

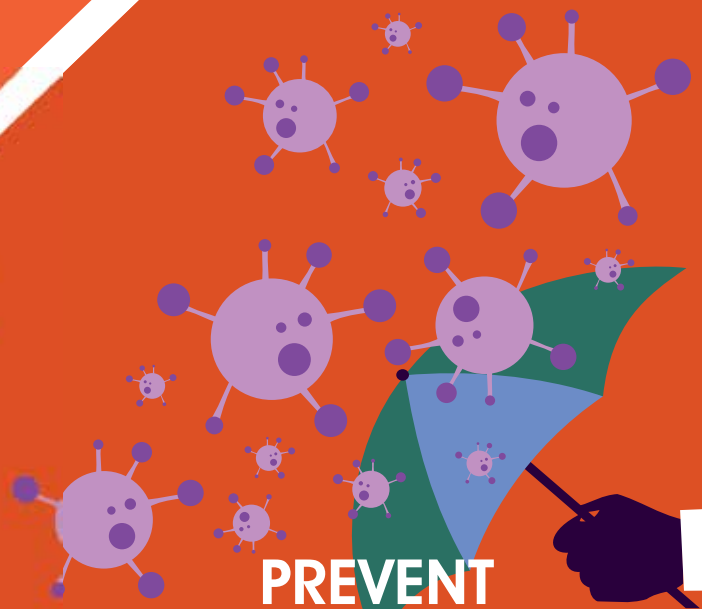
# THE MANAGEMENT ACCOUNTANT

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## NATIONAL EDUCATION POLICY

CHANGING CONTOUR OF INDIAN EDUCATION ECO-SYSTEM



**PREVENT  
NOVEL CORONAVIRUS**

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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.”

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- 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

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### Institute Motto

असतोमा सद्गमय  
तमसोमा ज्योतिर् गमय  
मृत्योर्मा मृतं गमय  
ॐ शान्ति शान्ति शान्तिः

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

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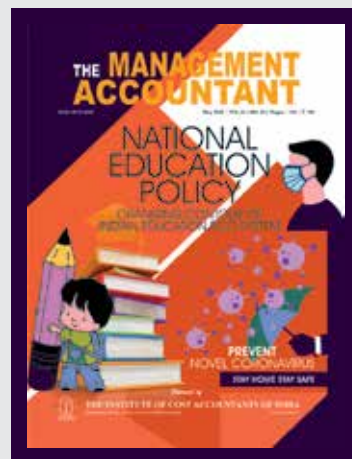
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# EDITORIAL

*Education is the manifestation of the perfection already in man*

– Swami Vivekananda

The last decade has witnessed new paradigms in education, changing the way students engage with courses and content. While the draft National Educational Policy (NEP) seeks to address the challenges of: (i) access, (ii) equity, (iii) quality, (iv) affordability, and (v) accountability faced by the current education system; it has also attempted to bring in a more equitable education system. Many EdTech companies are operating in the education sector and providing useful content and courses through online channels. Government initiatives like SWAYAM, e-basta, MOOCs, Digital India have built an initial base for more comprehensive future plans. On the other hand, skilling and entrepreneurship have become the buzzwords of education and infused into the school curriculum and HEIs. The overall focus is on strengthening the innovation ecosystem and making education learner-centric.

NEP 2019 can play a pivotal role in the transformation of the Indian education system. It is expected to help India in reaping its demographic dividend. The policy aims to universalize pre-primary education by 2025 and provide foundational literacy. It proposes new Curricular and Pedagogical Structure covering the children in the age group 3-18 years. It aims at equitable and inclusive education for every child in the country, with a special focus on under-represented groups (URGs).

NEP proposes to create a new independent State School Regulatory Authority (SSRA). NEP also aims to consolidate 800 universities and 40,000 colleges into around 15,000 large, multidisciplinary institutions. The policy proposes three types of Higher Educational Institutions (HEIs): Research Universities, Teaching Universities and Autonomous degree-granting colleges. It aims to provide autonomy to all higher education institutions HEIs to be governed by Independent Boards with complete academic and administrative autonomy. An autonomous body called the National

Research Foundation (NRF) is to be set up through an Act of Parliament. Rashtriya Shiksha Aayog or the National Education Commission, an apex body is to be constituted and MHRD to be re-designated as the Ministry of Education (MoE). Increase in public investment by the Central and State Governments to 20% of overall public expenditure over a 10 year period is also proposed.

The draft National Policy on Education has laid emphasis on the digitization and technology in education. It calls for appropriate integration of technology into all levels of education - to support teacher preparation and development; improve teaching, learning and evaluation processes; enhance educational access to disadvantaged groups; and streamline educational planning, administration and management. It can be impactful in the classroom processes of teaching, learning and evaluation and also to reach disadvantaged groups, including differently-abled students, girls and women, and students living in remote areas.

