pleased to share that the CAASB in association with the WIRC of the Institute has organised a series of WEBINTS on Practical Aspects of Standards of Cost Auditing 101 to 104. The series started with its first session on 5th August 2020 on SCA 101. The other sessions were on 7th, 9th and 11th August 2020. The sessions were taken up by CMA J.K. Budhiraja, Advisor, ICWAI MARF and the Chairman, CAASB himself.

• Technical Cell

I congratulate CMA (Dr.) Dhananjay V Joshi, Chairman, Technical Cell, for releasing the updated responses to the queries received by the Technical Cell of the Institute, on the Technical Cell portal of the website. There are in all 103 queries that have been responded to by the Technical Cell and all such responses are made available on the website. Members may go through the same and get their knowledge updated with the responses and at the same time they are also encouraged to send their own queries to the Technical Cell on technicalcell@icmai.in for its opinion.

TAX RESEARCH DEPARTMENT

The Tax Research Department has conducted webinars during the month on the topics like: - ITC Impact under Covid-19 Scenario on 4th July, Recovery Proceedings and stay of Demand on 10th July, 2020, Latest Advance Ruling and its implications on 17th July and Refund (Online) & Latest notifications & circulars in IDT on the 23rd of July. The 68th and 69th Tax Bulletin has been released. Even admissions for all the Taxation Courses – Certificate Course on GST, Advanced Certificate Course on GST, Certificate Course on Filing of Returns and Certificate Course on TDS have been made live due to the repeated requests of the leaners and knowledge seekers. The classes are also on going for the current batches of the Taxation Courses. The department has also submitted a representation to Chairman, CBIC bringing to his notice the instances where notifications are being published after a long gap from the date of decision taken in GST Council Meeting and even the cases where Notification is being issued after the date on which that notification is being effective.

The Department has also submitted a detailed report on Observance of 'GST Day – Celebration week' to the Hon'ble Prime Minister, Hon'ble Union Minister of Finance & Corporate Affairs, Hon'ble Union Minister of State for Finance & Corporate Affairs and various senior Government officials including CEO-Niti Ayog, Chairman-CBIC, Finance Secretary, CEO-GSTN and Secretary, MCA.

MEMBERS IN INDUSTRY COMMITTEE

I am happy to share that the Members in Industry Committee had organized the WEBINT program that was presented by CMA Dr. PVS Jagan Mohan Rao, Immediate Past President and Advisor of SAFA. He addressed on very important topics: Stress Management - Glimpses from Ancient Scriptures, Introduction to the Indian Constitution, and Select Highlights on the Insolvency and Bankruptcy Code. In view of the present pandemic situation in the country, the topics have been very apt and relevant for the participants. The attending participants have expressed their eagerness and happiness to be part of this program. The endeavor of the Committee in regularly publishing the very informative e-bulletin, "CMA's Industry Bulletin" is also appreciable and I therefore congratulate CMA Biswarup Basu, Vice President and Chairman of the Committee 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 two webinars during July 2020 on the topics "Cost Competitiveness of the Indian Companies facing Global Competition" on 13th July 2020, and "Who is a world-class company? - A financial, strategic and operational perspective" on 28th July 2020. Both the webinars were undertaken by CMA (Dr.) Girish Jakhotiya and were well appreciated by the members.

REGIONAL COUNCIL AND CHAPTERS COORDINATION COMMITTEE

With online programmes and classes becoming the norm of the day during these pandemic times, the Committee for its eighth successive month continued to hold series of WEBINTs and webinars on relevant and contemporary topics under the able guidance and dynamic leadership of the Chairman of the Committee CMA H Padmanabhan as summarized below.

- **Webinar (students)**

Continuing with the initiatives by the Committee in holding e-learning webinars for students 3 webinars on GAAP in India and Overview of Accounting Standards, International Financial Reporting Standards and Applicability of IND AS were organized through eminent faculty CMA Dr Gopal Krishna Raju during the month of July 2020.

- **Webinar (members)**

The committee held 4 webinars for members covering relevant topics like Impairment of Assets, Intangible Assets, Ind AS 113 - Fair Value Measurement, Ind AS 103 - Business Combinations and Ind AS 109 - Financial Instruments. The webinars were presented by CMA Dr. Gopal Krisha Raju, eminent resource person of the Institute.

- **WEBINT**

I place on record my appreciation for CMA H Padmanabhan, Chairman of the Committee, CAT and AAT Board for pioneering the WEBINT (interactive webinar) platform of the Institute for the larger benefit of knowledge up-gradation of all stakeholders. Hosted by CMA H Padmanabhan, the committee continued with its presentation of a varied range of WEBINTs, namely –

» Education, Post Covid-19 The Road Map Ahead where Prof. Nageshwar Rao, Vice Chancellor of Indira Gandhi National Open University, New Delhi graced the occasion by his highly insightful address and interaction with participants.

» Research and Business Analytics for CMAs (in association with SIRC, AAT Board and CAT) presented by CMA Dr. A Mayil Murugan, HOD The Madhura College and Former Chairman SIRC.

» Advisories in wake of COVID-19 (in association with AAT Board and CAT) covering Audit and other technical issues of CASB and CAASB was presented by CMA Neeraj D. Joshi, Council Member and Chairman CASB ICAI.

» Overview of Power Sector Finance and its Implications (in association with Journal, AAT Board and CAT) presented by CMA graced by CMA Dr K Muthupandian, Director Finance APTRANSco Ltd.

» CORONA/COVID-19 What is expected to be done (in association with Journal and Publications, AAT Board and CAT) presented by Dr Vishwaksen Middela.

» Digital Transformation in Fintech using AI (in association with Journal) presented by Sri. Surendra Tipparaju, Director Microsoft India.

» The 7th Series of WEBINT on "Practical Aspects for PCAs and MII working in Costing Department" was organized with the participation of CMA D C Bajaj, CMA Chandra Wadhwa, Former Presidents of our Institute and CMA B B Goyal, Former Addl Chief Advisor Cost, GoI.

- **New Chapter**

I am happy to inform that the Council of the Institute has approved the setting up of a Chapter at Sonipat in the state of Haryana, which has been notified on 15th August, 2020.

- **New CMA Extension Center**

I am happy to share that the Council of the Institute has approved an Extensions Centre of Cuttack Jagatsinghpur Kendrapara Chapter of Cost Accountants at Salipur College.

MEMBERSHIP DEPARTMENT

The month of July 2020 witnessed grant of 173 new Associate memberships and up-gradation of 63 Associate members to Fellowship. I welcome and congratulate all the members.

Under the guidance and dynamic leadership of CMA Vijender Sharma, Chairman of the Members Facilities Committee, the membership department has granted membership on weekly basis during July 2020 and I am sure they will continue to do so along with many other improvements in service to members and stakeholders.

Keeping the hardships during the pandemic situation in mind, practicing members who may not have renewed their CoP within 30th June 2020 for any reason whatsoever will be happy to note that they will now be able to apply for CoP renewal for FY 2020-21 (preferably by online mode) till 30th September 2020. Such CoP renewal application and membership due payments may kindly be made through online mode by login at *https://eicmai.in/MMS/Login.aspx?mode=EU*

ICMAI REGISTERED VALUERS ORGANISATION (RVO)

I am pleased to share that ICMAI RVO has taken the following initiatives during the month of July-August 2020:

- Regular conduct of Online 50 hours mandatory educational courses on Valuation as per the directives of IBBI:
  - » 2nd Online Batch for Land & Building and Plant & Machinery
  - » 7th Online Batch for Securities or Financial Assets
  - » 75 participants have attended in these programs
- It has announced Saturday Webinar series on "Valuation" which commenced from 15th August 2020.
- It has also announced an online COP Program to be held on 22nd 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 organised the following online courses/webinars during the month for its members:

- Master Class on IBC - 6th July 2020 - 9th July 2020
- Preparatory Educational Course- 10th July 2020-12th July 2020
- Master Class on Valuation - 20th July 2020 - 24th July 2020

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

Stay safe and healthy!

With warm regards,

CMA Balwinder Singh
August 16, 2020

Launch of "Transparent Taxation - Honoring the Honest" by Shri Narendra Modi, Hon'ble Prime Minister of India on 13th August 2020. CMA Balwinder Singh, President of the Institute had an opportunity to represent the Institute in the Transparent Taxation Platform launch event. The entire launch event is available at *https://pmindiawebcast.nic.in/2020/13aug20.html*

Flag Hoisting Ceremony at the Headquarters of the Institute, Kolkata by CMA Biswarup Basu, Vice President, CMA Kaushik Banerjee, Secretary along with the Officials of the Institute to celebrate the 74th Independence Day of the nation

ICAI SIRC Flag Hoisting on 74th Independence Day of INDIA: CMA H Padmanabhan Council Member, CMA Jyothi Satish, Chairperson SIRC, CMA Rajesh Sai Iyer, RCM SIRC and team at Chennai

EASE OF DOING BUSINESS RANK: A DIRECTION TO REACH INDIA'S 5 TRILLION ECONOMY TARGET

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Abstract

Ease of doing business rank indicates the way in which the government of particular economy managing business friendly environment by creating the policies and rules which supports productive activities and generates more revenue. Further it provides the feedback to improve the business environment to attract business community both from domestic and global context. The present paper analyses the importance of Ease of Doing Business Rank on reaching India's 5 trillion economy target by 2024.

INTRODUCTION

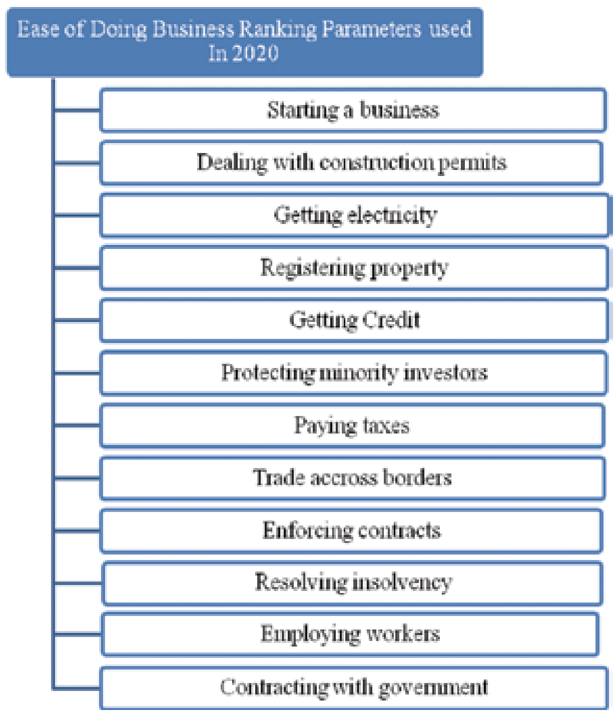
Economic target of the country can be reached only when there are clear cut principles, policies and structured framework. Business houses which are operating in a particular economy are principal agents in contributing to the country's GDP. Business houses can easily undertake their operations in a smoother manner only when they are operating in an economy where there are business friendly regulations exists. Business friendly regulations are those regulations which help from the point of starting a business to the point of its wind up. Business friendly environment helps both business organization and economy as well. More the business friendly regulation leads to more productivity, more productivity of business leads to increasing the wealth of the economy. Indian government regularly trying to promote business friendly environment by inducing various policies, rules, projects etc., moreover it is recognizing as one of the fastest growing economy. Even after inducing various business friendly policies such as Make in India policy, Foreign Direct Investment Policy, Taxation Policy etc., Indian business environment still were facing some hurdles in creating Ease of Doing Business Environment. To reach the 5 trillion economy target by 2024 all the corner points of the economy should be strengthen from village to international scenario. To do this the country need more and more productive activities to be undertaken so as to eliminate the poverty, unemployment and increase the gross national income from all sectors of economy such as agriculture, production and service sector. Identifying and analyzing the weaker areas which are not supporting for establishing business friendly environment is very difficult. One tool to identify weaker areas and improve the same to establish business friendly environment is Ease of Doing Business Rank (EDBR) given by Doing Business Project of World Bank Group. The present paper involves in conceptually examining the importance of Ease of Doing Business Score and its role in reaching India's 5 trillion economy target.

CONCEPT OF EASE OF DOING BUSINESS RANKING

Ease of Doing Business concept was developed on the fundamental principle of benefiting economic activities from clear policies and rules; clear policies and rules enable the business organizations to exchange their economic values among various economic actors, establishing clear property rights; supporting for smoother settlement of business and commercial disputes. These type of policies and rules helps in the growth and development of economy. Doing business is depending upon the rule which creates an environment where new business people can enter with new innovative ideas and intellectual capacities and start their operations and to which economic actors (firms) can invest their surplus funds, expand and should create employment through new jobs. By keeping the above aspects in mind in 2002, two leading economists 'Siemeon and Djankov' who were working at central and eastern Europe sector of world bank group (WBG) developed the Ease of Doing Business Index (EDBI). In 2003 WBG launched Doing Business Project by publishing the results of empirical study on ease of doing business on 133 economies of the globe with 5 doing business indicators.

At present Doing Business Project of WBG measures and analyzes the business regulations impacting on small domestic firms which are located in the largest business cities of 190 economies. From 2003, every year WBG undertakes Doing Business Project which is an empirical study conducted to score Ease of Doing Business Rank (EDBR) among selected economies with pre-established parameters. At present there are 12 parameters on which EBDR is assigned. To support doing business project more than 48,000 professionals are working in 190 economies to gather data on doing business parameters. The main goal of conducting doing business project every year by WBG is to encourage governments to impose regulations which are more efficient, transparent and easy to implement so as to support the business organizations to reach economic target of both business organization and the economy at large. The parameters considered for calculating Ease of Doing Business Score are totally based on various factors of regulatory environment impacting on domestic firms. The parameters are selected by giving importance for rules and regulations which are mostly affecting economic outcomes such as trade volume of business, volume of foreign direct investment attracted, stock market capitalization and private credit as the percentage of GDP of particular economy. The EDBR helps the economies in reaching their economic targets by formulating business friendly regulations. Business friendly regulations are most essential in addressing social and economic problems of the country. If the country is not framing business friendly regulations, then which creates more regulatory burden to people who are intended to undertake their ventures and it leads to economic delay.

Chart No. 01: Parameters Considered by WBG for Calculating Ease of Doing Business Score



Source: www.doingbusiness.org

The parameters stated in the above chart are the base for assigning the EDBR to countries by Doing Business Project of WBG. The first parameter is starting a business which emphasizes on various procedures involved in starting a business, time duration taken to commence the firm and cost to raise the minimum capital. The second parameter dealing with construction permits emphasizes on analyzing the entire procedures involved in construction and overall time and cost involved in completing formalities to build an infrastructure to commence a business. The third parameter is getting electricity focuses on overall time, cost and legal formalities involved in getting electricity facility by the business. The fourth parameter is registering property focuses on analyzing the time, cost and overall legal procedures involved in registering a property. The fifth indicator getting credit emphasizes on analyzing the movable collateral laws and credit information system prevailing in particular business environment. The sixth indicator is protecting minority investors emphasizes on evaluating disclosure aspects towards related party transactions and corporate governance approach used to protect the minority investors. The seventh dimension is paying taxes which emphasizes on overall taxation policy and mechanism prevailing in the particular business environment. The eighth parameter is trading across the borders focuses on analyzing the overall time and cost involved in exporting the product having more competitive advantage and also on the procedures involved in importing the required inputs. The ninth factor is enforcing contracts emphasizes on overall time and cost involved in settlement of commercial disputes and quality judicial system prevailing the particular environment. The tenth indicator is resolving insolvency which focuses on evaluating overall time and cost involved in recovering the debt and the strength legal framework of insolvency settlement. The eleventh dimension is employing workers which are not considered as the dimension for calculating EDBR in 2020 but it focuses on the overall flexibility of legal framework for employment. And the last parameter is Contracting with the government which is also not considered for 2020 but which focuses on analyzing the overall procedures involved in participating and winning the government bids on various projects by private firms.

The Ease of Doing Business Score matters a lot both at global as well as domestic level. The country having high ease of doing business score can easily attract the investors both from domestic as well as from foreign market. The people who are intended to establish the venture can establish their venture without economic delays and can speed up the economic cycle of the country by generating more revenue through undertaking proactive activities; generating more employment and also indirectly can help in eliminating poverty. This also helps the economy to have increased gross national income. Further, the country having high EDBR does not mean that the country with zero rules and regulations but it means the government of such country is managing by framing rules which are facilitating the private sector to contribute their economic share for the growth and development of the country without economic delay.

PROFILE OF INDIAN BUSINESS ENVIRONMENT

From 1991 onwards India's journey witnessed tremendous changes in regulatory initiatives by the government towards creating business friendly environment. Where in 1991 LPG model was initiated to liberalize, privatize and globalize Indian business environment to support the Indian business people reach global stakeholders. Apart from LPG model the current government also made various efforts to make Indian business environment more competitive to reach global community by undertaking various business friendly initiatives such as Make in India Campaign, Ease of Doing Business Initiatives, Smart Cities Initiatives, Skill India Initiatives, and Startup India and so on. Further, various legal amendments and new laws were framed to support the business community. The important business friendly legal framework initiated during the recent years is as under:

- » Amendments to Companies Act, 1956 by inducing New Companies Act, 2013.
- » Initiated new indirect tax regime by Introducing Goods and Services Tax under GST Act, 2017.
- » Initiated to have comprehensive insolvency resolution mechanism by framing Insolvency and Bankruptcy Code 2016.
- » Initiated a scheme to resolve easier settlement of commercial and business disputes under a separate legal framework i.e., Arbitration and Conciliation Act, 2019 and so on.

These new legal frameworks initiated in the country definitely reduce the overall regulatory compliance burden of the business organizations which are operating and intended to be operating in the country. These business friendly initiatives taken by the government made the Indian business environment more attractive to all business communities. These developments also recognized by World Bank Group of Doing Business Project and as per their study India is one of the noted country having tremendous improvement in Doing Business 2020. India is also in the list of countries which have implemented one fifth of all the business friendly reforms recorded worldwide. High doing business ranked countries tend to benefit more to business and entrepreneurial activities and lower the level of corruption. During recent years we may observe the tremendous improvement in ease of doing business ranking of India. In doing business 2020 report India ranked at 63rdplace among 190 nations.

Table:01 India's Ease of Doing Business Rank trend during last 10 years

Year	EDBR
2010	139
2011	132
2012	131
2013	134
2014	134
2015	131
2016	130
2017	100
2018	77
2019	**63**

Source: www.doingbusiness.org

By taking the look on trends of Ease of Doing Business Score on Indian economy over the period of time it evidently clears that India's business environment had improved dramatically and creating more confidence in the minds of business community. From 2016 to 2019 there were many numbers of businesses friendly initiatives taken by the government so we can see the EDBR is jumped from 130 to 63.

Table: 02 Dimensions wise rank

Sl. No.	Dimensions	Ease of Doing Business Rank 2019	Ease of Doing Business Rank 2020
01	Starting a business	137	136
02	Dealing with construction permits	52	27
03	Getting electricity	24	22
04	Registering property	166	154
05	Getting Credit	22	25
06	Protecting minority investors	7	13
07	Paying Taxes	121	115
08	Trading across borders	80	68
09	Enforcing contracts	163	163
10	Resolving Insolvency	108	52
11	**Overall Ease of Doing Rank**	**77**	**63**

Source: www.doingbusiness.org

From the analysis of dimension wise EDBR it clears that government of India made so many regulatory reforms to establish business friendly environment. But some dimensions of India's regulatory initiatives need to take to further improvement of business environment. To starting a business the average number of days required complete the procedures in 2019 was 16.5 days where as in 2020 is 18 days government needs to take care on this aspect. For dealing with construction permits the number of days required to complete the procedures in 2019 was 94.8 and in 2020 is 106 here also government should take care to faster the procedure. For getting electricity the number of days required in 2019 was 55 and in 2020 is 53. For registering property number of days required in 2019 was 69.1 and in 2020 is 58. For enforcing contracts number of days required in 2019 was 1,445 and in 2020 is 1,445. The number of years required to resolve the insolvency in India in 2019 was 4.3 and in 2020 is 1.6.

This score is an indicator which attracts various investor community both from domestic and foreign as well. This attraction fulfills financial needs of business ventures and supports to carry their operations successfully and thereby they can generate more revenue and which indirectly contributes to India's GDP so we can agree that EDBR becomes a direction for reaching India's 5 trillion economy. But still there are some areas which require to be addressed by the government so as make Indian business environment more competitive as compared with rest of the world. Government needs to focus on the areas of registering property and enforcing contracts. If the government focuses on these weaker areas then the country can expect to reach its 5 trillion economy target by 2024.

CONCLUDING REMARKS

Indian business environment is becoming more vibrant and competitive due to various business friendly initiatives taken by the government over the period of time. There are tremendous changes in the economic profile of the country. From last ten years India's doing business score jumped from 139 to 63 and it is also placed in the list of notable economies which have improved their doing business profile in an unimaginable manner. This development is favorable to both business organizations and economy at large. As the EDBR increases the confidence on the Indian economy will be built among various stakeholders and which attracts investments and promotes more productive activities and increases the gross national income of the country. If the government takes suitable initiatives to improve the business environment on the areas which are having low business score then it can easily reach its 5 trillion economy target by 2024. MA

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TECHNOLOGICAL ADVANCEMENTS IN RENEWABLE ENERGY SECTOR

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Abstract

Economic development can only be achieved through greater industrialization. But industrial development depends on availability of cheap power. Rising concerns about environmental impact of power generation and sustainability of natural resources has led to greater emphasis on developing renewable energy sources on a commercial scale. In this article we discuss some of the modern technologies such as artificial intelligence and blockchains that are helping the renewable energy sector to become economically viable.

Introduction

Making India a 5 trillion dollars economy from the existing 3 trillion dollars mark will require developing our industries at a much greater pace. The question is how to meet the energy requirement of this development while minimizing its environmental impact. We could either rely on fossil fuels to generate more power at the expense of the environment or we could develop renewable sources of power with little environmental impact. The answer is obviously renewable energy. Since, the power generation sector has always been heavily reliant on technology; it's not a surprise that advanced technologies are making a big impact on renewable-energy too.

Historical perspective

Traditionally the emphasis has been on developing non-renewable sources like coal, oil and gas to meet the growing energy demands of the economy. The major reason was low production cost and well established practices in the thermal power industry resulting in low grid prices. On the other hand, there was little motivation for public or private investment in R&D for renewables. This caused severe inefficiencies leading to high grid prices and low market uptake. This made the whole renewable energy sector economically unviable. That was the case till the turn of the millennium.

Current Trends

Among renewables, till 2000, the emphasis was on developing hydropower and to a small extent wind power. Solar energy was largely ignored till 2010 and major investments happened only in the last five years. This is reflected in table 1 that shows the installed capacity of the top three renewable sources in India.

Year	Hydro-power	Wind Power	Solar PV
2009	34762	10925	39
2010	35866	13184	65
2011	37631	16179	563
2012	38250	17300	979
2013	39388	18420	1446
2014	40621	22465	3444
2015	42317	25088	5365
2016	42838	28700	9651
2017	44751	32848	17923
2018	45296	35288	27127
2019	45440	37505	34831

Table 1: Installed capacity of the three major renewables energy sources for 2009-2019.

Source: International Renewable Energy Agency (www.irena.org)

The data in table 1 is graphically depicted in chart 1.

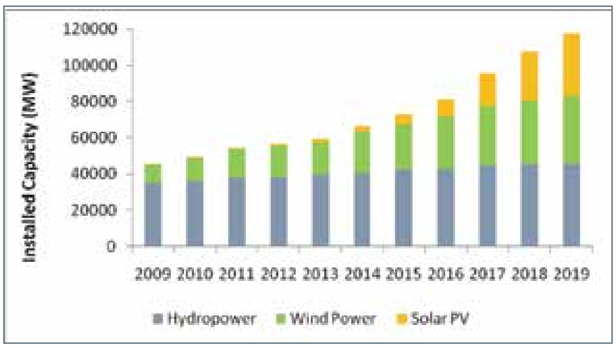

Chart 1: Trend of Installed capacity mentioned in table 1 for 2009-2019.

Source: International Renewable Energy Agency (www.irena.org)

With increased focus on sustainability wind and solar power are now recognized around the world as mainstream energy sources. India too has made some smart progress and as of 2019 was ranked fourth in terms of installed capacity of wind and solar power *(see chart 2)*.

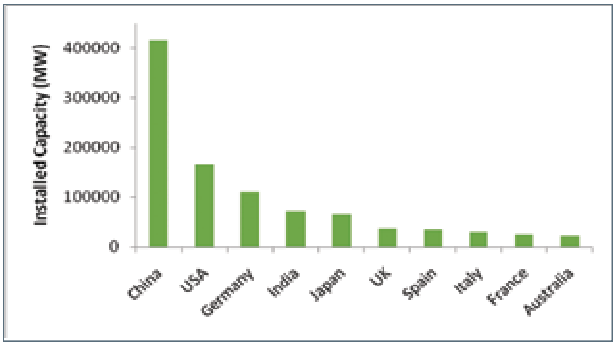

Chart 2: Top 10 countries by installed capacity of Wind and Solar power for 2019

Source: International Renewable Energy Agency (www.irena.org)

Advances over the last decade have lowered grid price of renewable power and made it competitive vis-à-vis thermal power. Between 2010 and 2020 tariff of solar power fell by a staggering 80% from Rs. 13/KWh to just around Rs. 2.7/KWh. That also makes it 20% cheaper than thermal power. There is a similar downtrend for wind power tariff which touched an all-time low of Rs. 2.4/KWh in 2019.

Encouraged by these trends, the Ministry of New and Renewable Energy (MNRE) has declared a long-term target of generating 30 GW of energy from offshore wind projects by utilizing the long coastline of the country, by 2030.

The biggest factor driving all these developments is the availability of advanced technologies that has made it profitable for large and small producers alike to implement renewable energy projects. Use of newer materials, innovative manufacturing processes and greater adoption of computer technologies are some of the examples of these advancements.

Advancement in materials technology

Solar power is generated using solar photovoltaic cells made of silicon which convert light energy of the sun into electricity. However, silicon is very inefficient at this conversion. Advanced materials such as perovskite when integrated with traditional silicon cells are effective over a wider range of light spectrum and have greater efficiencies. It is also very cost effective at large scales and can be used in a variety of innovative low cost manufacturing processes. Using perovskite has reduced prices of solar cells by 70% in the last five years alone and increased their efficiency from 3-4% to 28%.

Similarly in the wind power sector newer materials such as epoxy, polyesters, thermoplastics and carbon nanostructures have replaced earlier heavier materials such as metals, wood, carbon fibre and fibre glass. For manufacturing wind towers, on which the blades are mounted, newer grades of steel and reinforced concrete with higher durability are now used in place of earlier standard structural steel. These innovations have made the structures cheaper to produce, easier to handle and more resilient to damage reducing both capital and operating costs.

Innovative manufacturing processes

Use of innovative materials has the added benefit of being suitable for innovative production methods. Use of novel production methods has reduced designing, prototyping and manufacturing costs of equipment used in solar and wind farms. For example, perovskite solar cells have simpler production processes in that they can be sprayed or painted on different surfaces, made into thin film rolls, or printed using techniques such as inkjet printing and screen printing. These are low cost alternatives to multi step processing needed to manufacture traditional silicon based solar cells.

When it comes to wind power, additive manufacturing, commonly known as 3D printing, is being used to make turbine blades using newer materials such as epoxy and thermoplastics. 3D printing is also being used to manufacture spare parts required for maintenance. At the same time design modifications are improving energy-capture efficiency of wind turbines. Innovations such as twist-adaptive and omni-directional blades enable wind turbines to capture a larger volume of wind and operate at slower speeds resulting in more output per turbine. To do away with wear and tear and reduce maintenance costs new turbine technologies such as maglev turbines using magnetic levitation principles are being developed.

Automation and Robotic Manufacturing

Automation involves the use of software programs to automate repetitive production tasks. It goes hand-in-hand with robotic manufacturing whereby machines are programmed to execute multiple steps in the manufacturing process. These are especially suited for high-precision and heavy duty manufacturing required in the renewable energy sector. Robotic automation is used for manufacturing solar cells, silicon modules, silicon wafers, wind turbine blades, turbine towers and spare parts. The high precision and consistent quality required in these tasks can be rarely achieved by human workers. They are also cheaper than human labour operating cost wise.

Automation is also used for operations and maintenance in solar farms. Fully automated maintenance systems use integrated sensors to determine faults within systems and take pre-programmed remedial actions or alert the operator. Automated cleaning systems have smart sensors that can identify when systems like solar panels or wind turbine blades need to be cleaned. Cleaning processes are themselves fully automated obviating the need for manual intervention and additionally optimizing water requirement and reducing wastage. This ensures lesser downtime, lower breakdowns, almost nil labour cost and optimal material cost, all of which are crucial in the efficient running of solar/wind plants.

Blockchain technology and Renewables

Blockchain or Distributed Ledger Technology that is popularly known for cryptocurrencies such as Bitcoin is another technology that has numerous applications in the renewable energy sector. Global consulting major, Deloitte, in a report says that blockchains have the potential to promote transparency among stakeholders, automate processes, improve efficiency and reduce operational costs in the renewables industry. Ongoing research on blockchain indicates possible ways of addressing some of the most challenging issues currently faced by the renewable energy sector.

Blockchains enable distributed control over records and makes smart grids easily accessible for data sharing in real time. By creating a trust framework for record keeping and data sharing, blockchains help in keeping all contracts and transactions transparent between parties and helps in managing decentralised networks and power trading platforms. It also makes the system highly accountable and ensures ease in auditing and regulatory compliance. Moreover blockchains can also promote peer-to-peer (P2P) energy trading. P2P energy trading is when people or energy consumers generate their own energy from renewable sources and share the surplus production locally with other consumers using local energy market places.

Finally, blockchains can be easily integrated with other advanced applications such as artificial intelligence (AI) and Internet of Things (IoT) to further expand the solutions offered.

Artificial Intelligence (AI), Analytics and Machine Learning (ML) for Renewables

Weather is the most crucial input required for generating power in solar and wind farms. Unfortunately it's also very unpredictable and accurate forecasting is still an evolving science where a lot depends on technology. Over the years India has launched a number of weather satellites and installed numerous weather stations to gather climate data for weather forecasting. However, the quality of forecasts is limited by the quality of forecasting models used to interpret the data.

AI can collect, collate and sift through huge volumes of historic and real time climate data from different sources. Together with ML and predictive analytics it can create accurate weather models which can then be used to correctly forecast the weather and help the renewable energy sector to vary its production.

Not just weather forecasting AI and ML can provide insights into past consumption trends, existing load requirements, and predict demand in the future. Accordingly load can be balanced between energy sources and power storage solutions using algorithms. Integrated systems can automatically switch off non essential systems when there is a power shortfall or channelize the power from intelligent energy storage systems. Conversely, in case of a fall in demand or excess production the surplus can be stored for future requirements.

AI based controls can monitor power leakage and health of the equipments. Sensors installed in solar cells and wind turbines can feed data about wear and tear and predict failure or breakdown points. The operators can be alerted in advance or remedial actions can be taken using AI based robotic automation. All these together can improve and optimize safety, reliability and efficiency of the renewable energy sector while minimizing costs.

Conclusion

Though industrial production in the country has increased manifolds in the last few decades yet power shortages are rampant especially in far flung areas. But with targeted investment in renewable energy power shortages can become a thing of the past. Wind and solar farms are being set up at a rapid pace and even offshore wind projects are being planned. Availability of cheap power has the ability to drive economic activities in the country and make India a 5 trillion dollars economy. The need is to recognize new technologies as the catalyzing force and invest in developing them to create a surplus energy sector. MA

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INDIA: $5 TN ECONOMY AND ROLE OF INFRASTRUCTURE, EXPORT AND SKILL DEVELOPMENT

Abstract

In the context of the target of achieving $5 trillion Indian GDP by 2024 the paper points to the imperatives of conducting an explorative study to see where emphasis should be given. Data analysis reveals that in the era of globalization export is the most important explanatory variable which can comfortably help India to achieve the goal. Infrastructure development, skill development and poverty alleviation should also be given due weights.

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1. Introduction:

As per World Population Review 2020 India is $3.26 trillion economy (estimated by IMF, 2019). She stands 5th in the list of the largest economies of the world. (See Table 1.). Definitely, after some couple of years the country will inevitably reach the milestone of $5 trillion economy. The question is whether it will be 2024 or some years later? The time span by which this target can be achieved is not definitely known, because the growth of an economy in the liberalised era is subject to many global influences and uncertainty. Secondly, on the domestic front agricultural harvesting is greatly uncertain due to the vagaries of monsoon.

While India is a mixed economy, the government can do lots of things for giving a definite direction to the economy and facilitate achieving the target within the time-frame. Government can announce policies and packages for industry, agriculture and service sectors. It can allocate budgetary resources to appropriate heads of expenditure which can add greater force to the growth momentum to materialize the objective by 2024. Now question is what are the heads of accounts, where expenditure should be increased? What are the areas where major emphasis should be laid? Answers to these questions can be obtained through an exploratory research. This paper is an effort in this direction.

Table 1: The Largest Economies of the World

Rank	Country	GDP (IMF '19)	GDP (UN '16)	GDP per Capita
1	United States	$22.20 Tn	$18.62 Tn	$67,063
2	China	$15.47 Tn	$11.22 Tn	$10,747
3	Japan	$5.50 Tn	$4.94 Tn	$43,450
4	Germany	$4.16 Tn	$3.48 Tn	$49,617
5	India	$3.26 Tn	$2.26 Tn	$2,361
6	United Kingdom	$2.93 Tn	$2.65 Tn	$43,118
7	France	$2.88 Tn	$2.47 Tn	$44,062

Source: https://worldpopulationreview.com/countries/countries-by-gdp/accesses on 30.6.20

2. Review of Literature

Economic Growth is a subject of popular interest. Scholars from almost every field of social sciences such as Political Science, Sociology, Management and Economics take deep interest to know which factors can augment the development of the country. Each of the disciplines has its specific theoretical prescriptions, which are put to applications from a different standpoint. While literacy, peace, democracy and ethnicity are focal points of the political thinkers and sociologists, the economists attempt to cover a vast area ranging from rural development to financial economics, from monetary economics to trade theory, from simple microeconomics to international economics and so on. Economists of different specialised branches have their own theories; each of them tries to explain development from his own standpoints. While scholars of monetary economics have different prescriptions for accelerating development, the advocates of developmental economics have their own views. In the following paragraphs a quick glimpse of their views has been taken.

Development and poverty alleviation are inter-related. Meier and Baldwin (1957) assert that studying poverty of the nation is more urgent than studying 'Wealth of the Nations'. They attract attention of the statesmen towards removal of poverty. Experimentations are made over the methods of poverty alleviation. Political thinkers advocate the strategy of democratic decentralisation."The basic idea behind democratic decentralisation is to involve people in their own development and train local leadership to assume higher responsibilities and serve people with efficiency. The system ensures people's participation in planning and implementation; therefore, governance becomes more participatory and more accountable and more effective and efficient (Conyers,1985; Manor, J. 1995)". In India the experimentations in this respect are very old. Gram Panchayats, the indigenous rural institutions, have been increasingly involved the process of development administration.

Economists' approaches to growth of GDP, characteristically, are greatly different in different schools of thoughts. Indeed, capital formation is important for growth in under-developed countries (Nurkse,R. 1954). Vicious circle of poverty can be broken only through capital formation. It prescribes investment of resources into capital goods that can enhance future production. While domestic capital formation is not adequate, Foreign Direct Investment (FDI) can be encouraged to fill the gap.

People believe that FDI, in broader sense, is more than mere physical capital, because entry of FDI enhances inflow of foreign exchange along with knowledge capital, technology and brand equity (Balasubramanyam, Salisu and Sapsford, 1996). Contemporary studies reveal that the impact of FDI on growth of host country is expected to be manifold (De Mello, 1997). Foreign Direct Investment can supplement domestic capital formation and spur industrial progress. Depending on this expectation, India has redesigned its economic policies, liberalized entry barriers and overhauled administrative machineries for attracting rising volume of FDI inflows into the country. Policy-makers feel that influx of FDI can increase production base, generate employment, accelerate GDP growth, increase inflow of foreign exchange and ease the Balance of Payment crisis.

Recardo, David (1917) argued that trade between two countries should be decided on the basis of comparative costs, not on absolute costs. He advocated the theory of free trade. In fact, in the days of liberalization a small country with trading advantage stands, in terms of GDP, much ahead of other nations with vast geographical territory. Hence, export is a critical variable to stand ahead in the league of big nations. According to Schumpeter J A (1939) inflationary financing is a means of increasing long-run production of underdeveloped economies. Keynes M (1936) supports deficit financing to promote public investment in order to achieve higher growth standard.

Indeed, there are numerous theories and models in economics outlining the way GDP of the country can be increased. However, every time a real economy does not appear so good to fit a model. Hence, it is an imperative for the researchers to explore the variables which significantly contribute to growth and which really does nothing to the growth of the country. In the following paragraphs an effort has been made to explore the variables that can significantly influence growth and enable achieving the target.

3. Objective of the Study

Objective of the study is to explore the economic and non-economic variables which extensively contribute to the GDP of the country.The purpose is to enable the policy-makers to understand where the emphasis should be given to reach the milestone of $5 trillion economy. The focus of the analysis is to examine if non-economic and non-financial variables have any role in augmenting GDP of the country.

4. Methodology of the Study

The study is basically based on secondary data. To meet the objective of the study, time series data on some economic variables like GVA, export, foreign portfolio investment and Foreign Direct Investment have been collected from CMIE Outlook. On the other hand, from the same data-base some time series data on non-economic and non-financial variables such as length of rural roads constructed percentage of literacy in various states have been collected. The period of study is 23 years, from 1997-98 to 2019-20. The reason for selection of time period is purely availability of data.

Analysis of data has been done in consecutive steps. Multiple regression analysis has been used to explore the variables significantly contributing to growth of GDP. Incidental t-test has been made to test significance of the test variables.

5. Limitations of the Study

From large numbers of macro-variables only selected few have been put into the analysis. Influence of remaining other variables has not been assessed. It seems that those remaining variables have limited influence on GDP of the country. This may be untrue. Secondly, stationarity of data, particularly that of GDP, has not been tested, which should have been done before publishing the paper. However, the spirit and findings of the paper are presumed to remain unchanged.

6. Data Analysis and Interpretation

In fact, GVA is related with numerous macro-variables, each having some defined influence on it. However, to keep the analysis within the manageable limit only handful of variables have selected for the model. The objective is to identify the most significant variable where required emphasis should be given. GVA is treated as the dependent variable and other variables such as export (EXP), foreign direct investment (FDI), foreign portfolio investment (FII), rural road (Road), etc. are treated as explanatory variables. Data analysis has been done using SPSS software. The model appears as below:

$$GVA = \beta_0 + \beta_1 EXP + \beta_2 FDI + \beta_3 FII + \beta_4 Road + e_t$$

The coefficient β_0 is the intercept. The coefficient β_i is the sensitivity of the variable i. e_t stands as the random error term.

Table 2: Variables influencing GVA

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-45139726.447	6088973.835		-7.413	.000
	Export	134.745	38.791	.373	3.474	.004
	FDI	319.343	284.505	.087	1.122	.282
	FII	148.734	89.114	.055	1.669	.119
	Rural Road	52.123	6.072	.765	8.585	.000

a. Dependent Variable: GVA

Goodness of fit (R-square) is 99%. The output shows that conventional economic variables such as foreign direct investment and portfolio investment have no significant influence on the GVA of the country, whereas export and rural road have significant influence on GVA. The result points that attention should not be confined only to the economic macro-variables. Non-economic and non-financial variables also have noticeable contribution on the growth of the GVA of the country. For example, length of rural road constructed enables transportation of agricultural produce facilitates health services and higher education of rural youths. Agricultural products perished in the field or sold at throw-away price is a national waste. Road connectivity helps transportation and marketing of every agricultural produce, which definitely adds to GDP or GVA of the country.

Export is also important. The goal of achieving $5 trillion mark by 2024 can be comfortably achieved with enhanced volumes of exports. Definitely, this country needs technology innovation and skilled manpower. Japan, the small country, did it to emerge third in the league of the largest economies with $5.5 trillion mark.

6. Education and Skill Development

When education is found to have a significant contribution to GDP of the country, the question is which kind of education we should emphasise? Primary and secondary education is foundations. However, in respect of higher education an analysis should be done. To pursue the purpose, the following analysis has been done on the basis of cross-section data obtained from All India Survey of Higher Education 2014-15. GDP (Not GVA) of the respective states has been taken as dependent variable and enrolment numbers of different courses of higher education have been taken as the explanatory variables. The output of the analysis has been shown below:

Table 3: Effect of the Branches of Education on the Economy

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	71868.278	25009.972		2.874	.010
	ARTS	-.208	.689	-.040	-.302	.766
	COMM	11.295	2.170	.721	5.206	.000
	TECH	678.715	141.725	.427	4.789	.000

a. Dependent Variable: State GDP

Effect of the three groups of education (viz. arts, Business studies [COMM] and science and technology [TECH]) on GDP have been examined. The output shows that business education and technical education have significant positive contribution to the GDP of the economy, whereas aggregate result for arts courses is negative. This result reflects significant policy implications in the context of formulating education policy of the country.

7. Conclusion

In the context of achieving the target Indian GDP of $5 trillion, the focus should be on export. Education and skill development should also be given due importance so that human capital can successfully shoulder the task of taking India to higher level in the league of the biggest economies in the world. Education policy is required to be reviewed in the light of the target to be fulfilled. MA

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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.