The National Educational Policy 2019 once implemented, proper guidance and support will be required and the professionals especially CMAs would be able to extend full-fledged support to the regulators, educational administrators and stakeholders at large. CMAs being specialized in the value creation, wealth management, business process re-engineering and cost management knowledge can carry out the role of advisors and consultants to the educational institutions also.

This issue presents a good number of articles on the cover story “**National Education Policy – Changing Contour of Indian Education Eco-System**” written by distinguished experts and few interviews from eminent Vice Chancellors. To make the issue more informative and contemporary we have included a good number of **Special Articles** related to **COVID-19**, which was declared a pandemic by the WHO and has collapsed the building blocks of economic, social and political systems of various nations around the world. We look forward to constructive feedback from our readers on the articles and overall development of the Journal. Please send your emails at [editor@icmai.in](mailto:editor@icmai.in). We thank all the contributors to this important issue and hope our readers would enjoy the articles.

# THE MANAGEMENT ACCOUNTANT

## PAPERS INVITED

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

June 2020	Theme Environmental Management Accounting - Issues and Practices	Subtopics <ul style="list-style-type: none"> <li>• Managing Information relating to Environment</li> <li>• Structural Framework of Environmental Accounting</li> <li>• Environmental Issues in Financial Accounting and Reporting</li> <li>• Methods of Environmental Cost &amp; Management Accounting</li> <li>• Ecological Accounting</li> <li>• Natural Resource Accounting</li> <li>• Benefits and Costs of Environmental Management Accounting (EMA) in the light of Sustainable Development</li> <li>• Corporate Environmental Strategies</li> <li>• Environmental Accounting and Auditing - Role of CMAs</li> </ul>
July 2020	Theme Goods & Services Tax (GST): Recent Changes and Emerging Issues	Subtopics <ul style="list-style-type: none"> <li>• GST Returns: Issues, Challenges and Controversies</li> <li>• Misconception related to disclosure of Information in Annual Return Forms</li> <li>• E-Invoicing &amp; E-Way bill under GST</li> <li>• Advance Ruling Mechanism in GST</li> <li>• Input Tax Credit under GST: Practical Issues</li> <li>• Applicability and Procedure for effective GST Audit</li> <li>• Rationalization of GST Rates once a year: Key to a Five Trillion Dollar economy</li> <li>• Simplification of GST and preventing evasion to accelerate economic momentum and ease of living for taxpayers: Role of CMAs</li> </ul>
August 2020	Theme Driving India towards 5 Trillion Dollar Economy	Subtopics <ul style="list-style-type: none"> <li>• An Overview of the Indian Economy: Policy, Reforms and Governance</li> <li>• Ease of Doing Business (EoDB) score: Crucial for India to scale ambitious peak of \$5 Trillion</li> <li>• Transforming agricultural and doubling farmer's income</li> <li>• Leveraging Technology to make India a global economic powerhouse</li> <li>• Strengthening industrial competitiveness: Special emphasis to manufacturing sector</li> <li>• Energy with focus on renewable energy</li> <li>• Infra Development: The way forward</li> <li>• Health for all</li> <li>• Skilling and Education: Critical for optimizing on India's Demographic Dividend</li> <li>• Mission 5 Trillion: Driving SDG through CMAs</li> </ul>
September 2020	Theme Insurance Sector in India: Today's reality and the path ahead	Subtopics <ul style="list-style-type: none"> <li>• Life Insurance in India: Promoting innovation and creativity for growth and development</li> <li>• Recent developments in General Insurance Sector</li> <li>• Insurance Risk Management: Role of Actuaries involved</li> <li>• Differential Customer Service: A key determinant of growth</li> <li>• Disruptive innovation: A path to progress</li> <li>• Insurtech: Re-shaping the Insurance Industry</li> <li>• Impact of COVID-19 in insurance sector</li> <li>• Cyber crime Insurance: A growing market</li> <li>• Securing Rural India</li> <li>• Agri-Insurance in India vis-a-vis Global practices</li> <li>• IRDAI Rules and Regulations: Challenges and impact on Insurance business</li> <li>• Risk management practices in insurance business - Role of CMAs</li> </ul>

\*\* On 01<sup>st</sup> July 2017, the GST law came into force. So we have changed our theme of July 2020 issue to "Goods and Services Tax (GST): Recent Changes and Emerging Issues". Further, the theme "Driving India towards 5 Trillion Dollar Economy" to be considered for the August 2020 issue now.

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

Articles on the above topics are invited from readers and authors along with scanned copies of their recent passport size photograph and scanned copy of declaration stating that the articles are their own original and have not been considered for anywhere else.

Please send your articles by e-mail to [editor@icmai.in](mailto:editor@icmai.in) latest by the 1<sup>st</sup> week of the previous month.



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# PRESIDENT'S COMMUNIQUÉ

**CMA Balwinder Singh**

President

The Institute of Cost Accountants of India

*“I think goals should never be easy, they should force you to work, even if they are uncomfortable at the time.”*

– **Michael Phelps**

My Dear Professional Colleagues,

I hope you are keeping safe and healthy in these challenging times. The Novel Coronavirus COVID-19 global pandemic has disrupted the social & business activities worldwide. All affected countries are taking all possible steps to curb the spread of the fatal Corona virus and adopted a policy of Lockdown to battle this Pandemic. Government of India has extended a nationwide lockdown until 17<sup>th</sup> May to contain the spread of the coronavirus. I would like to express my concern and support for all the members, students and other stakeholders.

## **Address to Members**

I along with **CMA Biswarup Basu**, Vice President addressed the members of the Institute through a live webcast on 22<sup>nd</sup> April, 2020 to share the concerns of members in this hour of need, to apprise them of the initiatives taken by Government for members, students, industry and stakeholders at large, initiatives taken by the Institute for the members, to discuss the working of industry and professionals during lockdown and how the institute visualize professionals & industry working post lockdown, strategies for conduct of cost audit through e-mode, the effect of extra costs incurred due to Covid-19 by industry and its treatment in cost statements,

Institute's interaction with the Government during the lockdown and various other issues of concerns and measures thereto.

## **Address to Students**

I along with **CMA Biswarup Basu**, Vice President addressed the students of the Institute through live a webcast on 23<sup>rd</sup> April 2020 to share the concerns of students in this hour of need, to apprise them of the initiatives taken by Government for students fraternity, initiatives taken by the Institute for the students, apprise them of coaching facilities being extended to students through online mode, relaxations given by the Institute relating to students activities, further relaxations which can be expected by students, the status of declaration of revaluation result, office training matters, activities of Institute being conducted during the lockdown, Institute's interaction with the Government during the lockdown and various other issues of concerns and measures thereto.

## **Postponement of CMA Examinations for June 2020 term**

The Institute has postponed the examinations for June 2020 term due to the outbreak of COVID-19 and subsequent lockdown in the country. The Foundation, Intermediate and Final Examinations that were scheduled from 11-18<sup>th</sup> June, 2020 will now commence from 20<sup>th</sup> July 2020 and the closing date for submission of online Examination Application Form has been further extended up to 20<sup>th</sup> May, 2020 without levy of any late fee.

## **Institute contributes ₹ 2.50 Crores to the PM CARES Fund**

Hon'ble Prime Minister of India has constituted the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) with the primary objective of dealing with any emergency situation such as the one posed by COVID-19 pandemic and to provide relief to the affected. This challenge of gigantic proportions cannot be met without each one of us going beyond



the call of duty.

In pursuance of appeal by Hon'ble Prime Minister of India for contribution to the PM CARES Fund in the wake of COVID-19 outbreak, I am pleased to share that the Institute of Cost Accountants of India, understanding the seriousness of the present situation & as an extended arm of Government of India has made a contribution ₹2.50 Crores from its corpus fund to the PM CARES Fund to supplement government's efforts towards scaling up the public healthcare infrastructure in the country in combating COVID-19. I am thankful to the Council Colleagues, Elected Representatives, Members & Students at large for their support at this crucial time for the country.

In addition to the contribution by the Institute, my Council Colleagues have also contributed. I am pleased to share that staff members of the Institute have also contributed an amount ranging from a minimum one day salary to certain more days as per their salary levels.

I extend my heartfelt thanks and appreciation to all the contributors. All these collections have been separately sent to PM CARES FUND in addition to the Institute's contribution.

Furthermore, certain Regional Council and Chapters have also contributed to their respective State Governments, including contributions received by them at their regional and local level.

### **Institute offers ICMR for costing of COVID-19 tests on a voluntary basis**

We all are aware that the entire world is grappling with the COVID-19 disease and Government is taking all possible steps to curb the spread of the fatal Corona virus in the Country. One of the measures taken by the Government is testing of COVID-19 disease through various testing protocols. The challenge for any country around the world today is to carry out Coronavirus Tests for its population at an affordable cost. The challenge is particularly acute, given the rising cost of resources involved with the testing protocols. On 12<sup>th</sup> April 2020, the Institute offered its services on a voluntary basis to ICMR with regard to the costing of the coronavirus tests to be carried out by the government or private pathological laboratories.