5 TRILLION ECONOMY AND AGRICULTURE - COUNTRY'S HIDDEN POTENTIAL

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Abstract

Agriculture is the sector where India's true economic potential lies. Since historical time it has been the source of country's prosperity. Even now India globally occupies a very comfortable position in respect of agriculture. Global trade in agriculture has so far been restricted but it has now started to open. To make the sector globally competitive it needs to be revitalized. That would help not only to meet export growth but to achieve overall sustained growth.

INTRODUCTION

IMF in October 2019 declared India as the world's fifth largest economy, behind US, China, Japan and Germany. In November 2019 Prime Minister in BRICS summit, expressed his vision of making India a $5 trillion economy by 2024-25. Then it became a matter of debate. Country's slow growth coupled with corona pandemic worsened the situation. It is now a challenge to meet the growth. But the sector where the country has maximum potential to emerge out as a world leader hardly finds any place in the country's growth map. That is agriculture.

AGRICULTURE IN INDIA

Agriculture had been the source of wealth of India since past. Its fertile land, variety of crops, horticulture and forestry products struck the foreign travellers' with awe and lured the merchants from Arab to Europe through ages.

After independence India concentrated on industrialization. Then service sector came into prominence. In between two projects, Green Revolution in mid-sixty toward crop and Operation flood in 1970 towards milk helped to improve country's agricultural performance. At present, service and industry sector contributes 54.40% and 29.73% to India's total GDP respectively. Agriculture and allied sector's share is only 15.87%.

Despite the modest attention, India's performance in agriculture is quite commendable. As per report of Food and Agriculture Organization (**FAO**), a division of United Nations, India in 2017-18 was the world's largest producer of milk, pulses and jute, second largest producer of rice, wheat groundnut, fruits and vegetables (All Behind China), sugarcane (Behind Brazil) and cotton (Behind USA) and leading producer of spices, fish, poultry, livestock and plantation crops. Country has achieved self sufficiency in food production and net exporter of agricultural produce with Rs 2.7 trillion exports and Rs 1.37 trillion imports in 2018-19. In today's competitive world it would be wise if government place more attention to this sector to reach its excellence. That effort would be quite justified for many reasons:

First, a balanced growth in this sector will ensure food security and nutrition for all.

Second, it would generate more employment. Employment generation, by industrial sector has not been up to the expectation and for service sector it is remarkably low, much below the world average.

Third, surplus produce can be exported. Till now, due to its large domestic market, India's export penetration is very low.

Fourth, investing in agriculture will produce a multiplier effects throughout economy for its close association with other two sectors, both as customer and supplier.

AGRICULTURE AND GLOBAL TRADE

Since 1980 trade liberalization has become one major agenda of global economic policy through removal of trade barriers s and reduction in subsidies. But the policy remained restricted to industrial sector only. As Agriculture is closely related to a nation's food security and imbalance in it can have a far reaching result most countries continued to pursue their protection policy.

The point to be noted here is that most developed countries are industrially developed and trade liberalization provided their manufacturer with a wider market. On the other hand most developing countries are agrarian, can produce agricultural products in a cost competitive way but denied entry for the restriction at country level. Moreover, the amount of subsidy in developed countries are often so high, as high as 60%, of their production value, that it often leads to over production and surplus products when brought to export market at subsidized rate, the low cost producers of developing countries are faced with an uneven competition.

Agricultural trade policies were brought into global trade negotiations for the first time in 1994 Uruguay Round Agreement on Agriculture (URAA) when both developed and developing countries agreed to reduce tariffs gradually, the developed countries at a faster rate. Subsidies were classified by degree of trade distortion. Red Box for prohibited subsidies, Amber Box for subsidies that had to be reduced gradually like minimum support price, input related grants, Green Box for non distorting subsidies like government investment in infrastructure, research and development, income support to farmers. Blue Box allows direct payments to producers under production-limiting programs.

Agricultural trade reform was further hastened by subsequent developments.

Studies revealed that to meet the demand of growing world population agriculture in 2050 will need to produce almost 50 percent more than in 2012. At the same time policies for preservation of natural resource will prevent expansion of arable land.

Climate change has posed another problem to agriculture. Both the tropical and temperate regions are going to be more hot and humid, which will affect their traditional crop pattern adversely.

In 2008 after global recession a grave food crisis occurred. Many developing exporter countries including India put ban on export of food grains. This led to a price shock which had accentuated the necessity of integrating global trade in agricultural goods.

World trade in agriculture is gaining momentum. Between 2001 and 2014 it has grown @ 8% annually compared to 2% between 1990 and 2000. Till now it is largely dominated by countries of European Union and NAFTA (USA, Canada and Mexico). But share of developed countries is falling down and of developing countries is increasing fast. Another notable feature is growing volume of South- South trade i.e., trade between developing countries. It will be high time for India to establish its presence in the export market and broaden its export destination to faraway developing countries .i.e., sub Saharan Africa and Latin America. But that means high level of competition and need for quality improvement.

GROWING AWARENESS FOR FOOD SAFETY AND ENVIRONMENT ISSUES

A major concern now is that while tariff and subsidies are gradually being withdrawn, food safety standard of the produce and its carbon foot print are gaining importance. Food safety measures ensure that imported foods are free of any toxic content or disease. India has already lost its peanut meal export business to the European Union because of problems meeting stricter standards. Carbon foot prints are measured to ensure that the claims of the production process on natural resources are minimal. Thus Indian rice which requires more water for cultivation than Thailand variety or Indian buffalo meat where cattle are fed by open field grazing in contrast to EU process where cattle are fed artificially in confined area will get less preference henceforth, although product standard in two cases are same.

Developing countries with poor economic resource often find it difficult to comply with the new standard. But policy makers at international level are not ready to compromise with health standard and insist that developing countries should take it as a challenge to improve their production facility that would benefit their domestic market as well.

TRANSFORMING AGRICULTURE AND RELATED ISSUES

The government's recent "Agriculture Export Policy" aims at doubling the agricultural exports and integrating the sector with global value chains. But there remains certain persisting deficiency which is to be corrected first. This step is urgent not to meet the export target alone but once the agricultural trade barrier is removed India has to face stiff competition in domestic market as well.

1. Research and Development: Agriculture is a branch of science and its improvement largely depends on scientific research work to build up more efficient, eco-friendly techniques, grow new strains of plant with higher yield, finer quality.

India spends heavily on R&D, but the works are mostly academic. A close link between laboratory, field and farmers is needed. In China, government spending on research is strictly result oriented and research centres are allowed to form joint ventures with private sectors to commercialise their work. One continuing drawback of Indian cultivation is its low productivity. Its productivity is way behind its nearest rival, China. Increased productivity means more production, more export surplus and freeing of land for more profitable venture. Superior grade crops are needed to develop for high value market. In rice India produces mostly coarse variety except basmati and exports to neighbouring countries. In contrast Thailand, a much smaller country produces finer fragrant jasmine variety of rice and has become the top exporter.

2. Product Diversification: Indian agriculture is mostly crop centric; roughly 65% of its produce is crops. With rising level of income and awareness of health, peoples' food habits are changing fast. Preference is going for non-traditional food items like fruits, vegetables, dairy products, meat, seafood, fish products and processed foods. Demands from developing world have sharply increased. Today trade in these items constitute more than 50% of total trade value. These items face less state protection but more safety and health standard requirement. There is ample scope for export growth here with necessary quality control measures. As the sector is highly dynamic it requires continuous pro-activeness in search of new value added opportunity. In dairy business India is expanding in butter fat products, but more recently milk protein concentrates, whey and lactose products are offering wider market for ease of preservation and transport. India is a net importer in fruits and vegetable. For expansion in horticultures farmers may be incentivized to grow commercial orchard and private parties may be encouraged to develop product meeting export specification. Aquaculture including seaweeds and ornamental fish is another area with expanding international market. India could have performed well but haven't made any dent yet, lagging behind Thailand, China, Indonesia, and Vietnam.

3. Infrastructure: Inadequate infrastructure in India results in unnecessary wastage of agricultural produce every year. Infrastructure supports the sector forming forward and backward linkage. In the input side it requires regular supply of seeds, fertilizer, pesticide, farm machine, irrigation facilities and credit. Post harvest management calls for building of enough storage, warehousing capacity, rural road and logistic facilities. Formation of Agricultural Bank in line of China may be considered for unhindered supply of credit. Special thrust is needed to build more capacity in agro-processed industries to improve shelf life and marketability of products. All these require high investment .and Government resource is limited. More corporate investment is necessary. Choupal Scheme of ITC is a good example where the company has dived in agri-business with farmer partnership by supplying farmers with new technologies, market information and guaranteed marketing. The government's decision to make Public private partnership in linking agriculture with global value chain will be a good move and should be taken more extensively. Private partner will ensure operational and economic efficiency and certification of export product while state will act as the regulator **to** protect social interests.

4. Government policy: In India two factors stand in the way of formulating a good agriculture policy. First, Sector is mostly unorganized and communication channel is ineffective. Formation of Farmer Producer Organization or Farmers Cooperatives will help organization. Second, policies are made at centre but responsibility of implementation lies with the state and a unanimous decision could hardly be made. Further due to varied agro-climate zone, products vary across the states and attracting policy favour depends much on relative bargaining powers of the states. Centre-state conflict remains a regular issue and can be solved only by mutual understanding.

The sector has been highly regulated which led to many malpractices and farmers' woes. Only recently government has made some amendments in rules enabling private entrepreneurs to purchase directly from farmers in digital platform. However complete deregulation is never advisable since it may cause irrational volatility of food grain price and consumers' sufferings, particularly when the country is still unable to provide proper food and nutrition to its all citizens

Other areas in need of policy attention are prudent selection of areas for allocation of subsidy, fast modernization of some inefficient industries like sugar or jute industries, promotion of sustainable method of agriculture etc.

CONCLUSION

Importance of agriculture in economy is not as an engine of growth but as an instrument for sustenance. In India agriculture is blessed with abundant natural resource. Country has a vast reserve of human resources. Sincere effort and scientific approach are necessary to harness its full potential that could take the sector long ahead. MA

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EODB RANKING 2020 – REMARKABLE IMPROVEMENT BY INDIA

Abstract

The country with a very poor ranking of 142 (out of 190 countries) in 'Ease of Doing Business' (EODB) Rankings of World Bank Group in 2015 has improved its ranking remarkably to 63 in EODB 2020 Rankings making it one of the top 10 most improved economies in the world. Now the country should aim at improving its ranking further on the one hand and to lure the international investing community and MNCs to invest in India besides reenergising domestic companies to reach its ambitious peak of $ 5 trillion economy on the other.

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Introduction

Business environment plays a crucial role in the economic development of any country. This environment comprises both internal and external environment. Of the external environment, regulatory environment is an important and integral part.These regulatory environmental factors intend to ensure orderly growth of business activities and to create friendly environment for business/industrial activities. Further, the organisations are required to comply with the rules and regulations of the country.This regulatory environment significantly influences the way business activities are conducted. However, the regulatory environment differs from one country to another.

However, what is irrefutable is that the regulatory environment is one of the few factors which influence the decisions of people including corporate citizens to take up business/industrial activities in a particular region/country. But it is difficult for investors to obtain the relevant environmental factors/details from different countries and also for each country to communicate to all prospective investors about their business environment and to motivate them to establish their industrial units. In this regard, rating/ranking agencies provide valuable services to both the parties. This is done by examining the environment in each country and by ranking the countries based on the aggregate score secured by each of the countries.

Ranking Agencies

There are a few agencies which undertake comprehensive surveys and studies focussing on one or the other aspect each. For example, 'Corruption Perceptions Index' is an index published annually by Transparency International since 1995. This exercise ranks the countries based on the 'perceived levels of public sector corruption' as determined by the expert assessment and opinion surveys. Similarly, the 'Index of Economic Freedom' is an annual index and ranking created in 1995 by the Heritage Foundation and the Wall Street Journal to measure the degree of economic freedom in different countries in the world.

Another important agency is the World Bank Group (WBG). The 'Doing Business Report' is an annually published report which was developed by a team led by Djankov in 2003 and elaborated by the World Bank Group since 2003. This report measures costs to firms of business regulations. This is one of the flagship knowledge products of WBG in the field of private sector development, and is claimed to have motivated many developing countries in designing several regulatory reforms. It presents, every year, a detailed analysis of costs, requirements and procedures a specific type of private firm is subjected to in different countries, and then creates ranking for each country.

Doing Business Survey - Sub-indices for Ranking

For the purpose of evaluation and ranking of countries, the WBG considers different dimensions of regulatory environment prevailing in different countries.To evaluate the regulatory environment, 10 sub-indices are considered by WBG as summarised below (Table – 1).

Table – 1: Doing Business – Sub-indices and Parameters

Sub-index No.	Sub-index	Broader Parameters
(1)	Starting Business	Procedures, time, cost and minimum capital to open a new business
(2)	Dealing with Construction Permits	Procedures, time and cost to build a warehouse
(3)	Getting Electricity	Procedures, time and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse
(4)	Registering Property	Procedures, time and cost to register commercial real estate
(5)	Getting Credit	Strength of legal rights index and depth of credit information index
(6)	Protecting Investors	Indices in the extent of disclosure, extent of director liability and ease of shareholder suits
(7)	Paying Taxes	Number of taxes paid, hours per year spent preparing tax returns and total tax payable as share of gross profit
(8)	Trading across Borders	Number of documents, cost and time necessary to export and import
(9)	Enforcing Contracts	Procedures, time and cost to enforce a debt contract
(10)	Resolving Insolvency	The time, cost and recovery rate (%) under bankruptcy proceeding

The methodology followed by the team is comprehensive starting from the survey [using the questionnaire designed by the Doing Business (DB) team with necessary assistance from academic advisers] till the publication of results.

Doing Business Report 2020 – An Analysis of Results/ Ranking

Number of countries considered by the WBG for the purpose of ranking increased from 155 in 2006 survey to 190 in 2020 survey. After considering the relevant details collected from each of these 190 countries for 10 areas (listed above) each consisting of several indicators, the countries are classified into four broad categories as presented below (Table – 2) based on their performance in terms of 'ease of doing business' (EODB).

Table – 2: EODB - Classification and Number of Countries

Category Number	Description of Category	Number of Countries
I	Very Easy	53
II	Easy	44
III	Medium	50
IV	Below Average	43
	Total	190

It is apparent from the above that out of 190 countries surveyed, regulatory environment for doing business is 'very easy' (i.e., conducive) in 53 countries followed by 'easy' regulatory framework in 44 countries and 'medium' regulatory environment in another 50 countries. Remaining 43 countries are in the last category viz., 'below average' in terms of regulatory environment. And India is in 'category – II: Easy' which should be a matter of satisfaction.

Another important dimension of this exercise is the overall ranking considering the performance of each country from the point of view of all 10 sub-indices and a large number of parameters in each of these sub-indices. For 'Doing Business 2020' report, 190 countries are considered and the ranks are assigned from '1' to '190' in ascending order. Therefore, higher ranking is represented by a low numerical value and this higher ranking indicates better, usually simpler, regulations for businesses and stronger protection of property rights. Studies have established that the impact of improvement in business regulations is strong on economic growth.

In terms of Ranking, New Zealand topped the global ranking on the EODB for the fourth consecutive year followed by Singapore (which topped the global ranking for 10 consecutive years from 2007 to 2016), Hong Kong, Denmark, South Korea, United States, Georgia, United Kingdom, etc. Further, the case of Georgia should be model for many other countries as this country has improved its ranking from 100 (out of 155 countries) in 2006 Rankings to 7th rank (out of 190) in 2020 Rankings.

As far as the overall ranking is concerned, the performance of India is commendable as it has improved its ranking from 116 (out of 155) in 2006 to 63 (out of 190) in 2020. During this period of 15 years, performance/rank of the country moved in both the directions up to 2015 report e.g., the country obtained only 134th rank (out of 175) in 2007 survey but improved its ranking to 120 in the next year survey (2008). The worst performance was in 2015 survey wherein the country's ranking was only 142 (out of 190). After 2015, the country improved its ranking continuously year after year (except in 2017 wherein it retained its 2016 ranking of 130 out of 190). From 130th rank in 2017 survey, it has improved its performance and ranking remarkably to obtain 63rd rank with DB Score of 71 (out of 190) in 'Doing Business 2020' report. These fluctuations become unequivocal from the following line graph (Figure – 1).

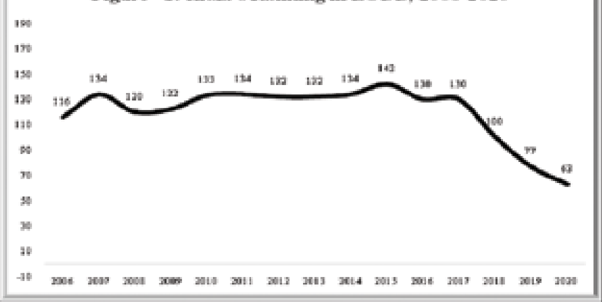

Figure - 1: India's Ranking in EODB, 2006-2020

It is evident from the above pictorial presentation that India has jumped up 14 steps in the World Bank's EODB 2020 survey. It can also be observed from the graph that in the last year, it jumped up 23 steps to improve its ranking from 100 in 2018 to 77 in 2019. Again, in 2018, it climbed 30 rungs to occupy 100th rank from 130th rank in 2017. This achievement is attributable to the consistent and reformist policy regime of Indian government. In this regard, the World Bank noted four reforms introduced by the Government of India during the last 12 months.

1. The country made the process of obtaining permit for buildings more efficient, and obtaining all permits/ authorizations to build a warehouse now costing only 4% of the warehouse value which was at 5.7% during previous year.

2. The authorities have enhanced the building quality control in Delhi by strengthening professional certification requirements.

3. Imports and exports have also become easier for the corporate world with the creation of a single electronic platform.

4. The government has also taken measures to upgrade the port infrastructure and also enabled the electronic submission of documents.

The country has improved its performance in four areas viz., (i) 'resolving insolvency' by implementing the Insolvency and Bankruptcy Code, 2016which enabled the country to obtain 52nd rankin this sub-index (as against 108th in the previous survey), (ii) 'dealing with construction permits' from 52nd to 27th rank, (iii) 'trading across borders' from 80th rank to 68th rank, and (iv) 'registering property' from 166thto 154thposition. On the other hand, in the case of two sub-indices viz., protecting minority investors and getting electricity, the country's performance declined in the current survey to 13th position and to 22nd position respectively. In the case of the remaining four sub-indices viz., Starting Business (136th position), Getting Credit (25th position), Paying Taxes (115th position) and Enforcing Contracts (163rd position), the performance of the country is very poor (except in the case of 'Getting Credit') but remained unchanged.

In spite of these sub-indices-wise differences, the country has improved its overall performance. This assumes importance as majority of the countries have registered decline in their rankings in 2020 survey when compared to the first survey (2006) and also when compared to 2019 survey rankings including United States whose rank has declined from 3rd in 2006 Rankings to 6th rank in 2020 survey. A few details presented below (Table – 3) provide a greater insight into this aspect.

Table – 3: Changes in Rankings

Nature of changes in Ranking	Number of Countries where changes took place in 2020 compared to,	
	2006 Rankings	2019 Rankings
Improved	60	68
Declined	124	94
No Change	6	28
Total	190	190

Note: In the 2006 Rankings, only 155 countries were considered by the WBG. Therefore, in order to determine the number of countries in which rankings have changed, the earliest available year is considered.

It is obvious from the above that 68 countries have improved their rankings in 2020 when compared to that in 2019 whereas 94 countries have allowed their ranks to decline. And in the case of remaining 28 countries, there is no change in their rankings. Further, the change in rankings is not confined to any one category of countries. Changes can be observed in all the four categories of countries as evident from the following (Table – 4).

Table – 4: EODB Rankings – Category-wise Changes

Nature of change in Ranking	Number of Countries in the Category of,				
	Very Ease	Ease	Medium	Below Average	Total
Improved	23	17	17	11	68
Declined	23	25	30	16	94
No Change	7	2	3	16	28
Total	53	44	50	43	190

It can be seen from the above that the changes in the rankings have taken place in all the four categories of countries. And the countries are, more or less, equally distributed among four categories of countries.

Concluding Remarks

The analysis made hitherto brings at least four important aspects to the fore as identified below.

1. There has been an unceasing improvement in India's ranking during the last four years and this is not only appreciable but also commendable.

2. Though there has been an incessant improvement in the ranking of the country, the rate of improvement is declining (from 30 jumps in 2018 to 23 jumps in 2019 and to 14 jumps in 2020). This should be a matter of concern for the Indian authorities.

3. Though the country has improved its performance from the point of view four sub-indices (viz., Resolving Insolvency, Dealing with Construction Permits, Trading across Borders and Registering Property), its performance either remained constant (in the case of another four sub-indices viz., Starting Business, Getting Credit, Paying Taxes and Enforcing Contracts) or declined (in the case of the remaining two sub-indices viz., Protecting Investors and Getting Electricity). This should be taken seriously by the authorities.

4. As India is improving its ranking at the global ranking, it is the right time for the country to attract and lure foreign/multinational corporations (MNCs) which are looking for alternatives to China for investment owing to the strained relationship (including trade wars and COVID-19) between China on the one hand and at least a few major economies (including USA) on the other.

In the light of the country's ambitious peak of 'driving India towards 5 trillion Dollar economy', it is necessary for the country to attract MNCs to establish their units in India besides encouraging and supporting domestic players to focus on 'Make in India'. Of course, this is a tough and challenging task with the country's current GDP of $ 2.94 trillion (IMF's World Economic Outlook, October 2019) but it is not impossible. This is because of the reasons that the country has the potential and the fact that it (i.e., India) is now the fifth largest economy in the world next only to US, China, Japan and Germany. Further, it is necessary for the country to improve its performance in each of the sub-indices year after year without allowing them to decline. MA

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BUSINESS OF AGRICULTURE FOR US$ 5 TRILLION ECONOMY - *NAYA SANKALP, NAYA BHARAT!*

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Abstract

Agriculture sector has a pivotal role in helping the country to achieve the goal of becoming five trillion dollar economy. The transformation of agriculture sector is vital for alleviation of rural distress and to achieve the vision of $5 trillion economy, doubling farmer's income by 2022, Self Reliant India and Sabka Sath Sabka Vikas. India is in on the path of becoming self reliant with lower dependence on imports and promoting exports. The decline in imports will lead to great desideratum of domestic agricultural produce. The escalation of agricultural produce and exports will improve the lives of farmers and help in doubling farmer's income. The development of cost effective technologies for harvest operations will help to elevate the straitened conditions of farmers. The ground realities of agriculture sector and untapped potential usher the role of Cost and Management Accountant into focus for self-reliant India and doubling farmer's income by 2022.

India is advocating "**Sabka Saath Sabka Vikas**" and Self Reliant India. The transformation of agriculture sector is vital for alleviation of rural distress and to achieve the vision of $5 trillion economy, doubling farmer's income by 2022, Self Reliant India and Sabka Sath Sabka Vikas. Honourable Prime Minister Narendra Modi while addressing Krishi Karman Award function in January 2020 said that agriculture has a pivotal role in helping the country to achieve the goal of becoming five trillion dollar economy and the government is focusing on formulating a cash crop and export-centric farming system.

Agriculture sector in India supports to 42.385 percent of total employment as against 1.34 percent in United States and 25.363 per cent in China. The agriculture sector contributes nearly 14.602 (for year 2018) percent to the GDP of India and supports 58 percent rural households. India has second largest arable land with 160 million hectares following US. Unfortunately, the agriculture sector is still bleeding. India is in on the path of self reliance with lower dependence on imports and promotion of exports. The decline in imports will lead to great desideratum of domestic agricultural produce. The escalation of agricultural produce and exports will improve the lives of farmers and help in doubling farmer's income.The ground realities of agriculture sector and untapped potential usher the role of Cost and Management Accountant into focus for self-reliant India and doubling farmer's income by 2022. This article focuses on position of agricultural imports and exports, roadblocks in export-centric farming system, road ahead for cash crop and **role of Cost and Management Accountant in agriculture sector** for doubling farmers income and making India self reliant.

INTRODUCTION

Share of labour force engaged in agriculture as percentage of total employment, 2019:

The share of labour force engaged in agriculture sector as percentage of total employment for three countries can be seen as follows:

	Labour force as % of total employment for year 2019	Agriculture value added per worker for year 2018 (constant 2010 US$)
United States	1.34	79,536.168 (for 2017)
India	42.385	1,874.971
China	25.363	3,935.346

Source: World Bank data

United States has lower percentage of workforce engaged in agriculture sector and lower percentage of agricultural land as of total land area. However, the agriculture value added per worker is highest. The agriculture value added per worker is higher in higher-income nations due to factors like technology adoption, affordability of agricultural inputs, and the implementation of more productive practices.

POSITION OF AGRICULTURE IMPORT AND EXPORT IN INDIA:

India is the world's largest producer, consumer and importer of pulses (peas, lentils, and beans). The table shows that the import of pulses is more than three times higher than export.

	IMPORT (2018-19)		EXPORT (2018-19)	
	Quantity (in MT)	**Value of import (Rs in lacs)**	**Quantity (in MT)**	**Value of import (Rs in lacs)**
Pulses	8,16,173.90	8,28,958.60	2,89,593.93	1,82,243.68
Poultry products	39.68	4,179.95	5,44,985.05	68,731.45
Dairy products	1,012.97	19,848.71	1,13,725.73	2,42,301.33
Alcoholic beverage	57,736.98	4,67,872.12		
Wheat	0.00	544.48	2,26,225.00	42,494.69
Maize	1,857.98	18,338.29	10,51,277.95	1,87,165.29
Floriculture	535.80	17,409.49	19,726.57	57,141.28
Fruits and vegetable seeds	727.54	80,556.87	16,151.17	84,923.03
Onions	0.00	841.62	21,82,944.45	3,46,735.69

Source: APEDA

Import and export position of India, China and United States:

Ranking as world biggest producer of food	Country	Agricultural land (as % of total land) as on year 2016	Agricultural sector (agri-allied products for year 2019) trade in US$ million	
			Import	**Export**
1	China	56.212	1,50,970	79,100
2	India	60.447	18,560.25	28,433.58

3	United States	44.369	1,15,171 (Jan-Oct 2019)	1,12,148 (Jan-Oct 2019)

Source: USDA/Ministry of Commerce/World Bank/XINHUA

The quantity of import in India has declined as compared to previous years but the value of imports has been increasing. The import duties paid by India for certain agricultural produce roar high. India spends heavy amount of import duty on alcoholic beverages. The promotion of producing alcoholic beverages in country will help to reduce the cost and will increase employment opportunities.

HS Code	Product description	Import duty (%)
040221	Milk in powder	60
040520	Dairy spreads	40
080180	Apple	50
080940	Plums	25
220890	Un denatured ethyl alcohol of an alcoholic strength by volume less than 80%	150
071310	Peas, dried shelled	50

Source: APEDA

Here the exporting countries include all WTO members and the foreign trade agreement is for most favoured nation.

Position of India as importing and exporting countries for prime agricultural produce:

India secures top position for the export of cucumber and gherkins. France tops in export of alcoholic beverages and earns higher value of USD. The production and export of alcoholic beverages will help to earn higher revenue and foreign currency.

	IMPORT		EXPORT	
Commodity	**Top most importing country**	**Rank of India as importing country**	**Top most exporting country**	**Rank of India as exporting country**
Wheat	Egypt	85	Russia	47
Non-basmati rice	China Republic	104	Thailand	2
Maize	Japan	81	USA	24
Cucumber and gherkins	France	65	India	1
Pulses	China (after India)	1	Canada	8
Alcoholic beverages	USA	28	France	42

Source: APEDA

The export opportunities of agricultural goods can be sought in the countries with top importing countries for various products.

ROAD BLOCKS IN INCREASING EXPORT AND AGRICULTURAL PRODUCE:

In order to achieve the ambitious goal of doubling farmer's income by 2022, the Indian government is aggressively promoting rural development with an impetus on agricultural mechanization and irrigation penetration. The mission of self reliant India will demand for more production by agriculture sector and increase in yield. However, there are numerous factors acting as roadblocks in business of agriculture.

Factors related to low productivity and high average cost of agriculture:

Factor	Status
Seed replacement rate of wheat	31.6%

Irrigation coverage	48.6%
Average size of land holdings per hectare	1.08
Gap in NPK use as compared to optimum %	
Nitrogen	3.31
Phosphorous	19.14
Potash	51.09

Source: Ministry of Agriculture

Post harvest loss: The losses of foodgrains due to improper handling and storage are as high as 10% in India. The mechanized handling, loading and unloading devices suitable for India are needed to be developed.

Lack of accessibility to Cold Chain Sector: India is one of the largest producers of agricultural products but it has an underdeveloped cold chain infrastructure, which results in supply chain losses of food and other resources. The losses in the agricultural sector alone are estimated at $8 to $15 billion annually due to inadequate infrastructure.

Infrastructure component	Existing capacity	Approximate requirement
Integrated pack houses	250	70,000
Reefer transport	<10,000	62,000
Cold stores	32 million tonnes	35 million tonnes
Ripening chambers	800	9,000

Source: NCCD-NABCONS 2015

Irrigation: Agriculture in India is vulnerable to the vagaries of weather and sporadic rainfall. It is estimated that 80-90 per cent of total water used in the country is used in agriculture sector but more than 50% area under cultivation is without irrigation. India use 2-3 times the water used to produce 1 tonne of food in major agricultural countries. Formulation of environment policy consistent with crop pattern and practices can be helpful in over exploitation of water resources. Modern methods of irrigation like drip, sprinklers, and sensors can be helpful to address water stress.

Food Processing Sector and surplus management: The share of processed food in Indian diet is 15% and it is assumed to reach 40% by the year 2025 due to changing lifestyles and demography at workplace. The food processing sector in India is one of the largest sectors, accounting for 32 percent of the country's total food market. As compared to global trends, a negligible amount of produce is processed in India due to key challenges such as a lack of advanced processing technologies, market disconnects and a lacking supply chain infrastructure. Agriculture production in the Country is growing by about 2.9% per year but the domestic demand is projected to rise by about 2.3%. Therefore, surplus available for export is expected to grow in the coming years.

Land fragmentation: Approximately 70 percent of agricultural households have less than one hectare of land holding and they depend on loans for their farming activities and struggling for bread and butter. Return on investments might be lower for small holders' farmers due to high cost of inputs.

PROBLEMS FACED BY INDIAN AGRI-EXPORTS:

India needs to act in three areas to achieve export competitiveness. Prices in primary markets should be sufficiently lower than international prices. The price spread in various stages of marketing should be reduced and the producers should be integrated with global value chains.

Tariff barriers: India's farm exports face prohibitive import duties in overseas markets. For example, dairy products attract peak import duties of 511 per cent in the EU, 93 per cent in the US, and 692 per cent in Japan.

Non-tariff barriers: India's farm exports also face non-tariff barriers in top consuming markets.The market denials are ban on rice imports by Iran and green pepper by Saudi Arabia whereas Vietnam refuses to allow Indian peanuts.

Domestic factors: Instead of global demand and supply factors, India's farmers are guided by minimum support and procurement prices fixed arbitrarily by government. This affects ability to capture export markets.

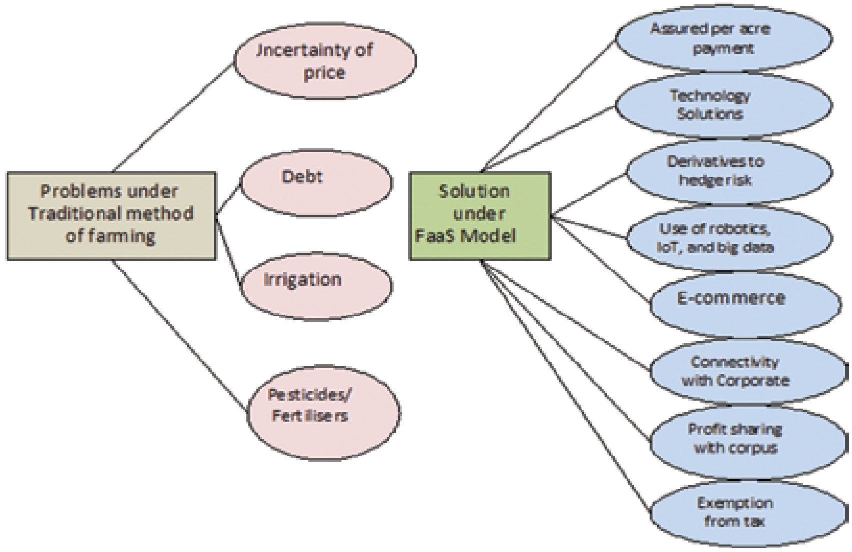
Genetically modified crops: The cultivation of genetically modified (GM) crops is quite common in the US and Latin American countries like Brazil. India lags in cultivation of GM crops and it affects the ability to capture global market share.

Policy Interventions, Regulations and Reforms: There is potential for higher growth in agriculture sector but this sector could not keep pace with the growth of other sectors. A 10 per cent increase in output prices realised by farmers directly raises their income by 16 per cent. In many states farmers get 10-20 per cent lower price than MSP. Ensuring MSP in such cases will raise farmers' income by 16-32 per cent.

ROAD AHEAD FOR BUSINESS OF AGRICULTURE:

India emphasizes on increasing productivity by moving away from traditional farming methods to technology driven methods. Upgrading farming from low tech to high-tech like green house cultivation, poly houses, tissue culture, precision farming will reduce average cost, raise farmers' income and address some scale disabilities.

Farming-as-a-Service (FaaS): FaaS is the business model which helps to implement the technologies in Indian agriculture. FaaS (Farming as-a-Service) integrates the farming process and bridge the gap between the producer (farmer) and consumer. The ownership of land is not taken away from the farmers. FaaS model works by making corpus which is responsible for farming activities as a service provider.

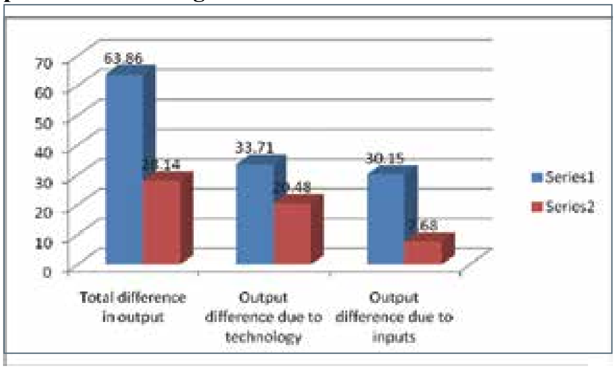


Off farm employment: In United States farm household income is derived from a number of sources. "Doubling Farmers Income by 2022" requires transformation of agriculture production as well as marketing through a multi pronged strategy that involves increase in productivity, reduction in average cost, better price realization for farm produce, expansion of allied activities and shift of farmers to non-farm occupations.

Contract Farming: Contract Farming is an agreement between company and farmer where a farmer agrees to undertake the farming activities in his own land. The contractor company supplies inputs and provide technical guidance and keep supervision on the farming activity and buys the output at a pre agreed price. Contract farming can be win-win for the farmers and Contractor Company.

Precision agriculture: Precision agriculture, satellite farming, or site specific crop management is a farming concept based on software and IT services. Precision farming accesses real time data about the conditions of crops, soil, air and other relevant information.

Productivity difference in precision and non precision farming:



Source: Tech Mahindra study on tomato (series 1) and brinjal (series 2)

ROLE OF CMAs IN THRIVING AGRICULTURE SECTOR FOR $5 TRILLION ECONOMY:

Government has announced four point strategies to support agriculture in India. These strategies are ensuring profitable prices, reducing cultivation costs, processing farm wastage, and creating non-farm sources of income. CMAs can help the companies engaged in agriculture sector to focus on these strategies and can make themselves competitive with others at global platform.

Increase in crop yield: The increase in crop yield is crucial as the resources are limited. Crop yield is computed as the yield of crop per unit of land area.

Average yield for year 2018 (hg/hectares)			
	India	China	United States
Pulses	4,414	25,646	---
Rice	38,782	70,280	86,211
Vegetables	1,33,285	1,58,703	6,60,570
Wheat	33,705	54,163	31,999

Source: FAOSTAT

The average yield per hectare for major cereals and vegetables is lower in India than China. It can be improved with the improvement in the efficiency of inputs. CMA can help to prepare the cost benefit analysis of the inputs and can suggest the best measure for improving efficiency of inputs. CMA can help to design cost effective strategies for the progress of Indian agriculture. It will help to leverage the global competitive advantages.

Sustainability of subsidies: CMAs can initiate farmer-friendly subsidy mechanisms maximizing their impact on the target population at minimum cost. CMAs can frame cost competitive subsidy mechanism to make it both way beneficial for Government and the farmers.

Risk and resource mapping: Farmers in developing countries are frequently exposed to the uncertainties of weather, prices and disease. Farmers need information on many aspects of the farming business. CMAs can frame suitable strategies and help in Resource Mapping for efficient utilization of resources and can keep track of allocation and apportionment of fund.

Price Mechanism: CMAs can analyze and recommend cost effective price mechanism by applying cost management techniques.

Marketing Strategy: Agriculture markets are the focal point of rural economy. CMAs can assist to formulate a Comprehensive Marketing Strategy by Risk Mapping, Resource Mapping, Product and Pricing Management.

Assessment for Priority Sector Lending: Priority Sector Lending is an important role given by the (RBI) to the banks for providing a specified portion of the bank lending to few specific sectors like agriculture and allied activities, micro and small enterprises. Agricultural loans are given to the farmers on their need-base. The CMAs can evaluate their actual requirement, their asset and inventory valuation for priority lending.

Role of CMA under Contract Farming:

Strategic decision making for selection of cluster of villages and farmers: CMA can provide rich analytical views from different perspective giving a deeper insight into revenue and costs enabling management to take strategic decisions.

Fixation of contract price: CMA can help the management about the fixation of target costs for inputs and for output based on costs of inputs, possibilities of price escalation and benefit cost ratio.

Cost reduction: CMA can identify the critical reasons for variation of cost of inputs in different villages and options to reduce total cost of production thereby enabling the management to trade off considering various financial and non financial factors.

Performance evaluation and capacity utilisation: CMA can help in performance evaluation of Agri-field staff and farmers in different village clusters, and impact analysis of alternate agri practices. CMA can help in preparation of capacity utilisation analysis of agricultural machineries and cold chain sector.

Collection of costs around Cost Objects: CMA can help to determine the costs on basis of geographical area as cost object, crop wise, activity wise like farm procurement, storage, and for distribution.

Allocation and apportionment of common costs: The common costs of farming like salaries of field staff, travelling charges, rent, and marketing expenses under contract farming can be apportioned across all the crops grown under that particular area.

Generation of MIS outputs for Management: With the proper management accounting system in place on the above lines, it should be possible to generate MIS reports in a timely manner, which meets the needs of both Middle Management for operational decision making and of senior management for Strategic decision making.

Role of CMA for farmers: Cost and management Accountant can help the farmers in maintaining the following registers:

- Cash book
- Fixed asset register
- Stock register.
- Debtor and creditor register
- Normal transactions register

CONCLUSION:

Agriculture sector should capitalise the opportunities of export by reduction in import towards mission self reliant India by converting weaknesses into strengths. The inadequate storage, transport, handling has led to unacceptable level of wastage and loss in value of agricultural produce. The development and promotion of technologies for value addition to agricultural produce will boost the production to cater domestic need and export promotion. The value addition in nutraceutical and therapeutic foods development with technology driven business of agriculture should be focussed to make the crop production sustainable and profitable. The research and development for feed and fodder management are desirable for higher production of milk, eggs, meat products, and scientific lines for animal and poultry shelters, fish pounds, slaughterhouses. The development of cost effective technologies for post harvest operations and promotion of post harvest entrepreneurship will uplift the conditions of farmers. The incentivization of farmers without creating hardship to consumers and sustainability of agricultural growth without causing rise in food price inflation beyond acceptable limit is formidable challenge in agriculture sector. The up-gradation of agricultural technology, application of modern skills in farm practices, new innovation in farming, and lowering wastages in use of fertilizer, water and other inputs is vital for growth strategy of agriculture sector to efficient growth strategy. Let us sing in unison to build Self Reliant India with **Naya Sankalp** in developing business of agriculture for **Naya Bharat** and **Sabka Vikas!** MA

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AN ALTERNATIVE MODEL TO DETERMINE THE UN-SUSTAINABILITY IN BUSINESS

Abstract

The primary aim of this article is to identify failure business earlier to prevent subsequent bankruptcy of the organisation. A preliminary attempt was made to identify whether the organisation will diverge or converge to a black hole and in such externalities, when such incident likely to occur in order to prevent the disaster.

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INTRODUCTION

There may be many reasons for the failure in the business as result of war, recession, high-taxation, poor-management, insufficient marketing, obsolete technology, substantial drop in demand or COVID-19 etc. If wise decision on the survival of the business was not taken in time, it would result in major disaster like falling into a perilous dark hole. The procedure for the closing of the organisation varies upon the type of organisation and it is extremely complicated and affects reputation in the society. The present available projection models may predict the profit or loss in near future but in the long run it may not reveal the precise picture. It is difficult to exactly identify the year from which the business will fall down by the existing available projection models.

The primary aim of this article is to identify such business earlier to prevent the bankruptcy of the organisation. A preliminary attempt was made to identify whether the business will really diverge or will shrink or converge to a dark hole and in such externalities, when such incident likely to occur, which will facilitate to develop adequate plan well in advance to get away from the black hole.