### **RBI Initiatives to Improve Liquidity & Reduce Financial Stress**

RBI Governor addressed the media on 17<sup>th</sup> April 2020. The RBI has taken welcome steps to ensure adequate liquidity in the system, improve bank credit flows, reduce financial stress and enable normal functioning of markets, to ease out difficulties being faced due to lockdown. RBIs allowability of special refinance facility of Rs 25,000 crore to NABARD, Rs 15,000 crore to SIDBI, and Rs 10,000 crore to NHB will lead to increase in credit to agriculture and rural sector, small industries, housing finance companies and NBFCs. Reduction in

Reverse repo rate by 25 basis points from 4.0% to 3.75% will ensure the availability of surplus funds which can be utilized for loans in productive sectors of the economy.

NPA classification norms modification to exclude 3-month moratorium period effectively would lead to non-performing asset (NPA) classification effective after 180 days of default instead of 90 days at present. The entities will feel the ease as they were unable to keep their account payments updated due to lockdown and closed business operations.

Further, the revenue collections of the State Governments have declined drastically due to lockdown. Increase in the ways and means advance limit RBI for states by 60 per cent over the 31<sup>st</sup> March balance will help state governments to overcome cash flow difficulty. The decision to temporarily defer dividend payment by banks will improve their capital positions.

### **Companies Law Fresh Start Scheme 2020**

The Ministry of Corporate Affairs has launched the "Companies Law Fresh Start Scheme 2020" which gives one time opportunity to corporates to complete their pending compliances by filing necessary documents MCA-21 registry, irrespective of its due date, which will not only reduce the compliance burden, including the financial burden on companies at large but also enable long standing non-complaint companies to make a fresh start.

In this regard, I would like to bring to the notice of my members in practice and Industry that the schemes provide for relaxations relating to Cost Audit compliances under Section 148 of the Companies Act, 2013. Form Nos. CRA-2, CRA-4, 23-C, 23-D, I XBRL and A XBRL can be filed under the scheme. The scheme is valid for a period from 1<sup>st</sup> April, 2020 to 30<sup>th</sup> September, 2020.

### **Advisory on "Treatment of various items of cost in light of the COVID-19 pandemic"**

I wish to inform you that the Institute through the "Cost Accounting Standards Board" has issued an Advisory on "Treatment of various items of cost in light of the COVID19 pandemic" with a view to underline our professional responsibility to address the issues in the treatment of various items of cost so that the reporting to the stakeholders is True & Fair.

I am happy to inform you that the advisory has been well received by the stakeholders. The same has been prominently placed by the International Federation of Accountants (IFAC) and Confederation of Asian & Pacific Accountants (CAPA) on their respective websites. The South Asian Federation of Accountants (SAFA) have also circulated the same to member bodies. I congratulate **CMA Neeraj D. Joshi**, Council Member and Chairman, Cost Accounting Standards Board (CASB) and members of the CASB for issuing this timely advisory for the members and other stakeholders.

## Suggestions to assist rehabilitation of MSME sector seriously impacted due to COVID-19

The Institute through its Banking and Insurance Committee had conducted an online survey amongst our members to assess the impact and seek suggestions for the rehabilitation of MSME sector. A sizable number of members had given their feedback. The Committee had prepared an advisory based on the suggestions and feedback which was submitted to the Hon'ble Union Minister of MSME for policy formulation and betterment on the life and livelihood of MSME sector on 25<sup>th</sup> April, 2020. I congratulate **CMA Chittaranjan Chattopadhyay**, Council Member and Chairman, Banking & Insurance Committee for his dedicated efforts in the direction to support the cause.

## Suggestions for Insurance Sector

The Institute through its Banking and Insurance Committee has deliberated on the issues relating to Insurance Sector due to onslaught of COVID-19 and submitted the suggestions to Insurance Regulatory Development Authority of India (IRDAI) and Ministry of Finance on 1<sup>st</sup> May, 2020 for consideration in upcoming policy changes due to COVID-19. I congratulate **CMA Chittaranjan Chattopadhyay**, Council Member and Chairman, Banking & Insurance Committee for his dedicated efforts.

## Impact of COVID-19 on Industry

The Institute through its Professional Development & CPD Committee had invited comments from members on "Impact of COVID-19 on Industry" along with their suggestions for remedial measures expected from the Government for recovery of the Industry. We are glad to note the responses from our members and thank them for their involvement and further look forward to more participation. The consolidated suggestions are being submitted to the Department of Economic Affairs, Ministry of Finance shortly.

## Conceptual Approach to Board Reporting Framework- a Post COVID-19 Corporate Governance Perspective

Almost the entire world today is reeling under the threat and aftermath of unprecedented COVID 19 pandemic. This has had a huge and significant impact on the businesses all over the world across sectors. The disruption to normal business models from the supply lines is likely to have long-lasting repercussions. Given such a scenario, companies will need to operate differently to effectively manage the crisis.

As the world adjusts to its new normal, the Corporate Governance perspective and Board Reporting framework needs to provide a proactive guidance on key matters impacting the business fundamentals and stakeholder perspectives.