This article is not only focussing the profitability alone but also other factors which lead to the profitability by using the classical techniques of Ratio Analysis for taking the decisions on the continuity of the business.

2. CONDENSE MODEL

At present, Linear Models (LM) was extensively used for predicting the business trend. The results derived from such models are primarily based on the historical financial information. In certain circumstance such as heavy fluctuation and oscillation of the input financial variables, the prediction derived from Linear Model may be unworkable and the analysis based on such results would lead to wrong conclusions. The newly proposed Model Condensing Model (CM) assumes dependency of the movement in time and the various financial variables and not primarily depends upon the distribution of the input financial data. The results derived from such models are primarily based on the historical financial information.

In the proposed Condense Model,'time' is treated as an independent variable and 'financial parameter'is considered as a dependent variable. The financial parameter was predicted by assuming the existence of reciprocal relationship between time and financial parameter. This facilitates to determine the convergence point when time tends to infinity.

Mathematically, if "n" i.e. time is independent variable time and "y"i.e. financial parameter is the dependent variable, then relationship between time and Financial parameter is

$$y_n = \sum_{n=1}^{\infty} \quad = a + b/n \quad (3.1)$$

where a and b are constants.

By using the historical financial information, the constants, a and b could be estimated by using Ordinary Least Square (OLS) method.

The major benefit of the model as time goes the financial factor which is under consideration will not grow up or goes down drastically as normally happen in the Linear Models. Instead it will shrink or converge to a fixed point if the time tends to infinity.

Mathematically, when time i.e. $n \to \infty$

$$\lim_{n\to\infty} y_n = \lim_{n\to\infty} \sum_{n=1}^{\infty} \quad = a + b/n \quad (3.2)$$

i.e. y = a

This facilitates the analyser to conclude where the financial parameter finally converges to a constant, as time tends to infinity. It is very simple model to derive the yield or convergence of the financial parameter as constant "a" being the remaining factor i.e. "b/n" leads to zero when "n" i.e. time tends to infinity.

By using the model all the parameters leading to financial statements could be predicted and the financial statements based on the yields or condensing point derived above could be evaluated. The analysis of Yield or Condensed Financial Statements by ratio analysis assists in taking the decision on the continuity of business.

3. CASE STUDY

The Condense Model was adopted to confirm whether the technique really assists in taking the wise decision of continuing the business in time and by putting a red signal earlier.

The Company under consideration is in the hospitality business for more fifty years and has mega convention centre, conference, and banquet halls etc. During 2018, the Hon'ble National Company Law Tribunal ordered to initiate the corporate insolvency resolution process after suspending the Board of Directors and appoint Interim Resolution Professional. In this model, it is possible to confirm earlier to avoid such disaster.

Table No 1 - Historical data

Year	2007-08	2008-09	2009-10	2010-11	2011-12
Profit After Tax	610.73	347.59	116.97	79.57	-220.63

Based on the above information, the expected profit / (Loss) projected for the future year using Linear and Condensed Model could be derived as follows.

Table No 2- Projections of Profit under Linear and Condensed Model

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Linear	4403	5169	5935	6702	7468	8234	9000
Condensed	-70	-91	-107	-119	-129	-137	-144
Final Condensing point	-217	-217	-217	-217	-217	-217	-217

If the model is applied in 2011-12 itself, it could be found that the company is going to incur heavy loss form 2012-13 on wards as against the projected profit exhibited in the Linear Model and the condensing Loss would be Rs 217 lakhs per year.

If the company took precautionary measures by taking adequate steps and improve the profit, it might not face the abnormal situation as of now.

4. EXAMPLE

The mere analysis of gross profit is insufficient. The various factors leading to the profitability are necessarily to be analysed to take the decision on the continuity of business. The following example will enlighten the usage of analysis of the factors of the profit by using Ratio analysis.

The financial statements for the last ten years of XYZ company are re-presented in the format given in the Annexure I. Using the historical information, each financial parameter was projected by using the Condense Model explained above. In the present example, they were projected to fifteen, twenty and twenty-five years and are given in Annexure II.

4.1 INFERRING THE OUTCOMES

4.1.1 Analysing the Profitability

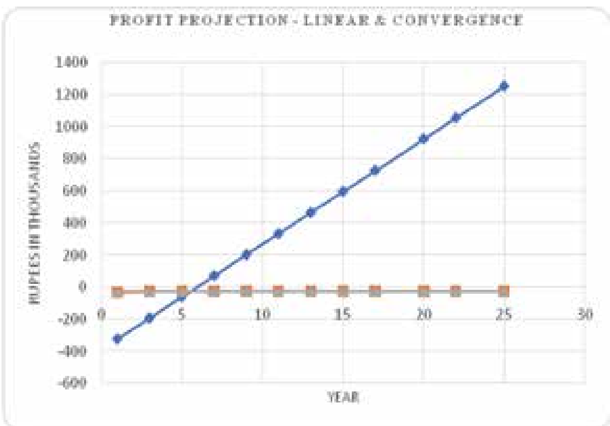
The profitability of the company derived from the above model is reproduced here.

Table No 3 - Analysing the Profitability

(Rupees in thousands)

	Linear Model			Condense Model			
	5th YEAR	10th YEAR	15th YEAR	5th YEAR	10th YEAR	15th YEAR	Point of Converge
Profit (Loss) for the period	596	924	1253	-26.92	-26.80	-26.72	-26.43

The graphical representation of the time series of profit (Loss) is given below.



Though the profit under linear model shows increases from Rs 0.59 lakhs to Rs 12.53 lakhs it shows loss from Rs 0.262 lakhs to Rs 0.267 lakhs during the future 5th and 20th year and it finally converge to loss of Rs 0.263 lakhs.

Therefore, if any decision taken based on the projection based on liner model again to be rechecked before taking the final decision, as the organization shows only loss to an extent of Rs 0.263 lakhs.

It is necessary to make further interpretation of the results revealed by Condense Model discussed above by adopting the techniques of Ratio Analysis for deriving the useful decisions such as for taking decision either to continue or not continue the business. The results of ratio analysis of the profitability, liquidity, solvency and the efficiency levels derived from the Condense Model could be effectively used for taking the decisions not only on the continuity of business but also to identify the focus areas for improving the profitability in time.

The liquidity ratios, solvency ratios, activity ratios and profitability ratios are useful for taking the decision of the continuity of the business. They are discussed below.

4.1.2 Liquidity Ratio

The business needs liquid funds. The business should have the ability to pay the amount due to the stakeholders. Current Ratio is one of the important ratios under this category. It is a measure of degree to which current assets over current liabilities and provides a safety margin. The ratio is normally within the range of 2:1. The high current ratio implies heavy investment in current assets, and it shows improper utilization of resources. The low ratio may lead to inability to pay the short-term debts and it affects company's worthiness. The evaluation of this ratio under the three categories is given below.

Table No 4 - Liquidity Ratio

	Projection based on Linear Model			Projection based on Condense Model			Point of Converge
	5th Year	10th Year	15th Year	5th Year	10th Year	15th Year	
Current Ratio	1.855	1.760	1.664	1.883	1.863	1.856	1.836

In the present case though it falls down from 1.855 to 1.664 and from 1.883 to 1.856 in Condense Model, but finally converged to 1.836. Therefore, the decision taken based on the Liner Model may not be appropriate and again to be reconsidered.

4.1.3 Solvency Ratios

The solvency ratios are long-term in nature and it demonstrates the ability of the enterprises to meet its obligations to the external stakeholders. The important solvency ratios calculated under the modes are given below.

Table No 5 - Solvency Ratios

	Projection based on Linear Model			Projection based on Condense Model			Point of Converge
	5th Year	10th Year	15th Year	5th Year	10th Year	15th Year	
Debt-Equity Ratio	0.182	0.113	0.064	0.378	0.373	0.370	0.358

Debt to Capital Employed Ratio	0.154	0.102	0.060	0.274	0.272	0.270	0.264

(1) Debt-Equity Ratio

The degree of indebtedness is measured by Debt-Equity ratio. This ratio is useful for the long-term lenders to ascertain the extent of security of their debt. The low debt ratio reflects high security and the high debt ratio is risky and the company may be in difficulty to meet the obligations to the outsiders. The company may get higher return if the use of the debt is proper. The ratio comes down drastically from 0.18 to 0.06 for the classical Linear Model and reduces from 0.378 to 0.370 in Condense Model and finally condensed to 0.358. The long-term creditors should rethink as it is not low as predicated in Linear model and higher in Condense Model for making investment in the Company.

(2) Debt to Capital Employed Ratio

The proportion of long-term debts in capital employed is reflected in Debt to Capital Employed Ratio. If the ratio is low provides security to lenders and high ratio helps company in trading on equity. In the present case it reduces from 0.154 to 0.06 in Linear model and 0.274 to 0.27 and finally converged to 0.264 in Condense Model. Though it provides security to lenders, the declining of the ratio shows the company could not get benefits in trading on equity.

4.1.4 Activity Ratios

The efficiency of the operations could be measured by various ratios. Some of the important ratios falling under this category is discussed below.

Table No 6 - Activity Ratios

	Projection based on Linear Model			Projection based on Condense Model			Condensed
	5th Year	10th Year	15th Year	5th Year	10th Year	15th Year	
Inventory Turnover Ratio		85.53	77.64	89.96	110.95	110.95	110.95
Net Assets or Capital Employed Turnover Ratio	1.843	1.901	1.945	1.798	1.809	1.815	1.837

(1) Inventory Turnover Ratio

The relationship between the cost of revenue from operations and average inventory is determined in the Inventory Turnover Ratio, the frequency of conversion of inventory of finished goods into revenue from operations. Low turnover may be due to bad buying obsolete inventory etc and very dangerous to the company. On the other hand, high turnover is good but further analysis is required.

In the present case, it raises to 77.64 from 85.53 in Linear model and from 110.95 to 89.96 and finally condensed to 110.95 in the Condense Model, which indicates the dangerous position to the company.

(2) Net Assets or Capital Employed Turnover Ratio

The relationship between revenue from operations and net assets i.e. Capital Employed in the business. The higher turnover shows better profitability and activity. In the present case, it raises to 1.945 from 1.843 in Linear model and from 1.799to 1.815 and finally condensed to 1.837 in the Condense Model. The ratio shows in both models did not give any encouragement.

4.1.5 Profitability Ratios

It refers to the analysis of profits in relation to revenue from operations or funds (or assets) employed in the business and the ratios calculated to meet this objective are known as 'Profitability Ratios'

Table No 7 - Profitability Ratios

	Projection based on Linear Model			Projection based on Condense Model			Condensed
	5th Year	10th Year	15th Year	5th Year	10th Year	15th Year	
Return on Investment	0.636	0.829	0.980	0.119	0.122	0.125	0.132
Return on Shareholders' Funds	0.373	0.480	0.556	-0.028	-0.028	-0.028	-0.027
Earnings per Share	0.0596	0.0924	0.1253	-0.0027	-0.0027	-0.0027	-0.0026

(1) Return on Investment

This ratio depicts the overall utilisation of funds in the business. This ratio is useful or making long term comparison and also to assess company is earning a proper return on the capital employed. In the present case the ratio is much lesser compared to the ratio evaluated under Liner Model compare to Condense Model and also much lesser leads to the decision of closure of the business.

(2) Return on Shareholders' Funds

This ratio is helpful to assess whether the investment has created a reasonable return. If the ratio is higher indicated the company funds employed profitably. In the present case, it shows negative ratio under Condense Model which leads to take the decision on the closure of the business.

(3) Earnings per Share

This ratio will decide the share price in the stock market. It also assists to ascertain the capacity to pay the dividend. In the said case, it shows negative value in the Condense Model which ultimately leads to the decision of Company will lose its good will and also leads to take the decision of the closure of the business.

5. CONCLUSIONS AND LIMITATIONS

The primary objective of the model is to develop an alternative model to determine the unsustainability in business, as the present extrapolation technique may not reveal the precious picture, due to vibrant fluctuation of the historical data. The financial statements prepared based on the estimated compressed financial parameters was analysed by using the classical technique of Ratio Analysis in order to take the decision on the continuity of the business. The model developed was demonstrated by the real time examples and the technique of analysis was also demonstrated. The Condensed Model is most effective, if it is adopted if a business has downward trend of profit or loss continuously incurred for a period of two accounting period.

The decision on the continuity of the business is not based only on the accounting statements and its interpretations. Apart from this there is no specific universally accepted benchmark for the various ratios discussed for taking continuity of the business, which leads to take dissimilar decision based on the same results derived. MA

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ANNEXURE – I (Rupees in thousands)

XYZ LIMITED - BALANCE SHEET

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Share capital	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
Reserves and surplus	91	13	-104	-156	-351	-442	-637	-702	871	1131
Long-term borrowings	592	563	541	509	140	140	414	439	477	480
Other Long-term liabilities	112	113	113	114	114	114	115	115	115	116
Trade payables	55	54	55	55	55	57	58	55	55	53
Other current liabilities	88	89	89	89	90	92	94	91	88	87
TOTAL	1938	1832	1694	1611	1048	961	1044	998	2606	2867
Tangible assets	350	344	339	332	251	251	311	316	325	325
Intangible assets	302	297	293	287	217	217	268	273	280	281
Capital work-in-progress	270	266	262	256	194	194	240	244	251	251
Intangible assets under development	207	203	200	196	148	148	184	187	192	192

Non-current investments	461	371	254	200	116	26	-285	-348	1227	1487
Current investments	113	123	123	124	124	124	125	125	125	126
Inventories	22	21	20	19	18	17	15	15	29	31
Trade receivables	21	21	20	20	20	19	19	18	24	25
Cash and cash equivalents	192	186	183	177	-40	-35	167	168	153	149
TOTAL	1938	1832	1694	1611	1048	961	1044	998	2606	2867

Profit and loss statement for the year ended

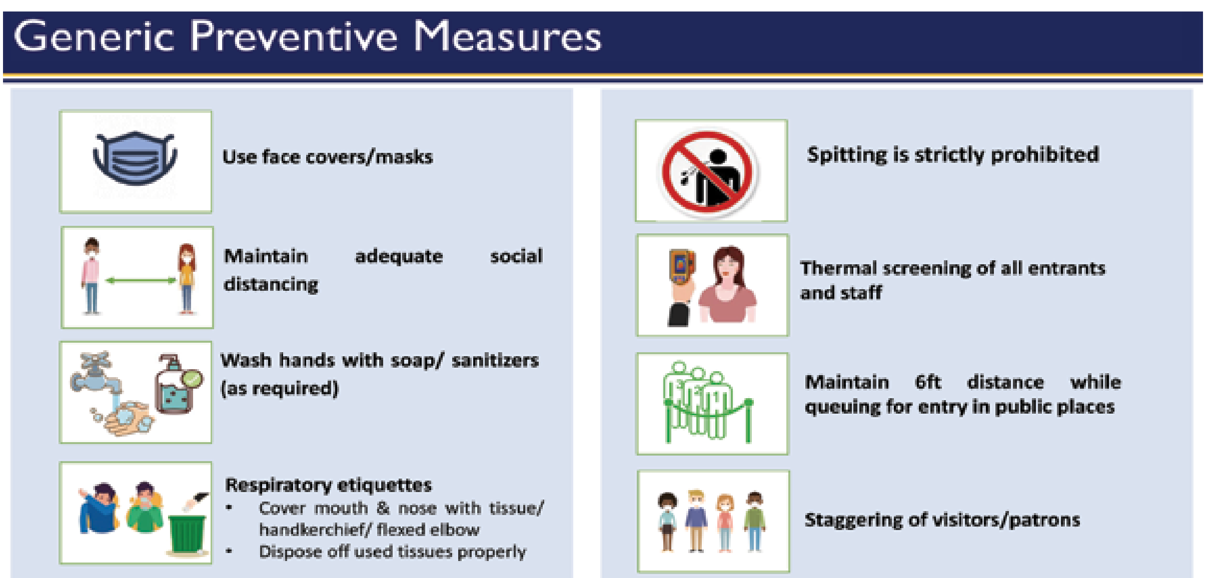
Revenue from operations	2408	2263	2131	2063	1962	1855	1657	1578	3606	3992
Other income	76	83	75	74	77	77	77	76	76	75
Total Revenue	2484	2346	2206	2137	2039	1932	1734	1654	3682	4067
Cost of materials consumed	509	506	502	499	524	521	517	513	510	507
Depreciation	17	17	17	17	13	13	16	16	16	16
Employee benefits expense	816	810	805	800	845	839	831	824	818	814
Other expenses	301	299	297	295	310	308	306	303	301	299
Purchases of Stock-in-Trade	671	666	662	657	691	686	680	678	673	667
Cost of Operations	2314	2298	2283	2268	2383	2367	2350	2334	2318	2303
Profit before interest and tax	170	48	-77	-131	-344	-435	-616	-680	1364	1764
Interest	30	28	27	25	7	7	21	22	24	633
Profit before tax	140	20	-104	-156	-351	-442	-637	-702	1340	1131
Current tax	49	7	0	0	0	0	0	0	469	0
Profit (Loss)	91	13	-104	-156	-351	-442	-637	-702	871	1131

ANNEXURE – II (Rupees in thousands)

XYZ LIMITED - BALANCE SHEET

Particulars	Linear Model			Condense Model			Converge
	5th YEAR	10th YEAR	15th YEAR	5th YEAR	10th YEAR	15th YEAR	
Share capital	1000	1000	1000	1000	1000	1000	1000
Reserves and surplus	596	924	1253	-27	-27	-27	-26
Long-term borrowings	291	218	145	368	363	360	349
Other Long-term liabilities	118	120	122	115	115	115	115
Trade payables	55	55	55	55	56	56	56
Other current liabilities	90	91	91	90	90	90	90
TOTAL	2150	2408	2666	1601	1597	1594	1584
Tangible assets	284	267	251	301	300	299	297
Intangible assets	245	231	217	301	300	299	297
Capital work-in-progress	219	206	194	191	191	190	189

Intangible assets under development	168	158	149	178	177	177	175
Non-current investments	965	1289	1612	357	357	358	359
Current investments	131	136	140	126	126	126	127
Inventories	26	29	32	21	21	21	21
Trade receivables	23	24	26	21	21	21	21
Cash and cash equivalents	89	68	45	105	104	103	98
TOTAL	2150	2408	2666	1601	1597	1594	1584
Revenue from operations	3478	4071	4664	2411	2417	2420	2430
Other income	74	73	71	78	76	76	76
Total Revenue	3552	4144	4735	2489	2493	2496	2506
Cost of materials consumed	517	521	525	512	513	513	513
Depreciation	14	14	13	15	15	15	15
Employee benefits expense	833	839	845	824	824	823	825
Other expenses	306	307	309	303	303	303	303
Purchases of Stock-in-Trade	682	687	692	676	675	676	675
Cost of Operations	2352	2368	2384	2330	2330	2330	2331
Profit before interest and tax	1200	1776	2351	159	163	166	175
Interest	391	554	716	118	120	122	128
Profit before tax	809	1222	1635	41	43	44	47
Current tax	213	298	382	68	70	70	73
Profit (Loss)	596	924	1253	-27	-27	-27	-26



Source: https://www.mohfw.gov.in/pdf/OfficesGuidelines11thJune.pdf

INDIA: DESERVES TO BE THE WORLD'S NEW MANUFACTURING HUB

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Abstract

In view of the recent ecological and geopolitical developments in the world, there is a strong quest for world's new manufacturing hub. This article makes an attempt to discuss the strong claim of India for this position because of its political, economical, geographical and legal edges. This article concludes with opportunity available to India and the need of policy makers to encash the same.

1. The Genesis Triggered:

Outbreak of COVID -19 might emerge as a pivotal turning point in the world's economic equations. In view of the recent ecological and geopolitical developments in the world, corporate think tanks have shown keenness to develop an alternative manufacturing hub. Even Governments of world's developed countries are likely to encourage the quest. (Economic Times, 2020). India consists and it needs to reveal its high potential to become the world's new manufacturing hub.

External Environment Analysis supports India's claim towards world's new manufacturing hub as it can demonstrate its excellence on all major grounds viz. Political, Economical, Geographical and Legal fronts.

2. The Political Edge:

2.1 Democracy:

India is the biggest democracy of the world (European Parliament, 2014). India with its democratic system offers the best environment for any kind of business, unlike few major existing manufacturing hubs which are still under the grip of dictatorship. In India people have freedom of expression and even they can post about the government on social networks. In many communist countries these independent platforms are banned and the flow of information is government regulated. Employees of modern multinational companies will definitely like democratic set up of India.

2.2 Stable Government:

"Generally speaking political stability is positive factor for the sovereign ratings. Because of strong mandate, next government will have a better opportunity to execute its policy agenda"(Essays, UK, 2018). India has a very positive forward looking and stable government at the centre with the majority of single largest party. This is a positive indication for prospective investors who see India as a probable manufacturing hub.

2.3 Disclosures &Transparency: "Companies with fuller disclosure win more trust from investors" (Eccles, 2001); for example, it was found by (Shastri, Shastri, & Agrawal, 2015) that mandatory cost audit has the potential to directly enhance investor trust, if some innovation is brought in innovation in reporting mechanism so as to make information available in public domain. Thus the higher is the level of disclosure; the more is the trust of investors. If we apply the same relationship to countries, it can be inferred that countries with more disclosures and transparency win more trust. "International investors searching for investment destinations look at country transparency, which includes the ability to access public information without distortions and the believability of the government's claims. In short, all the information that any government posits should stand up to robust scrutiny"(Menon, 2019). " In an interview to ET earlier this month, Prime Minister Narendra Modi promised to revive the animal spirits of entrepreneurship and make India the best investment destination in the world"(Menon, 2019). Thus more transparent political scenario is most likely to support India's claim to become world's new manufacturing hub.

2.4 Strong Foreign Policy: "Overall, observers argue, Prime Minister Modi has changed India's diplomatic outlook in several ways. He has reset his country's relations with the West"(2021). The strong relations with developed countries who are world leaders give an edge to India for its candidature of becoming world's new manufacturing hub.

2.5 Ease of Doing Business

"India is ranked at 63rd position among 190 countries, on the World Bank's ease of doing business ranking. Although, India continues to maintain its first position among South Asian countries"(Mahajan, 2020).

"India has improved its rank in 7 out of 10 indicators and has moved closer to international best practices. Significant improvements have been registered in resolving insolvency, Dealing with Construction Permits, Registering Property, Trading across Boards and Paying Taxes indicators. India has improved its rank by 79 positions in last five years. Briefing reporters in New Delhi, Finance Minister Nirmala Sitharaman said, all efforts will be made towards achieving 50th rank in ease of doing business from 63. She said, world bank has recognized India as one of the top 10 performers on the list for the third time in a row"(News Services Devision All India Radio, 2019)

2.6 Move towards Digital Economy:

Among the various flagship programmes started by the Indian government, Digital India is prominent one. Its vision is to transform India into a knowledge economy and a digitally empowered society (Shastri N. , 2020). Easily traceable transactions make people accountable, which in turn reduce corruption and improve service time (Shastri & Vaidya, 2019)

3. The Economical Edge:

3.1 Demographic Dividend:

"We should fully utilize our one time historic, demographic dividend of the world's youngest population(Athreya, 2020)".India has the world's youngest population. This is a valuable, rare, non imitable and organised social characteristic of India which makes it one of the most attractive manufacturing hub from both supply as well as demand side.

3.2 Lowest Labour Cost

Growing cost of labour seems to be the greatest concerns in the minds of entrepreneurs worldwide in the current setup. India offers Cheapest Labour and has labour cost one of the lowest in the world.

Country	Annual Minimum Wage (US$)	Hourly Minimum Wage (US$)
China	2,472	1.19
India	689	0.28
Indonesia	1,087	0.52
Malaysia	3,107	1.24
Philippines	1,515	0.73
Thailand	3,012	1.21
Vietnam	1,296	0.64

(Ellis, 2014)

3.3 Availability of Skilled Labour:

Skill gap not only adversely affects career prospects of the employee but also bring hindrances to firm performance, value and growth (Shastri, Wadhwa, & Rampal, 2018). "The National Skill Development Mission was approved by the Union Cabinet on 01.07.2015, and officially launched by the Hon'ble Prime Minister on 15.07.2015 on the occasion of World Youth Skills Day. The Mission has been developed to create convergence across sectors and States in terms of skill training activities. Further, to achieve the vision of 'Skilled India', the National Skill Development Mission would not only consolidate and coordinate skilling efforts, but also expedite decision making across sectors to achieve skilling at scale with speed and standards" (Ministry of Skill Developement & Entrepreneurship, 2020).

"National Skill Development Corporation (NSDC) aims to promote skill development by catalysing creation of large, quality and for-profit vocational institutions" (NSDC, n.d.)

"NSDC joined hands with Aspiring Minds (AM) to award international skill qualification certification at India International Skill Centres (IISC)" (Aspiring Minds, 2017). "Aspiring Minds' flagship product, the Aspiring Minds Computer Adaptive Test (AMCAT), used machine learning algorithms to evaluate the abilities of job seekers and provide feedback by measuring not only skills and knowledge, but also personality and behaviour traits. Since its founding in 2007, the company developed several new assessment products, including SVAR, a spoken-English evaluation, Automata, a programming skills evaluator, a customer service test, and TESLA, a suite of products that assessed and provided certification for vocational skills "(Karim R. Lakhani, 2016).

3.4 Better Human Resource Management:

Human Resource Management (HRM) is significant for organizations either trying to grow organic or inorganic, for example, better synergy in Mergers &Acquisitions needs higher coordination in HR issues (Shastri & Shastri, 2014). One important HR issue viz. Employee engagement positively impacts firm value (Shastri & Rajpurohit, 2017). Openness and transparency in communication can play a significant role in engaging employees who are millennial (Shastri & Rajpurohit, 2018). Thus disclosures practices and transparency in democratic countries like India have potential to play a significant role in improving levels of employee engagement specially that of youth and in turn enlarging value of firms by inculcating better HRM practices, and in fact it is a must because inferior HRM and unethical practices might lead to corporate frauds (Mittal & Shastri, 2018).

3.5 Cost Excellence:

"Indian manufacturing landscape has adopted various methods to achieve operational excellence including going lean, total quality management, automating systems, captive power generation, and alternative energy. Reduction of waste, improvement in quality, higher through put and an overall more efficient production system is leading India towards a manufacturing revolution (Aranca)".

The recognition of Indian potential by (Deloitte, 2016) in its report named The Global Manufacturing Competitiveness Index' is evidence to India's success story. (Deloitte, 2016) found India at 11th position in its survey based on historical performance but at the same time it recognised that by 2020 India will jump and reach to 5th position in the world on Manufacturing Competitiveness. Further by 2025 India is likely to become most preferred manufacturing destination of the world because people of India are determined to work hard and work smart under able and committed leadership at help of affairs of the nation.

India has exhibited its potential of achieving cost excellence not only in manufacturing but also in service Industry.

For example in Healthcare Manufacturing, Indian pharmaceutical company Cipla is literally saving millions of lives through its reverse-engineered, low-cost medicines. Cipla developed a revolutionary anti-HIV drug 'cocktail' made up of three drugs – Nevirapine, Didanosine and Zidovudine. Then it shocked the world by offering it to poor African countries at unbelievably low prices that were far below the prevailing price. Today one in three people living with HIV in the world are taking a Cipla drug for treatment. The pharmaceutical industry has traditionally relied on patents and high prices to justify its investments into drug research - but Cipla's business model based on reverse engineering is posing severe disruption.(Lisa Goldapple, 2016). For COVID-19 solution the world is looking upto India. Mr Donald trump US president thanked India for the drug supplies.

Another example is from Healthcare Services of Dr. Devi Prasad Shetty's Bangalore based Narayana Health which is the lowest-cost, high-quality healthcare service provider in the world. The success of Narayan Health has proved that Indian's have offered 'quality' services at 'lowest cost' in healthcare.(Dr, 2020)

Cost excellence in space research is also another example of our success. "While a remarkable scientific achievement in itself, the biggest reason that Mangalyaan has caught the fancy of the world is because of how little it cost to make it. As opposed to Mars and deep space missions from international agencies such as NASA, Roscosmos, ISRO's Mangalyaan was built at a fraction of the cost. Budgeted at around $75 million, Mangalyaan mission cost just 11 per cent of NASA's MAVEN orbiter, which cost somewhere in the region of $485 million to develop — and around $187 million for the launch into space and further ground support. The mission was so cost-effective that it even forced Prime Minister Narendra Modi to quip that India's real-life Mars mission costs less than Hollywood film Gravity. But that wasn't all. Our PM took it a step further when he compared the mission's per KM cost to that of an auto ride in Ahmedabad. "A one-km auto rickshaw ride in Ahmedabad takes Rs 10 and India reached Mars at Rs 7 per km which is really amazing" he explained." (https://www.timesnownews.com, 2019)

3.6 Very Fast Growing Big Economy:

Following table exhibits world's largest economies in 2010 vs 2019: (IMF, 2020).

Rank	2010	2019
1	United States	United States
2	China	China
3	Japan	Japan
4	Germany	Germany
5	France	**India**
6	United Kingdom	United Kingdom
7	Brazil	France
8	Italy	Italy
9	**India**	Brazil
10	Russian Federation	Canada

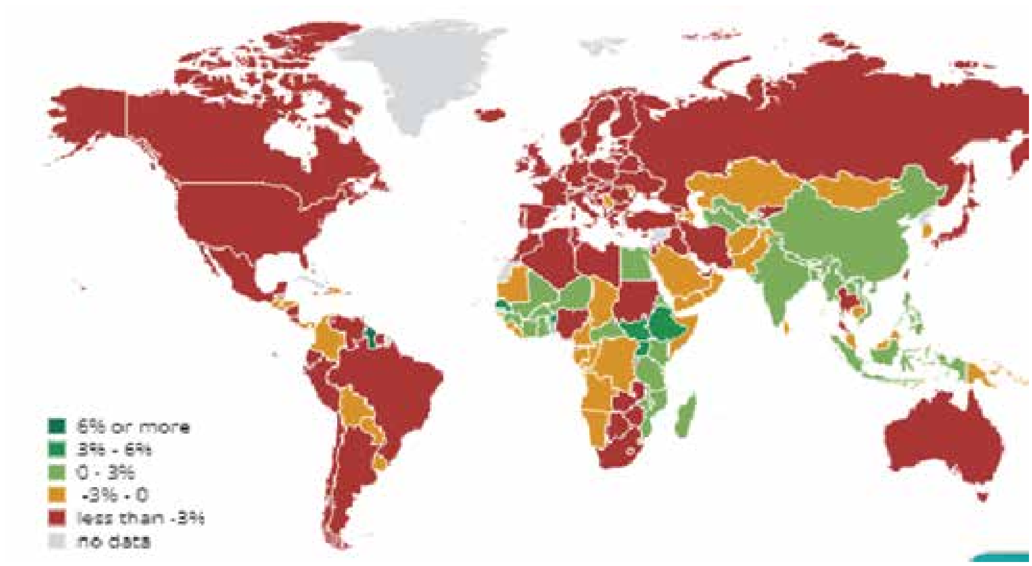
Before COVID-19 India was one of the world's fastest growing economy. After COVID-19 it is expected many countries will slip in negative territory but India is expected to be least affected as compared to others and remain in positive growth territory and continue to be the one of the world's fastest growing economy.

Table showing Real GDP growth (Annual percent change)

(IMF, 2020)

Country	2019 (Actual)	2020 (Forecasted)
United States	2.3	-5.9
China, People's Republic of	6.1	1.2
Japan	0.7	-5.2
Germany	0.6	-7
India	4.2	1.9

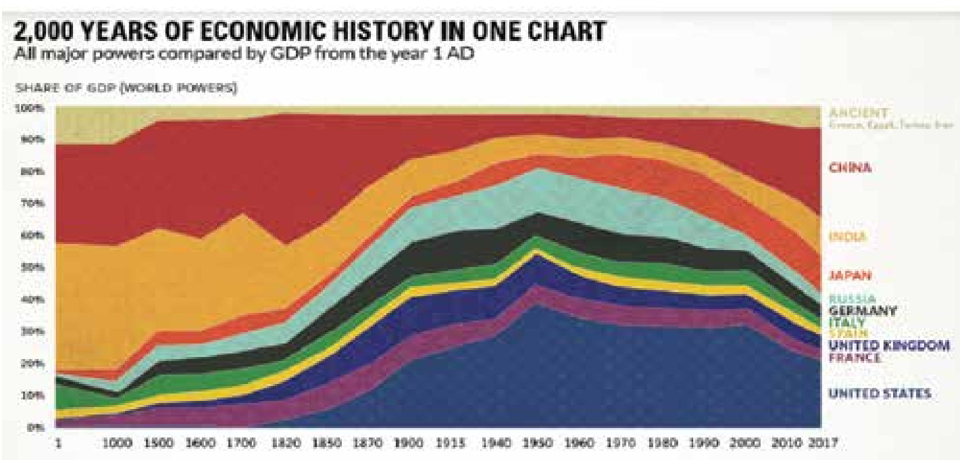
Map of Real GDP Annual Percentage Growth (IMF, 2020)



4. The Geographical Edge:

"During the medieval times, India was the world leader in manufacturing, producing 25% of the world's industrial output up until the mid-18th century, prior to British rule" (Economic History of India, 2020).

2000 Years of economic History in a Snapshot(Desjarnis, 2017)



One of the basic reasons was that India enjoys geographical advantage and is surrounded by sea from three sides. India is a country surrounded by Indian Ocean from three sides. It has got a total coastline of 7,000 km. Majority of Asian's exports are from Indian waters.

Currently, India has one of the fastest growing Logistics and Transportation facilities. Indian Government has its highest focus on infrastructure development.

(Editor's Worlddata, 2020)

5. The Legal Edge:

5.1 Parallel Judicial System:

It's a well understood fact, that a Business flourishes in a free environment, where the aggrieved entrepreneur has got the judicial remedy to raise voice against any wrong. In some countries even media is controlled and businesses are shut down by just one order of the Government. On the other hand India offers a free media and a very strong judicial system which is the backbone of world's largest democracy.

5.2 Improved Labour and Tax Laws:

Indian government is working towards reforms in labour law so as to make them more industry friendly without compromising the interests of labourers. Not only are these but significant reforms in tax laws taking place. GST is biggest outcome of the same. Direct tax code is next in the pipeline. India's direct tax structure offers one of the world's lowest corporate tax rates. The effective tax rate for manufacturing companies is at 17.01% inclusive of surcharge & cess. Also, such companies shall not be required to pay Minimum Alternate Tax.(Economy, 2020)

5.3 Improved Accounting Regulation:

One of earlier barriers was Indian GAAP, now India has adopted IFRS based IND AS (Accounting Standards) which are at par with internationally accepted IFRS. India has even adapted to Accounting language of the World, thereby making financial integration and reporting easier for the Manufacturing Businesses.

6. Conclusion:

After the comprehensive review relevant literature and its synthesized segmental articulation in previous sections of this paper, it can be concluded that India offers irresistible attraction to the World for setting up their manufacturing bases in India. Indian Government and Industry leaders' think tank can approach these companies with assurance of simplified and fast approvals; improved Infrastructure and wonders are likely to take place. Looking into political, economical, geographical and legal edges discussed in this article, India is well poised to win the race of most acclaimed nation for manufacturing base building. MA

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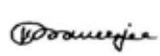
NOTIFICATION

In pursuance of Regulation 146 of the Cost and Works Accountants Regulations, 1959, the Council of the Institute at its at its 325th Meeting held on 28th June; 5th, 19th, 21st & 22nd July; 2nd & 3rd 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 Sonepat District in the State of Haryana:

The Institute of Cost Accountants of India – Sonepat Chapter
H.N. 48/24,
Dev Nagar, Near Shiva Hospital,
Sonepat-131001
Haryana.



CMA Kaushik Banerjee
Secretary

AGRICULTURE WITH SPECIAL EMPHASIS ON HORTICULTURE AND AGRIBUSINESS OPPORTUNITIES - A CASE STUDY ON WEST BENGAL

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West Bengal

Abstract

West Bengal, with good productivity of agri-horticultural produce belongs to sound agri business potential. However, this potentiality gets neglected due to inadequate development and improper use of food processing infrastructures in the state. Consequently, it has to suffer average annual loss of ₹842.08 crore from wastage of agri-horticulture produces. This loss could be prevented by unlocking state's full potentiality in agribusiness and welcoming food processing industries in the state which will contribute to the GSDP also.

Introduction:

West Bengal is predominantly an agrarian State comprising of only 2.70 *per cent* of India's geographical area which contributes to 30 *per cent* of its Gross Domestic Product (GDP) and supports nearly 8 *per cent* of its population. There are 71.23 lakh farm families of whom 96 *per cent* are small and marginal farmers. The average size of land holding is 0.77 ha. The state is bestowed with diverse natural resources, agricultural human resources, uninterrupted quality power supply and varied agro-climatic conditions with six agro-climatic zones[1] which support cultivation of a wide range of crops like paddy, potato, jute, pineapples, litchis, mangoes, flowers, pulses, oilseeds, maize *etc*. The net cropped area[2] is 52.30 lakh ha which comprises 59 *per cent* of the geographical area and 92 *per cent* of arable land. The cropping intensity[3] is 184 *per cent*. The State has 1,450 food and agri-produce markets, 186 krishak bazaars, nine food parks including one mega food park, 46.85 lakh MT of cold storage capacity and six agri-export zones as of March 2018 to market the agricultural produces. West Bengal's economy is primarily driven by the agriculture and allied sector[4].

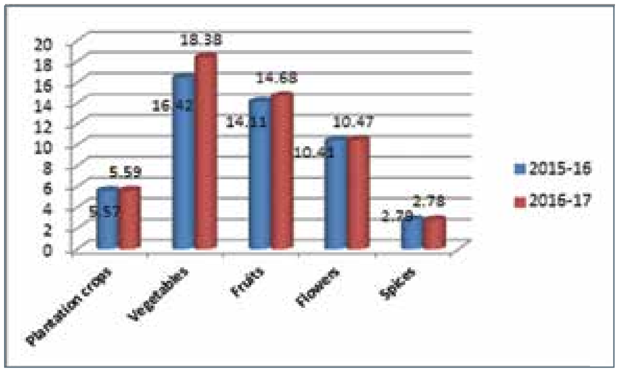
State Agricultural Plans and Actions

Government of West Bengal (GoWB) is determined to overhaul the agribusiness industry and has set with the strategic goals for agriculture and allied sector development in the state. For economic upliftment of the farmers and providing livelihood support to the local people, Government has taken several agri-horticultural schemes[5] (*viz*. ASIDE, MGNREGA, RIDF, RKVY, NFSM, BGREI, Paschimanchal Developmental Scheme *etc*. both independent and comprehensive scheme) for implementation. These schemes aimed at early cultivation of quality seeds, vegetables, plantation, production/ development of crops, agricultural mechanization, plant protection & plant quarantine, development of agri-horticultural projects, extension of crop insurance, provisioning minimum support price for agri-produces to the farmers. For successful implementation of these schemes the basic requirements are to **(i)** identify project with availability of water sources, **(ii)** finalise the list of beneficiaries, **(iii)** timely procurement and distribution of farm inputs (*viz*. seeds, minikits, saplings, pesticides, fertilizers *etc*.), **(iv)** enriching the soil with organic matter and providing irrigation water, **(v)** proper use of organic manure, **(vi)** procurement, distribution and proper use of farm implements & equipments (*viz*. tractors, power tillers, power reapers, power sprayers, pump sets *etc*.), **(vii)** convincing and providing inspiration & training to the farmers, and **(viii)** dissemination of technology through mobile, radio & television *etc*. Proper monitoring and control on such works is the prerequisite. Moreover, co-ordination among different departments of Government associated with the agri-allied works is also required.

Production and productivity of agri-horticultural produces in West Bengal

Productivity of horticulture crops (*viz*. plantation crops, fruits, vegetables, spices and flowers) in West Bengal during 2015-17 is given in the following Chart.

Chart: Productivity of horticulture crops in West Bengal



It was observed that the plantation area of horticulture crops increased at a CAGR of 0.59 per cent and production of horticulture crops increased at a CAGR of 10.65 per cent respectively in West Bengal during last two years upto 2016-17.

During 2017 the state (West Bengal) ranked first in India for production of pineapple, cabbage, and cauliflower respectively. It was the second largest producer of potatoes, litchis during the same period.

Agribusiness opportunities in West Bengal

The agribusiness industry can be divided into five segments (*viz*. Farm Inputs, Farming & Production, Trading & packaging, Food processing and Retailing). In India food consumption pattern is going through a gradual change and shifting from basic food towards more value added food like fruits and vegetables, livestock proteins and processed food. The food processing output was valued at Rs.1,49,500 crore in 2011 and was expected to grow at Rs.7,73500 crore[6] by 2030. This indicated a growing processed food market in India. The agri-produces in West Bengal and scope of agribusiness opportunities with such produces may be seen from the following **Table**.