I am pleased to inform that the Institute through its

Management Accounting Committee has developed a "Conceptual Approach to Board Reporting Framework- a Post COVID-19 Corporate Governance Perspective", along with samples of practical models reflecting the Key Board Reporting themes suggested in the framework.

The Institute has submitted this concept paper to the Ministry of Corporate Affairs, Securities and Exchange Board of India (SEBI) for their advisory to the corporates in the matter. The same has also been circulated to ASSOCHAM, Confederation of Indian Industry (CII), The Federation of Indian Chambers of Commerce and Industry (FICCI) and PHD Chamber of Commerce and Industry, Institute of Directors (IOD), Indian Institute of Corporate Affairs (IICA). I am happy to inform you that the International Federation of Accountants (IFAC) and Confederation of Asian & Pacific Accountants (CAPA) have uploaded this document on the COVID-19 Resource Webpage of their respective websites.

I would like to acknowledge the dedicated efforts of **CMA Ashwin G. Dalwadi**, Chairman of Management Accounting Committee, members of the committee, Past Presidents and experts in bringing out this concept paper.

## Setting up of National Institute of Valuers

Presently, the Valuation Profession is being regulated by IBBI - Insolvency & Bankruptcy Board of India as an interim measure. The Government intends to set up a separate regulatory mechanism.

A Committee of Experts to examine the "Need for an Institutional Framework for Regulation and Development of Valuation Professionals" was set up by the Government. I got the opportunity to be a member of the said committee. The Committee had extensive consultation - online and in roundtables - with the stakeholders - registered valuers organisations, registered valuers, other valuers, professional institutes, trade and industry and academicians.

After the consultation process, the Committee has submitted its report to Ministry of Corporate Affairs (MCA) to set up National Institute of Valuers on 31<sup>st</sup> March, 2020. MCA has hosted the Draft Valuers Bill 2020 at their website for public comments. The comments are required to be sent to MCA within 28<sup>th</sup> May, 2020. The members are requested to go through the Draft Bill and submit their comments and suggestions to the Institute or directly to MCA as may be convenient.

## Draft Electricity (Amendment) Bill, 2020

I would like to draw your attention to the draft Electricity (Amendment) Bill, 2020, a Bill further to amend the Electricity Act, 2003. We look forward for your comments/suggestions at earliest for onward submission to the Ministry of Power.

## Draft Companies (CSR Policy) Amendments Rules, 2020

The Ministry of Corporate Affairs has released the Draft Companies (CSR Policy) Amendment Rules, 2020 proposing amendments to Companies (Corporate Social Responsibility Policy) Rules, 2014 for public comments. The draft policy was hosted at MCA website and was circulated to the members of the Institute for their suggestions. I am happy to inform the Institute after examining the comments and suggestions received have submitted the comments to the Ministry of Corporate Affairs on 10<sup>th</sup> April, 2020 within the due date. I am thankful to **CMA Vijender Sharma**, Council Member and Chairman Professional Development & CPD Committee and **CMA Dr. V Murali**, Council Member and Chairman Corporate Laws Committee for their efforts in finalizing the same.

## Exposure Draft of Frequently Asked Questions on SCAs 101-104

The Cost Auditing and Assurance Standards Board (CAASB) of the Institute, under the Chairmanship of **CMA Dr. Ashish P. Thatte** has released Exposure Draft of Frequently Asked Questions (FAQs) on the Standards on Cost Auditing (SCAs 101 – 104) for public comments. The last date of sending the comments has been extended further up to 31<sup>st</sup> May 2020. Please offer your suggestions on the same for further improvement and send through email to [caasb@icmai.in](mailto:caasb@icmai.in). The ED FAQs is available at <https://icmai.in/icmai/caasb/SCA.php>

## Representation in Member Development Committee of CAPA

I am delighted to inform that **CMA Dr. Ashish P. Thatte**, Council Member and Chairman International Affairs Committee has been appointed to the Member Development Committee (MDC) of the Confederation of Asian and Pacific Accountants (CAPA) for the period from 2020 to 2023. He participated in CAPA MDC e-meeting which was held through Video Conferencing on 8<sup>th</sup> April 2020. The committee deliberated on the agenda items such as Ethics Guide, Professional Qualifications Guide, Guidance Series for the Development of PAOs, Accounting Technicians, Quality Assurance (QA) for Audit, Pacific Collaboration Initiative (PCI) and also considered possible future roles and focus areas for the MDC, and any consequent impacts on the terms of reference of the Committee.

## Internal Audit Month

As informed in my earlier monthly communiqué the month of April 2020 was observed as “Internal Audit Month” to create awareness, train the members and professionals in the domain of internal auditing and assurance. I congratulate **CMA P Raju Iyer**, Council Member and Chairman, Internal Auditing & Assurance Standards Board for taking such initiatives for the benefit

of the members and organizing 28 webinars during the month to update the members on various aspects of Internal Audit. All the webinars were well appreciated by the participants.

As you all are aware that the Internal Auditing & Assurance Standards Board has planned to bring out standards on Internal Auditing for Manufacturing Sectors and Services Enterprises. In this regard, I am pleased to inform you that the Guidance Note on Internal Audit Framework, Guidance Note for Internal Audit on Petroleum Industry (Up Stream & Down Stream), Educational Institutions, Health Care Services and Power Sector are expected to be released within a month.

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

## PROFESSIONAL DEVELOPMENT & CPD COMMITTEE

During the month Professional Development and CPD Committee organised two webinars on “Strategic Planning and Risk-Return Analysis” and the other on “Covid-19 Relaxations under Companies Act, 2013”. During the month around forty webinars were organised by the different committees of the Institute on the topics of professional relevance and importance. We are sure our members are immensely benefited and able to meet the requirement of CEP Credit hours also.

Indian Healthcare Industry is going through a very tough phase. COVID-19 pandemic has proven that Healthcare is one of the prime pillars of mankind. I would like to inform you that the Professional Development & CPD Committee has constituted a sub-committee on Healthcare to study and create a cost effective model for a fair balance between Affordable Health to society and sustainability of Healthcare providers.

I would also like to inform you that on the request of the PD Directorate, many companies have extended the dates of empanelment. PD Directorate sent representations to various organizations for the inclusion of cost accountants for providing professional services. Please note the PD Portal for Tenders/EOIs during the month of April 2020, where Cost Accountants are required in Chhattisgarh State Power Holding Company Ltd., Assam Petro-Chemicals Limited, The Jammu & Kashmir Bank Ltd., Indian Institute of Technology Kharagpur, Deposit Insurance & Credit Guarantee Corporation (DICGC), Madhya Pradesh Power Generating Company Limited etc.

## BANKING AND INSURANCE COMMITTEE

The Banking and Insurance Committee had conducted three webinars during the month to update the members on ‘GST on Bank and Insurance Sector’ by **CMA Susanta Saha** on 11<sup>th</sup> April 2020, ‘Audit of Health Insurance Companies’ by **CMA C. Veeraraghavan** on 12<sup>th</sup> April 2020

and 'Impact of COVID 19 and Strategies for Banking Sector' by CMA (Dr) Shilpa Parkhi on 26<sup>th</sup> April 2020 and was represented very well from the members. We wish to conduct more webinars in Banking, Insurance and Financial Sector in days to come.

It is the need felt to form a repository of members working in Banking, Financial Services and Insurance (BFSI). Therefore, the Banking and Insurance Committee has requested the members through the communiqué by Chairman of the committee CMA Chittaranjan Chattopadhyay to share the details of their working in the BFSI sector so that a proper database is prepared. I would request the members to respond to such request of the Committee.

## TAX RESEARCH DEPARTMENT

The Tax Research Department had been dynamic through conducting a number of webinars and online classes, publishing handbooks for the benefit of stakeholders and members in the month of April 2020 even during the lockdown period arisen due to COVID-19 pandemic.

During the month, the department published five handbooks on Direct and Indirect Tax to facilitate the members on International Taxation and Transfer Pricing, Guidance Note on Anti Profiteering, Addendum-Guidance Note on GST Annual Return and Audit, An Insight to the Direct Tax-Vivad se Vishwas Scheme 2020 and Advance Ruling - January 2019 to December 2019.

Besides this, the department also conducted 13 webinars throughout the month for upgradation of knowledge of members on Abolition of Dividend Distribution Tax - An Impact Analysis by CMA Abhijit Khasnobis, Applicability of Taxes on Cross Border Transaction including TDS by CMA Mrityunjay Acharjee, Audit u/s 35 (5) of the CGST Act, 2017 for FY 2018-19 by CMA S.P. Padhi, Challenging legality of Section 16 of CGST Act, 2017 with case law by CMA Anil Sharma. Five webinars by CMA Niranjan Swain on Vivad se Vishwas Scheme- A way forward, E-Assessment under Income Tax Act, Vivad se Vishwas Scheme - Opportunity to reduce disputes, Vivad se Vishwas Scheme - Process of submission documents and Vivad se Vishwas Scheme - Few Issues. 1000 days of GST and COVID 19: Relief Measures for Business by CMA B.M.Gupta. Appeal and Revision in Income Tax Act- Role of CMA and Applicability of Tax deducted or collected at source on payment or Income to Non Resident or Foreign Company by CMA Rakesh Kumar Sinha.