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[1] *More than 50 per cent of state's geographical area is made up of the soil in Gangetic Alluvial Zone (Districts: Hooghly, Howrah, Bardhaman, Nadia, North 24 Parganas and Murshidabad) and Terai-Teesta Alluvial Zone (Districts: Alipurduar, Coochbehar, Jalpaiguri and North Dinajpur) which are considered to be the most fertile.*

[2] *Non-agricultural land area - 41 per cent.*

[3] *Cropping intensity= Gross sown area-96.18 lakh ha/ Net sown area-52.38 lakh ha x 100*

[4] *Which accounts for 30 per cent of its Gross State Domestic Product (GSDP).*

[5] *Assistance to States for Developing Export Infrastructures, Mahatma Gandhi National Rural Employment Generation Act, Rural Infrastructure Development Fund, Rashtriya Krishi Vikas Yojana, National Food Security Mission, Bringing Green Revolution in Eastern India.*

[6] *Food and Agriculture Integrated Development Action: FAIDA, Confederation of Indian Industry: CII & McKinsey*

TABLE: Year wise agricultural produces and agribusiness opportunities in West Bengal **(in'000 MT)**

Agri-horticultural produce	2015-16		2016-17		Agribusiness opportunities
	Production	Post-harvest losses*	Production	Post-harvest losses (Rs. in crore)**	
Crops					
Paddy	23922.38	4784.48	24348.48	4869.70 (8.49)	Rice-bran, Rice-germ, Medicines *etc.*
Potato	8427.00	1685.40	11052.60	2210.52 (2.27)	Chips, flakes, powder, fries, starch *etc.*
Jute	1380.07	276.01	1387.08	277.41 (1.09)	Fabrics, Furniture, Clothes, Cosmetics, Medicines *etc.*
Wheat	788.50	157.70	930.00	186.00 (0.48)	Atta, flour, suji, rava, pasta, noodles *etc.*
Maiza	662.43	132.49	706.00	141.20 (0.19)	Starch, grit, powder *etc.*
Rice	15948.25	3189.65	16070.00	3214.00 (8.12)	Milled rice, rice burn oil, powder, poha, puffered rice *etc.*
Fruits					
Pineapple	330.07	66.01	336.11	67.22 (80.66)	Juice, candy, pulp, concentrate, jam, jelly *etc.*
Litchis	85.10	17.02	85.10	17.02 (34.04)	Juice, Jam, Jelly *etc.*
Guava	198.79	39.76	202.95	40.59 (81.18)	Concentrate, fruit drinks, frozen haves, candies *etc.*
Mango	693.39	138.68	836.07	167.21 (250.82)	Pickle, aam papad, chutney, candy, dried mango powder *etc.*
Vegetables					
Tomato	1204.43	240.87	1233.16	246.63 (0.18)	Puree, juice, concentrate, ketchup *etc.*
Cabbage	2258.03	451.61	2271.00	454.20 (0.34)	Fresh cut, frozen, assorted products *etc.*
Onion	544.55	108.91	465.45	93.09 (0.11)	Medicines *etc.*
Cauliflower	1889.04	377.81	1899.58	379.92 (0.44)	Fresh cut, frozen, assorted products *etc.*
Banana	1172.34	234.47	1195.60	239.12 (0.32)	Starch, chips, powder *etc.*
Flowers					
Loose flowers	69.62	13.92	71.19	14.24 (139.55)	Foliage, ornamental grasses, artistic decoration *etc.*
Flowers cut	NA	NA	201.57	40.31 (233.80)	As above
Total		**11621.77**		**12363.95 (842.08)**	

(Source: Department of Agriculture, GOWB, Department of Food Processing Industries and Horticulture, GoWB, Horticulture Statistics at a Glance-2016, 2017 and 2018, GoI, www.agmarknet.nic.in and http://www.ciphet.in/ Study on post harvest loss)

* *Considering 20 per cent as Standard Loss as estimated (20-35 per cent) by GoWB.*

** *Considering average minimum market prices of agri-horticultural produces in West Bengal as of 31st March 2017.*

From the above Table it may be seen that 11621.77 ('000MT) in 2015-16 and 12,363.95 ('000 MT) in 2016-17 being 20 *per cent* of total agri-horticultural produces got wasted annually (valuing Rs.842.08 crore) which could have been used for production of processed food. This could be achieved through development and proper use of food processing infrastructures[7] in the state. GoWB, however, identified (January 2018) the key thrust areas in agribusiness as **(a)** promoting investment to catalyze precision farming[8], **(b)** promoting agritech and farm mechanization, **(c)** augmenting the agribusiness supply chain infrastructure, **(d)** promoting investment in food processing industry *etc*. Further, GoWB aimed at development of agricultural marketing facilities by meeting the infrastructure gap through **(a)** creation of krishak bazaars (KBs), **(b)** augmentation and setting up of storage & warehousing facilities, **(c)** food parks *etc*. The West Bengal Agricultural Produce Marketing (Regulation) Act was enacted (1972) and Regulated Market Committees (RMCs) were formed to ensure proper price to the farmers.

[7] *Storage facilities, Cold-chain & pack houses, Packaging technology, Food testing labs and certifications, New technology in food & vegetables etc.*

[8] *Precision farming is fundamentally the application of technology for measuring and understanding of variability in the farming eco-system using farming infrastructures like Remote Sensing (RS), Geographical Information System (GIS), Global Positioning System (GPS), Soil Testing etc. and farming services including training to the farmers.*

Conclusion

Agriculture and allied sector is the third largest contributor (17.9 *per cent*) to the GDP besides employment and livelihood of rural households (58 *per cent*) in India. Gifted with immense natural potential in agri-horticulture sector, GoWB should properly distribute farm inputs, help farming & production, ensure optimum utilization of already created agri-infrastructures, properly monitor the schemes/ projects and unlock state's full potentiality in agribusiness *vis-à-vis* food processing sector. **This aspect of agri-horticulture reform as pointed out above may also help to combat the bruising impact of the Covid-19 pandemic in the state**. MA

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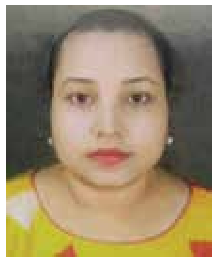
COVID - 19 IMPACT ON THE MISSION OF 5 TRILLION DOLLAR ECONOMY: A STUDY ON OIL AND GAS INDUSTRY IN INDIA



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Abstract

The world witnessed the severe impact of Novel Coronavirus on global economy and financial landscape and it is considered to have more precarious impact as compared to the financial crisis of 2008. The economy may face a period of slow-down due to country-wide lockdown and global economic downturn. In this paper we try to find the effect of COVID-19 on the Oil and Gas Industry of India.

1. Background and Problem Analysis

The Indian economy is characterized as developing economy. India is the world's one of the fastest growing large economy. Currently, India is ranked as fifth-largest economy by nominal GDP ($ 2.94 trillion) and the third- largest by Purchasing Power Parity (PPP) of the world in 2019.It is expected that India will be the fourth largest economy by 2024 with a GDP of $5 trillion. It is a big challenge for the Indian economy to maintain the yearly GDP growth rate at 8% to 9% for achieving $ 5 trillion economy. But annual GDP growth of India for the year 2019-2020 is only 4.2%. It is expected that GDP growth rate of India during 2020-21 will come down to 1.9%. Probably it will be the slowest GDP growth for India in recent years. The oil and gas industry has a viable factor for the development of Indian economy. The natural gas and petroleum sector including refining, transportation and marketing of these products, contributes about 15% to India's GDP. Government earns highest foreign currency from the export of the petroleum product. The world witnessed the severe impact of Novel Coronavirus on global economy and financial landscape and it is considered to have more precarious impact as compared to the financial crisis of 2008. The effect of COVID-19 is very unconventional in term of its uncertainty and size. And for this circumstances, the economic growth hits in an unprecedented way.

2. Objectives of the Study

This study has three specific objectives –

- To illustrate the strategies taken by the Government for the Oil and Gas Industry to achieve 5 trillion dollar economy.

- To identify the status of selected companies belonged to Oil and Gas industry in terms of financial performance before lockdown.
- To show the expected future performance of the selected companies after lockdown.

3. Data and Methodology

This section consists of four sub-sections which are as follows:

- **Sample Selection** – This study is based on a sample consisting of five public and private companies lying under Oil and Gas industry. These five companies which are randomly chosen are –
  (a) Bharat Petroleum Corporation Limited (BPCL)
  (b) Gas Authority of India Limited (GAIL)
  (c) Indian Oil Corporation Limited (IOCL)
  (d) Oil and Natural Gas Corporation (ONGC)
  (e) Reliance Industries Limited (RIL)
- **Period of Study** – For this study data are classified into two categories i.e. Actual data and Forecasted data. For actual data, last six years (2014-15 to 2019-20) and for forecasted data, only two years (2020-21 and 2021-22) have been considered.
- **Data Sources** – All the data are collected from respective websites of the selected sample companies and other different web-links associated with the stock market performance of different listed companies.

Key Variables – Only four variables on the basis of which performance and valuation of a firm can be judged have been selected for this study which are –

Enterprise Value – it is a measure of a company's total value in terms of market capitalization represented by the product of market price per share and number of equity shares outstanding at the end of certain date or period. Higher the value, better is the performance of the company and vice-versa.

Capitalization/Revenue Ratio (C/R Ratio) – This ratio utilizes a company's market capitalization and revenue to determine whether the stock is valued properly. All things being equal, a low C/R ratio is good news for investors while a very high C/R ratio can be a warning sign.

Price Earnings ratio (P/E Ratio) – It is the ratio for valuing a company that measures its Market Price per share (MPS) relative to its Earning per Share (EPS). Higher P/E ratio reflects the better position of the company in the stock market in terms of its market Value with compared to its peer companies.

Enterprise Value/ Earning before Depreciation, Interest, Tax and Amortization (EV/EBDITA) Ratio - It is such a ratio which is used to measure the performance of the company. Higher the ratio, better will be the value of the company and hence represents better performance of the company too.

4. 5 trillion-dollar economy – A mission of Government of India

The total monetary value of all goods and services that produced within a year by a country is called the GDP. Annual value of the GDP is used as the reference of the size of the economy.Government of India set the economic target to achieve the annual GDP value of $5 trillion by 2024. The oil and gas industry is expected to have US$25 billion investment in exploration and production by 2022. Refining capacity in the country is expected to increase to 667 MTPA (Million Tonnes Per Annum) by 2040. Demand of oil is expected to be increased by 5.8 mbpd (Million Barrels Per Day) by 2040 from 5.18 mbpd (Million Barrels Per Day) in 2019. Consumption of crude oil is expected to grow at a CAGR (Compounded Annual Growth Rate) of 3.60 percent to 500 million tonnes by 2040 from 221.56 million tonnes in 2017. Natural Gas consumption is predicted to increase at a CAGR (Compounded Annual Growth Rate) of 4.18 percent to 143.08 million tonnes by 2040 from 58.10 million tonnes in 2018. In India the demand of the diesel is expected to double to 163 million tonnes (MT) by 2029-30.

5. Analysis and Findings

Oil and Gas sector is undoubtedly treated as a precious sector that contributes a considerable fraction of GDP towards Indian economy. During Financial Year 2020, India's oil refining capacity stands at 249.9 Million Metric Tonnes (MMT) which is second largest refiner in Asia. Private companies own about 35.36% of the total refining capacity. In this section, impact of pre and post lockdown scenarios on the financial performance of the five selected companies are critically analyzed.The statistical analysis of the variables employed in this study are displayed in the following tables and charts.

Table – 1: Enterprise Value

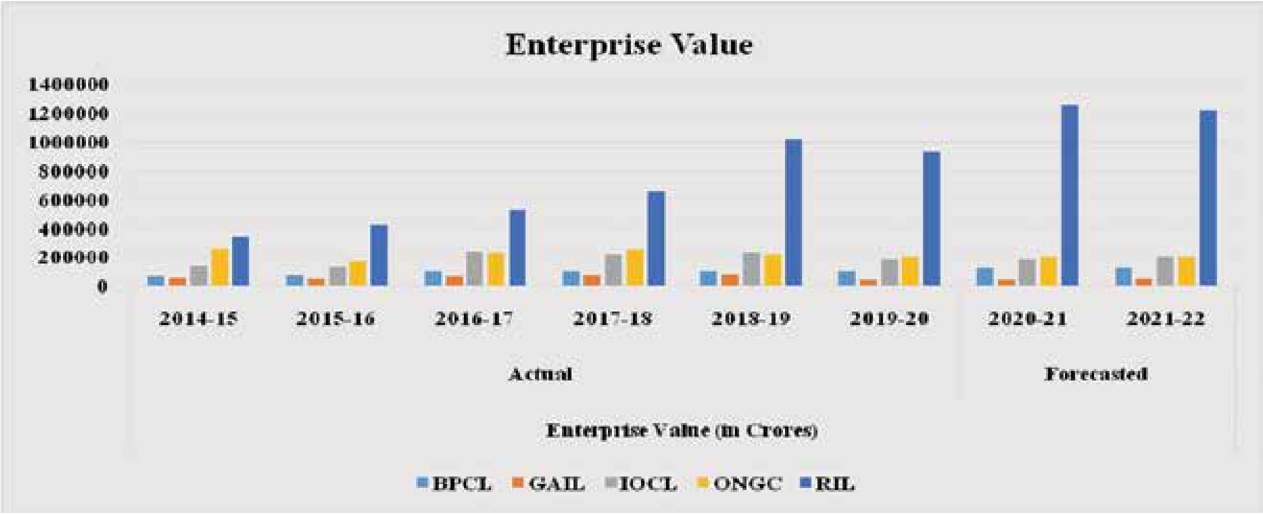
Companies	Enterprise Value (in Crores)							
	Actual						Forecasted	
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22

BPCL	68982.9	76835.2	106033	106841	105071	106042	126783	127432
GAIL	56231.5	49189.7	65331.7	72548.3	77974.5	46524.9	47657.9	49820.6
IOCL	139020	135205	233592	222553	232544	182401	185172	198459
ONGC	261116	173773	227969	252755	221808	203581	201554	203071
RIL	344443	424125	528421	653358	1017464	926766	1252944	1211733

Source: Annual Reports and websites

The above figures are reflected in Chart - 1.

Chart: 1 - Enterprise Value



Source: Presentation by the authors

Chart – 1 reflects that the Enterprise value of all the four companies except RIL have been standing at a same level while RIL shows a continuous upward trend over the years. Even forecasted data shows that there will be a boost in the performance level of RIL in the coming two years. So based on this variable, the performance of the selected sample companies will not be so much differed in between pre and post lockdown crisis which is good sign for the economy.

Table – 2: Capitalization/Revenue Ratio (C/R Ratio)

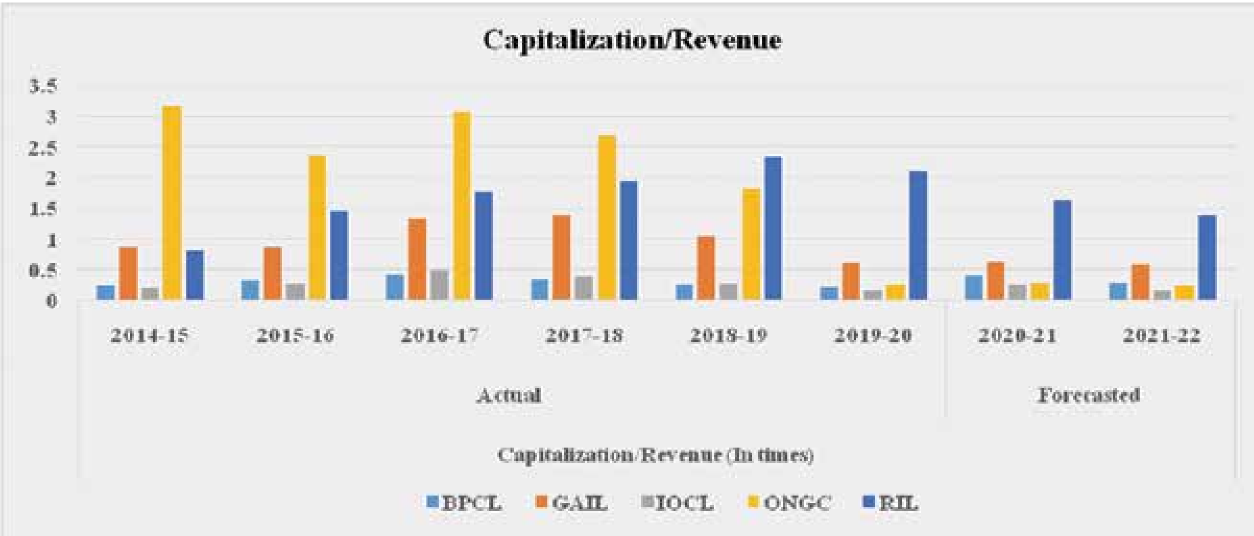
Companies	**Capitalization/Revenue (In times)**							
	Actual						**Forecasted**	
	2014-15	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**
BPCL	0.25	0.34	0.42	0.36	0.26	0.22	0.41	0.29
GAIL	0.87	0.87	1.32	1.38	1.04	0.62	0.63	0.58

IOCL	0.2	0.27	0.51	0.39	0.28	0.17	0.26	0.17
ONGC	3.17	2.37	3.06	2.69	1.83	0.26	0.29	0.25
RIL	0.81	1.45	1.77	1.93	2.33	2.1	1.64	1.37

Source: Annual Reports and websites

The above figures are reflected in Chart - 2.

Chart – 2: Capitalization/Revenue Ratio (C/R Ratio)



Source: Presentation by the authors

Before 2019-20, throughout last couple of years from 2016-17, this ratio has got a downward trend in case of all the selected sample companies except RIL and the same trend as it was before lockdown is expected to last for next couple of years after the lockdown gets over completely. Since this ratio shows a continuous downward trend from 2014-15 to 2018-19 along with the expectation of having a similar trend in upcoming years after such crisis, it is quite a good opportunity for the investors to buy the shares of such companies which may give a boost to the valuation of the company and the stock market too and thereby proving a favorable sign for the economy.

Table – 3: Price Earnings ratio (P/E Ratio)

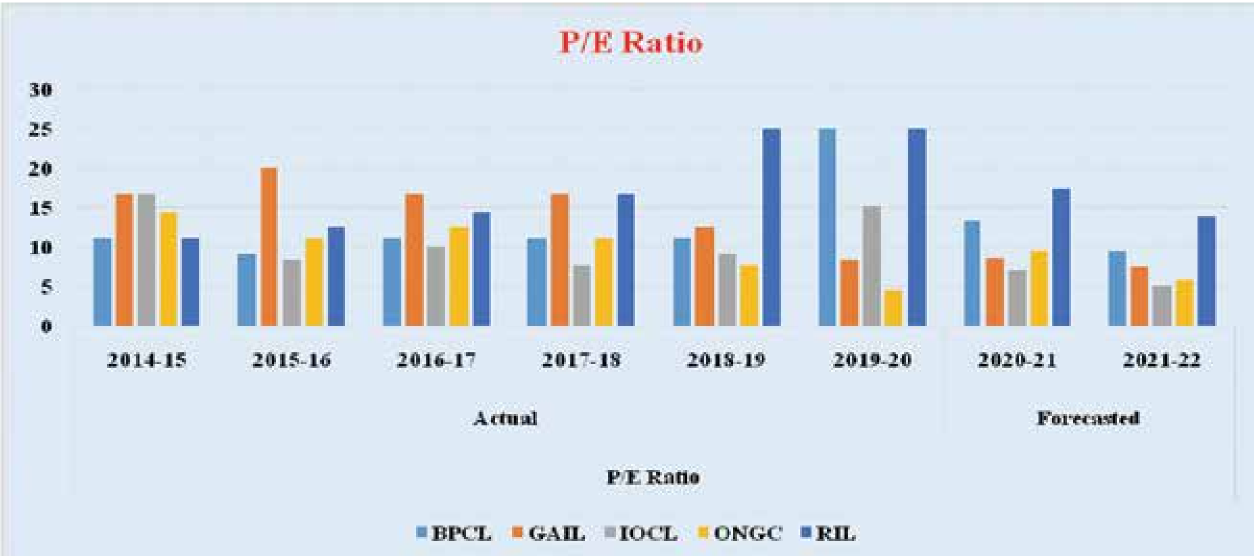
Companies	P/E Ratio							
	Actual						Forecasted	
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
BPCL	11.11	9.09	11.11	11.11	11.11	25	13.4	9.46
GAIL	16.67	20	16.67	16.67	12.5	8.43	8.51	7.47
IOCL	16.67	8.33	10	7.69	9.09	15.1	7.08	5.16

ONGC	14.29	11.11	12.5	11.11	7.69	4.57	9.59	5.8
RIL	11.11	12.5	14.29	16.67	25	25	17.4	13.9

Source: Annual Reports and websites

The above figures are reflected in Chart - 3.

Chart – 3: Price Earnings ratio (P/E Ratio)



Source: Presentation by the authors

As far as P/E ratio is concerned, there was a continuous fluctuating trend over last five years from 2014-15 to 2018-19 in case of all the selected companies. Even in 2019-20, the trend is still negative for GAIL and ONGC but IOCL, BPCL and RIL are showing a positive trend. Besides, forecasted data reveals that the performance of the all selected companies in the upcoming years will not be a favourable sign for the economy as the ratio shows a continuous downward trend.

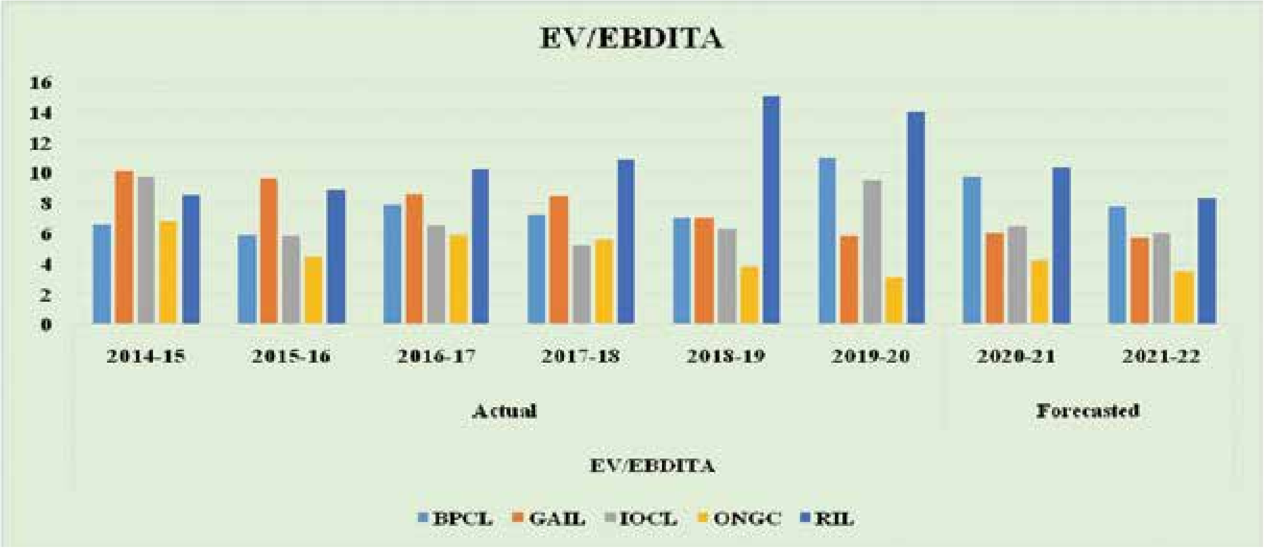
Table – 4: (EV/EBDITA) Ratio

Companies	EV/EBDITA							
	Actual						Forecasted	
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
BPCL	6.56	5.88	7.9	7.23	7.03	10.91	9.72	7.79
GAIL	10.12	9.6	8.61	8.42	7.02	5.85	5.98	5.69
IOCL	9.72	5.79	6.49	5.17	6.29	9.51	6.47	5.99
ONGC	6.8	4.43	5.9	5.63	3.81	3.14	4.21	3.43
RIL	8.54	8.89	10.17	10.9	15.03	13.96	10.3	8.32

Source: Annual Reports and websites

The above figures are reflected in Chart - 4.

Chart – 4: (EV/EBDITA) Ratio



Source: Presentation by the authors

From 2014-15 to 2019-20, this ratio has been sustained in a steady level for all the selected companies. For some companies, it is increasing also. In next two years there will be a little chance of massive recovery as it was in before lockdown.

From the statistical analysis, it is clear that the performance of all the selected companies were at a moderated level before 2019-20 i.e. before pandemic crisis and the performance of all the selected companies are expected to be little bit worsened after lockdown i.e. in the upcoming days.

6. Conclusion

From the above analysis we can conclude that, the Union Government should take some sort of initiatives in order to rebound the performance of such companies at a previous higher level with the hope of boosting in the Oil and Gas sector and draw an appropriate blueprint for the survival of the companies from such a pandemic crisis. The economy may face a period of slow-down due to country-wide lockdown and global economic downturn. And the Union Government should undertake several measures to boost the economy from the effect of COVID-19 which ultimately help the economy to achieve five trillion-dollar economy. MA

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ECONOMIC SURVEY 2019-20: A FOCUS ON ACHIEVING A $5 TRILLION ECONOMY

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Abstract

The Economic Survey 2019-20 depicts that Indian economy is still under pressure of a prolonged slowdown with GDP growth rate deteriorating continuously for the last six quarters. The survey highlights sethical wealth creation, improvement in ease of doing business, minimum government intervention, entrepreneurship at grassroots, pro-business policies for equal opportunity, ban on trust undermining pro-crony policies and job creation via make in India. It expects the real GDP growth in the range of 6.0% to 6.5% in 2020-21.The survey has given a holistic view of the economy and the possible ways to resolve the problems. It places primary blame for the slowdown in global factors. It admits that meeting the $5 trillion target set by the Prime Minister will be challenging, given the growth slowdown. For achieving the target, there is a need to give thrust to manufacturing and exports. In this period of global volatility, the government should continue its already implemented structural reforms and follow India's path to $5 trillion economy.

The Economic Survey of a country is very much important as it helps the common people to know about the current economic situation of the country. It also makes people aware of the key economic decisions of the government that has an impact on their lives. The Economic Survey 2019-20 depicts that Indian economy is still under pressure of a prolonged slowdown with GDP growth rate deteriorating continuously for the last six quarters. Amid this decline the survey may bring many macro and sectoral aspects on the basis of which the government can further take steps to bring the economy back on track. The survey highlights the following picture of the economy in the year 2019-20.

- **Ethical Wealth Creation:** The survey depicts that sectors that were liberalized grew significantly faster than those that remain closed. The ambition of becoming a $5 trillion economy depends critically on strengthening the invisible hand of markets and supporting it with the hand of trust. The invisible hand is required to be strengthened by promoting pro-business policies like providing equal opportunities for new entrants, enabling fair competition and ease of doing business. The survey suggests that policies must empower transparency and effective enforcement using data and technology to enhance trust.

- **Wealth Creation through Entrepreneurship at the Grassroots:** The World Bank's data on Entrepreneurship shows that India ranks third in number of new firms created. The CAGR of new firm creation grows from 3.8% during 2006-2014 to 12.2% during 2014-2018. The new firm creation in services sector is remarkably higher than that in manufacturing, infrastructure or agriculture. Literacy, level of local education and physical infrastructure in the district significantly influence new firm creation. So, the policy makers of District and State must focus on literacy, education and physical infrastructure to promote entrepreneurship.

- **Pro-Business Vs Pro-Crony Activity:** The ambition of becoming a $5 trillion economy depends critically on promoting "pro-business" policies. Pro-business policies provide equal opportunities to new entrants, correct market failures, enforce business accountability, enable fair competition, and ease of doing business to generate wealth and maximise social welfare. On the other hand, "pro-crony" policies favour specific private interests, especially powerful incumbents, hurt markets, promote narrow business interests and hurt social welfare by lobbying the government to limit competition in their industry, restrict imports of competing goods or reduce regulatory oversight. Though there is impressive progress in the enabling competitive markets, pro-crony policies have destroyed value in the economy.

- **Discouraging Government Intervention when it Hurts Market:** Though government play a crucial role by intervening in situations where "market failures" are acute, but the costs of government intervention may outweigh the benefits when "market failure" are not severe. The survey advocates that unhealthy and counter-productive government interventions should be eliminated to enable competitive markets and thereby stimulate investments and economic growth. For example, imposition of stock limits on onion in September 2019 had no effect on the volatility of retail and wholesale prices of onions.

- **Integrating India with world market to Create Jobs and Boost Growth:** In the international trade front, India has an unparalleled export market of labour intensive sectors, especially "network products" and incomparable job opportunities for our growing youth like China. India can raise its export market share to about 3.5% by 2025 and 6% by 2030 by integrating "Assemble in India for the world" into "Make in India". This initiative will create 4 crore well paid jobs by 2025 and 8 crore by 2030.

- **Targeting Ease of Doing Business in India:** The World Bank's Doing Business ranking shows that India has improved from 142 in 2014 to 63 in 2019. However, it is lagging far behind in Ease of Starting Business (136), Registering Property (154), Paying Taxes (115) and Enforcing Contracts (163). So, there is huge scope for improvement. The performance of Indian sea-ports in terms of exports is very poor than imports because of the inordinate delays in loading and customs processes in Indian sea-ports while exporting. However, logistical process for export and import of electronics through Bengaluru airport is world class. The survey suggests that the process which has been applied in Indian airports should be adopted and replicated in sea-ports.

- **Scaling up of Banking Sector Efficiently:** Even after 50 years of bank nationalization, the Indian banking system is sub-scale compared to the size of the economy. As the Public Sector Banks (PSBs) account for 70% market share in Indian banking, the onus of fostering growth falls on them. But the performance of PSBs in India is very bad and they are inefficient in comparison to their peer groups. According to the survey India should have at least six banks in the top 100 global list. Beside the suggestions provided by different committees to revamp Indian banking sector, the survey suggests use of FinTech (Financial Technology) across all banking functions and employee stock ownership across all levels to enhance efficiencies in PSBs. Insolvency and Bankruptcy Code will play a vital role in scaling up of the economy.

- **Financial Fragility in the NBFC Sector:** The financial fragility of NBFC sector is a matter of concern. The NBFC sector is susceptible to rollover risk when they rely too much on the short-term wholesale funding market for financing their investments in the real sector. The survey suggests application of Health Score methodology to detect early warning signals of impending rollover risk problems in individual NBFCs, trigger greater monitoring and taking corrective action.

- **Privatization and Wealth Creation:** Disinvestment in BPCL has led to an increase of around 33,000 crore in the value of shareholders' equity of BPCL as compared to HPCL. A comparative analysis of 11 CPSEs before and after disinvestment reveals that the indicators of performance have improved remarkably in the post privatization period compared to the peer firms. The survey suggests that an aggressive disinvestment strategy should be undertaken to bring in higher profitability, promote efficiency, increase competitiveness, promote professionalism in management and ultimately to increase national wealth.

- **The Price of a Plate of Food in India.** According to the survey, the absolute prices of a Veg-Thali have decreased significantly since 2015-16, though the price has increased during 2019-20. After 2015-16, the average household gained Rs. 10887 on average per year from the moderation in prices in the case of Veg-Thali. Similarly, an average household that consumes two Non-Veg-Thalis gained around Rs. 11787 on an average per year during the same period. Using the annual earnings of an average industrial worker, it is found that affordability of Veg-Thali improved 29% from 2006-07 to 2019-20 while that for Non-Veg-Thali improved by 18% in the same period.

- **State of the Economy:** The year 2019 was a challenging year for the global economy with world output growth rate estimated to grow at its slowest pace of 2.9% due to the global financial crisis since 2009, declining from a subdued 3.6% in 2018 and 3.8% in 2017. In spite of this weak environment for global manufacturing, trade and demand, the Indian economy slowed down with GDP growth moderating to 4.8% in H1 of 2019-20, lower than 6.2% in H2 of 2018-19.The IMF and the World Bank have projected a real GDP growth rate of 5.8% for 2020-21. Considering both the upside and downside risks, the net assessment shows that India's real GDP growth is expected to grow in the range of 6.0% to 6.5% in 2020-21.

- **Fiscal Developments:** In the fiscal front, the year 2020-21 will have to face challenges because of weak global growth and risks due to intensified trade tensions. Moreover, the step of recovery of growth will have implications for revenue collections. The first eight months of 2019-20 showed a higher growth compared to the same period last year due to considerable growth in Non-Tax revenue. Upto December 2019, the gross GST monthly collections have crossed the mark of one lakh crore for a total of five times. The fiscal deficit target may have to be relaxed for the current year to boost domestic demand which is crucial for revival of growth.

- **External Sector:** The BOP position showed an improvement from US$ 412.9 billion of forex reserves in the end March, 2019 to US$ 433.7 billion in end September, 2019, anchored by narrowing of Current Account Deficit (CAD) from 2.1% to 1.5% of GDP in H1 of 2019-20. India's foreign reserves stood at US$ 461.2 billion as on 10th January, 2020. The FDI and net remittances from Indians employed overseas has been constantly increasing year after year. The external debt is decreasing. External liabilities (debt and equity) to GDP have increased due to increase in FDI, portfolio flows and external commercial borrowings (ECBs).

- **Monetary Management and Financial Intermediation:** Bank credit growth slowed down from 12.9% in April, 2019 to 7.1% as of December 20, 2019. Gross NPA ratio of Scheduled Commercial Banks remained unchanged at 9.1% between March and September 2019. The total money raised by public issue and rights increased to Rs. 73,896 crore in 2019-20 (till December 31, 2019) from Rs. 44,355 crore in the corresponding period of last year. Money raised through private placement is Rs. 6.29 lakh crore (till December 31, 2019) as compared to Rs. 5.3 lakh crore in the corresponding period of last year. Money realizable in cases resolved under Corporate Insolvency Resolution Processes is Rs. 1.58 lakh crore. The proceedings under Insolvency and Bankruptcy Code (IBC) reduced to about 340 days, compared to 4.3 years in the previous regime.

- **Prices and Inflation:** The WPI inflation remained low from 3.2% in April 2019 to 2.6% in December 2019. CPI inflation saw a slight uptick from 3.7% in 2018-19 (April to December, 2018) to 4.1% in the same period of 2019-20, driven mainly by food prices. Supply side shocks in agricultural commodities such as onion due to erratic rains led to the sudden spike in the prices of these commodities. CPI-Urban inflation is consistently higher than CPI-Rural inflation, which is in contrast to earlier trend where rural inflation was higher than urban inflation. Food and beverages are the main contributors (54%) of CPI-Combined inflation. In the four metropolitan cities retail prices of various essential commodities have diverged from wholesale prices over the years.

- **Sustainable Development and Climate Change:** India is moving forward on the path of SDG implementation through well-designed initiatives for inclusive development which is enshrined in its policies. India's achievement in the composite SDG index is commendable as the score has improved from 57 to 60 in 2019. India has reduced emissions intensity of GDP by 21 per cent during 2005-14 and is on track to achieve the goals announced. India had announced 175 GW targets for renewable by 2022. India has also taken up a voluntary target for restoration of 26 million of degraded land by 2030 to ensure carbon sink in land resources. Despite ongoing developmental efforts, forest and tree cover of India is increasing considerably and have reached 80.73 million hectare which is 24.56% of the geographical area of the country.

- **Agriculture and Food Management:** The share of agriculture and allied sectors in the total GVA of the country has been continuously declining because of relatively higher growth performance of non-agriculture sectors. GVA at constant 2011-12 prices for 2019-20 from Agriculture, Forestry and Fishing sector is estimated to grow by 2.8%. The overall farm mechanization in India is about 40%. There is disparity in regional distribution of agricultural credit in India. Livestock sector has been growing at a CAGR of 7.9% during last five years and is assumed an important role in achieving the goal of doubling farmer's income. The Food Processing Industries sector constituted as much as 8.33% and 10.66% of GVA in Manufacturing and Agriculture sector respectively in 2017-18 at 2011-12 prices. To safeguard the interest of poor food subsidy has increased from Rs. 113171.2 crore in 2014-15 to Rs. 171127.5 crore in 2018-19.

- **Industry and Infrastructure:** The industrial sector as per Index of Industrial Production (IIP) registered a growth of 0.6% in 2019-20 (April-November) as compared to 5.0% during 2018-19. (April-November). Fertilizer sector achieved a growth of 4.0% during 2019-20 (April-November) as compared to (-) 1.3% during 2018-19 (April-November). Crude steel production witnessed growth of 1.5% during 2019-20 (April-October). The installed capacity of power generation has increased to 3,64,960 MW as on 31st October 2019.

- **Services Sector:** The contribution of services sector has continued to increase. Presently, the sector account for 55% of GVA and GVA growth, two-thirds of total FDI inflows into India and about 38% of total exports.

- **Social Infrastructure, Employment and Human Development:** The expenditure on social services (health, education and others) by the Centre and States as a proportion of GDP increased from 6.2% in 2014-15 to 7.7% in 2019-20(BE). The Human Development Index slightly improved to 129 from 130 in 2017. Total formal employment in the economy increased from 8% in 2011-12 to 9.98% in 2017-18. Gender disparity in India's labour market widened due to decline in female labour force participation especially in rural areas and around 60% of productive age (15-59) group are engaged in full time domestic duties. Mission Indradhanush has vaccinated 3.39 crore children and 87.18 lakh pregnant women of 681 districts across the country. Access to health services via Ayushman Bharat and Mission Indradhanush across the country has improved. About 76.7% of the households in the rural and about 96% in the urban areas had puccahouses.

The survey has given a holistic view of the economy and the possible ways to resolve the problems. It places primary blame for the slowdown in global factors. It admits that meeting the $5 trillion target set by the Prime Minister will be challenging, given the growth slowdown. For achieving the target, there is a need to give thrust to manufacturing and exports. It also prescribes many bold reforms to transition the economy to more market based economy. To achieve sustainable development goals, the health of financial sector is crucial without which there is no stable virtuous cycle of growth. In this period of global volatility, the government has implemented significant structural reforms with long term implications for India's economic growth. Government should concentrate on these reforms and follow India's path to $5 trillion economy. MA

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OBITUARY

The Institute and its members deeply mourn the demise of CMA S Rajaratnam who left for heavenly abode on July 18, 2020.

He was Former Government Nominee to the Council of the Institute, Former ITAT member and Former President YMIA.

He was one of our regular writer for "The Management Accountant" Journal.

May his family have the courage and strength to overcome the loss.

DRIVING INDIA TOWARDS 5 - TRILLION DOLLAR ECONOMY – MSMEs HOLD THE KEY

Abstract

India's 5 - Trillion Dollar Economy is not a distant dream. It is a possibility. The question is what will enable this dream come true. This article analyses and proposes that only the vast category of MSMEs can help our nation achieve this great milestone sooner than later.

There are many stakeholders to the development of MSMEs - the Ministry of MSMEs, the DC-MSME, the Banks, the State Governments, the NGOs and other Government organizations. Already, a significant progress has been made towards the empowerment of MSMEs. There is a great scope for further progress.

Let us make the empowerment of our Entrepreneurs a national priority. All stakeholders should join in this campaign to ensure that Indian entrepreneurs can do it!

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Introductory remarks

India's dream of 5-Trillion Dollar Economy is definitely a possibility. Its achievement depends on will-power, self-confidence strategic planning and effective implementation of specific schemes and programmes. Now the question arises as to who can make this dream come true. Only the MSMEs can enable the 5 Trillion-dollar economy to succeed.

There are many success stories in India on how MSMEs started small and how they grew big. Dhirubhai Ambani's business -life is a good example. He started as a small entrepreneur. With his abundant enthusiasm and with bank support, he grew steadily and today, we see the unbelievable growth of the company that he had started. When we say "Make in India" in the words of our Prime Minister or "Make in India, largely for India" in the words of Raghuram Rajan, we are having in mind the MSMEs only. Recently, our Prime Minister reminded us to be "vocal on local."

Genesis

Since MSMED Act was passed in 2006 and the Ministry of MSME was formed at the Central Government, it has been a successful journey all along. With the large number of initiatives that the Ministry has been taking, other stakeholders such as Banks, State Governments and NGOs have joined hands to make MSME development a continuous success process.

Let us see an overview of the MSME structure in India and the various MSME Schemes which can effectively help entrepreneurs, to trigger economic activity and create wealth for themselves and for India.

MSME Structure

Under Development Commissioner, the services offered by the DC-MSME relate to Training and Manpower development, MSME Testing centres, Entrepreneur Development Programme and joining hands with various other stakeholders. Various schemes have also been formulated for MSME development and growth.

MSME – new definitions and guidelines

Revised Classifications as applicable with effect from 01 July 2020			
Composite Criteria: Investment in Plant & Machinery/equipment and Annual Turnover			
Classification	Micro	Small	Medium
Manufacturing Enterprises and Enterprises rendering Services	Investment in Plant and Machinery or Equipment: Not more than Rs.1 crore and Annual Turnover ; not more than Rs. 5 crore	Investment in Plant and Machinery or Equipment: Not more than Rs.10 crore and Annual Turnover ; not more than Rs. 50 crore	Investment in Plant and Machinery or Equipment: Not more than Rs.50 crore and Annual Turnover ; not more than Rs. 250 crore

Statistics on the registered MSMEs in India

Year-wise and MSME-wise registration in India:

- Number of SMEs in India: The number is estimated to be at 42.50 million, registered & unregistered together. A staggering 95% of the total industrial units in the country.
- SME & Employment opportunity**:** Employs about 106 million, 40% of India's workforce. Next only to the agricultural sector.
- Products: produces more than 6000 products.
- GDP Contribution**:** Currently around 6.11% of the manufacturing GDP and 24.63% of Service sector GDP.
- SME Output**:** 45% of the total Indian manufacturing output.
- SME Exports**:** 40% of the total exports.
- Bank Lending**:** MSMEs account for 16% of bank lending.
- Fixed Assets**:** Current fixed assets at INR 1,471,912.94 crore.
- SME Growth Rate: Has maintained an average growth rate of over 10%.

The above statistics show us that the 5- Trillion Dollar Economy dream of India can be achieved only by the MSMEs.

The various schemes relating to MSME development are:

1. Prime Minister's Employment Generation Programme
2. Development of Khadi and Village Industries
3. Technology Up gradation schemes
4. Marketing Promotion schemes
5. Entrepreneur and Skill Development programmes
6. Infrastructure Development Programme
7. National SC-ST Hub

Each of the above Projects contains various individual schemes.

Banks- the biggest stakeholder in MSME development:

It is needless to say that Banks play a significant role in MSME development, by extending loans at optimum level, in multiple doses, at affordable interest rates and repayable in soft repayment periods. Banks have been given ambitious targets to achieve year-on-year and sector-by-sector disbursal of loans within the broad MSME category. The finance given by Bank to Micro, Small and Medium enterprises fall within the Priority Sector classification. This is a boost to the Banks. It is to the credit of the commercial banks in India that they have risen to the challenges of helping MSMEs always. Most of the schemes have the subsidy benefit, either Capital subsidy or Interest subsidy or both, by Government of India.

Credit Guarantee Fund Trust for Micro and Small Enterprises (CGT-MSE)

This has come as a boon to both the banks and the beneficiaries of MSME schemes. The Banks get guarantee cover and they need not go for collateral security. The beneficiaries, most of them first generation entrepreneurs, can avail loans without collateral security, up to Rs.100 lakhs. The process just involves a small guarantee premium The CGTMSE-covered portion of the loan also gets exemption for banks from maintaining capital.

Khadi and Village Industries Board schemes:

More than 10 different individual schemes are available. A few of them are:

a. Coir Vikas Yojana
b. Coir Industry Technology upgradation scheme

c. Skill upgradation and Mahila Coir Yojana

d. Export Market Promotion

Significant progress has already been made in the empowerment of MSMEs, especially women entrepreneurs through skill development in them. This achievement is due to the involvement of many stakeholders such as Government of India, State Governments, Departments, NGOs and Bankers through the following initiatives:

a) Women's Self-Help Groups

b) National Rural Livelihoods Mission (NRLM)

c) National Urban Livelihoods Mission (NULM)

d) Rural Self Employment and Training Institutes (RSETI)

e) MSME schemes/Mudra Yojana

Women Self Help Groups and empowering women through skills

Women SHG is the earlier initiative launched in our country towards the empowerment of women. A group of women, belonging to the same economic and social background, come together and form a Self-Help Group. They name the Group and open a savings bank account in a bank. Initially, they lend money to one another within the group and involve themselves in some economic activities. They maintain accounts transactions, save money in the bank accounts opened in the name of the Group and conduct periodical meetings. Such activities last for at least six months. During this period, banks witness their meetings and supervise their activities. After about six months, they grade the SHGs and make interventions through soft loans to the members of the SHG. The loans normally start with 1:2 or 1:3, as a proportion to the group's savings. The women members continue with their economic activities and repay the loan. The quantum of bank finance increases gradually over a period of three years, till the group becomes self-sustaining.

Women's Self-Help Group concept grew in our country, into a silent social revolution and women became empowered, both socially and financially.

Swarna Jayanthi Gram Swarozgar Yojana (SGSY) and Swarna Jayanthi Shahari Rozgar Yojana (SJSRY)

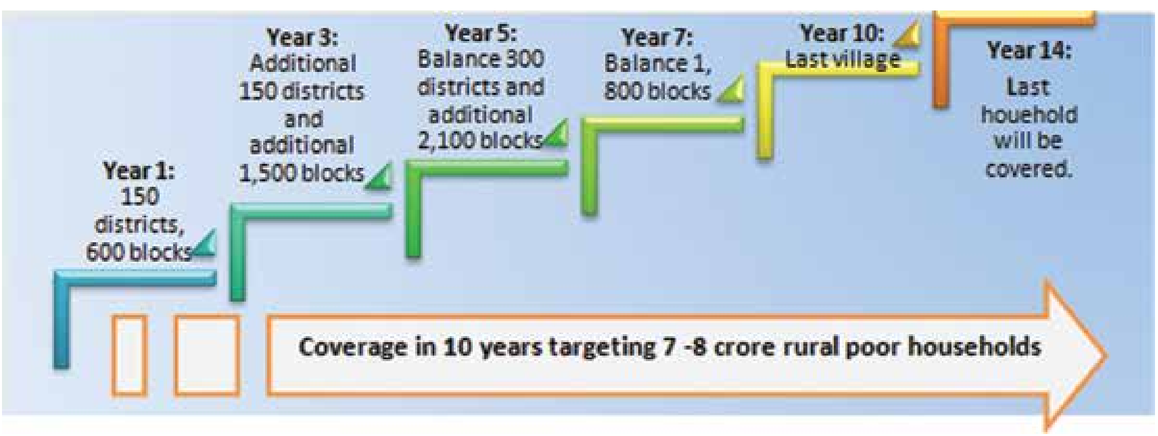
These two Government-sponsored schemes attempted to generate employment and alleviate poverty among the rural and the urban poor. SGSY focused on alleviation of poverty in rural areas and SJSRY focused on urban poverty alleviation. Even though the conceptualization of the twin schemes was good, their implementation showed that the schemes lacked focus. Government of India realized that, "if you give employment to a man, you help an individual; if you give employment to a woman, you help a family." Women are hard-working, more committed to their family and they are capable of converting any problems, into challenges.

Therefore, SGSY and SJSRY were replaced by two new schemes, namely, National Rural Livelihood Mission (NRLM) and National Urban Livelihood Mission (NULM). The much-needed focus and attention on women empowerment through skill-development were brought in. Let us see what has been done so far, through NRLM and NULM.

National Rural Livelihood Mission (NRLM)

Known as Deendayal Antyodaya Yojana-Aajeevika, NRLM was launched by the Ministry of Rural Development in 2011 The agenda of NRLM is to cover 7 crore poor rural households, across 600 districts in the country, sub-divided into 6000 blocks, 2.5 lakh gram panchayats and 6 lakh villages, through self-managed Self Help Groups (SHGs) and support their sustained livelihood over a period of f 8-10 years. In addition, these SHGs will be empowered through information, skills and capacity building, so that they can take part in the growing economy of the nation. Under the Universal Social Mobilization, at least one woman from each family is brought into a Self-Help Group. The focus is on vulnerable communities, especially victims of human trafficking, bonded labour, manual scavengers and persons with disabilities.

The following Table shows the road-map for covering the target women population under the scheme.



Source: aajeevika.gov.in

NRLM focuses on "employment building skills" and nurturing enterprises, especially micro-enterprises. Skill development programmes are undertaken at block level, district level and state levels.

It is interesting to note that Ministry of Rural Development has sought a loan of Rs.4500 crore from World Bank for the National Rural Livelihood Project to be availed over a period of five years. This amount will be mostly spent on empowering women through imparting various skills. NRLM has comprehensive outreach and will involve all stakeholders to women empowerment through skill development – the Gram Panchayat, the NGOs, Banking sector, academic and research institutions and public-private partnerships.

The Centrally sponsored schemes such as Swatch Bhat Mission, National Project for Bio-gas development, Mahatma Gandhi National /rural Employnent Guarantee Scheme fall under this category.

Deendayal Upadhyaya Yojana - National Urban Livelihoods Mission (DAY-NULM)

This Yojana, is administered by Ministry of Housing and Urban Poverty Alleviation. This is a restructured version of Swarna Jayanthi Shahari Rozkar Yojana. The key focus of this scheme will be three-pronged-a) organizing the Urban Poor Self Help Groups (SHG) b) creating opportunities for skill development, especially skill development of women and c) Helping urban poor to set up self-employment ventures by ensuring easy access to bank credit. Women are given priority in this scheme as belonging to vulnerable group. As in the case of NRLM, women SHGs are formed, so that skill development takes place in an organized way. The SHGs will be thrift and credit-based entities.

There are seven components of NULM and they include Social mobilization and Institutional development (SM& ID) employment through Skills Training and Placement (EST&P), Self-Employment Programme (SEP), Capacity Building and Training (CB & T), and Innovative Special Projects.. Some of them are

The Mission document on "Employment through skills Training and Placement" (EST &P), states that not less than 30% of the beneficiaries will be women. Extra interest subsidy of 3% will be provided to all women SHGs, when they go for bank linkage.

Rural Self Employment Training Institutes: empowering through training

RSETIs are yet another initiative to empower MSMEs through skill development and self- employment. These RSETIs are managed by Banks with active co-operation from the Government of India and State Government.

RSETIs are dedicated institutions designed so as to ensure necessary skill training and skill up-gradation of the rural BPL youth, to mitigate the unemployment.

One RSETI is established in every district in our country. The Lead Bank takes responsibility for creating and managing it. Government of India gives grant for meeting the expenditure on construction of building and other infrastructure.

The rural youth, are imparted training in various skills and after completion of the training, they will be provided with bank credit, so that they can start their own entrepreneur ventures. The uniqueness of RSETIs lies in their short-duration training programmes, so that the trainees can immediately start their business/self-employment ventures. The training courses are for a period ranging from 7 days to 45 days. Training programmes are based on local resource situation and potential demand. Priority is given to women beneficiaries.

Concluding remarks

We can say with confidence that empowering and upskilling MSMEs can help the nation make its 5 -Trillion Dollar dream come true. Let us make the empowerment of our Entrepreneurs a national priority. All stakeholders should join in this campaign to ensure that Indian entrepreneurs can make the dream come true ! MA

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The Institute and its members deeply mourn the demise of CMA Ranganathan.M (M/7478) who left for heavenly abode on 09th July, 2020.

He was Director – Finance & Company Secretary, M/s. Needle Industries (India) Private Limited, Nilgiris.

May God bless his family to have courage and strength to overcome the loss.

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DIGITAL TRANSFORMATION OF AGRICULTURE - SEEDS IN THE WOMB OF TIME

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Background

The first green revolution of India started from mid 1960s mainly because the rate of growth in agricultural harvests could not keep pace with population growth. The revolution was predominantly driven by the ultimate objective of achieving self-sufficiency in food and contributing to mitigate shortage elsewhere in the world. India adopted high-yielding varieties of seeds. Government's initiatives gradually helped farmers with improved availability of irrigation facilities, fertilisers, and insecticides. This was followed by limited mechanisation of cultivation using tractors, pumps, deep tube wells, and other low-end devices for harvesting, etc.

The process of green revolution continued with contributions from various research work for cross breeding of plants and seeds, all weather farming of erstwhile seasonal crops and vegetables, improving soil testing, manure applications farming techniques, etc. Farmers now grow many crops, vegetables and fruits of western origin which were never grown in India just about two decades before. Another revolution joined the march, and that was white revolution.

But even after seventy-three years of independence, Indian farmers are deprived of the rightful price for their harvests, because of too many intermediaries. Their produces are subjected to adulteration, contamination, wastage, and spoilage due to unscrupulous traders and non-availability of affordable storage, supply chain and cold chain facilities. Reliability of harvest cannot be established due to lack of quality-based gradation and traceability to the origin of farmland and farmers.

Farmers in India do not have easy access to technical advisories and services related to weather conditions, soil testing, crop scouting, etc. They do not get right quality and quantities of inputs such as seeds, fertilisers, etc. at the right prices and at the right time. Last but not the least crop loans from banks and insurance for coverage against perils of nature are also not available without pains and hurdles. These situation for agriculture and agriculturists may not be much different in many underdeveloped and developing countries.

Objective

The predominant objective of this paper is to ideate a comprehensive digital solution which can address the above issues and mitigate miseries of farmers who grow food for all but do not get rightful rewards for their hard work. The author would like to contribute in his limited way towards making this journey for digital transformation joyful and rewarding from the perspectives of all stakeholders and particularly for marginal farmers. The proposed solution with limited modifications would also be able to mitigate similar miseries in areas of horticulture, animal husbandry, fruit orchards, sericulture, etc.

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Industry 4.0 and Agriculture

Agriculture contributes about 15% to Indian GDP. According to a recent estimate of ILO around 42% of Indian working population is engaged in agriculture. Most of these farmers belong to lower middle and marginal category. They do not get the rightful return against their hard labour.

But the present scenario is different in industry and service sectors. The entire world has entered the era of fourth industrial revolution which is essentially driven by digital transformation. In about a decade's period many Goliaths have been disrupted and 'destrupted' by 'startupian' Davids powered by digital tools and applications. India is no exception to that, albeit at a slower pace. According to Venture Intelligence[W1] presently there are about 30 Unicorn in India and many more 'Soonicorns' are in the race. The bigger question is whether digital transformation of agricultural activities is possible? Can agriculture, manufacturing and service sectors of the economy collaborate and integrate their platforms to ensure for farmers the rewards they rightfully deserve?

Economic Times[W2] reported in July 2020 that, *"Surprisingly, tech companies and startups see an opportunity to upgrade around $400 billion Indian agriculture sector. There are 896 agri-tech startups providing tech tools for pre-harvest, post-harvest and during plant growing periods, according to Tracxn data as on July 1. They have attracted $560 million of venture funding, most of it in the last three years. In two years, according to Maple Capital Advisors, agri-tech ventures will attract another $500 million*." This report indicates that the process of collaboration for digital transformation of Indian agricultural sector has already started and is gaining momentum with considerable quantum of money being invested. However, there is a need for an integrated approach.

ICT and Agriculture

The process flow of agricultural activities from sowing seeds to reaching harvests to ultimate consumers generates considerable volume of multi-faceted data by different stakeholders from different locations. Successful digital transformation involves a great deal of automated processes for timely collection of relevant data, safe storing, and meaningful analyses. The imperatives are to draw inferences from the outcomes of data analytics, strategize plans, and initiate timely actions for maximisation of value creation and minimisation of value destruction with due transparency. Therefore, use of Information and Communication Technology (ICT) is foundational requirement for solving problems for all stakeholders directly or indirectly engaged in agricultural activities.

This has been observed and concluded by many research scholars. Walter et al. (2017)[B1] concluded that, *"The use of data and information becomes increasingly crucial for the agriculture sector to improve productivity and sustainability. ICT substantially increases the effectiveness and efficiency of collecting, storing, analyzing and using data in agriculture."* Kaddu and Haumba (2016)[B2] observed that, *"ICT allows agricultural practitioners and farming communities to easily obtain update-to-date information and thus make better decisions in their daily farming."*

Post the above two research-based conclusions, digital technologies have brought in manifold improvements in automated processes for data collection, analytics and problem-solving capabilities. This is more so when there are simultaneous applications of Blockchain, IoT, Drone, AI, ML, Edge Computing, etc. in different combination(s) befitting the problem(s) to be solved in isolation or combinations.

The following part of this paper has been written in the form of an ideated use case for designing comprehensive solutions of those problems, as briefly delineated above, faced by various stakeholders in the life cycle of a crop. Efforts would be for further orchestrating splintered efforts by stakeholders in the value chain and improve collaboration with trust, transparency, privacy, information safety and security.

Kishan Blockchain for Digital Transformation of Agriculture

Blockchain has already been established as one of the most safe, immutable, transparent, and reliable technologies for conducting commercial and non-commercial transactions. The Author in some of his previous columns in this Journal has written about Blockchain which is also synonymously known as Distributed Ledger Technology (DLT). Additionally, readers can also refer one of his published papers[B3] or watch his video recorded Master Class[W3] for gathering brief application-oriented knowledge on Blockchain.

While ideating structural design, operating propositions, and applications of Kishan Blockchain Platform, hereinafter referred as KBP, for digital transformation of agriculture the author has made efforts to plug in certain other digital tools and devices to render the solution comprehensive. At the user end KBP is to be positioned as a simple 'App' that can be handheld using a smart phone, iPad, or laptop / desktop computer, etc. The front-end can be presented in any vernacular and user-friendly icons, with toggle switch for change of language. The administrator for the KBP should arrange training for farmers and other participants

Stakeholder Participants for KBP

The very first of objectives for digital transformation of agriculture should be to bring the following stakeholders under one umbrella of a KBP:

1. Cultivators - Farmers and their associates, who in course of time may be assignees for all rights, assets, and liabilities of the farmers.
2. Government Agencies - Officials of Land Registry, *Jila Parishad* to *Gram Panchayet* (Local self-government from district to village level), Block Development Office, irrigation, and meteorological departments.
3. Input Vendors - Seed processors, manufacturers of farming equipment, pumps, fertilisers, pesticides, and insecticides, digital devices like drones, IoTs, sensors, etc.
4. BFSI Players - Banks, financial institutes, insurance companies, factors, etc.
5. Service Providers - Agricultural scientists, supply chain and cold storage operators, soil scientists, etc.
6. Customers: Government, organised retail chains, food processors, hotel chains, eCommerce players and co-operative marketing federations

It will be a challenge to incorporate all narratives for systems architecture and business requirements (BR) for designing and writing software for KBP. However, some of the new and critical aspects, which are unique requirements for a KBP has briefly been narrated in the following sections.

Administrator for KBP

KBP, being a nation-wide initiative for digital transformation of agriculture, can be administered and oversighted by a National Council like GST Council. Digital scientists can be co-opted as members of this Council. While discharging its roles and responsibilities for policy decisions and oversight, the National Council may decide to handover responsibilities to a professional IT organisation for developing, scaling up and maintaining the KBP on its behalf.

Nodal Structure for KBP

Scaling up of any blockchain platform is one of the major challenges for software architecting, designing, and coding team. Accordingly, several options can be considered for structuring one or more KBPs bearing in mind that data collection, analytics and oversighting can be performed both at state and national levels. This is necessary for framing strategies and policy decisions for agriculture sector, and timely dissemination of technical and commercial advisories to farmers. The following options and operating features may be considered:

1. Blockchain with DTL Nodes for the following stakeholders:
   - District > Jila Panchayet > Block > Gram Panchayet > Farmers' Cooperative > Farmers and other stakeholders

     Or
   - State > District > Jila Panchayet > Block > Gram Panchayet > Farmers' Cooperative > Farmers and other stakeholders
2. Administrative authorities for above platforms can be at the supervisory node of respective Ministry of Agriculture at state and / or central government levels simultaneously with decentralisation and delegation of authorities to officials at District, Zila Parishad and Gram Panchayet levels depending upon transactional need and ease of operation.

   One or more such KBPs can also be operated by any corporate house in private sector. Government officials can also join as participants. However, it should be ensured that a common farmer at the lowest village level is not put into a dilemma of selecting the right KBP to join and for this too much of competition may be avoided
3. Recommendation and approval of transactions should be kept at one or more nodes depending upon guiding policies, SOP for operating the KBP, roles and responsibilities of each participant and nature of each transaction.
4. Integration and interoperability of the above DTL platforms across district, state and central government levels should be ensured for more collaboration and coordination for the ultimate objective of value creation for farmers.

KYP – Pre-entry Identification and Authentication Participants

The proposed KBP platform would first provide facilities to 'Know Your Participant'. It would capture all details and credentials for identification, recognition, and registration of every singly participant, irrespective of being an individual, incorporated entity or government agency. Uploaded supporting documents, towards proof of authenticity and credentials, would securely be stacked by the KBP in a digital document library. This KYP facility would be configured in compliance with all regulatory requirements which the respective participants are subordinated to.

Enforceability of transactions - Super Smart Contract

Every single commercial transaction that will be entered and executed by and between two or more of participants must have to be backed by a legally enforceable contract in compliance with respective laws and regulations. The KBP would facilitate the process by hosting templates for all possible types of contracts which two or more of the participants under a contract would have to digitally sign-off. Such transactions could be in the nature purchase of farming equipment, fertilisers, technical services, etc, loan to farmers by banks, crop insurance contract, sell of crops to buyers, and so on.

Such underlying contracts will be father-hooded by the Super Smart Contract. All such contracts will initially be drafted by legal eagles, and then codified and embedded in the Smart Contract library hosted in the KBP. It will have facilities for change of clauses and sub-clauses as mutually agreed by and between the concerned participants through offer for modifications and acceptance recorded through the platform. All these will be linked and grafted to the concerned smart contract hosted by KBP and guide all subsequent transactions.

Digital Platforms Tools and Devices for KBP

Success of any KBP will to a large extent depend upon simultaneous and integrated use of many other digital tools and devices for conducting various primary and auxiliary activities:

Integration with other Digital Platforms

- Government Blockchain for Land Records: Integration of any KBPs with such state government level land records will facilitate the process of, establishing ownership of crops, collateralisation for bank loans, contract management for selling of harvests, etc.
- Fintech and Banking Platforms: Introduction of Central Bank Digital Currency or permission for use of Stable Coins in India may take time. Therefore, seamless integration of a KBP with one or more FinTech Platforms would be necessary for financial transactions.

Use of Digital Tools and Devices

- **Internet of Things and Sensors** - IoTs can be used for multiple purposes, when integrated with the concerned KBP. The following could be some of those purposes:
  - Soil Surveillance: Sensors and IoTs can be placed reasonably deep into the land for monitoring moisture content. This will help estimating irrigation need based on advisories for no or scanty rain by meteorology department.
  - Deep Tube-wells and Pumps: IoTs can be affixed to water flow meters from deep tube-wells and / or pumps for automatic generation and collection of data regarding volume of water used by a farmer. Such data can be used for charging him, and /or government monitoring depletion in levels of underground water.
  - Farming Equipment: If a farmer hires equipment such as tractors, harvesting machines etc., an IoT can be fixed for multiple purposes, e.g. intimating days and hours of use for charging the farmer, health condition of the equipment and need for maintenance depending upon say period of use, heat, sound, speed, etc.
- **Drones** - These flying machines can be fitted with sensors, IoTs, digital cameras and computers having abilities for videography and geo-physical positioning. These can be integrated with the KBP and used for the following purposes:
  - Spreading of pre-measured insecticides and pesticides with reference to type of crop, field area and advisory issued by agricultural scientists.
  - Crop scouting to monitor growth, colour and physical state of standing plants, visual status of yield, time for harvesting and surveillance against pilferage.
  - Imaging of cultivated field in an unfortunate event of natural calamities to assess the extent of crop damages and insurance claim amount to be paid to farmers.
  - Pictures from drones linked to geophysical position will enable government agencies to assess areas of land cultivated for a type of crop in a given season.
- **Immersive Technology (AR, VR and MR)** - These can be used for virtually real image management of standing crop. Such video images can help farmers to realise physical condition of crop and actions needed to ensure rightful treatment for ensuring growth free from risks of insects and pests.
- **Edge Computing** - To reduce load at the central cloud computing level, various digital devices, e. g., Drones and IoTs may be powered with in-built computing devices for processing of local data before passing processed information to the central cloud storage.

  RPA and Robots - Robotic process automation and deployment of robots in India would be possible in course of time. The author feels that these may be introduced in the second or third phase, bearing in mind that large number of people earn livelihood from agricultural activities.

  All the above digital devices may be provided by the service vendors on rent to the farmers and / or the Central KBP administrator, except for certain IoTs and Sensors, costs for which can be borne farmers.

Artificial Intelligence and Machine Learning – Extensive data will be generated and captured by a KBP through various commercial and non-commercial transactions. Such data will never be stale for future reference and will always be updated for every crop growing season. KBP should be designed in such a manner that those data can easily be retrieved, collated, and safely stored in such a manner that will facilitate the process of using tools from the stable of AI and ML

The predominant objective is to conduct region-wise analyses of various related variables, price movements of outputs in relation to inputs, farming techniques, variation in weather conditions, type of soil, etc. It will also generate how the vendors and customers commercially conduct themselves and behavioural data of farmers. When inferences are drawn after analyses, various stakeholders, including governmental agencies, banks, insurance companies, vendors, and buyers, will be able to strategize their respective plans, initiate actions with a win-win motive for all.

Podcast Facility

All services to farmers need not be rendered through a transaction in a KBP, e. g, informing farmers and insurers about attack of pests and insects, forecast for natural perils, rain in a monsoon season when saplings are sown, and crops are grown etc. Objectives could be to help farmers to decide timing for sowing seeds and drawing water from underground or from canal. Hence, a KBP would have a configured facility to podcast such advisories as messages to all farmers. However, records for such podcasts can be kept in the concerned KBP.

Escrow Bank Account - Comfort for Stakeholders

One of the overriding objectives of a KBP is to ensure transparency and reliability for all transactions and to commit that all participants get their dues on time as per contractual terms. For this a KBP can open and auto-operate an Escrow Bank Account on behalf of each farmer. The farmer would have a lien on the balance of the account. All collection and payment transactions processed in KBP will auto trigger instructions for processing and settlement by Banks. If money is required for subsistence of the farmer, the bank will directly credit the farmer's savings account in accordance with the loan agreement.

The chosen bank should be the one which would sanction loan to the farmer against future receivables from sale of crops and / or the farmer's land as collateral(s). The farmer's personal money, drawing funds against loans, collections against approved government grants and insurance claims, if any, will be deposited to this account. Payments to all vendors and service providers will be released from this escrow account on behalf of the farmer while crops grow on the field.

The bank loan will be paid-off from collections against sale of crops. The residual positive balance will be credited to the farmer's savings account after the transaction of the season is completed for settlement of the last liability on behalf of the farmer. Any negative balance will have to be settled by the farmer or though waiver of loan by Government. In any unlikely and unfortunate event of crop failure, collection will be there against insurance claim for meeting the bank loan, the entire process of which will be managed by the KBP in sequence of auto-triggered transactions or the ones initiated by the concerned stakeholders.

Crypto Currency

Ideally all transactions for this Escrow Account should be handled using a Cryptocurrency. The author is of the view that in course of time when India will introduce Central Bank Digital Currency (CBDC) that should be the valid medium for settlement to be handled through a KBP, which every participant will be able to encash into fiat currency, i. e., INR. Till that time one can adopt any other cryptocurrency such as Stable Coins subject to Indian financial regulators approving such use.

Sequence of Events and Transactions

Design and codification of a KBP as a blockchain platform should be pervasive, versatile, and flexible enough to allow initiation and processing of all commercial and non-commercial transactions by and between the stakeholders. It should configure all transactions right from a farmer ideating to grow a crop say paddy to its selling to government, organised retailers and / or hotel chains. The concerned KBP should enable floating of tenders among and beyond the participant vendors by a farmer or a group of participating farmers for equipment, seed fertiliser, and / or any services that they may require. If any vendor wants to participate in such tenders, must first register as a participant. Similar facility should be there for exploration of price of harvests through request for quotation (RFQ) from prospective buyers.

KBP - A Virtual B2C Market Place for Vendors

From the perspective of vendors, KBP provides a tailor-made virtual marketplace that will save considerable marketing expenses for those product sellers and service providers. They will also be assured of getting paid because of funds form bank loans being available in the Escrow Account. And for these facilities all those organisations would be happy to pay participation fees. This in turn will be a source of earnings for the Administrator of any KBP to meet expenses for maintenance and scaling up as and when needed to accommodate larger participation.

Banks also will find comfort for participating in a KBP as lenders because the escrow bank account which will be operated as an integrated part of the KBP for end to end handling of transactions in a crop season from sowing seeds to realisation from sales.

KBP - A Virtual eMandi for Farmers and Buyers

KBP will also serve as a virtual marketplace for buyers in the form of an eMandi of agricultural produce. Accredited technical agency(ies) for providing services for quality inspection and gradation of crops will also be a participant(s) of a KBP. Objective is to ensure that the farmers get the most deserving price for their crop befitting its quality as graded by that agency.

Even before the Crop is harvested farmers per design can initiate reverse tendering process among the participating buyers through the KBP for exploring and discovering the right price. Exception to this could be for 'Minimum Support Price' announced by Government for procurement from farmers for harvest like paddy and wheat. All these will make the role of any intermediary redundant and ensure that farmers get their due reward. Again, because the product will be sold directly by the farmer to the buyer no scope of adulteration and contamination would be there. Such buyers can be charged a fee for providing sourcing services by the KBP.

Supply Chain Management Back Tracing

Supply chain management service providers, including packaging of harvests, will also be participants of a KBP. One critical requirement that needs to be taken care of by them is to introduce RFID or QR Codes on every primary, secondary and tertiary level packaging for the products of each farmer. Such codes are also to be inserted in case there are instances of break bulk and repackaging. Structure for such codes is to be logically designed to identify farmer's name, if allowed, GPS position of the land where the crop was grown, type of farming done, e. g., organic or inorganic, and universal product tariff code. The package should also contain all other disclosures and declaration in compliance with related regulatory requirements.

Software for the supply chain portion of a KBP are to be coded at the back end in such a manner that would facilitate the process of tracking and tracing back the product till the ultimate farmer and his land where the same was produced. Readers may be aware that wineries prefer to know and quote the place where the grapes were produced first on the label of a wine bottle. In developed countries consumers are increasingly demanding to know details of the farm, location, type of farming done whenever the buy agricultural products.

Instructional Transactions

KBP will have to record certain transactions which will be in the form of advisories and instructions to farmers by Government agencies, agricultural scientists, vendors for manures and pesticides, meteorological authorities regarding onset of monsoon and commencement of sowing seeds, etc. Such advisories / instructions may or may not be rendered on a commercial basis against payment of fees but have important bearing in farmers' ultimate success for growing crops of the desired quality and quantity per square unit of land cultivated. Such transactions should also be recorded in Blockchain for every node of the DTL to take note of.

Conclusion

Kishan Blockchain Platform has been ideated by the author as a seed in the womb of time with the objective to generate and ensure rightful rewards for hard labour and sacrifice of Indian farmers. He will look forward to seeing that day when KBP will meet reality and be regarded as a friend of millions of farmers under the sun. The author will be happy to collaborate with any organisation who may be interested in the proposed KBP. MA

Note:

Contents of this paper are of proprietary nature. The author reserves all rights of the ideated method for digital transformation of agriculture through the 'Kishan Blockchain Platform (KBP)' as delineated above. He may be contacted at paritosh.basu@sbm.nmims.edu or @ paritoshbasu.

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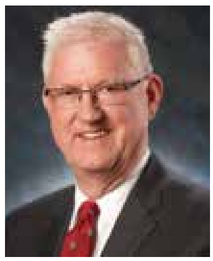
MANAGEMENT ACCOUNTING, STRATEGY IMPLEMENTATION AND THE IMPORTANCE OF RISK MANAGEMENT



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Management accountants today have almost everything needed to drive up the value of the corporations they work for. Management accountants possess the skills and have access to methodology and the latest technology to providethe analytic decision support that is necessary for organizations to successfully implement strategic plans and monitor performance in our time of volatility, exponential change and ever-increasing risk. Delivering excellent timely, accurate and reliable decision support information to managers and executives is the essence of management accounting.

How often do you hear people, whether senior executives, managers, operators or analysts, referring to their "strategy" or their "plan"? Then, how often do you hear the same people talk about how their corporation, their division or department became side tracked and that their business had not gone quite the way everyone expected?

Strategy implementation is the process that turns strategies and plans into actions to accomplish critical objectives and goals. In doing so, it prioritizes resource allocation in order to achieve both the desired vision of the future and associated financial and non-financial goals (like customer satisfaction).Implementing a strategic plan is probably even more important than creating it.The strategic plan addresses the what and why of business actions, whereas implementation addresses who, where, when, and how.

According to a 2016 Harvard Business Review article, 67%of organizations fail to implement their strategic plan for the following reasons:

- 60% of organizations don't link strategy to budgeting
- 75% of organizations don't link employee incentives to strategy
- 85% of business owners and managers spend less than one hour per month discussing strategy
- 95% of a typical workforce doesn't understand their organization's strategy

There is plenty of evidence that organizations are no better at implementing strategy today. Commitment to delivering on strategic actions requires managers to create financial plans, and in doing so allocate resources to long-term strategic actions, operating plans, and budgets. This will facilitate moving a strategic plan from a well-intended, usually proudly heralded, vision of possible actions to drive their business towards achieving desired goals. It is a sorry observation that people talk so highly of their strategic plans and yet their organizations frequently fail to implement them.

What has Changed?

Of course, other things have changed in recent years. When management accounting methods and practices were first created,emphasis was on manufacturing methods and tangible assets. Now manufacturing industries represent only 17% of global market capitalization of listed companies; in India, this is slightly higher, at 23%. Intangible assets make up perhaps 85% of the global balance sheet valuation. The combination of those factors creates massive risks related to volatility and change

On this basis, it would now be wise to recognize failure to identify objective critical risks and their mitigation as yet another reason why organizations have not implemented their strategic plan.Witness the recent impact of COVID-19 on economies around the world.Service industries have suffered the biggest revenue decline.

Global State of Enterprise Risk Oversight: 2nd Edition

- About 60% of organizations worldwide agree that they face a wide array of complex and increasing risk issues.
- Despite that, 35% or fewer organizations claim to have formal enterprise risk management in place.
- About 70% of organizations would not describe their risk management oversight as mature.
- 40% or fewer organizations are satisfied with the reporting of information about top risk exposures to senior management.
- Less than 30% view their risk management process as providing competitive advantage.

Source CGMA, 2015 Global State of Enterprise Risk Oversight

Exhibit 1.[ii]

In this context, one thing that would be immensely helpful if added to the management accountant's tool kit is a thorough understanding of strategic risk management. A 2020 CIMA Financial Management Magazine article on Enterprise Risk Management (ERM), the author reported that financial executives increasingly find less strategic value in risk management in their corporations. Further, the Chartered Global Management Accountants (CGMA) issued the second edition of the Global State of Enterprise Risk Oversight (2015), which included significant concerns for the investors, regulators and the management accounting profession (Exhibit 1). From the years when this author was President and CEO of IMA and involved with the Committee of Sponsoring Organizations(COSO), which is deemed as the most influential source of ERM guidance, risk management was largely ineffective because of its orientation tothe relatively abstract "risk registry" rather than to the achievement of clearly defined value creating strategic objectives. More recently,the major contribution of COSO's2020 guidanceis to suggest that better risk governance stresses that risk should be seen, and assessed, in direct relation to the company's strategy and objectives, and risk management should be integrated with performance.

Unfortunately, relatively few organizations around the world have yet registered that increased focus on (or at least starting to pay attention to) strategic risk management, is necessary .Though it might seem like a simple idea, it requires a significant adjustment that will be hugely influential across entire organizations (Exhibit 2). Financial accounting remains necessary to ensure timely and accurate reporting. However, there seems to be insufficient understanding that the shift in global business conditions has already occurred and organizations need to embrace planning, risk identification, analysis and management.

Global State of Enterprise Risk Oversight: 2nd Edition

- 60% of boards of directors in most regions of the world are placing significant pressure on organizations to increase senior management's involvement in risk oversight.
- 70% or more of boards in all regions of the world outside the U.S. are formally assigning risk oversights responsibilities to a board committee. Surprisingly, only 46% of U.S. boards are doing so.
- Less than half (42%) of organizations discuss risk information generated by the ERM process when the board discusses the organization's strategic plan.
- Over 60% of organizations in most regions have internal management-level risk committees. The exception is in the U.S, where only 44% indicate they have those committees in place.
- Few organizations (around 20%) integrate risk management activities with performance compensation/ remuneration and most (about 80%) have not invested in risk management training for executives in the past few years

Source: CGMA, 2015 Global State of Enterprise Risk Oversight

Exhibit 2[ii]

In 2019, a well-respected British not-for-profit organization, The Risk Coalition ,issued its principles-based guidance for board risk committees and risk functions, titled"Raising the Bar: Principles-based guidance for board risk committees and risk functions in the UK Financial Services Sector". The document included many recommendations for company boards, risk management, auditors, and executives. Embedded in these were two matters of special importanceto this article:

Recommendation 27. Seek appropriate assurance on the completeness, accuracy, and fairness of first line management's reporting of the organisation's:

- principal and emerging risks (including emerging categories of risk) and their impact on the likely achievement of the organisation's strategic objectives in both the short and medium-term;
- proposed or actual risk responses; and
- significant incidents and near-misses, actual or likely breaches of risk appetite, overall risk profile and risk capacity.

Recommendation 68. The chief risk officer should participate in executive and board-level corporate strategy, strategic objective setting, and business planning discussions to ensure appropriate consideration of proposed changes to:

- risk strategy, risk appetite, risk capacity and risk profile (including the risk universe);
- the organization's defined purpose, values, and risk culture expectations; and
- the way in which risk is addressed in corporate strategy implementation

Source: The Risk Coalition, 2019, Raising the Bar: Principles-based guidance for board risk committees and risk functions in the UK Financial Services Sector

Exhibit 3

What to do?

The findings of these highly respected and substantial organizations and all their research is rather clear:corporations need to take risk identification and mitigation with respect to strategic and strategy implementation seriously.

Building on the 2020 COSO guidance that risk should be identified and assessed in direct relation to the company's strategy and objectives, risk management should be integrated with performance planning and monitoring. To do so, an approach to risk governance has evolved known as Objective Centric Risk and Certainty Management (OCRCM) . It is designed to produce dramatically better results than traditional risk centric/risk register-based ERM and point-in-time internal audits of internal controls.

OCRCM focuses attention on achieving and preserving the corporation's most critical value creation and strategic objectives. A corporation's most senior executive and its board have to decide on how much effort should be invested in assessing risk/certainty status and how much external support and assurance they want with respect to the process and data. Key decisions that assessment affects are the acceptability of current residual risk, their certainty status and whether current risk treatments are "optimized" i.e., lowest cost possible. With the appropriate levels of cost and risk decided upon for the organization, the entire integrated strategic planning and resource allocation process will focus on better decisions to drive long term success.

Perhaps management accountants, the owners of the monetization of strategic, operational planning and budgeting, should adopt and incorporate OCRCM into our body of knowledge.Without it, decision makers depend on intuition and good luck.

The benefits of implementing OCRCM using an objective register focused on an organization's most critical objectives, and linked to value creation and preservation are compelling. These include:

- A clear and understandable path to integrating risk management with strategy and planning.
- A method to help executives make better resource and financial allocation decisions, particularly on objectives that conflict (e.g. profit maximization and compliance with the law).
- A way to assign responsibility to the most logical and accountable manager (or other appropriate personnel), and a process of reporting upwards to senior executives. Senior management can then decide mitigating actions and the state of residual risk linked to top objectives to assess if it is, or isn't, within the company's risk appetite/tolerance. This makes risk management ongoing and "real time" as opposed to an occasional exercise.
- A simple way to link formal risk assessment with performance data and therefore real time reporting.
- It makes it easier to determine and justify when to engage more costly risk management methods, as opposed to informal risk management that everyone does every day.
- It creates a compelling reason to"optimize" risk treatment strategies – to achieve cost-effective residual risk status with respect to a specific critical business objective.

- It creates clear roles and responsibilities for risk assessment and management capabilities for all employees that is clearly aligned with achievement of the company's most critical objectives.

In other words, the big challenge is for an organization's managers to be held responsible for different tasks and performing in different ways in order to implement strategy and provide some assurance of achieving critical business goals. To do so, managers have to be given the methods, resources, authority and accountability to implement strategy in a risk-appropriate way.

Clearly there is no obvious antidote for an irrelevant strategy, but for one that is relevant, there are critical implementation steps to be taken.Given the pace of change and volatility of today's business environment, these steps must include risk management. Aspects of risk management must be included in the role and responsibilities of management accountants include financial quantification, impact of risk and mitigation, and residual risk focused on critical objectives in all levels of planning.This requires management accountants be included in the followingsequenceof well-orchestrated activities rolled out to the whole organization:

1. When performing strategy formulation, include identification of risk analysis and mitigation as an integral component
2. Align strategicfinancial long-/medium-/short-term plans (budget) with each other
3. Build all department annual plans to align with the strategic plan
4. Establish a system of scorecards for tracking and monitoring performance to plans
5. Establish formalized integrated OCRM review process
6. Establish and align performance management and reward system with all plans in 2
7. Establish reporting to monitor progress/performance
8. Set up frequent strategy implementation status and risk management meetings
9. Use financial simulation modelling, forecast updates and what-if analysis to supportall of the above
10. Create a long-term calendar plan
11. Set up a multi-year planning calendar that includes annual strategy and risk management review dates

Conclusion

CFOs, controllers and finance staff are more important to the success of the organization they serve than ever before. That is because the measurement of success is "value creation" where the emphasis is on future expectations, discounted future cash flow and strategic directions premised on an understanding of the probability of strategic directions being achieved. Management accounting departments in the finance team are the key people for assessing decision options with future-oriented analysis and a high degree of discipline.Volatility, exponential rate of change and the rise of significant risk demand it. Senior executives and all stakeholders deserve the opportunity to benefit from making well-informed decisions with respect to risk and strategy, to give organizations a better chance to survive and prosper in today's dynamic environment. MA

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CMA 2.0: BUILDING CAPABILITIES WITH BIG DATA

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Abstract

Companies have become more dynamic and agile with the advent of Big Data. It is estimated that the available data to be processed for decision making, doubles in every 18th month. This changing business eco system demands an update in the skill set of Cost and Management Accountant (CMA). The CMAs need to build upon the existing skills and be future ready. The role of CMA can be advanced with IT skills of data management, analysis and deriving insights that lead to better business decisions. To build a competitive edge, the CMAs have to be transformed into CMA 2.0 by getting good hold on the essentials of statistics, learning new analytics courses, increase awareness, knowledge about data process and taking in charge of their own career by building right network and strong communication skills.

The primary role of any Cost and Management Accountant (CMA) is to make informed decisions, evaluate performance, and exercise control to achieve organisational objectives. The role requires knowledge and expertise in cost and management accounting, business economics, decision sciences and behavioural sciences [1].To take informed decisions, a CMA combines external quantitative and qualitative information available in the form of data with experience-based self-generated knowledge.