In addition, I would like to inform you that online classes along with live doubt clearing session for Certificate Course on GST, Advanced Certificate Course on GST, Certificate Course on TDS, Certificate Course on Return filling are running smoothly and it has been highly appreciated by the candidates. Even online class facility has been provided to Offline students of Certificate Course on GST so that candidates can utilize

this lockdown period properly.

The Department published two Fortnightly Tax Bulletins and submitted representations to the commissioner of CGST of 16 state capital to include CMAs as Member in state GST Grievance Redressal Committee Meeting.

I congratulate **CMA Niranjan Mishra**, Chairman Indirect Taxes Committee and **CMA Rakesh Bhalla**, Chairman, Direct Taxes Committee for their continuous efforts to ensure the vibrant working of the Tax Department.

## REGIONAL COUNCIL AND CHAPTERS COORDINATION COMMITTEE

I am pleased to note the proactive action taken and implemented by the Regional Council and Chapter Coordination Committee under the Chairmanship of **CMA H Padmanabhan** during these challenging times of nationwide lockdown due to the wake of COVID-19. During the month of April 2020, under the initiatives taken by the Committee for its sixth successive month continued to hold a series of 6 webinars for members addressing topics of relevance to the profession and for its second successive month held a series of 18 webinars for students with a special focus for those appearing in the forthcoming examination of the Institute.

I am also happy to announce that by way of an Advisory for Online Coaching of the CMA / CAT Students all Regions, Chapters, Extension Centres, CMA Support Centres and ROCCs of the Institute have been encouraged to deliver online teaching and coaching for the benefit of students and are being streamed via live platforms. The proactive steps taken up by CMA H Padmanabhan, Chairman of the Committee along with Information Technology Officials the Institute social media presence is getting recognised and I am glad to inform that the Institute social media accounts are now duly verified accounts.

During the month, when the country is facing crisis and lockdown declared by the Government, as a healing way of approaching my Council Colleague CMA H Padmanabhan reached the membership and students through You Tube channel twice and once through Live Facebook Stream for students explaining to them the need to strictly adhere to the directives of the Government, Ministry of Health, Institute and encouraging all to attend webinars, online classes organised by the Institute and prepare well for the forthcoming examination of the Institute.

I am very much pleased to share that for the first time under the aegis of CMA H Padmanabhan an online Members Meet organized by Kozhikode-Malappuram Chapter of Kerala State of the Institute took place with the participation of newly elected Managing Committee Members of the Chapter and its members. The online meeting had very active participation on professional developmental activities by the members present.

## DIRECTORATE OF ADVANCED STUDIES

I am pleased to share that the Directorate of Advanced Studies has taken the following significant initiatives during the lockdown period:

- Conducted series of Webinars on SAP-FICO Course.
- Conducted series of Webinars on important topics of interest for the Members such as 'Use Case: Business Valuation (Financial Modeling)', 'Balance Sheet Optimization: A different perspective' and 'Cloud Computing Management Audit'.

I congratulate the efforts of **CMA Debasish Mitra**, Council Member and Chairman, Advanced Studies Committee for his efforts in ensuring excellent working of the Directorate despite present lockdown. The Directorate under the dynamic Chairmanship of CMA Debasish Mitra is continuously working to see the launch of more Advanced Studies courses in the near future.

## DIRECTORATE OF STUDIES

I am pleased to share that the Directorate of Studies under the Chairmanship of **CMA Biswarup Basu**, Vice President has taken the following significant initiatives during the lockdown period:

- Subject wise series of Webinar Classes are going on since 30<sup>th</sup> March, 2020 for smooth preparation of the students for the forthcoming June 2020 term of examination.
- In addition, Regions, Chapters and CMA Support Centres have been encouraged to conduct online classes for the students.
- E-library facility of the Recorded Webinar Classes has been developed to facilitate the students.
- Students' E-bulletins for the April 2020 Issue (Foundation, Intermediate and Final Level) have been released for the benefit of the students.

I also express thanks to **CMA Papa Rao Sunkara**, Council Member, Chairman Career Counselling & ISS Advisory Group and also Member, Training & Educational Facilities and Placement Committee for continuous guidance to Directorate of studies for the benefit of students fraternity at large.

## DIRECTORATE OF CAT

I am happy that CMA H Padmanabhan, Chairman and the Directorate of CAT is excelling in its services and I place on records my appreciation on the efforts made by the Directorate during the nationwide lockdown to ensure that students of this course and other stakeholders are suitably assisted against the hurdles and anxiety of the students are addressed to then and there. The officials

of the Directorate and Chairman are in constant touch through tele and video-conferencing to resolve the issues and anxieties faced by the students, ROCCs and Chapters of the Institute.