In the last few years the companies have become more dynamic, agile and have expanded operations internationally. This expansion has led to generation of the monumental amounts of information in the form of data, and it is estimated that every 18th month the globally available data doubles in size and volume and the amount of data volume processed by the companies are soaring by 35-50% per year [3]. Big Data is data which is high volume, high velocity and/or high variety information assets that demand cost-effective, innovative forms of information processing that enable advanced insights, decision making and process automation [2].

With this changing business landscape, the role of CMA is also evolving and has expanded to driving financial performance, profitability, predictive accounting, business analytics & performance management [4]. The recent data on finance, real estate & professional services show an expected growth rate of 6.4% in FY 2020 (Figure 1). Looking at the bigger picture with an example of the United States of America, it can be inferred that the use of analytics in Big Data has reaped much bigger benefits for the firms. The statistics show that 79.85% of respondents reported having seen better decisions having made through Big Data followed by 59.5% reported an reduction in expense by the use of Big Data (Figure 2) and the trend seems to be replicated in India wherein the year 2016, $575 million of revenue in the analytics market was generated by finance & banking sector alone which swelled by 31% to $756 million in the year 2017 (Figure 3). It is highly likely that the future finance department will need to work in tandem with the IT department. In fact, in many organizations finance & IT both report to the CFO or COO and the future will witness more such adaptations [5].

The new roles of CMA 2.0 will emerge with a strong engagement in the following:

1. **Data Analytics**

   A new horizon for CMA 2.0 in the field of data scientists whose job will not be limited to just extracting and analysing data but also to take the meaningful decision based on the data set. To contribute as a data scientist involves upgradation of skills in data science that could combine with the pre-existing management accounting skills. Thus, this is a highly specialized field of operation which is likely to involve analytics and coding skills as well.

2. **Data Management**

   To maintain the right data integrity, organizations need to ensure that their system is efficient enough to capture the relevant data correctly. To maintain this integrity, the role of CMA 2.0 can come handy because of their understanding of the business information system. Organizations trust the management accountants with accounting information due to their disciplinary and professional approach which ensures the right quality of data. This prowess of management accounting can pave a way for careers such as "change specialists". They can provide the structure and credibility to data and take decisions as per the needs of the organization.

3. **Data Culture**

   To derive the benefits from the big data, the organizations need to have a shift in mindset and more importantly a cultural shift where the decision made on data are valued and appreciated. Management accountants are likely to be the "data champions" in their domain, as they are impeccable in the management of data and driving the data-based decisions. The CMA 2.0 can be that data champion or a steward of data-driven culture. Their in-depth understanding of data can be utilised as a navigator to build the data driven decision culture in an organization.

4. **Value Creation**

   With almost no perfect competition being in existence in many industries, organizations are striving for creating value more than ever and are in relentless pursuit of channelizing the insights derived from big data to create more value for customers. To translate this data into value, organization need to tap into the collaborative synergies of IT professionals, data scientists, finance professionals. As the role of CMA 2.0 involves close contact with IT partners and business managers, they could be the liaison and leader of this group who can combine the synergies of the concerned domains. Their leadership role is attributed to the rigour and credibility in processing the data combined with the business acumen they have from the practice of management accounting. They can project and report the data which suits the needs of the management and is the simplified derivative of the whole data analysis process which could be easily translated into business decisions of creating value to the customers [5].

Pathway to transform into CMA 2.0

Whereas every CMA may choose their career trajectory, there can still be a few fundamental commonalities in their chosen pursuits. As per CGMA Briefing Big Data (2014), inter alia, the transformation track involves the following checkpoints which are to be followed to attain the CMA 2.0 transformation [5].

A. **BACK TO BASICS:** All management accountants aspiring to be transformed in CMA 2.0 need to revisit the statistics, decision sciences and applied IT apart from the time tested principles of management accounting.

B. **LEARN, UNLEARN AND RELEARN:** CMA 2.0 has to learn, the skills which will be needed in the future, following are the few courses which could help in this regard. There are a number of useful courses available on www.edx.org (critical digital technologies), www.edx.org. (Knowledge management, Big data and cloud computing), www.coursera.org (Accounting Analytics), www.udemy.com (Big Data for Managers). This list is only indicative and not exhaustive. There are many other options available to learn for a keen CMA.

C. **AWARENESS AND OBSERVATION**: To transform into CMA 2.0 one needs to be aware of the business model of the organization and improve the understanding of the industry norms and practices, the aspiring CMA 2.0 should also constantly look for opportunities where he or she can collaborate with data analysts and collectively work towards finding a better solution to the business problem.

D. **NETWORK=NETWORTH**: CMA 2.0 aspirant should build a good internal network with IT team, data analysts and scientists, and gain an understanding of various data sources that their organization relies on for decision making.

E. **COMMUNICATION SKILLS:** Develop a sound knowledge of big data and its vast scope of use and parallelly sharpen their communication skills so that they could translate numbers into a lucid and effective language that their organization's management and board understand.

Discussion

With the rapidly changing business world, organization are relying on big data and trying to extract meaningful insights for better decision making. This new era of business produces an opportunity for CMAs today to transform in their future-ready versions where they play a significant role in making business decisions based on data which can result into better value creation for the customers. The changing roles of CMAs also come with a track of new skills, knowledge and attitude change which one needs for becoming the management accountant of the future – CMA 2.0

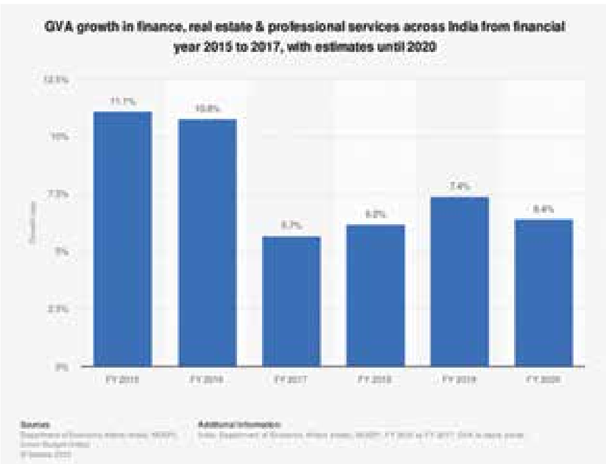

Figure 1: Gross Value Added (GVA) growth in finance, real estate & professional services across India from financial year 2015 to 2017, with estimates until 2020

Source: www.statista.com, accessed on April, 20, 2020

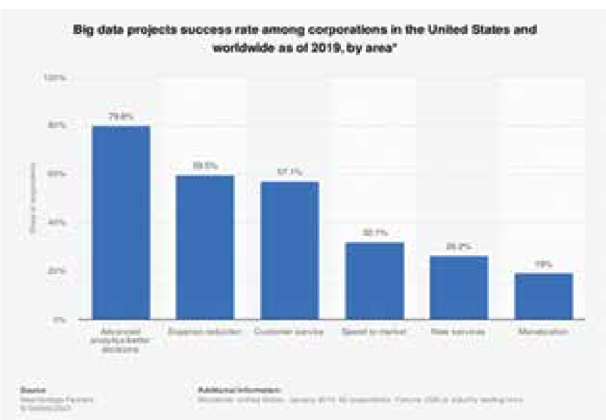

Figure 2: Big data projects success rate among corporations in the United States and worldwide,by area, as of 2019.

Source: www.statista.com, accessed on April, 20, 2020

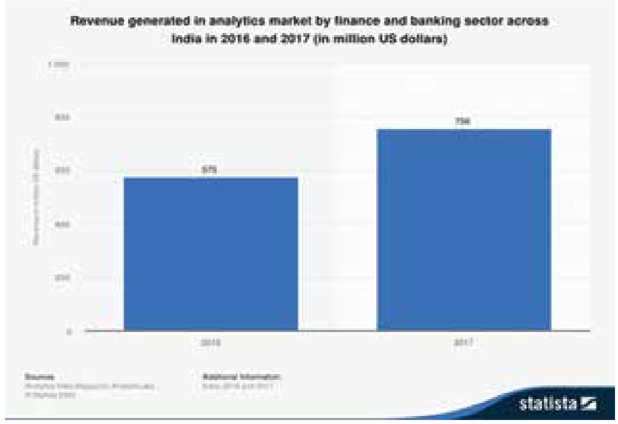

Figure 3: Revenue generated in analytics market by finance and banking sectors across India in 2016 & 2017 (in million US dollars)

Source: www.statista.com, accessed on April, 20, 2020 MA

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CHANGE IN SCENARIO IN CORPORATE GOVERNANCE IN BANKING SECTOR IN INDIA

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Abstract

In India, in recent years, the word governance is fast approaching a point of semantic saturation and at the same time gained significant momentum in every sector with more so in corporate and banking. Besides that lot of reforms has become necessary for the development of corporate and banking sector. Indeed, corporate governance is an important factor to tap capital market in international market and facilitates a foreign investor to acquire stakes in Indian companies. There is also an impact of reputation and long term sustainable in business due to the factors such as business ethics and corporate governance. For good corporate governance, no such single model is available. But OECD has identified some common components which emphasis on corporate governance based on the work carried out in Member countries. A separate and distinct study on corporate governance and shareholder enrichment are scanty, there is a need for a comprehensive study on corporate governance, corporate growth, and its impact on shareholder enrichment. The present study is thus an attempt to analyze the concept of corporate governance in banking in India. The objectives are to examine and analyze the recent trends in corporate governance practices in India, to evaluate the integrity and behavior of selected performance, to measure the impact on banking growth and relationship after globalization. This study also investigates Rights, Roles and Responsibilities of all the stakeholders. To keep the primary of the Board of Directors and their role in complying with various legal framework, the Reserve Bank of India has emphasized the importance of corporate governance in the Banks by various measures. This study investigates the steps taken by RBI in setting up audit committees. In the final analysis, all aspects of the management of banking (including compliance) are corporate governance issues. This means that if a bank's financial firm behaves perilously then it indicates a symptom of poor corporate governance. This study also provides empirical evidence about the differences in the role of the stock market and financial performance measures in the two sectors of Banking and Non-Financial firms.

Introduction

In India, in recent years, the word governance is fast approaching a point of semantic saturation and at the same time gained significant momentum in every sector with more so in corporate in banking. Besides that lot of reforms has become necessary for the development of corporate and banking sector. Indeed, corporate governance is an important factor to tap capital market in international market and facilitates a foreign investor to acquire stakes in Indian companies. To this extent, a large number of governance reforms taken place in India, with the introduction of Clause 49 of the Listing Agreement in February 2000[1] by SEBI and continuing with the drafting of the New Companies Bill of 2009 and the passing of full-fledged New Companies Act in 2013[2] by the Parliament of India. With these reforms it will lead a better governance of Indian companies.

Thus, Corporate Governance covers a wide range of arrangements. Scholars classify these arrangements into internal and external factors. With internal factors, the ownership structure of the corporate, board of directors, the auditor and the audit committee, other committees of the board like nomination committee, remuneration committee acquire special significance. With external factors such as social, economic, political, and technological places significant role in improving corporate governance. The internal and external factors in turn are shaped by the overall legal and institutional structure of the country.

CORPORATE GOVERNANCE structures are essential for shaping enterprise behavior, new investment, and growth opportunities. Therefore, the utmost importance in improving the corporate governance is based on how well the company has put in place proper structures. The corporate governance structures are developed by identifying policy priorities and trade-offs as regards the regulatory and institutional environment

The policy makers exert influence on corporate governance since it has direct bearing on corporate governance structures. The policy makers broadly cover the following:

» company law
» taxation
» banking and securities regulation
» prudential regulation of pension and insurance sectors.
» stock market regulation and
» bankruptcy legislation

The emergency of new financial instruments, stronger competition and new or radically changed financial institutions are taking place due to structural changes in the financial markets. While these developments have some impact in corporate governance but the same are well understood. In the context of its regular review of structural changes in financial markets, the OECD[3], in its analysis of financial systems, will continue its work on structural changes in financial markets and the implications for corporate governance.

Importance of Corporate Governance

To achieve excellence in business, the firm focuses on macroeconomic policies and the degree of competition in product in the market, corporate governance is only part. The framework of corporate governance also depends on the legal, regulatory, and institutional environment. In addition, factors such as business ethics and corporate awareness also have some impact on the reputation and the long-term success of a company.

It is no doubt that factors such as internal and external have significant impact on the governance and decision -making process as well as long term sustainable success in business. The result of separation of ownership and control has basic principle focus on governance problems. Some of the other issues relevant to a company's decision-making processes are explicitly addressed in a number of other OECD[3] instruments (including the Guidelines for Multinational Enterprises and the Convention and Recommendation on Bribery) and the instruments of other international organizations. The investment decisions are based on how well the basic principles of good corporate governance are adopted by the corporations.

Scope of the Study

In the governance system, Corporate governance is affected by the relationships among participants. The behavior of the Corporate is significantly influenced by the controlling shareholders, which may be individuals, family holdings, bloc alliances, or other corporations acting through a holding company or cross shareholdings. The raising of voice or demanding in corporate governance has become a regular phenomenon in the corporate by the equity shareholders and institutional investors. But individual shareholders never seek any right or participation and control of management except they seek fair treatment. The role of Creditors has significant impact as well as to facilitate one of the external monitors over corporate governance. While governments establish the overall institutional and legal framework for corporate governance, employees, and other stakeholders play an important role in contributing to the long-term success and performance of the corporation. But it varies widely among OECD countries and among non-Members as well due to variation and approach by participants while determining the scope.

For good corporate governance, no such single model is available. But OECD[3] has identified some common components which emphasis on corporate governance based on the work carried out in Member countries. The Principles build on these common components and are formulated to encapsulate the different models that exist.

Since change is permanent, the constant review of principles which are evolutionary in nature which has tangible impact on change in circumstances. The corporations must adapt good corporate governance practices to meet new demands and grasp new opportunities. Similarly, governments must formulate effective framework that enables enough flexibility to allow markets to function effectively and to meet expectations of stakeholders. The cost and benefits of regulation are very significant in development of principles as well as meeting their own frameworks for corporate governance.

Conceptual Framework

While the banking and financial institutions sector is not necessarily totally corporate, some part of it is, of course, is mostly government-held or run as cooperatives. In this sense, corporate governance when applied to banking and finance organizations must be understood contextually rather than what the work "corporate" tends to connote. Banking has been unique, and the interests of other stakeholders are not in line with non-banking and non-finance organizations. In the case of traditional manufacturing corporation, the issue has been that of ensuring the security and value of the property owners, to the extent of the property contracted, i.e. the equity invested. But the risk is higher for the deposit holders in the case of banking which will have contagion effect assume greater importance than of consumers of other products. Therefore, the government is getting involved discernibly higher in banks to ensure stability of the financial system thereby the interest of the public is protected. Besides, the government is also getting involved to regulate and control the structure of the boards, ownership patterns, nature of activities and financial reporting mechanism. Finally, the market for control is not sufficient to ensure proper governance in banks.

Objectives of the Study

A separate and distinct study on corporate governance and shareholder enrichment are scanty, there is a need for a comprehensive study on corporate governance, corporate growth and its impact on shareholder enrichment. The present study is thus an attempt to analyze the concept of corporate governance in banking and financial companies. The objectives are to examine and analyze the recent trends in corporate governance practices in India, to evaluate the integrity and behavior of selected performance, to measure the impact on banking growth and relationship after globalization.

Methodology

The present study is both descriptive and analytical in nature. A sample of banking companies whose are actively participating in National Building was considered for the study. The data collected for the present study is mainly secondary data were collected from Annual Report of RBI, Stock Exchanges, Department of Company Affairs, and the respective Banking Companies.

Financial System in India and recent moves for good governance

The financial system in India can be broadly categorized as involving the following segments:

- Scheduled Commercial Banks
- Cooperative Banks
- The Rural Banks
- Financial Institutions
- Insurance Companies and
- Non-banking financial companies.

It is evident that over 81% of the assets of all scheduled commercial banks are concentrated in 27 of the public sector banks, of which 19 are the nationalized ones and eight are in the State Bank Group. The State Bank group comprises of the SBI and seven of its associates. Amongst the private sector banks, which account for nearly 11% of the assets, the new private sector banks account for about 37% of these assets. Though numerically small, the size and reach of the public sector banks is significantly high and obviously have far more issues of diversity in stakeholders' interests.

Corporate governance is indeed an art of balancing the autonomy and flexibility of the management with checks on strategic decisions, while ensuring that the interests of the shareholders are not sacrificed. It is in this context, that many observe that the government has been insensitive to the issues of governance and has shown preference for undue political mileage arising out of the ownership. Thus, the members of the Board of Directors and the top management continue to be appointed based on a laborious bureaucratic process often steered by political interests. An anachronous situation has been the practice of having RBI nominees on the boards of banks, by which the conflict of interest between a regulator and an independent member often undermines good corporate governance.

Banks and Corporate Governance

Following are essential to have good corporate governance in Banks:

Formulate and establish strategic objectives and corporate values and communicate the same to all in the Bank.

Develop proper organization with clear lines of responsibility and accountability.

The board member who has requisite qualification and clear understanding of his/her role in corporate governance has to be appointed as a member of the committee. He/she is not subject to any undue influence and avoid conflict of interest.

Evolve a system so as oversee the role played by Senior Management.

More emphasis should be given for the reports that are provided by the internal and external auditors. That means, audit committee must go through the reports and ensure proper action is initiated then and there.

Put in place proper compensation mechanism thereby in line with the vision and mission of the bank.

Disclosure and Transparency are paramount in conducting good corporate governance.

The role played by Banks are so relevant in the economy thereby it facilitates by providing a payment and settlement system. The characteristics possessed by Banks are unique when comparing to corporate bodies. The leverage of the Banks are such that they can expand business until and otherwise some standards are introduced. Always, the gearing ratios of the Banks are not comparable with any entities. The funding by the Banks can continue if they enjoy the confidence of the financial markets. This function is common to all Banks. Credit lending institutions are well integrated with each other through a complex chain of inter-bank relationships which, in the event of difficulty become mechanisms for the acceleration of contagion. This failure has serious impact and open to risks in both the banking and financial systems.

When it comes to investment, investors seek to find the Banks with stronger corporate governance in them. Higher level corporate governance, stronger is the Bank in the eyes of stakeholders. Besides, due to entry and competition of private banks, it is more important for PBSs to ensure proper good corporate governance to tap capital markets in India and global level. Although most of the generally accepted principles of corporate governance are applicable to Banks, considering the unique status and the safety nets, it is required reorientation of some principles.

Rights of Shareholders

The right of shareholders of banks is same as other shareholders except where transfer of shares beyond a threshold limit to be referred to RBI to get their acknowledgement to ensure fit and proper management is in place besides complying with other laws. In new private sector banks, the promoters are expected to retain their forty percent shareholding for sixty months to ensure their long-term interest in the bank. To curb vested interest by any group in controlling the operations of the bank, no individual can exercise voting rights more than ten percent.

Role of Stakeholders

Banks stakeholders are covered by different laws which are enforced from time to time. Broadly bank stake holders are depositors, creditors, and employees. Banking activities should be taking care of public interest. Hence, the disclosure and transparency of the banks should meet the requirements of information of all stakeholders.

Disclosure and transparency

Disclosure and transparency are significant in the eyes of stakeholders which are also important component of corporate governance. In other words, higher the level of disclosure and transparency, it is stronger in the eyes of stakeholders. To benchmark whether the bank is performing well and meeting the critical ratios such as Capital Adequacy, NPAs, Operating Profit and Return on Assets, this disclosure and transparency will certainly facilitate all stakeholders. More than meeting the expectation of all stakeholders by adopting this disclosure standard, it will also facilitate banks to be on par with international standards.

Responsibilities of the board

Board of Directors is responsible for complying corporate governance in line with legal framework announced by Regulators from time to time. It is always debatable on the functions, composition and structure of the Board. It is worth to note that the role of board of directors of even public sector banks have become more significant in the light of deregulation in interest rates and greater autonomy given to banks by the Regulator. It is the responsibility of the Board to ensure that the operations of the Bank are in line with legal requirements and regulatory standards and conducts its business in accordance with the high ethical standards. It is also the responsibility of the Board to lay down suitable directives, policies, and guidelines on important aspects such as loan and advances, investments and asset liability management and recovery of non-performing assets.

Banks to set up audit committees in line with direction given by the RBI. The framework of the audit committee must ensure the entire internal control, functions of audit and control and comply with inspection report of external agencies and internal auditors. To function efficiently, the audit committee should consist of independent directors who are professionally qualified in finance and the Chairman of the Board should not be a member. This will facilitate audit committee to function independently.

In line with recommendation of Narasimhan Committee, the RBI has been withdrawing its nominees from the boards of well-managed old private banks since the nominees from RBI is perceived to be conflicting with its own various regulatory mechanism.

Corporate Governance: The Role of Banks and DFIs

Both Banks and DFIS to ensure their nominee directors are appointed in the board of the companies where they have funded. This role is significant to ensure corporate governance in the respective companies funded by them. The tole of Banks and Development Financial Institutions (DFIs) in India, is very significant to ensure governance of companies where they have their nominee directors. While it is expected that the nominee directors are to protect the interests of the Banks and DFIS, it is also expected that they be responsible as any other director in discharging their duties and responsibilities. But in certain instances, the role of nominee directors attracted criticism where irregularities have been unearthed. It is always felt that these nominee directors of term-lending institutions and mutual funds have become a contentious issue.

Issues relating to Corporate Governance

Good corporate governance can be in place in Banks and DFIs if boards should be independent. The corner stone of accountability is always independence in any board. Till recently, in India, in most banks, the positions of the Chief Executive Officer (CEO) and the chairman was combined. Recently, as per the recommendation of Cadbury Committee, the powers and responsibilities have been divided and thereby the Banks and DFIs have Chief Executive Officer and independent Chairman. In other words, no individual position will carry the two functions.

'Connected lending' is one of the lending principles as per regulation laid down by the regulator[1] wherein no lending by banks to companies whether the directors are vested interest directly/indirectly. This principle is that there should not be any conflict of interest while lending. This principle is not applicable to financial institutions and therefore it is possible for directors to continue to enjoy borrowing facilities from the banks which needs to be reviewed and regulated.

The composition of the Board which is currently in place must be reviewed to accommodate more executive directors as against two whole time directors, including the CEO[1.] At present, the board of Bank has number of non-executive directors, nominee directors and employee directors besides whole-time directors. The Board composition should include non-executive directors who are highly reputed in their functions thereby their views will carry significant weight in the board's decision, as suggested by The Cadbury Committee.

In this connection, the Monetary Authority of Singapore (MAS) recently announced a measure to strengthen the current practice in the Banks. This measure will ensure good corporate governance by banks by forming nominating committees within the boards. Five members are permitted to be as nominee directors subject to the approved of MAS.

The Empirical Evidence

The empirical findings of studies by Prowse (1997) of US banks and by Sinha (1998) of UK banks, provide evidence on the effects of board structure, ownership and firm performance on board changes. Prowse (1997) finds that the most important corporate control mechanism in banks is regulatory intervention. In overall terms, the boards of banks are much less assertive than their counterparts in non-financial firms. Sinha (1998) compares the effects of board structures, ownership and performance on top management turnover in UK banks. The results with respect to board monitoring, are consistent with Prowse's findings for US banks. Stock market-based performance measures are significant in top management turnover in manufacturing firms, but financial performance measures are significant in two of the three measures of top management turnover in banks. The estimates show that there are differences in the role of the stock market and financial performance measures in the two sectors.

Current Scenario

As per economic reports of US, there is every possibility of recession due to the mood of American consumers which is very much deteriorating. Besides this economic slowdown, the other rising issues are inflation and stagflation. There is significant drop-in factory activity, which fell to nearly a five-year low will have impact in financial markets. Because of this, it is expected that there will be a cascading effect in the global financial market. Besides, COVID-19 has significant impact in global financial markets which will have cascading effect in Banking sector too.

Investment banks in recent months have absorbed $150 billion in mortgage and corporate loan losses and face new pressures to slash spending. Wall Street investment banks, stung debt losses, have cut tens of thousands of jobs, but even more significant cuts are coming in the months ahead amid a bleaker earnings outlook.

The study also show that, notwithstanding the greater concern of the regulators in the appointment of the board members and ownership changes, non-executive directors are, in fact, less significant in the turnover of top management in banks than in other firms. However, in high-risk firms, the institutional investors significantly increase the turnover of top management in banks and their influence on the top management turnover is significantly greater in banks than in other firms. Therefore, the significant of turnover of non-executive directors in Banks is based on the risk perceived by institutional investors who have greater influence than other shareholders.

Post COVID-19, it is imperative that the government and regulators must review the existing mechanism in place for all economic and financial activities with more so in banking sector and how the new normal life banking system can function effectively without any compromise on good corporate governance.

Conclusion

From the analysis, effective corporate governance in banks is contingent upon greater, market-based surveillance of banks. Given that the radical option of complete market-based surveillance cannot be implemented because in some instances, the social costs of bank failure may exceed the private costs, the relative effectiveness of market and supervisory surveillance and the specific emphasis in a particular country's regulatory regime is an empirical question. An assessment of relative effectiveness of market versus supervisory discipline is difficult as various studies show that the effectiveness of market surveillance can be compromised by the presence of official surveillance.

In the final analysis, all aspects of the management of banking and financial firms (including compliance) are corporate governance issues. This means that if a bank's financial firm behaves hazardously, i.e. to some extent, a symptom of weak internal corporate governance. This may include, for instance, a hazardous corporate structure for the financial firm, lack of internal control systems, weak surveillance by (especially non-executive) directors, and ineffective internal audit arrangements. Corporate governance arrangements were evidently weak and under-developed in banks in many of the countries that have recently experienced bank distress.

In Conclusion and in general, the importance of corporate governance has gained significant momentum in India after the fall out of Satyam Computers in 2008. This fiasco has greater impact an exodus of independent directors from the companies with poor corporate governance practices. Recently, Yes Bank had a major issue in complying with good corporate governance and everyone thought it will be one more episode in banking sector like the Global Trust Bank. However, this episode has been mitigated due to the intervention of Reserve Bank of India and that too acted swiftly by them. In the spirit of this paper, policy makers/regulators should constantly evaluate the risk of non-performing assets in banking and financial institutions for the benefits of new governance related mechanisms. MA

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1 - Compiled from RBI Report, Mumbai

3 - Compiled from reports of The Organisation for Economic Co-operation and Development, USA.

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MANAGE YOUR FINANCE WITH SAP S/4HANA FINANCE SOLUTION

Abstract

SAP S/4HANA inherits capabilities of SAP HANA. SAP HANA provides native in-memory engines that can process any types of data in real time. It can support both Online Transaction Processing and Online Analytical Processing requirements and is built to run on high-end hardware.

The data model for Financial Accounting was redeveloped and the application code for Finance was completely rewritten on simplified data model. The rewritten application is called SAP S/4HANA Finance, formerly known as Simple Finance. Other applications like sales, procurement, and inventory management etc, are also simplified. This new solution also helps to extract meaningful reports across all lines of business (MIS Reports), provide greater opportunities for innovation, Predictive Analysis, Real time decision support, automatic reconciliation of Financial Accounting with Cost Accounting and Fixed Asset Accounting and Material Ledger, faster month end and year end closing, Group Reporting (Financial Consolidation), Transfer Prices, COGS and Variance Split, better costing integration with production,etc.

Dr. Ravi Surya Subrahmanyam
Director - SAP Practice, The Hackett Group India Ltd
Visiting Instructor, SAP Education
Hyderabad

Introduction:

The changing digital world and the significant advances in technology have been presenting business opportunities and challenges to business. SAP has rewritten its Business Suite based on technological changes. The new business suite is called SAP S/4HANA. SAP S/4HANA covers many applications and supports for all important core business processes like quotation to cash, procure to pay, and so on. SAP S/4HANA is built natively on the SAP HANA platform.SAP S/4HANA is the best integrated platform based on the latest technologies that helps finance to lead the transformation to digital business.

SAP Leonardo innovations helps Financial applications by adding intelligence to applications. It helps in automating business processes end to end. This leads to efficiency and reduce costs of Finance operations. This new technology also helps in detecting, preventing and predicting. This boosts productivity of the Finance team.

Overview of SAP S/4HANA Finance

The General Ledger component of Financial Accounting is to provide a comprehensive picture for external authorities.

The Accounts Payable component records the accounting data of all vendors. In the same way, the system supplies the Cash Management Modules with figures from invoices in order to optimize liquidity planning.Payables are paid with the payment program in SAP S/4HANA. The payment program supports all payment methods like checks, transfers etc. Postings made in Accounts Payable are automatically recorded in the General Ledger.

The Accounts Receivable application component records accounting data of all customers. It is also an integral part of sales management. All postings in Accounts Receivable are also recorded directly in the General Ledger. It also provides the data required for effective credit management and important information for the optimization of liquidity planning through its link to Cash Management.

The Asset Accounting component is used for managing and supervising fixed assets In Financial Accounting, it serves as a subsidiary ledger to the General Ledger, providing detailed information on transactions involving fixed assets.

Asset Accounting transfers data directly to and from other SAP Modules. For example, it is possible to post from the Materials Management Module directly to Fixed Asset Accounting. If an asset is purchased or produced in-house, it can directly post the invoice receipt or goods receipt, or the withdrawal from the warehouse, to assets in the Asset Accounting Module. Similarly, depreciation and interest can be posted directly to the Financial Accounting and Cost accounting.The Bank Accounting Module is used to handle accounting transactions that are processed with company's banks. It handles incoming and outgoing payments.

How SAP Treasury &Cash Management Powered by HANA helps Finance & Cash Managers?

SAP Treasury as Part of the SAP S/4HANA. End-to-end treasury functionality is embedded in SAP S/4HANA. This allows Finance team to manage operational tasks such as payments, cash and liquidity management, etc. up to the management of financial risks. Key to Treasury is the connectivity to Banks. Companies have several options to connect, for example direct Bank Communication via H2H, SWIFT Integration, or Integration to Ariba on so on.

Finance team can capture their FX deals in online trading platforms. It allows them to capture the deals automatically in SAP system without having the need to do so in the SAP backend system. Market data can be integrated via Reuters or Bloomberg, either via file upload or Web services.

SAP Cash and Liquidity Management is an integral part of the overall treasury solution. The main components of the Cash management solution are:

- Bank relationship management(Formerly known as Bank Account Management)
- Cash operations
- Liquidity management

With Bank Account Management (known as Bank Relationship Management in latest version of SAP S/4HANA) Finance / Accounting team will be able to centralize bank accounts management and perform different tasks like, Maintaining the bank account master data and its properties like, bank account number, IBAN, contact persons, Payment signatories, overdraft limits, GL account Number. They can also have different workflows for opening, Editing, closing bank accounts.to avoid unauthorized changes to the bank master data.

Cash Operations is a solution in S/4HANA for the day-to-day management of the Corporates' working capital. This helps the Finance manager to prepare a daily forecast of cash receipts, disbursements, and the expected closing balance. It also provides the functionality to initiate the bank transfers and approve and monitor the payments.

Liquidity Management provides the complete lifecycle management of Rolling Liquidity Planning. It helps the Finance officer to plan liquidity precisely and easily. Liquidity Management also provides functionality to plan hedging of operating activities for foreign currencies.

Business benefits with SAP Cash Management Capabilities

- It ensures high secure and quick payments with low fees
- It improves cash and Liquidity forecasting and gain more accurate and instant insight in the cash balances
- It ensures investments and borrowings at the lowest costs
- It helps to identify financial risks and take more effective steps to mitigate them

Can I have Petty Cash Account?

SAP S/4HANA has cash journals feature to manage petty cash. You can assign cash journal a G/L account, which represents the petty cash journal account in the general ledger. So Finance team can track Cash transactions separately in the cash journal and can transfer periodically (for example, daily or so) to the general ledger.

Is there a way to process large amount of incoming cheques?

It is handled differently in different countries. In the United States, cheques are the most common method of payment and many companies use lockboxes. With this, cheque processing is considerably easier.

Usually, the customers send cheques to the accounting department. The incoming cheques can be processed with a cheque scanner. Print a list of the cheques and send to the bank along with the cheques.

The cheques received are posted to special incoming cheque accounts, and the cheques and a cheque deposit list are sent to the bank.

Incoming Check Account Debit

Customer Account Credit

Then bank collects money from customers and posts it to the bank account. The posting appears in bank account statement. On importing bank statement in SAP system, it clears the incoming cheque account and post to the main general ledger.

Main Bank Account Debit

Incoming Check Account Credit

Avoid Pain and strain in Bank Reconciliation using Electronic Bank Reconciliation Process in SAP S/4HANA

Usually, Companies get their bank statements delivered electronically by their banks every day.

The automatic import functionality imports, bank statements according to the configuration settings and create Bank Reconciliation postings in SAP System. There are different formats for Bank statements, we need to configure based on the format. Finance team can monitor imported bank statement using a Fiori app and can also allow Finance team to identify bank accounts that are not imported successfully. Then, they can communicate the issue to the responsible, when they find a bank account in an error state.

How Month end & year-end closing process faster with SAP S/4HANA?

SAP S/4HANA Financial Closing Cockpit is an application that enables companies to create a structured interface for executing pre-closing and closing activities. This supports processes within an organizational structure, such as for one legal entity as well as scenarios affecting multiple legal entities within the corporate group. Finance / Accounting Team that is involved in Financial close can create tasks, its sequence, it dependencies and can execute the task manually or automatically by scheduling a job. Once job is completed system sets status if task is executed / stopped / failed / in process etc.

Officer responsible can see an overview of the status of each closing task and the sequence of tasks, their status, dependencies, and critical paths thru a monitor. He can also identify if there are any issues in any of the task and contact person responsible for it.

How Can I handle Accruals / Deferrals?

SAP S/4HANA for Accruals Management is a tool that can be used to calculate, review and post accruals automatically. SAP S/4HANA Accrual Engine has capability of handling Accruals & Deferrals.

Financial consolidation is the nexus of complexity and risk in the financial close process. How Can I handle Consolidationsin SAP S/4HANA?

There is a solution that became available with the SAP S/4HANA 1809 Edition onwards. There is also the SAP S/4HANA Cloud for group reporting solution which became available from May of 2017.

SAP S/4HANA Finance for group reporting stands on the shoulders of consolidation solutions such as Enterprise Controlling-Consolidation System and Business Planning and Consolidation.

Consolidation Monitor collects the data reported by consolidation units. When the data is ready for consolidation, Persons responsible, will logon to the Consolidation Monitor to perform the consolidation tasks, such as various interunit eliminations and data validation, currency translations etc.

Throughout the process, they can cross check processed data using interunit reconciliation reports and currency translation analysis reports, or generate local or group reports (Consolidation Reports) in real time. Advances in group reporting technology are also helping companies accelerate their book-closing processes.

How about Reconciliations between Financial Accounting and Cost Accounting?

SAP Accounting powered by SAP HANA has single source of truth for all accounting components. That is, it posts GL, AR, AP, Asset Accounting, Costing, Material Ledger in only onedatabase table. So, Reconciliation between Financial accounting and costing, Financial accounting and Asset Accounting, Financial Accounting and Material Ledger is a topic of the past that brings large cost and time savings to the Accounting departments

Many organizations are required to report financial results based on multiple accounting regulations. How to handle this in SAP S/4HANA system?

In SAP General Ledger accounting, different accounting principles are mapped using Ledger approach. You can define different ledgers to post to different accounting principles (IFRS or local GAAP). When user posts transactions, System updates the business transactions in all the accounting principles automatically based on the configuration. So users need not post the same transaction multiple times for multiple accounting principles. And, in case of any adjustments for a specific accounting principle, user can also post an entry only for a specific accounting principle. Financial statements can also generate based on the accounting principles.

Is there any Transfer Price Solution in S/4HANA?

Transfer Price Solution in S/4HANA offers up to three parallel valuation methods for legal, group, and profit center valuation.

Legal Valuation: From the point of view of the affiliated companies including markups

Profit center valuation: This treats profit centers as if they were independent companies using, for example, negotiated prices

Group valuation: this valuation looks at the whole group eliminating markups

What reporting options are available in SAP S/4HANA?

Analytics are embedded in SAP S/4HANA, this improves the total cost of ownership as we need not have any reporting and analytical system separately and helps the Finance users to be more efficient and makes the business process more efficient. SAP S/4HANA blends transactions and analytics that allows operational reporting on live transactional data.

Conclusions:

Finance and Accounting teams can increase data quality, speed and transparency by using right technology. This helps their companies run better, faster and smarter. This also helps to gain confidence of shareholders, and business partners in the finance team's numbers, while minimizing the time and resources required to produce them. MA

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COVID-19 AND ITS IMPACT AND REPERCUSSIONS ON GLOBAL WORLD

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Abstract

The global economy as a whole, irrespective of developed and developing economies; has been passing through a very critical juncture, affecting almost all the economic and social indicators of the economies across the globe. The economic and social damage is so huge that for every country, it is becoming very difficult to review their respective economic and social indicators and put their respective economies back on the track. With this backdrop, the present paper discusses the trends emerging out from the outbreak of COVID-19; effects on global trade; repercussions of COVID-19 and how to minimize the loss economic and social due to outbreak of COVID-19.

Introduction

The outbreak of COVID-19 in January 2020 has been recognized at global level as an emergency of public health. The number of confirmed cases around the world as of May 22, 2020 are 49, 93, 470 with around 3, 27, 738 deaths affecting 216 countries (WHO, 2020). Due to lack of the virus specific vaccine and the severity of it, most of the economies around the world are adopting quarantine and lockdown as the precautionary measure to stop the spread of the virus. However, the impact of virus is not only limited to personal health but also started affecting economic health of economies because of lockdown of various economic activities both inter-countries as well as intra-countries.Not only developed economies (such as UK, USA, Japan, Germany and others) but also emerging and developing economies (such as China, India and others) are on the threshold limit to fall down. Economic institutions like IMF and OECD has already predicted the probable growth rate of economies around the world (Table 1).

Table 1: Economic Predictions by International Monetary Fund (IMF) and Organization for Economic Corporation and Development (OECD) after the outbreak of COVID 19 (Percentage Change in Real GDP Growth).

**Adjunct Professor, Faculty of Economics and Finance, Monarch University, Zug (Switzerland) and External Fellow (Economy); West Africa Institute [West Africa]*

IMF				OECD			
	2019	**2020**	**2021**		**2019**	**2020**	**2021**
World	2.9%	3.0%	5.8%	**World**	2.2%	2.4%	3.3%
Advance Economies	1.7	-6.1	4.5	**G20**	3.1	2.7	3.5
United States	2.3	-5.9	4.7	**Australia**	1.7	1.8	2.6
Euro Area	1.2	-7.5	4.7	**Canada**	1.6	1.3	1.9
Germany	0.6	-7.0	5.2	**Euro area**	1.2	0.8	1.2
France	1.3	-7.2	4.5	**Germany**	0.6	0.3	0.9
Italy	0.3	-9.1	4.8	**France**	1.3	0.9	1.4
Spain	2.0	-8.0	4.3	**Italy**	0.2	0.0	0.5
Japan	0.7	-5.2	3.0	**Japan**	0.7	0.2	0.7
United Kingdom	1.4	-6.5	4.0	**Korea**	2.0	2.0	2.3
Canada	1.6	-6.2	4.2	**Mexico**	-0.1	0.7	1.4
China	6.1	1.2	9.2	**Turkey**	0.9	2.7	3.3
India	4.2	1.9	7.4	**United Kingdom**	1.4	0.8	0.8
Russia	1.3	-5.5	3.5	**United States**	2.3	1.9	2.1
Latin America	0.1	-5.2	3.4	**Argentina**	-2.7	-2.0	0.7
Brazil	1.1	-5.3	2.9	**Brazil**	1.1	1.7	1.8
Mexico	-0.1	-6.6	3.0	**China**	6.1	4.9	6.4
Middle East	1.2	-2.8	4.0	**India**	4.9	5.1	5.6
Saudi Arabia	0.3	-2.3	2.9	**Indonesia**	5.0	4.8	5.1
Sub-Saharan Africa	3.1	-1.6	4.1	**Russia**	1.0	1.2	1.3
Nigeria	2.2	-3.4	2.4	**Saudi Arabia**	0.0	1.4	1.9
South Africa	0.2	-5.8	4.0	**South Africa**	0.3	0.6	1.0
Oil Prices ($)	-10.2	-42.0	6.3				
World Trade Volume	0.9	-11.0	8.4				

Source: World Economic Outlook, International Monetary Fund, April 14, 2020, p. ix and OECD Interim Economic Assessment: COVID-19: The World Economy at Risk, Organization for Economic Cooperation and Development. March 2, 2020, p. 2.

Accordingly, for the year 2020 and 2021, in case of developed economies the loss of GDP will be of around 7.8 percent and for developing and emerging economies it will be around 2 percent. In cumulative terms the loss of GDP globally because of the pandemic will be around 9 trillion dollars during 2020-21. It is expected that the impact of COVID-19 is going to be worse on economies than what the world has faced because of the financial crisis of 2008 (Gopinath, 2020).

Effects of COVID-19 on World Trade

Trade around the world also gets affected by it as there has been a decline by 1.2 percent in the fourth quarter of 2019 in World merchandise trade and by 3.75 percent in the first quarter of 2020. A decline of 1 percent and 1.3 percent has been also recorded in the level of World exports and imports respectively. Developing economies and emerging market economies are the one highly affected by the trade level decline especially economies such as Indonesia and India (OECD, 2020). Due to COVID-19 crisis economies around the world has shown their domestic production susceptibility as they acquire materials from far places significantly impacting the global value chains and therefore the international trade (S&P Global, 2020).

Repercussions of COVID-19 on Economies

The prediction by IMF also shows decline in the level of World Trade Volume by 11 percent in the year 2020.

According to a report by World Trade Organization (WTO) (2020), due to the pandemic, there will be a fall of around 13 percent to 32 percent in the merchandise trade globally. Also because of travel and transport restrictions, the services trade will be the one highly affected by it. Further, there will be a negative impact on the level of employment because of decrease in consumer demand and reduced production. Remittances will also see set back due to late payments or layoffs mostly in case of those economies whose large numbers of workers are working overseas (Khan and Khan, 2020). National borders of more than 180 economies around the world are closed during the past two months, leading to restricting the movement and therefore affecting the tourism sector as well.From the economic point of view, it is expected that the demand for essential goods (food, medical aid etc.) will rise because of the Coronavirus, however this rise in the demand will be offset by the lower demand for other products which comes under non-essentials.

Figure 1: Implications of COVID-19 on Global Economies

Source: World Economic Forum (2020)

The implication of Covid-19 (Figure 1) can also be seen on the falling stock markets and oil prices around the world. The industries like sports events, financial markets, health system, restaurants, hotels, transportation and electronics have become more susceptible because of the effect of virus. Additional, because of the changing pattern of work environment in terms of increased consumption of internet, risk of data fraud and cybercrimes has also increased. Further, disruption of supply chain, recovery failure for businesses, business consolidation and bankruptcy like issues will occur consequently. The effect of disrupted supply chain has been seen mostly in case of economies which are highly import dependent and it leads to generation of inflationary pressure on the basic commodities prices (Ozili and Arun, 2020). Therefore, looking at the present situation, a deep recession is on its way because of the steps taken by countries around the world in the form of big incentive packages to divert the sharp fall of their economies leading to the contraction of world economy by 0.9 percent.

Prospective Steps to Minimize the Loses

In this global health and economic crisis situation, the strategies adopted by the government around world will play a significant role in minimizing the impact of COVID-19. Off course the main priority in this situation is to save lives of the people.However, economic assistance (both cash and kind) in case of lockdown is the need of the hour in most of the countries around the world. Measures like relaxation in taxes and plans to keep businesses functioning in the coming times are also required (Gaspar and Mauro, 2020; WTO, 2020). Further, the synchronization in economic policy comprising of monetary, trade and fiscal policies to combat the economic effect of the pandemic through the government efforts will definitely come as a savior.

Global growth prospects for future will significantly depend on the decisions made out by the economies in the present scenario in order to have the basics of socially inclusive, strong and sustainable economies. To attract investment from now and onwards, the business environment of economies will play a crucial role in terms of openness and predictability of the market. From the unemployment side, transition opportunities (in the form of vocational training, matching services and additional jobs) and financial security will definitely facilitate. Therefore, cautious policies should be placed in order to handle social, economic and employment consequences because of COVID-19.Also, cooperation and synchronization among economies along with sagacious and mature actions of the people are needed to fight against COVID-19. Last not the least, every developing country has to stimulate demand side on the one hand and on the other hand to enhance the purchasing power of the people. With out these nothing can bring any fruitful results. There should not be any gap between saying and doing.

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COVID 19 AND INDIAN BUSINESSES: A SYNOPTIC VIEW

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Abstract

The entire globe is passing through humanity's biggest crisis since World War II. Almost all the countries in the world have been severely affected by the ruinous COVID 19 outbreak. Undoubtedly, there is no escape route for India also. In this backdrop, the present paper attempts to assess the status of the Indian business sector in the pandemic of COVID 19 and also to identify some possible measures which can be adopted for combating the alarming situation stemmed from the outbreak of such pandemic.

I. Introduction

The unprecedented pandemic of COVID - 19 has created a shock and astonishment among people, putting majority of the global population under lockdown. Humanity, Knowledge and Science all have faced great challenges emanated from the outbreak of COVID-19 resulting in massive changes in the scenario of socio-economic and political risks all over the world. In fact, COVID 19 is a global crisis of huge magnitude which can be compared with the great depression of 1929. A drastic fall in employment and income due to the COVID 19 outbreak has caused not only a huge drop in aggregate demand in all major economies but also loss of confidence as well as fear of gloomy future. Many countries across the globe have initiated to provide economic packages for rescuing their economies. The USA, the most powerful country in the world from the economic point of view, has already come forward with an economic package of US$2 trillion dollar which is 10 per cent of its GDP for providing necessary helps to mainly the people in low income bracket and ailing firms belonging to the MSME sector. The European Union is also planning to make massive investments to combat the deep economic recession arising out of the Covid-19 outbreak. On 27th May, 2020 the European Commission has presented in Parliament a €750 billion economic stimulus plan which along with a revised proposal for the EU's 2021-2027 Budget will help in arriving at a sustainable future by mitigating the shock stemmed from the COVID 19 pandemic. In this backdrop, the present paper attempts to ascertain the status of the Indian business sector in the pandemic of COVID 19 and also seeks to identify some possible measures which may be adopted to combat the adverse situation arising out of the outbreak of such pandemic.

II. Indian Scenario

In India the COVID 19 was first found in the last week of January, 2020. So, a period of five months has passed. Lockdown started in India on 25th March, 2020. We have completed the fourth phase of lockdown and now we are in the semi-lockdown phase. There has been a tremendous impact of COVID 19 and subsequent lockdown on the Indian economy and also on the global economy. In this context, let us mention one significant information regarding USA. USA is financially the strongest country in the world. In fact, it is considered as the most powerful country in the globe from the economic point of view. In USA in April, 2020 15 per cent to 17 per cent employees have lost their jobs. More than 2 crore people have become jobless in the month of April, 2020. If we consider India's status in this respect, the picture is more alarming. As per the report published by the Centre for Monitoring Indian Economy (CMIE), the unemployment rate in India which was less than 7 per cent in the mid-March, 2020 became 27.11 per cent in the first week of May, 2020. It was 29 per cent in the urban areas while it was 26 per cent in the rural areas. However, the unemployment rate slightly declined in the last week of May, 2020. As per the report published the CMIE on May 27, 2020, the unemployment rate in India was 23.48 per cent. It was 25.79 percent in the urban areas and 22.48 per cent in the rural areas. During the lockdown period, more than 14 crore people have lost their jobs. It has a severe effect on the Indian business sector. In this context, we can mention a recent study conducted jointly by the Federation of Indian Chamber of Commerce and Industry (FICCI) and Dhruva Advisors, one of the largest tax and regulatory firms in India. In this study, 380 companies across the sectors were considered. Let us consider the major findings of the study. The study reveals that there has a tremendous uncertainty in the Indian business environment during this pandemic situation. This study also reveals that 72 per cent of the sample companies have been placed in the category of very high level of risk during this abnormal period. Another important outcome of the study is that 70 per cent of the sample companies are expecting a de-growth in their sales during the financial year 2020-21. As a result, size of business / scale of operations will go down significantly in the current financial year. Some renowned companies like L&T, Tata Motors, Ultra Tech Cement, many companies belonging to the FMCG sector and even BHEL, a Maharatna central public sector enterprise have downsized their business operations in the current financial year. Another significant outcome of the study is that 61 per cent of the companies under study have postponed their expansion programme for a period of 6 to 12 months while 33 per cent of the sample companies have postponed their expansion programme for a period of more than 12 months. Another notable outcome of the study is that 60 per cent of the sample companies have postponed their fund-raising plan for a period of 6 to 12 months whereas 25 per cent of the sample companies have postponed their fund-raising plan a period of more than 1 year. Thus, based on the outcomes derived from the study, it can be said that the India's business sector has been facing tremendous challenges emanated from the COVID 19 outbreak and subsequent lockdown. Now let us consider some additional information in this regard. More than 6600 Indian companies have legal linkages with those foreign companies which are situated in such countries where the outbreak of COVID 19 is severe. In this context, we can cite the example of China. There is a very close association between India and China in respect of International trade. China is the world's largest exporter which accounts for about 13 per cent of the world's exports and China is the second largest importer in the world which accounts for about 11 per cent of the world's imports. China contributes about 14 per cent of the India's total imports. On the basis of the information, it can be said that Indian business sector largely depends on China. More specifically, 45 per cent of the India's total electronic imports come from China. About 1/3rd of the India's total machinery imports are contributed by China. Around 40 per cent of the India's total organic chemicals imports come from China. In case of fertilizer and automotive part it is 25 per cent. China contributes 70 per cent of the India's total pharmaceutical ingredients imports. In case of mobile phones it is more than 90 per cent. So, these industries have been highly affected by the COVID 19 outbreak and subsequent lockdown. The large scale industries in India substantially rely on the supply made by the MSME sector and the MSME sector largely depends on the demand of the large scale industries. So, they are interconnected and interdependent. It is to be noted that the MSME sector in India contributes more than 30 per cent of the country's GDP and it follows an annual growth rate of at least 10 per cent. Another important point regarding the MSME sector is that about 45 per cent of the India's total exports are contributed by the MSME sector. So, the MSME sector plays a vital role in the Indian business world. Due to the COVID 19 outbreak and subsequent lockdown the large scale industries as well as MSME sector in India have been severely affected. Now let us mention some important points regarding the status of the Indian economy. As per the assessment made the World Bank in April,2020, it is expected that the India's growth rate will be 1.5 per cent to 2.8 per cent in 2020 while the United Nations' estimates show that the India's growth rate will be 1.2 per cent in 2020. However, as per the assessment made by the World Bank in the first week of June, 2020, it is expected that the India's growth rate will be negative (-3.2 per cent) in the current year. Similarly, as per the projection made by the International Monetary Fund, it is expected that the India's GDP growth rate will be 1.9 per cent in the financial year 2020-21. However, as per the statement made recently by Mr Shaktikanta Das, RBI Governor, India is expecting a de-growth in its GDP in the current financial year. So, it is clear that India's economy has been facing immense threats arising out of the COVID 19 pandemic. As a result, Indian business sector has also been confronting enormous challenges stemmed from the COVID 19 outbreak and subsequent lockdown. Let us make an attempt to ascertain the reasons behind it. There are four components of GDP, such as personal consumption expenditure, business investment, government spending and net export. Personal consumption expenditure is the biggest component of GDP. It accounted for 59.5 per cent of the India's GDP in March 2020, compared with a ratio of 62.9 per cent in the previous quarter. If we consider the four components of GDP one by one in the context of the present day situation, we can understand the reasons of massive downfall in the economy more precisely. If we scrutinize the issue associated with the net export, a noticeable shrinkage in 29 items out of the 30 major items each in India's export and import baskets is observed in March 2020 reflecting the harshness of the impact of the COVID 19 on the global demand. A record fall of 34.6 per cent in India's merchandise exports was registered in March 2020 while imports slumped by 28.7 per cent as countries sealed their borders to combat the coronavirus pandemic. India's exports reduced by 36.47 per cent in May 2020, recovering notably from a 60 per cent contraction in the month of April, 2020 according to the Ministry of Commerce. A massive fall in domestic demand coupled with travel restrictions on international cargo flights, also resulted in a drastic fall in the imports of different items in May, 2020. For example, gold imports declined by 98.4 per cent in May, 2020 whereas nearly 72 per cent contraction in the imports of petroleum and crude products was noticed and the imports of coal, electronic goods, and machinery shrank by about 45 per cent in May,2020**.** Similarly, if we consider government spending, we find that the government is now paying salary only and in many cases salary has been curtailed. There is no new business investment in India in this adverse situation. Obviously India's GDP will almost entirely depend on personal consumption expenditure in near future. According to the principles followed in Economics, if personal consumption expenditure increases, real sector growth rate enhances. As a result, employment steps up, income increases and ultimately demand goes up. However, in the present day situation we find exactly the reverse picture. There has been a massive fall in the personal consumption expenditure in India in the pandemic of COVID 19. It went down by about 20 per cent in March 2020 as compared to the previous quarter of the last financial year. As a result, real sector growth rate has declined notably, employment has decreased significantly, income has stepped down considerably and demand has gone down noticeably during this abnormal period. Internal supply chain as well as global supply chain has been completely disrupted during this situation.

Now, let us see the status of Indian business enterprises in respect of different components of risk in the present day situation. In today's challenging environment efficient management of risk is an integral component of the overall corporate strategy to create shareholders' value. In running the business a firm is exposed to various risks from within or outside the firm. The total risk associated with a firm can be broadly divided into two components – business risk and financial risk. Business risk has three basic components – economy risk, industry risk and firm-specific risk. Economy risk depends on economy-specific factors which have been highly affected during this abnormal situation. Inflation rate has gone up significantly. Foreign exchange rates have widely fluctuated. Even some restrictive regulations have changed rapidly. So, there has been a clear upward trend in the economy risk associated with business enterprises in India during this abnormal period. Similarly, industry risk depends on certain industry-specific factors which have also changed rapidly with the passage of time leading to notable hike in the degree of industry risk associated Indian businesses. If we consider firm-specific risk, we find the same picture. Increase in both economy risk and industry risk has resulted in enhancement in firm-specific risk associated with business firms because firm-specific risk is directly influenced by firm-specific factors while it is indirectly affected by some macro-economic variables which indicate economy-specific factors and industry-specific factors. The genesis of firm-specific risk lies in instability in the firm's one or more fronts, important of which are volatility in cost behavior pattern, instability in revenue generating capability using capital base and fluctuations in short term debt paying capability. These inherent weaknesses lead to cost structure risk (CSR), capital productivity risk (CPR) and liquidity risk (LR). There has been a tremendous volatility in the cost of materials, labour and other items used in business operations. As a result, CSR associated with the business firms in India has soared to a very high level during this pandemic situation. Similarly, there has been an escalation in instability in revenue generating capability of business firms. So, CPR of the firms have stepped up notably during this adverse situation. Almost the same picture is observed in respect of liquidity risk. Rapid fall in demand, hike in instability in cost of inputs as well as price of output, upturn in instability in revenue generating capability all have led to increase in instability in short term debt paying capability. As a result, LR associated with the firms in Indian business sector has gone up considerably during this abnormal period. So, all the components of firm-specific risk, industry risk and economy risk have increased remarkably during this adverse situation. Therefore, there has a clear upward trend in the business risk associated with the business enterprises in India in the present day situation. Financial risk depends not only on the sources which have been used for the creation of pool of funds but also on the fluctuations in foreign exchange rates as well as interest rates. In the present day situation we find that wide fluctuations in foreign exchange rates and interest rates have taken place. As a result, a rising trend in the financial risk associated with the business firms in India has been noticed. Theoretically, there should be a high degree of negative relationship between business and financial risks. A firm having high business risk should maintain low financial risk in order to keep its total risk within a reasonable limit. However, the status of business risk – financial risk blend arising out of the COVID 19 outbreak does not conform to the theoretical argument. In fact, it mismatches with the theoretical norm. Both business and financial risks associated with the business firms in India have gone up significantly during this pandemic period. So, a hike in total risk associated with the business firms in India is observed during this adverse situation.

III. Possible Measures

Actually we are not in a position to make final prescription and even to identify the exact measures which are to be taken in order to combat this situation or to mitigate the risks associated with the business enterprises in India during the pandemic of COVID 19. But we can mention at least two measures which may be adopted to act as weapon for minimizing the adverse effect of the COVID 19 outbreak on Indian business sector. **First,** the public distribution system (PDS) should be efficiently managed. Now question may arise whether any relationship between the PDS in India and Indian business sector exists. We must say 'yes'. There is a positive relationship between the strength of PDS in India and the success of Indian businesses. In fact, if the PDS is properly run, then only people will get adequate amount of food grains as well as other essential commodities. If it happens, people will be in a position to spend some moneys for acquisition of some non-essential commodities also. As a result, personal consumption expenditure will enhance and ultimately demand will go up resulting in prosperity in business operations. So, there is a positive affiliation between the strength of PDS and the success of business sector in India. However, the PDS is not running properly in India due to certain causes. In this context, we can mention three points. The first point is lack of information. The Government does not have adequate information about the needs of people, specifically the people living in rural areas and the people living in remote villages. The second point is inequality in distribution of essential commodities. As the government fails to keep complete records regarding the needs of the people, unequal distribution of essential commodities arises. The third point is that high level of corruption is involved in the PDS in India. In fact, huge amount of fund is invested in the PDS in India. About 80 crores people are the beneficiaries of the PDS in India and the fund allocated by the government for providing food subsidy for the fiscal year 2020-21 is Rs 1,15,570 crore which is about 3.8 per cent of the total estimated expenditure as per the Budget Estimates relating to the fiscal year 2020-21. Specially, huge corruption is involved in the procurement process of food grains and other essential commodities. Thus, huge involvement of fund has resulted in high level of corruption in the PDS in India. If these odds are minimized or these problems are removed, then only the PDS in India can be effectively run and efficiently managed. **Secondly,** we can mention the prescription of renowned economist, Professor Abhijit Vinayak Bandyopadhyay. According to his prescription, currency notes are to be printed and distributed among the needy people without considering the issues associated with inflation. It has already been done in USA and Japan. Professor Bandyopadhyay argues that if people get money, personal consumption expenditure increases, real sector growth rate steps up, employment increases, income enhances and ultimately demand goes up. In this context, we can recognize also the names of some eminent personalities like Professor Raghuram Rajan, famous economist and Ex-Governor of the Reserve Bank of India (RBI), Professor Pravat Pattanayak, noted Marxist economist and Mr Uday Kotak, President of the Confederation of Indian Industry who have made the same recommendation as put forward by Professor Abhijit Vinayak Bandyopadhyay. So, the prescription of Professor Bandyopadhyay can be adopted in order to combat the situation arising out of the COVID 19 outbreak and subsequent lockdown. However, it has a negative side also. Presently the people are not in position to predict what may happen even in near future. So, the confidence level of people has gone down significantly. In this context, let us mention one survey conducted by the RBI in May 2020 to measure the Future Expectation Index (FEI) in India. The FEI shows consumers' perception of the economy and a value of FEI below 100 indicates consumers' pessimism. As per the RBI Survey Report, May 2020, the FEI in India is 97.9 which reflect that the consumers are pessimist now. It also confirms that the confidence level of the people in India is far below the satisfactory level. If the confidence level of the people does not improve, it can be said that people may not spend money received by them from the government for their present consumption rather they may save money for their future consumption and if it happens, then the money disbursed by the government will not come back to the market. As a result, consumption expenditure will not step up and ultimately demand will not go up. This is the problem of implementing the prescription of Professor Abhijit Vinayak Bandyopadhyay in India.

IV. Silver lining behind the Corona cloud

The COVID-19 pandemic has triggered a massive spike in business uncertainty. The discussion made in the previous sections has dealt with only the odds gleaned from the outbreak of COVID 19 and subsequent lockdown. In the present section, let us consider a silver lining to the corona cloud. China plays a vital role in international trade. China is the largest exporter in the world accounting for about 13 per cent of the world's exports and it is also the second largest importer in the world contributing nearly 11 per cent of the global imports. Now, it is expected that China will not be able to retain its share in the international trade in near future due to the outbreak of COVID 19. In fact, the first case of COVID 19 can be traced back to November 17, 2019 in China's Hubei province which subsequently became its epicenter. It has a severe negative impact on Chinese economy.The first outbreak of COVID 19 has definitely hurt the reputation and goodwill of China in the world market. If China fails to retain its dominance over the international market, foreign capital may come to India because India enjoys certain competitive advantages / benefits. First, India has established itself as one of the fastest growing economies in the world. In fact, it is one of the leading countries in the globe in respect of GDP growth rate and FDI inflows. Secondly, India enjoys demographic advantages as it has the world's largest youth population. About 64 per cent of the people in India belong to the age group of 20 to 35 years. Moreover, India has sufficient cheap labour force and adequate number of skilled IT personnel.Thirdly, major reform measures regarding FDI policy have been initiated by the Central Government in a number of sectors like defence, construction, automobiles, food processing, pharmaceuticals, civil aviation etc. Fourthly, the political stability in India is much higher as compared to the other neighbouring countries. In this context, the World Bank's Ease of Doing Business Ranking (EDB) can be mentioned. As per theEDB report, India captured 142nd rank in 2014. In 2015 India's rank was 131. In both 2016 and 2017, India occupied 130th rank. In 2018 India made a notable improvement in its status and reached 77th rank. In 2019 India's rank was 63. So, with the passage of time India has been improving its status in respect of 'ease of doing business ranking'. So, based on the above mentioned points, it can be said that foreign capital may come to India. In fact, FDI not only amplifies capital formation but also acts as a vehicle for upgradation of technology, development of skills, export promotion, widening scope of employment and enhancement of overall competitiveness of the economy. If FDI inflows change its direction from China to India, this will definitely a great opportunity for India in the post-COVID era. If India grabs this opportunity, in future a considerable number of years would belong to India at the global stage.

V. Concluding remarks

The success of a projection or prediction in the business sector depends on certain factors. Out of these factors, one vital factor has to be mentioned before concluding the present article. While doing so, we have to mention the name of famous social and political theorist, Professor Jon Elster, Professor of Political Science, Columbia University and his classic entitled "The Cement of Society : A Study of Social Order". According to his classic, any prediction can be successfully achieved if proper cooperation is there. It implies that proper cooperation in the economy can make conversion of a prediction into reality. In this context, we can also mention the name of Professor David Harvey, renowned economic geographer and distinguished Professor of Anthropology and Geography at the City University of New York who has given emphasis on collective efforts and collective response to combat the adverse situation in the global economy arising out of the COVID 19 outbreak. In his article published in *Jacobin* on June 3, 2020, Professor Harvey pens, *we need a collective response to the collective dilemma of Coronavirus*. Collective efforts, collective response and cooperation are interconnected and interdependent. So, if proper cooperation is present, then only the economy will be able to reach its target by transformation of projection into reality. However, there are certain factors which may hamper the strength of cooperation. In this context, we can mention at least three important points. First, we can mention personal ego which is associated with human behavior. If personal ego takes place, the strength of cooperation goes down. Secondly, irregularities and corruptions can be mentioned. This is also connected with human being. If irregularities and corruptions arise, then personal interest takes place. As a result, the strength of cooperation reduces. Thirdly, irrationalities which are also associated with human behavior can be noted. If stakeholders are not rational enough, the strength of cooperation steps down. So, if the negative effects of these factors are minimized, then only the strength of cooperation will go up and if it happens, then it is expected that the India's business sector will do better in future.

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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

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Abstract

With a view to bridge the gap between education and employment, 'Skill India' Campaign was enacted by the Government of India on 15th July 2015. Skill development plays a major role in the advancement of lives of workers in India. There exists "Skills Gap" between the ability's employers seek in successful candidates and the capabilities that new college graduates have gained through post secondary education. A unique experiment in the skills arena, the NSDC was officially launched in October 2009 with an authorization to skill 150 million workers by 2022. It has been noticed in studies that around 38% of the workforce is not even literate, 25% is having below primary or up-to primary level of education and remaining 36% has an education level of middle and higher level where as only 10% of the workforce is vocationally trained with 2% formal and 8% informal training. India is one of the youngest nations in the world, with more than 54% of the total population below 25 years of age and over 62% of the population in the working age group (15-59 years).

The benefits of Skill Development motivate youth to be a job creator rather than only a job hunter. It is also necessary to collect relevant facts and figures from various stakeholders. This is a survey type research; hence the data is collected from the sample respondents and beneficiaries through interview schedule, questionnaire and observation. Primary data has been collected through survey method by administrating well-structured interview schedule on stratified sampling base. The time frame for the research is to get completed by three years.

The main intent to carry out the research survey is to assess the role of central government schemes in employment generation towards the development of the youth of the country and outcomes of the study are to train the youth to compete even at international level by creating an environment of innovation and creativity in the economy to turn India into a manufacturing hub.

1. Introduction

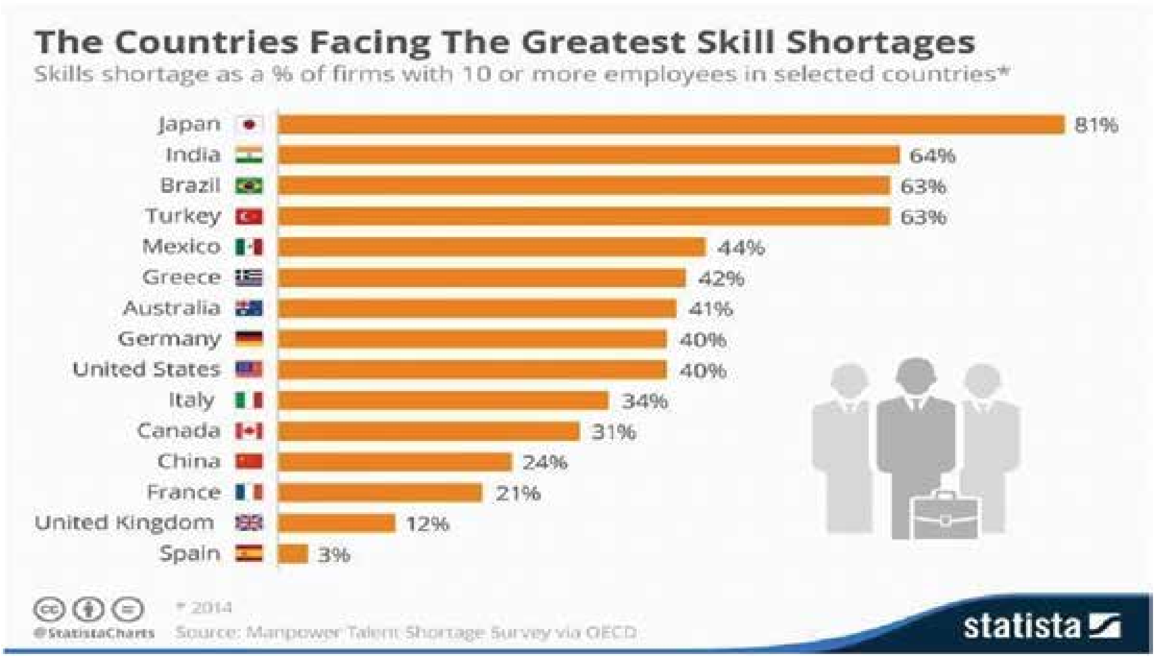
From the past five to six years, a long-debated discussion, and a deliberated opinion, steps, measures have been suggested for Skilling India so far, no attention has been given to increase productivity and performance management. India being a vast country with huge diversity in its socio-economic-political-geographical orientation, it is critical to identify the skill gaps accurately by 2020, Sixty percent of India's population will be in the working age group of 18 - 59 years. Honorable Prime Minister Narendra Modi, launched the World Youth Skills Day 15th July, 2015 recently, it would be really worth to have discussion on where India has a skill gap.

A comparative analysis with how such operation is conducted in different states will reveal where such gaps exist. Let the outcome of such operations and schemes can be sent to the right authorities and respective Ministries, who can make a difference. It is necessary to reduce the gap as such assessment of the existing National Skill Development functioning towards the development of the youth of the country can be revealed out.

National Skill Development Corporation (NSDC) is the first of its kind public private partnership (PPP) in India for upgrading of skills of the growing Indian workforce. It is a National Skill Development Mission to narrow the existing gap between demand and supply of skills. The objective of NSDC is to contribute about thirty percent to the overall target of skill in five hundred million workers in India by 2022.

NSDC will function for skill building under the Ministry of Finance, under section 25 of the Company Act, 1956. It has an equity base of Rs. 2.10 crores, of which the private sector holds fifty one percent and Government of India holds forty nine percent under PPP. Skill development efforts today cover everything from personality development, outreach and awareness programmers conducted for farmers by the Ministry of Agriculture, three to six-month courses encourages by the NSDC and the National Skill Development Agency (NSDA) as well as two-year programs in Industrial Training Institutes (ITIs).

Graph 1.1: Country Wise Percentage of Skill Shortage



Source: Man power Talent Shortage Survey, OECD, 2014.

As shown in the graph 1.1, 64% skill shortage in India means a very big number in crore, in absolute term. China has twenty four percent skill shortages, though equally a large number but much less than that of India. **India** has 50,000 colleges, 15,000 ITI's and ITC's skill centers and probably another 15,000 not registered skill centers whereas on other hand **China** has 500,000 Skill centers, 350,000 in Rural China and 150,000 in Urban China, **Germany** has 100,000 skill centers with about 400 basic courses and 15,000 specialized courses, **Japan** has about 150,000 skill centers and **Switzerland** has 6,000 skill centers. After sixty-eight years of Independence the new government started the Ministry of Skill Development and Entrepreneurship.

Few Challenges with respect to skill development initiatives in India.

- The loss of employment and wages during the skill training program also acts as a disincentive to skill acquisition.
- The skill development environment in India is moderately complex.
- According to the Government of India estimates, ninety three percent of workforce employment is in the unorganized or informal sector, which is not supported by a structured skill development system.
- From the perspective of the youth, the foremost challenge that they face is lack of awareness of various options for skill development
- The under quality of training program offered and lack of interest by the private partners is a major disadvantage.

2. Overview of Literature

In India, this concept was not very well developed and recognized but in today's world, various programs, policies, educational and training centers have been established to implement this concept. The factor of skill development has been made an important agenda for the Governments at Centre as well as States and the significance of State Governments has been authenticated in the promotion of skill development (The Planning Commission, New Delhi). The policy provides equal access of skill development for women, disadvantaged groups (SC, ST and OBCs), minorities, disabled persons and economically weaker sections of the society.

With a view to bridge the gap between education and employment, 'Skill India' Campaign was enacted by the Government of India on 15th July 2015. Skill development plays a major role in the advancement of lives of workers in India.

Around 51% of the workforce is engaged in Agriculture which contributes only 17% to India's GDP whereas 22% of the total workforce is engaged in manufacturing sector which contributes to 26% of the GDP of India. In India only about 14 percent of the labor force is employed in Formal jobs (Green, December 15, 2014). As a strategy to enhance skill requirement India's manufacturing sector focused on skill enhancement of less educated unskilled labor in the unorganized sector and proposed a Modular Employable Skills (MES). Overall youth of the nation should be empowered with formal education, technical and vocational training to meet the Industrial requirement as per global standard.

Key features of the National Skill Development policy includes Institution-based skill development - This includes vocational schools, technical schools, polytechnics, professional colleges, etc. learning initiatives of skill development organized by different ministries and departments; formal and informal apprenticeships and other types of training by enterprises; training for self-employment and entrepreneurial development; adult education, retraining of retired or retiring employees and lifelong learning; non-formal training, including training by civil society organizations and E-learning, web-based learning and distance learning.

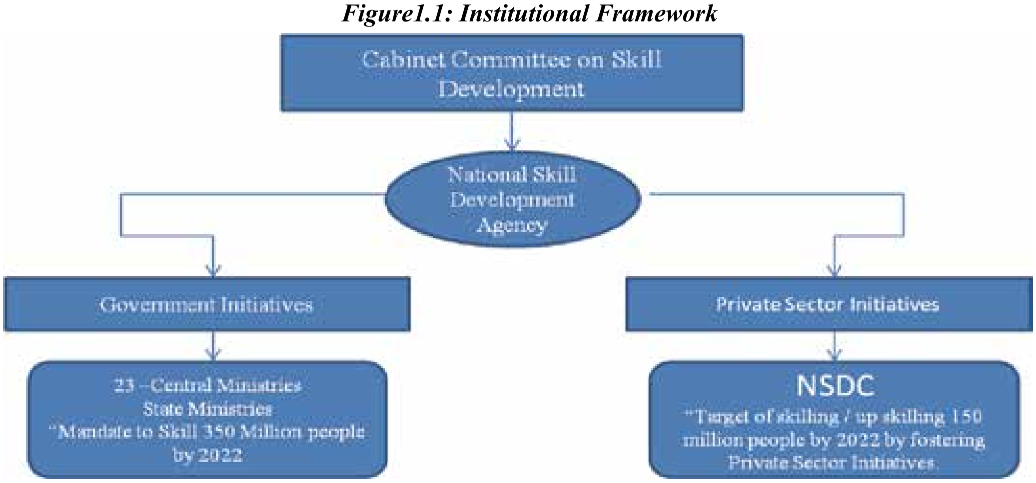
A unique experiment in the skills arena, the NSDC was officially launched in October 2009 with an authorization to skill 150 million workers by 2022 in twenty focus sectors identified by the government and the informal segment through a three-pronged approach rotating around generating, funding and enabling sustainable skills training initiatives on personnel basis.

3. Aims and/or Objectives of the Study

The main objective of the study is to examine on the execution of the plans and to study the mile implementation of the NSDC policies, in southern parts of India although there is seem to be great progress in some regions like Maharashtra, West Bengal, Tamil Nadu, Odisha, Uttar Pradesh, Rajasthan and Jharkhand.

4. Conceptual Framework

Figure1.1: Institutional Framework



Source: (STAR) Scheme, NSDC, 2014

The benefits of Skill Development help to raise efficiency and productivity, increases the employment opportunity in the country, provides youth of the country a competitive advantage by right education at the right time, trains the youth to compete even at international level, promotes balanced growth in all the sectors enabling youth for getting blue collar jobs. Raise the standard of living by providing high level of jobs to the workers. Motivate youth to be a job creator as well rather than only a job hunter, physical and mental development of the youth. Spread environment of innovation and creativity in the economy to turn into a manufacturing hub.

5. Research Question or Hypotheses

a) To what extent the NSDC policies and plans are in action in southern parts of India?

b) What is the role the state ministries playing in skill development?

c) Does the skill development mechanism function properly?

d) What is the human resource requirement to deliver Education and Skills to the enrolled student population?

6. Scope and Methodology

- The scope of the study includes all those trainees who got trained under National Skill Development centers in covering south Indian states.
- The methodology adopted is it is essential to collect the data directly from the source i.e. beneficiaries, stakeholder and government agencies and to achieve the other objective of the study, it is also necessary to collect relevant facts and figures from various stakeholders.

This is a survey type research; hence the data is collected directly from the sample respondents and beneficiaries through interview schedule, questionnaire and observation. Primary data has collected through survey method by administrating well-structured interview schedule on stratified sampling base.

7. Relevance, Anticipated Outcomes and Proposed Outputs from the Research

In an interview with *Business Line,* Manish Kumar, CEO of National Skill Development Corporation stated that in order to monitor the outcomes, a big data base has been developed with the help from IIM-Bangalore, and World Bank, among others and also trying to create an index of skills for all districts of India — non-cognitive, cognitive and technical on a common paradigm that can measure skills across sectors. A sensible planning of skill development in India will ensure a better reap of benefits of demographic dividend.

Rural as well as urban areas are looking forward for such initiatives to maintain a regional balance of skilled manpower

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NOTIFICATION

As decided by the Council of the Institute at its 325th Meeting held on 28th June; 5th, 19th, 21st & 22nd July; 2nd & 3rd August, 2020, constitution of Extension Centre of Cuttack Jagatsinghpur Kendrapara Chapter at Salipur Cuttak (Salipur Autonomous College) is hereby notified.

CMA Kaushik Banerjee
Secretary

EASTERN INDIA REGIONAL COUNCIL

EIRC had organized a Seminar on "COVID-19 Potential Impact on Conducting Cost Audit" on 26th June 2020 through Google Meet by the Initiative of Members in Industry Committee of EIRC. CMA Balwinder Singh, President-ICAI was the Chief Guest & CMA Biswarup Basu, Vice-President of the Institute was Guest of Honor. CMA Pallab Bhattacharyya Chairman-EIRC, CMA Arundhati Basu - Chairperson, Members in Industry Committee & CMA Ashis Banerjee RCM-EIRC, were also present. CMA N Radhakrishnan Practicing Cost Accountants was the resource person. There was an overwhelming response and also all the participants had highly appreciated the programme.The Tax Research Department of the Institute in association with the Regional Council & Chapters Co-ordination Committee had observed "GST DAY CELEBRATION WEEK" through organising a WEBINT on the theme "GROWING STRONGER WITH TIMES - SUM AND SUBSTANCE OF GOODS & SERVICES TAX" from 1st to 7th July 2020. As per the directive received, ICAI-EIRC had celebrated the GST DAY on 4th July 2020 by organizing a WEBINT on "Role of Cost Accountants - E-Invoicing & E- Audit under GST" CMA B.M Gupta was the resource person. CMA Balwinder Singh, President-ICAI was the Chief Guest & CMA Biswarup Basu, Vice-President-ICAI was the Special Guest of Honor. CMA Niranjan Mishra, CMA, ICAI was the Guest of Honour. CMA Pallab Bhattacharyya, Chairman, EIRC was also present.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA BHUBANESWAR CHAPTER

Due to restrictions imposed by the Govt. to contain spreading Pandemic Covid-19 and subsequent communication received from the Institute, this Chapter has successfully organized its 51st Annual General Meeting through Digital Platform (Video Conference) on 29.06.2020. In total, 95 members of theChapter participated in the AGM through a digital platform. Besides Adoption of Annual Account and Annual Report for the year 2019-2020, members unanimously appointed M/s MRC & Associates , Cost Accountants as Statutory Auditors for the year 2020-2021.On the eve of Inaugural Ceremony of GST DAY CELEBRATION WEEK observed by the Institute on PAN India, CMA Mukesh Chaubey , Chairman of the Chapter and CMA Ajay Kumar Samal, Secretary of the Chapter met to Smt. Aparajita Sarangi, Hon'ble Member of Parliament (Lok Sabha) , Bhubaneswar Constituency, Odisha on 01.07.2020 and discussed various professional development issues. It is also to state that Smt. Aparajita Sarangi was graced the Inaugural Ceremony of GST Day Celebration Week organized by the Institute through digital platform as "Chief Guest". CMA Mukesh Chaudey, Newly Elected Chairman for the Year 2020-21 and CMA Saktidhar Singh, Chairman, PD Committee and Immediate Past Chairman of the Chapter met to Shri R Manga Babu, IRS, Chief Commissioner (GST, Central Excise and Customs), Bhubaneswar Zone, Odisha on 02.07.2020 and discussed various Professional Development issues.In view of the impacts of Covid-19, Bhubaneswar Chapter has taken another initiative to e-learn and re-learn to the esteemed members & Stakeholders at PAN Odisha through digital platform (WEBINT).With reference to the advisory received from The Tax Research Department and Regional Councils & Chapters Co-ordination Committee of the Institute, Bhubaneswar Chapter has organised and hosted the GST DAY Celebration in Association with other Chapters at Odisha on 6th July, through WEBINT on the theme "GROWING STRONGER WITH TIMES - SUM AND SUBSTANCE OF GOODS & SERVICES TAX".

Following dignitaries have graced and address on the Occasion. Shri R Manga Babu, IRS, Chief Commissioner (GST, Central Excise and Customs), Bhubaneswar Zone, Odisha graced and addressed as "Chief Guest". CMA CS V S Datey, Author of Indirect Taxation , Taxmann Publications , Nasik delivered on the sub theme " Critical Analysis on GST" as "Resource Person". CMA Shiba Prasad Padhi, Practicing Cost Accountant, Bhubaneswar delivered on the subtheme "COVID-19: Relaxations and Relief Measures made in GST Law" as "Resource Person". CMA H Padmanabhan, Council Member and Chairman, Regional Council and Chapters Co-ordination Committee of the Institute graced and addressed as "Special Guest". CMA Niranjan Mishra, Council Member and Chairman, Indirect Taxation Committee of the Institute graced and addressed as "Special Guest".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 . Among others, CMA Antaryami Acharya, Chairman, Talcher Angul Chapter, CMA Prasanta Kumar Pani, Chairman, South Odisha Chapter and CMA Kshirod Chandra Nanda, Chairman, Sambalpur Chapter also addressed. More than 350 Participants at PAN Odisha consisting Members, Students and Stakeholders joined in the WEBINT.After end of the Programme, CMA Niranjan Mishra, Council Member and Chairman, Indirect Taxation Committee and CMA Mukesh Chaubey , Chairman of the Chapter met and felicitated Shri R Manga Babu, IRS, Chief Commissioner (GST, Central Excise and Customs), Bhubaneswar

Zone, Odisha and discussed on various professional development issues. The Chapter organized and hosted a WEBINT on 12th July, 2020 in association with Other Chapters at Odisha on the theme “Recent Changes in IBC – Coronatic Disruption & A New Era of Online Hearing at the NCLT”. Shri Ananta Ku. Sethi, ICLS, ROC-cum-Official Liquidator, Ministry of Corporate Affairs, Cuttack, Odisha graced and addressed as “Chief Guest” on the occasion. CS Akash Sharma, Advocate and Company Secretary and Senior Associate at Legal Access, Kolkata and CMA CS Shyam Sunder Sonthalia, Practicing Cost Accountant and IBC Professional, Bhubaneswar delivered details in the topic as “Resource Person”. CMA Mukesh Chaubey, Chairman of the Chapter delivered the welcome and keynote address. CMA Saktidhar Singh, Chairman, PD Committee of the Chapter introduced the guests and extended formal vote of thanks. In spite of restrictions imposed by the Govt. to control Pandemic COVID-19, this Chapter has not stopped to render services for the larger interest of the Students. With effect from 16.07.2020, this Chapter has started classes through digital Platform. As per prevailing practice and precedent, this Chapter has celebrated its 64th Session of Oral Coaching Class Inaugural Function on 15.07.2020 through digital platform (WEBINT). CMA Papa Rao Sunkara, Council Member and Chairman Career Counseling and Advisory Committee, ICAI graced and blessed the future CMAs for their bright Professional Career as “Chief Guest”, CMA Niranjan Mishra, Council Member and Chairman, Indirect Taxation Committee, ICAI blessed the students as “Special Guest”, CMA Uttam Kumar Nayak, Secretary, ICAI blessed the Students as “Guest of Honour”, CMA Mukesh Chaubey, Chairman of the Chapter delivered welcome address and assured to students to provide the facilities at the extent possible in this Pandemic situation. CMA Santanu Kumar Rout , Chairman, Coaching Committee introduced the Guests , blessed the students and extended formal vote of thanks. More than 150 nos of students and faculties of the Chapter joined the WEBINT.In view of the impacts of COVID-19, Bhubaneswar Chapter has organized in association with other Chapters at Odisha a WEBINIT on “Relaxation/Exemption by MCA , SEBI & DPE in Wake of COVID-19” on 18th July, 2020 to e –learn and re-learn for the Members & Stakeholders at PAN Odisha .CMA (Dr) V Murali , Council Member and Chairman, Corporate Laws Committee, The Institute of Cost Accountants of India graced and addressed as “Chief Guest”. CMA Niranjan Mishra, Council Member and Chairman, Indirect Taxation Committee, The Institute of Cost Accountants of India graced and addressed as “Special Guest”. CS Bharat Kumar Sahu, Additional Company Secretary, NALCO, Bhubaneswar delivered in detail on the topic as “Resource Person”. CMA Saktidhar Singh, Chairman, PD Committee of the Chapter delivered the welcome address, introduced the Guests and extended formal vote of thanks. CMA Mukesh Chaubey, Chairman of the Chapter delivered the Keynote address.

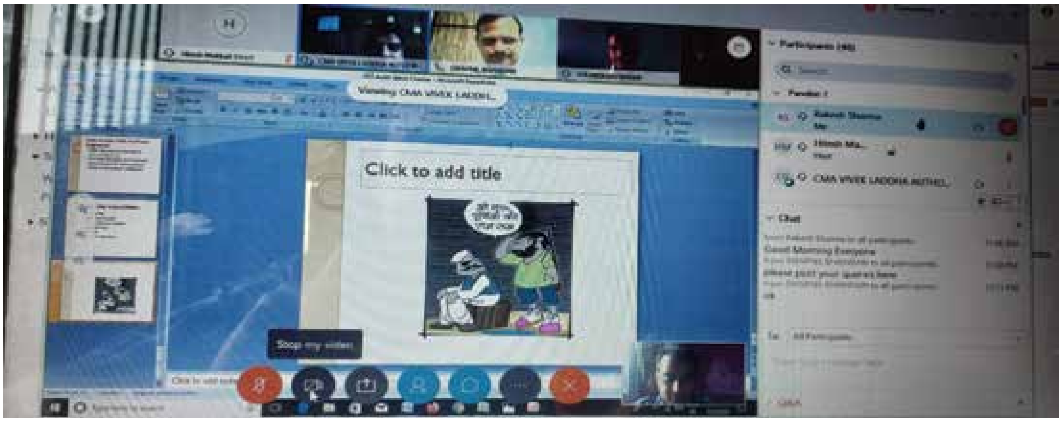
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
TALCHER ANGUL CHAPTER

The chapter organised a seminar on "Union Budget 2020-Impact on Economy, Taxes and Investment" on 8th March, 2020 at Green Valley club, Mahanadi Coalfields Limited, Talcher, Dist. Angul 759103.CMA Antaryami Acharya, Chairman of the chapter welcomed the chief guest Sri Sarat Kumar Dash IRS (retd.),speaker CMA Niranjan Mishra,CCM,Chairman Indirect Taxation Committee of ICAI ,Sri M. P. Mishra, ED(S&P),National Aluminium Company Limited, Angul and all other delegates and students. The Chapter felicitated the chief guest with a scroll of honour for his outstanding contribution to Odia literature. The first technical session was handled by Sri. CMA Niranjan Mishra, CCM, Chairman Indirect Taxation Committee ICAI, Sri T.R. Pradhan, OFS-1, Addl Commissioner, GST, Angul Range;CMA Pallab Bhattacharya, Chairman, EIRC ; CMA B B Nayak, Vice Chairman, EIRC , CMA Uttam Kumar Nayak, Secretary, EIRC & CMA C R Dash, AFM, MCL. The session was very interactive and the speaker thanked all participants for making the session interesting with their questions and discussion. The second technical session was handled by CMA Niranjan Swain & Mr Trinath Lenka MD, Wallet for wealth. They informed about Direct Tax & Indirect Tax changes, multi method investing & implication of tax thereon. The function was concluded by the vote of thanks presented by CMA Peeyush Sharma, management committee member of the Chapter.

NORTHERN INDIA REGIONAL COUNCIL

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA JAIPUR CHAPTER

The Chapter organised Webinar on 5th July 2020 on GST Audit. Chief Guest of the program was CA Shivani Maheshwari, Assistant Director (Cost), CBIC, Ministry of Finance. In the beginning of the Seminar, CMA Swapnil Bhandari, Chairman of the Chapter welcomed the Chief Guest, Key Speaker and participants. Key Speaker of the Webinar was CMA Vivek Laddha, Leading Tax Practitioner. He explained in detail on the Topic "GST Audit : How 18-19 differs from 17-18?". Large number of Members attended the Webinar. At the end of the programme CMA Sudarshan Nahar, Secretary thanked all the participants.



SOUTHERN INDIA REGIONAL COUNCIL

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA COCHIN CHAPTER

As part of the GST Day Celebration week, the Chapter conducted a Webinar on the topic "GST impact on Transaction during COVID",. The session was handled by CMA (Shri.) Bhogavalli Mallikarjuna Gupta, Chief Taxologist, Logo Infosoft Business Technology Pvt. Ltd., held on Sunday, 5th July, 2020 as instructed by Head Office. The session was opened by CMA Suresh Kumar K. P. , Chairman, Cochin Chapter of ICAI, Introduction of the speaker by CMA (Shri.) Sankar P. Panicker, Vice Charmian, SIRC of ICAI, Chennai and vote of thanks delivered by CMA (Smt.) Meena George, Chairperson, PD Committee. The programme started at 4:00 PM and ended by 6:00 PM. Total 38 members participated and two of them were from the US.

WESTERN INDIA REGIONAL COUNCIL

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA AHMEDABAD CHAPTER

The Chapter organized various CE Programs in form of GST web series for the members during May'20 and June'20. This GST web series program was designed and conceptualized by CMA Ashwin Dalwadi, Central Council Member and CMA Ashish Bhavsar, WIRC Secretary and Regional Council Member. The details of the programs are given below. The Web series was inaugurated by CMA Haren Bhatt, Chairman of Chapter. CMA Malhar Dalwadi, Secretary has welcomed faculties during the session. In valedictory session on 9th June'20, CMA Ashwin Dalwadi-CCM, CMA Haren Bhatt, Chairman of Chapter and CMA Dakshesh Choksi, Chairman of PD committee gave speech to members and expressed thanks to other office bearers of Ahmedabad chapter for organizing such a wonderful web series. CMA Malhar Dalwadi proposed vote of thanks. The Chapter organized a Crash batch of Oral Coaching for the students appearing in exam in Sept'20 from 5th June'20 to 27th June'20.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA NAVI MUMBAI CHAPTER

The Chapter organized a Webinar on "Riding the Automotive Wave" on 26th July 2020. Mr. Parag Joshi Automotive Lead for Manufacturing Industry for Europe Tata Consultancy Service Ltd was the speaker on the above Webinar. The Programme commenced with the traditional welcome of the speaker) by PD Chairman CMA Vivek Bhalerao. Chairman CMA Sirish Vasant Mohite welcomed the participant's which included Past President CMA VV Deodhar & CCM Debashish Mitra. CMA VV Deodhar highlighted the importance of Automation. The Speaker Mr. Parag Joshi dealt on the subject in detail from Automation Disruption Impact to Compute , AI , ML , Deep Learning with practical examples. He also explained how 3D Printing is useful in Medical , Construction , Semi-Conductor & Food Industry. He also dealt on how this could reduce cost & discussed on Skill Pyramid. The session was very interactive and speaker thanked all participants for making the session interesting with their queries, and discussion. The programme ended with felicitation of speaker M. Parag Joshi by CMA Shri Vivek Bhalerao . Vice - Chairman CMA Vaidyanathan Iyer gave the vote of thank and specially thanked the Speaker for enlightening all the members on the subject. A Webinar on "Challenges on working with MSME "was organised on 21st June 2020. Speaker for the Webinar was CMA Pramod Ralkar Qualified SAP Consultant, Certified Performance Management Expert, Lean Six-Sigma Black Belt and a Certified Lead Assessor of ISO Quality Systems. The Programme commenced with PD Chairman Vivek Bhalerao welcoming the speaker and Chairman CMA Sirish Vasant Mohite welcomed the audience and highlighted the importance of the topic . The Speaker dealt on the subject in minute details, by giving practical examples of happenings during his interaction with MSME. The session was very interactive and speaker thanked all participants for raising relevant queries. The programme ended with felicitation of speaker CMA Pramod Ralkar, by CMA Vivek Bhalerao .CMA Sirish Vasant Mohite gave the vote of thanks and specially thanked the Speaker and Audience for their active participation.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA PIMPRI CHINCHWAD AKURDI CHAPTER

The Chapter conducted the webinar on "IFRS 15 : Revenue Recognition" on May 24, 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. 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. The Chapter conducted the webinar on "MSMEs" on Saturday, June 6, 2020 at 6:00pm to 8:30pm through Zoom Digital platform.CMA Ashish Deshmukh, Past Chairman – PCA Chapter has 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 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). As per the provisions, the buyer is liable to pay compound interest with monthly rests to the supplier on the amount at three times of the bank rate notified by Reserve Bank in case he does not make payment to the supplier for the supplies of goods or services within 45 days of the day of acceptance of the goods/ service or the deemed day of acceptance. 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 – PCA Chapter has welcomed and introduced the speaker CMA Ashish Deshmukh, Chartered Engineer, Practicing Cost Accountant & Past Chairman of PCA Chapter. 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 PCA Chapter.CMA Dhananjay Kumar Vatsyayan in his speech briefed on three Chinese Warfare: 1) Psychological 2) Communication and 3) Legal. 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 PCA Chapter has welcomed and introduced the speaker CA Pushpahas Umadikar, Practicing Chartered Accountant. The webinar ended with vote of thanks.

DIRECT & INDIRECT TAX UPDATES - JULY 2020

DIRECT TAXES

- **Notification No. 43/2020 dated 3rd July 2020**: Amendment of Rule 31A Form 26Q & 27Q. In exercise of the powers conferred by sections 194A, 194J, 194K, 194LBA, 194N, 194-O, 197A and 200 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, namely:- 1. Short title and commencement.— (1) These rules may be called the Income-tax (16th Amendment) Rules, 2020.

  (2) Save as otherwise provided in these rules, they shall come into force from the date of their publication in the Official Gazette.
  2. In the Income-tax Rules, 1962 (hereinafter referred to as the principal rules), in rule 31A, in sub-rule (4), --

  (a) in clause (viii), after the words "not deducted", the words "or deducted at lower rate" shall be inserted;

  (b) for clause (ix) the following shall be substituted from the 1st day of July, 2020, namely:-

  "(ix) furnish particulars of amount paid or credited on which tax was not deducted or deducted at lower rate in view of the notification issued under second proviso to section 194N or in view of the exemption provided in third proviso to section 194N or in view of the notification issued under fourth proviso to section 194N";

  (c) after clause (ix), the following clauses shall be inserted, namely:--

  "(x) furnish particulars of amount paid or credited on which tax was not deducted or deducted at lower rate in view of the notification issued under sub-section (5) of section 194A.

  (xi) furnish particulars of amount paid or credited on which tax was not deducted under sub-section (2A) of section 194LBA.

  (xii) furnish particulars of amount paid or credited on which tax was not deducted in view of clause (a) or clause (b) of sub-section (1D) of section 197A.

  (xiii) furnish particulars of amount paid or credited on which tax was not deducted in view of the exemption provided to persons referred to in Board Circular No. 3 of 2002 dated 28th June 2002 or Board Circular No. 11 of 2002 dated 22nd November 2002 or Board Circular No. 18 of 2017 dated 29th May 2017."

- **Notification No. 44/2020 dated 6th July 2020**: In exercise of the powers conferred by item (b) of sub-clause (iii) of clause (23FE) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby specifies business, for the purposes of said item (b), to be the business which is engaged in the infrastructure sub-sectors mentioned in Updated Harmonised Master List of Infrastructure Sub-sectors in the notification of the Government of India in the Ministry of Finance, Department of Economic Affairs, published in Gazette of India, Extraordinary, vide number, F.No.13/3/2017-INF dated 13th August, 2018.

  2. The reference to the infrastructure sub-sectors in the said Harmonised Master List of Infrastructure Sub-sectors shall not include the business already provided in the said item (b).

  3. This notification shall come into force from the 1st day of April, 2021 and shall be applicable for assessment year 2021-22 and subsequent assessment years.

- **Notification No. 45/2020 dated 7th July 2020:** National Pension Scheme Tier II- Tax Saver Scheme 2020. In exercise of the powers conferred by clause (xxv) of sub-section (2) of section 80C of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby makes the following scheme, namely:—

  (1) This scheme may be called the National Pension Scheme Tier II- Tax Saver Scheme, 2020.

  (2) It shall come into force from the date of its publication in the Official Gazette.

  Investment.- (i) The assessee, being a Central Government employee, shall make contribution to the specified account which has been activated by the authority in accordance with the provisions of this scheme read with the operational guidelines, if any, issued by the authority in this regard on or after the date of commencement of this scheme. (ii) The minimum amount of contribution to activate the specified account shall be one thousand rupees and minimum amount of subsequent contribution shall be two hundred and fifty rupees.

  Lock- in-period.-The contribution made under this scheme shall have a lock in period of three years from the date of credit of amount to the specified account.

  Transferability.-The contribution made to the specified account shall not be permitted to be assigned, pledged or hypothecated during the lock-in-period.

- **Notification No. 46/2020 dated 13th July 2020:** In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'National Aviation Security Fee Trust' (PAN AADTN2508F), a trust established by the Central Government, in respect of the following specified income arising to that trust, namely:-

  (a) Grant or subsidy or any receipt in the nature of grant as approved by/under directions of Ministry of Civil Aviation, Government of India;

(b) Aviation Security Fee collected at the prevailing rates as per orders of Ministry of Civil Aviation, Government of India;

(c) Amount transferred from escrow accounts for deposits of the passenger service fee (security component) maintained by airport operators with the scheduled banks for Ministry of Civil Aviation, Government of India as beneficiary; and

(d) Interest/Dividend earned on investment of amount collected it it is utilized to meet expenditure to realize objectives of the trust.

This notification shall be effective subject to the conditions that National Aviation Security Fee Trust,-

(a) shall not engage in any commercial activity;

(b) activities and the nature of the specified income shall remain unchanged throughout the financial years; and

(c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

(d) shall file the Audit report along with the Return, duly verified by the accountant as provided in explanation to section 288(2) of the Income-tax Act, 1961 along with a certificate from the chartered accountant that the above conditions are satisfied.

This notification shall apply with respect to the assessment years 2020-2021, 2021-2022, 2022-2023, 2023-2024 and 2024-2025.

- **Notification No. 47/2020 dated 13th July 2020:** In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Real Estate Regulatory Authority' as specified in the schedule to this notification, constituted by Government in exercise of powers conferred under sub-section (1) of section 20 of the Real Estate (Regulation and Development) Act, 2016 (16 of 2016) as a 'class of Authority' in respect of the following specified income arising to that Authority, namely:-

  (a) Amount received as Grants-in-aid or loan/advance from Government;

  (b) Fee/penalty received from builders/developers, agents or any other stakeholders as per the provisions of the Real Estate (Regulation and Development) Act, 2016;

  (c) Interest earned on (a) and (b) above.

  This notification shall be effective subject to the conditions that each of the Real Estate Regulatory Authority,- (a) shall not engage in any commercial activity; (b) activities and the nature of the specified income shall remain unchanged throughout the financial years; and (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961. (d) shall file the Audit report along with the Return, duly verified by the accountant as provided in explanation to section 288(2) of the Income-tax Act, 1961 along with a certificate from the chartered accountant that the above conditions are satisfied.

- **Notification No. 48/2020 dated 14th July 2020:** In pursuance of sub-clause (ii) of clause (a) of sub-section (1) of Section 138 of the Income-tax Act,1961, the Central Government hereby specifies Additional Secretary and Development Commissioner, Ministry of Micro Small and Medium Enterprises, Government of India for the purposes of the said clause.

- **Notification No. 49/2020 dated 17th July 2020:** In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Real Estate Regulatory Authority, Bihar' (PAN AAAGR1030C) as specified in the schedule to this notification, constituted by Government in exercise of powers conferred under sub-section (1) of section 20 of the Real Estate (Regulation and Development) Act, 2016 (16 of 2016) as a 'class of Authority' in respect of the following specified income arising to that Authority, namely:-

  (a) Amount received as Grants-in-aid or loan/advance from Government;

  (b) Fee/penalty received from builders/developers, agents or any other stakeholders as per the provisions of the Real Estate (Regulation and Development) Act, 2016; and

  (c) Interest earned on (a) and (b) above.

  This notification shall be effective subject to the conditions that each of the Real Estate Regulatory Authority,- (a) shall not engage in any commercial activity; (b) activities and the nature of the specified income shall remain unchanged throughout the financial years; (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961; and (d) shall file the Audit report along with the Return, duly verified by the accountant as provided in explanation to section 288(2) of the Income-tax Act, 1961 along with a certificate from the chartered accountant that the above conditions are satisfied.

- **Notification No. 50/2020 dated 21st July 2020:** In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Tamil Nadu e-Governance Agency', an agency formed by the State Government of Tamil Nadu, in respect of the following specified income arising to that Authority, namely:-

(a) Amount received in the form of recurring contributions/Grants-in-aid from Governments including Government of Tamil Nadu and specified authorities, if any, towards current operational expenditure;

(b) Service charges received through Common Service Centre's for offering online services to citizens;

(c) Service charges for the software development projects and IT consultancies rendered for Other State Government Departments/Public Sector Undertakings/Statutory Boards and interest earned on sources of funds received in advance, pending disbursements, from time to time towards various projects sponsored;

(d) Dividend received from CSC e-Governance Services India Limited (CSC-SPV);

(e) Admin cost on PEC grants released by UIDAI to enrolment Agencies through Tamil Nadu e-Governance Agency which is functioning as enrolment Registrar;

(f) Revenue sharing on conducting online examination for other State Government Departments/Public Sector Undertakings/Statutory Boards;

(g) Any other income that may arise in future incidental to/furtherance of the objects of the society; and

(h) Interest earned on (a) to (g) above.

This notification shall be effective subject to the conditions that Tamil Nadu e-Governance Agency, Chennai Authority,-

(a) shall not engage in any commercial activity; (b) activities and the nature of the specified income shall remain unchanged throughout the financial years; and (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961. (d) shall file the Audit report along with the Return, duly verified by the accountant as provided in explanation to section 288(2) of the Income-tax Act, 1961 along with a certificate from the chartered accountant that the above conditions are satisfied.

This notification shall be deemed to have been applied for the assessment year 2019-2020 and shall apply with respect to the assessment years 2020-2021, 2021-2022, 2022-2023 and 2023-2024.

- **Notification No. 51/2020 dated 21st July 2020:** In pursuance of sub-clause (ii) of clause (a) of sub-section (1) of Section 138 of the Income-tax Act, 1961, the Central Government hereby specifies Joint Secretary (Farmers welfare), Department of Agriculture, Cooperation and Farmers Welfare, Ministry of Agriculture and Farmers Welfare, Government of India, for the purposes of the said clause in connection with sharing of information regarding income-tax assessees for identifying the eligible beneficiaries under PM-KISAN Yojana.

- **Notification No. 52/2020 dated 21st July 2020:** In pursuance of sub-clause (ii) of clause (a) of sub-section (t) of Section 138 of the Income-tax Act, 1961. the Central Government hereby specifies the following bodies/agencies for the purposes of the said clause.

  1. Cabinet Secretariat
  2. Intelligence Bureau
  3. Narcotics Control Bureau
  4. National Investigation Agency

- **Notification No. 54/2020 dated 24th July 2020:** In exercise of the powers conferred by section 197 and 206C 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 Income-tax Rules, 1962 (hereinafter referred to as the principal rules), in rule 31AA, in sub-rule (4), after clause (v), the following clauses shall be inserted namely:

  "(vi) furnish particulars of amount received or debited on which tax was not collected,-

  a) by the authorised dealer from the buyer under the first proviso to sub-section (1G) of section 206C;

  (b) by the authorised dealer under fourth proviso to sub-section (1G) of section 206C; and

  (c) by the authorised dealer or seller of an overseas tour program from the buyer under clause (i) or clause (ii) of the fifth proviso of sub-section (1G) of section 206C or in view of any notification issued under clause (ii) of the fifth proviso of sub-section (1G) of section 206C.

  (vii) furnish particulars of amount received or debited on which tax was not collected from the buyer,-

  (a) under second proviso to sub-section (1H) of section 206C; and

  (b) under sub-clause (A) or sub-clause (B) or sub-clause (C), or in view of any notification issued under sub-clause (C), of clause (a) of the Explanation to sub-section (1H) of section 206C."

  In the principal rules, from the date of publication in the Official Gazette, in rule 37BC, in sub-rule (1), after the words "fees for technical services", the words ", dividend" shall be inserted.

  In the principal rules, in rule 37CA, the words, brackets, figures and letters 'sub-section (1) or sub-section (1C)', wherever they occur, shall be omitted.

  In the principal rules, in rule 37-I, after sub-rule (2), the following sub-rule shall be inserted namely:- "(2A) Notwithstanding anything contained in sub-rule (2), for the purposes of sub- section (1F) or, sub-section (1G) or, sub-section (1H) of section 206C, credit for tax collected at source shall be given to the person from whose account tax is collected and paid to the Central Government account for the assessment year relevant to the previous year in which such tax collection is made" .

Save as otherwise provided in these rules, they shall come into force with effect from the 1st day of October, 2020.

- **Notification No. 55/2020 dated 28th July 2020:** In the Income-tax Rules, 1962,- (a) for rule 12CB, the following rule shall be substituted, namely:-

  "12CB. Statement under sub-section (7) of section 115UB.—(1) The statement of income paid or credited by an investment fund to its unit holder shall be furnished by the person responsible for crediting or making payment of the income on behalf of an investment fund and the investment fund to the-

  (i) unit holder by 30th day of June of the financial year following the previous year during which the income is paid or credited in Form No. 64C after generating and downloading the same from the web portal specified by the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) or the person authorised by him and duly verified by the person paying or crediting the income on behalf of the investment fund in the manner indicated therein; and

  (ii) Principal Commissioner or the Commissioner of Income-tax, as the case may be, within whose jurisdiction the Principal office of the investment fund is situated by 15th day of June of the financial year following the previous year during which the income is paid or credited, electronically under digital signature, in Form No. 64D duly verified by an accountant in the manner indicated therein.

  The Principal Director General of Income-tax (Systems) or the Director General of Income tax (Systems), as the case may be, shall specify the,-

  (i) procedure for filing of Form No. 64D and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to the statements of income paid or credited so furnished under this rule; and

  (ii) procedure, formats and standards for generation and download of statement in Form No. 64C from the web portal specified by him or by the person authorised by him and he shall be responsible for the day-to-day administration in relation to the generation and download of certificates from the web portal specified by him or the person authorised by him."

- **Notification No. 56/2020 dated 29th July 2020:** In exercise of the powers conferred by sub-section (1) of section 3 of the Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020 (2 of 2020), the Central Government hereby makes the following amendment in the notification of the Government of India, Ministry of Finance, Department of Revenue, Central Board of Direct Taxes, number 35/2020, dated the 24th June, 2020, published in the Gazette of India, Extraordinary, Part-II, Section 3, Sub-section (ii), vide number S.O. 2033(E), dated the 24th June, 2020, namely:-

  (i) in the first proviso, in clause (i), in sub-clause (a), for the words, figures and letters "the 31st day of July, 2020" the words, figures and letters "the 30th day of September, 2020" shall be substituted;

  (ii) after the second proviso, the following proviso shall be inserted, namely: - "Provided also that for the purposes of the second proviso, in case of an individual resident in India referred to in sub-section (2) of section 207 of the Income-tax Act, 1961 (43 of 1961), the tax paid by him under section 140A of that Act within the due date (before extension) provided in that Act, shall be deemed to be the advance tax:"

- **Notification No. 57/2020 dated 30th July 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 Director General/Secretary, Competition Commission of India for the purpose of said clause.

  It is clarified that income-tax authority, as specified in Notification No. S.O No. 73 I (E) dated 28.07.2000, shall-

  (i) furnish only relevant and precise information after forming an opinion that furnishing of such information is necessary so as to enable the above notified authority to perform its functions under the law being administered by it; and

  (ii) convey to the authority being specified vide this notification to maintain absolute confidentiality in respect of information being furnished.

- **Circular No. 13/2020 dated 13th July 2020: One-time relaxation for Verification of tax-returns for the Assessment years 201S-16, 2016-17, 2017-18, 2018-19 and 2019-20 which are pending due to non-filing of ITRV form and processing of such returns**.

  1. As a one-time measure for resolving the grievances of the taxpayers associated with non-filing of ITR-V for earlier Assessment Years and to regularize such returns which have either become Non-est or have remained pending due to non-filing/non-receipt of respective ITR-V Form, the CBDT, in exercise of powers under section 119 of the Act, in case of returns for Assessment Years 201S-16, 2016-17, 2017-18, 2018-19 and 2019-20 which were uploaded electronically by the taxpayer within the time allowed under section 139 of the Act and which have remained incomplete due to non-submission of ITR-V Form for verification, hereby permits verification of such returns either by sending

a duly signed physical copy of ITR-V to CPC, Bengaluru through speed post or through EVC/OTP modes. Such verification process must be completed by 30.09.2020.

2. However, this relaxation shall not apply in those cases, where during the intervening period, Income-tax Department has already taken recourse to any other measure as specified in the Act for ensuring filing of tax return by the taxpayer concerned after declaring the return as Non-est.
3. Further, CBDT, also relaxes the time-frame for issuing the intimation as provided in second proviso to sub-section (1) of Section 143 of the Act and directs that such returns shall be processed by 31.12.2020 and intimation of processing of such returns shall be sent to the taxpayer concerned as per the laid down procedure. In refund cases, while determining the interest, provision of section 244A (2) of the Act would apply.
4. In case the taxpayer concerned does not get his return regularized by furnishing a valid verification (either ITR-V or EVC/OTP) by 30.09.2020, necessary consequences as provided in law for non-filing the return may follow.

- **Circular No. 14/2020 dated 20th July 2020: Clarification in relation to notification issued under clause (v) of proviso to section 194N of the Income-tax Act, 1961 (the Act) prior to its amendment by Finance Act, 2020 (FA, 2020).**

Section 194N of the Act as inserted by Finance (No.2) Act 2019 provided for deduction of tax at source on payment made by a banking company, a cooperative society engaged in the business of banking or post office, in cash to a recipient exceeding Rs. I crore in aggregate during a financial year from one or more account maintained by such recipient. Clause (v) of proviso to the said section had empowered the Central Government, in consultation with the Reserve Bank of India (RBI), to exempt by way of notification in Official Gazette, persons or class of persons so that payments made to such persons or class of persons shall not be subjected to TDS under this section. Accordingly, in exercise of the said power, Central Government has issued three notifications which are as under:

(a) Notification 68 of 2019 dated 18.09.2019: Cash Replenishment Agencies (CRAs) and franchise agents of White Label Automated Teller Machine Operators (WLATMOs) for the purpose of replenishing cash in ATMs operated by these entities subject to conditions mentioned in the said notification

(b) Notification 70 of 2019 dated 20.09.2019: Commission agent or trader operating under Agriculture Produce market Committee (APMC) and registered under any law relating to Agriculture Produce Market of the concerned State have been exempted subject to conditions specified in the said notification

(c) Notification 80 of 2019 dated 15.10.2019: the authorized dealer and its franchise agent and sub-agent and Full Fledged Money Changer (FFMC) licensed by the Reserve Bank of India and its franchise agent for the purposes of:

i) Purchase of foreign currency from foreign tourists or non-residents visiting India or from resident Indians on their return to India, in cash as per the directions or guidelines issued by Reserve bank of India; or

(ii) Disbursement of inward remittances to the recipient beneficiaries in India in cash under Money Transfer Service Scheme (MFSS) of the Reserve Bank of India;

and subject to the conditions specified in the said notification.

- **Circular No. 15/2020 dated 22nd July 2020: Notification of Sovereign Wealth Fund under section 10(23FE) of the Income-tax Act, 1961.**

The Finance Act, 2020, inter alia, inserted clause (23FE) in section 10 the Income-tax Act, 1961 (the Act) to provide for exemption to income of a specified person in the nature of dividend, interest or long-term capital gains arising from investment made by it in India if the investment is made in specified infrastructure business (including business notified vide Notification No 44/2020 dated 06.07.2020, i.e., Infrastructure sub-sectors mentioned in Harmonised Master List updated as on 13.08.2018) during the period from 01.04.2020 to 31.03.2024, and held for at least three years.

Specified person for this purpose has been defined to mean wholly owned subsidiaries of Abu Dhabi Investment Authority (ADIA), notified Sovereign Wealth Fund (SWF) and notified Pension Funds (PF), which fulfill conditions specified in the clause or to be prescribed for the PF.

In order to facilitate the process of notification of the SWF, the Board, in exercise of powers conferred under section 119 of the Act, hereby specifies that the SWF shall file application in the Form I. The Form I shall be filed with the Member (Legislation), Central Board of Direct Taxes (CBDT), Department of Revenue, Ministry of Finance,North Block, New Delhi during the financial year 2020-21 and thereafter to the Member, CBDT having supervision and control over the work of Foreign Tax and Tax Research Division.

INDIRECT TAXES

- **Notification No. 58/2020 – Central Tax dated 1st July 2020:** In the Central Goods and Services Tax Rules, 2017 (hereinafter referred to as the said rules), for the rule 67A, the following rule shall be substituted, namely:-

  "67A. Manner of furnishing of return or details of outward supplies by short messaging service facility.- Notwithstanding anything contained in this Chapter, for a registered person who is required to furnish a Nil return under section 39 in FORM GSTR-3B or a Nil details of outward supplies under section 37 in FORM GSTR-1 for a tax period, any reference to electronic furnishing shall include furnishing of the said return or the details of outward supplies through a short messaging service using the registered mobile number and the said return or the details of outward supplies shall be verified by a registered mobile number based One Time Password facility.

  1. These rules may be called the Central Goods and Services Tax (Eighth Amendment) Rules, 2020. (2) They shall come into force from 1 st July,2020.

- **Notification No. 59/2020 – Central Tax dated 13th July 2020:** In exercise of the powers conferred by section 148 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Government, on the recommendations of the Council, 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 "15th day of July, 2020", the figures, letters and words "31st day of August, 2020" shall be substituted.

- **Notification No. 60/2020 – Central Tax dated 30th July 2020:** Seeks to make Ninth amendment (2020) to CGST Rules. In the Central Goods and Services Tax Rules, 2017, FORM GST INV-01,shall be substituted.

- **Notification No. 61/2020 – Central Tax dated 30th July 2020: Seeks to amend Notification no. 13/2020-Central Tax in order to amend the class of registered persons for the purpose of e-invoice**. In exercise of the powers conferred by sub-rule (4) of rule 48 of the Central Goods and Services Tax Rules, 2017, the Government, on the recommendations of the Council, hereby makes the following amendments in notification of the Government of India in the Ministry of Finance (Department of Revenue), No.13/2020 – Central Tax, dated the 21st March, 2020, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 196(E), dated the 21st March, 2020, namely:

  In the said notification, in the first paragraph,

  (i) before the words "those referred to in sub-rules", the words "a Special Economic Zone unit and" shall be inserted;

  (ii) for the words "one hundred crore rupees", the words "five hundred crore rupees" shall be substituted.

- **Notification No. 29/2020-Customs dated 6th July 2020**: Seeks to further amend notification no. 152/2009 dated 31.12.2009, to increase the rate of duty of customs on imports of Phthalic Anhydride originating in Korea RP and imported under the India-Korea Comprehensive Economic Partnership Agreement, on recommendation of preliminary findings of Directorate General of Trade Remedies under India-Korea Comprehensive Economic Partnership Agreement (Bilateral Safeguard Measures) Rules, 2017.

- **Notification No. 30/2020-Customs dated 10th July 2020:** In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), 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. 9/2012- Customs, dated the 9thMarch, 2012, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 129 (E), dated the 9thMarch, 2012

  In the said notification, in condition no. (iii), the following proviso shall be inserted, namely:

  "Provided that for the cases where the last date of re -import falls between the 1st February, 2020 and the 31st July, 2020, the last date stands extended by three months;"

- **Notification No. 31/2020-Customs dated 13th July 2020:** Seeks to further amend notification no. 152/2009 dated 31.12.2009, to increase the rate of duty of customs on imports of "Polybutadiene Rubber" originating in Korea RP and imported under the India-Korea Comprehensive Economic Partnership Agreement, on recommendation of preliminary findings of Directorate General of Trade Remedies under India-Korea Comprehensive Economic Partnership Agreement (Bilateral Safeguard Measures) Rules, 2017.

- **Circular No 32/2020-Customs dated 6th July 2020:** Turant Suvidha Kendra and Other Initiatives for Contactless Customs

- **Circular No 33/2020-Customs dated 15th July 2020:** Government has made certain amendments in the All Industry Rates (AIRs) of Duty Drawback vide Notification No. 56/2020-Customs (N.T.) dated 13.07.2020. These changes are effective from 15.07.2020.

  The changes made are briefly summed up as follows:

  (a) AIRs/caps of Duty Drawback have been enhanced for the following items:

  (i) Certain footwear items made of leather covered under Chapter 64; and

  (ii) Gold jewellery covered under Chapter 71.

  (b)AIRs of Duty Drawback have been rationalised for silver jewellery/articles covered under Chapter 71.

  (c) Vinyl Sulphone Ester is currently classified for duty drawback purpose under Tariff Item (TI) 292205. In light of its proper classification under Customs Tariff Heading 2930, a separate entry for Vinyl Sulphone Ester is being inserted under TI 293001. The duty drawback rate and cap amount for the item remain unchanged. The existing entry for Vinyl Sulphone Ester (TI 292205) has been deleted.

  (d) Description of TIs 870301, 870303, 870305 and 870307 pertaining to motor cars of various engine capacities with Manual Transmission (MT) has been changed. The amended description now includes motor cars with Automated Manual Transmission (AMT) in the respective tariff items. The change in description will allow motor cars with AMT to claim the same AIRs of duty drawback as given to motor cars with MT.

- **Circular No 34/2020-Customs dated 30th July 2020: 2nd phase of All India roll-out of Faceless Assessment.** Board has decided to begin the 2nd phase of All India roll-out of Faceless Assessment w.e.f. 03.08.2020 by including Delhi and Mumbai Customs Zones and extending the scope of Faceless Assessment at Chennai and Bangalore Customs Zones. It is clarified that the Customs Zones and the imports already covered under the 1st Phase would continue and be treated as subsumed under the 2nd phase. Thus, the 2nd phase of Faceless Assessment will cover the following specified Customs Zones and the imports primarily under the specified Chapters of the Customs Tariff Act, 1975.

Sl No.	Chapter(s) of the Customs Tariff Act, 1975	Appraisement Group	Customs Zones	Remarks
1	84	5	Bengaluru, Chennai,and Delhi	Bengaluru and Chennai Zones were covered in 1 st phase. Delhi Zone is newly covered.
2	85	5A	Bengaluru, Chennai,and Delhi	
3	89 to 92	5B	Bengaluru, Chennai and Delhi	Pilot programme has been running in Delhi Zone since September 2019 and now Bengaluru and Chennai are newly covered.
4	50 to 71	3	Bengaluru, Chennai and Delhi	Pilot programme has been running in Chennai Zone since September 2019 and now Bengaluru and Delhi are newly covered.
5	29	2A	Mumbai I, Mumbai II and Mumbai III	Newly introduced zones

Further, for monitoring and ensuring speedy and uniform assessments in the Customs Zones at S.Nos. 1 to 4 of the above table, in regard to Bills of Entry assigned by the Customs Automated System to the officers of the Faceless Assessment Groups, Board hereby nominates the officers as Nodal Commissioners.

For the Customs Zones at S.No.5 of the table, Board hereby nominates the Principal Commissioner/ Commissioner of Customs, Import-II, New Custom House, Mumbai, the Principal Commissioner/Commissioner of Customs, Nhava Sheva-I, Jawaharlal Nehru Customs House, Mumbai and the Principal Commissioner/Commissioner of Customs(III), Import, Air Cargo Complex, Sahar, Mumbai as Nodal Commissioners who shall be administratively responsible for monitoring and ensuring speedy and uniform assessments in the three Customs Zones, in regard to Bills of Entry assigned by the Customs Automated System to the officers of the Faceless Assessment Groups.

GST Calendar

Return	Due date
GSTR 9 (2018-19)	30th Sep 2020
GSTR 9C (2018-19)	30th Sep 2020
GSTR 9A (2018-19)	30th Sep 2020
GSTR 4 (2019-2020)	31st Aug 2020
GSTR5 (Jun 2020)	31st Aug 2020
GSTR6 (Jun 2020)	31st Aug 2020
GSTR 7 (Jun2020)	31st Aug 2020
GSTR 8 (June2020)	31st Aug 2020

Sources:
Income Tax Portal, GST Portal, cbic.gov

Ref. No. G/128/1/8/2020 4th August, 2020

NOTIFICATION

Sub: Foundation Examination, 2020

The Institute of Cost Accountants of India announces Online home based Foundation Examination, June, 2020.

The Institute of Cost Accountants of India has decided to conduct Foundation Examination of June, 2020 in home based online mode due to pandemic Novel Corona Virus (COVID-19) to ensure the interest of all the stakeholders and in particular the candidates/students. All candidates/students are encouraged to appear in the Foundation Examination of June, 2020 through online mode using mobile/laptop/desktop/tab from their home.

Foundation Examination, June, 2020 - home based online mode rescheduled time-table and details are given below.

RESCHEDULED TIME TABLE & PROGRAMME – JUNE 2020
FOUNDATION COURSE EXAMINATION
(Multiple Choice Questions – Online Mode examination from home)

Day & Date	Foundation Course Examination Syllabus-2016	
	Time 10.00 A.M. to 12.00 Noon. Paper – 1 & 2 (200 Marks)	**Time 2.00 P.M. to 4.00 P.M. Paper – 3 & 4 (200 Marks)**
Sunday, 6th September, 2020	**Paper – 1 :** Fundamentals of Economics & Management (100 Marks 50 Multiple Choice Questions) **Paper – 2 :** Fundamentals of Accounting (100 Marks 50 Multiple Choice Questions)	**Paper – 3 :** Fundamentals of Laws & Ethics (100 Marks 50 Multiple Choice Questions) **Paper – 4 :** Fundamentals of Business Mathematics & Statistics (100 Marks 50 Multiple Choice Questions)

1. **The Foundation Examination will be conducted in M.C.Q Mode through online from home.**
2. **Each paper will carry 100 marks, 50 Multiple Choice Questions (Each Question will carry 2 Marks).**
3. **Each session will be a total of 100 Multiple Choice Questions of 200 marks.**
4. All candidates/students are encouraged to appear in the Foundation Examination through online mode using mobile/laptop/desktop/tab from their home. However, if any candidate/student fails to appear in home based online examination, opt out fees adjustment will be done automatically for the next term of examination and no separate request is required.
5. Candidates/students are requested to appear in the Foundation Examination from their home only by logging within the time span given. Login credentials and URL link will be given in due time.
6. It may be noted that if any candidate/student gets disconnected while taking the examination, they may login again to finish the rest of the examination.
7. **A candidate/student who is completing all conditions for appearing in the examination as per Regulations will only be allowed to appear for the examination.**
8. **Probable date of publication of result will be announced in due course.**

* The Candidates/students are advised to keep regularly in touch with the website of the Institute for further notifications and announcements relating to Foundation Examination, June 2020 and in case of any query or clarification can e-mail us at exam.helpdesk@icmai.in .

K Banerjee

CMA Kaushik Banerjee
Secretary

Ref. No. G/128/2/8/2020

4th August, 2020

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 1st - 10th 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.

CMA Kaushik Banerjee
Secretary

studies@icmai.in

STUDENTS' CONNECT PORTAL

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AN INITIATIVE OF
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The Directorate of Studies has taken a unique initiative of bringing all the e-services available to the CMA Students under one cover in the new portal **"Students' Connect".** Students will find this portal very effective to search and connect various student-centric e-services already available to them. Students can now view, search, and explore all students' related e-services in one place, be it an administrative or academic service. Students will enjoy navigating all sorts of e-services from anywhere to get the maximum benefit out of it. Moreover, officials are always there to assist and guide the students in case of any help.

CMA Balwinder Singh
President, ICAI

We have assembled all sorts of e-services extended to the CMA students under one umbrella in this new portal **"Students' Connect".** I am confident that students will find this portal very effective to search and connect various students-centric e-services already available to them.

CMA Biswarup Basu
Vice President, ICAI

I am extremely happy to share that the Directorate of Studies has brought all the **e-services** available to the CMA Students under one cover. I welcome your valuable feedback to shape this new portal more student friendly, vibrant and popular among the student community at large.

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