A video conferencing meet with CAPA official from Hong Kong on CAT & AAT Board activities was organized by the Chairman International Affairs Committee CMA Dr. Ashish P. Thatte in liaison with the directorate of CAT. CMA H Padmanabhan Chairman and directorate officials as a TEAM attended the same and deliberated in detail the importance of CAT Course, activities, skill development among the YOUTH of the nation and implementation of various schemes of the Government. Post video conferencing, the Directorate furnished replies to the queries raised by the CAPA regarding CAT Course of the Institute. I am confident that the CAT course may soon have an international collaboration.

I appreciate the proactive role played by the officials during this lockdown period and along with CMA H Padmanabhan, Chairman CAT ICAI & AAT Board ensuring liaison with Kerala State ASAP BFSI departments, conduct of webinars in coordination with RC and Chapter Coordination Committee, releasing of E-Bulletin for the students of the CAT Course and constant efforts to conduct "WEBINT" (Webinar-Interactive Sessions) a unique project ensuring up to 10K participation at one go especially on professional, accounting and knowledge sharing sessions.

I am pleased to announce that the "WEBINT" initiative of AAT Board & CAT Committee, 1st of its LIVE EVENT will be launched on 6<sup>th</sup> May 2020 and will be participated by me and my council colleague CMA H Padmanabhan. This initiative will help to reach the students of villages, to town, to cities, to metros, especially during this pandemic situation and lockdown. This will not be restricted to current students but pave the way for e-learning, online sessions and live events for passed out CAT/CMA students and members. This effort will go a long way and I urge the members, students and stakeholders to utilize this initiative of the Board of the Institute.

## MEMBERSHIP DEPARTMENT

Members may kindly refer to my email sent to all members on 26<sup>th</sup> March 2020 detailing all information required by members for renewal of CoP and membership fees during these challenging times. However, due to continuous queries, the salient points mentioned in my last communiqué along with additional information are reproduced for ready reference:

Extension up to 30<sup>th</sup> June 2020 has been granted to complete the requirement of CEP Credit Hours for renewal of CoP for the year 2020-21.

Members holding Certificate of Practice are being informed that as per Regulation 7(5)(a), the Annual Fee for Certificate of Practice becomes due on 1<sup>st</sup> April

each year. Further, Regulation 11(1)(d) provides for cancellation of Certificate of Practice in case of non-payment of fee till 30th June of the relevant year. It may be noted that all applications for renewal of CoP received till 30<sup>th</sup> June 2020 will be processed without any break period. However, members need to apply and renew their CoP for 2020-21 without which their CoP in MCA system will not be active for 2020-21. It is being ensured that applications for renewal of the certificate of practice being received online along with payment of COP renewal and membership fees for 2020-21 are ordinarily being processed within 24 hours. You may login to the online membership portal at [www.icmai.in](http://www.icmai.in) for applying online.

Members not holding Certificate of Practice are being informed that as per Regulation 7(3), the Membership Fee (Associate and Fellow) becomes due on 1<sup>st</sup> April each year. Further, Regulation 7(6) allows payment of membership fee within six months from the date on which it becomes due. Accordingly, the members may pay their Annual Membership Fee for the year 2020-21 within 30<sup>th</sup> September, 2020. I request all members to avail the Institute's online facilities to pay such fees from the comfort of their place of convenience.

Members can pay their membership fees without login from the Institute's website the link for which is <https://eicmai.in/MMS/PublicPages/UserRegistration/LoginWP.aspx>

The renewal for the Associate membership fee is Rs 1000 + 18% GST (Rs 1180) and Rs 1500 + 18% GST (Rs 1770) for Fellow membership renewal fee.

Under the expert guidance of CMA Vijender Sharma, Chairman of the Members Facilities Committee, staff members of the membership department are working on all days from home to ensure online membership activities are carried out smoothly. However, as employees are working with limited resources from remote locations some of the services and activities that require physical documentation or on site technicalities may take a longer than normal time to resolve during the lockdown period. I assure all members that such activity, if any will be resolved at the soonest and CMA Vijender Sharma along with staff members of membership department are working out various alternatives to ensure that members get all the services, for which, satellite workstations may be set up in other locations to ensure if a certain state or location is under lockdown in future, onsite activities are not affected and are carried out from other offices of the Institute.

## MEMBERS IN INDUSTRY COMMITTEE

The Members in Industry Committee under the Chairmanship of CMA Biswarup Basu, Vice President has initiated a series of webinars with the objective to fulfill needs of the members that will help members to update their knowledge in their subjects and on various aspects of the economy. These webinars have been deliberated by professional experts and industry

stalwarts. Webinars on very relevant topics in the present times such as "Rebooting the Economy post lockdown – Advantage India" has been very beautifully presented by CMA Amit Anand Apte, Immediate Past President of the Institute. CS Divya Abhishek has delivered a webinar on a very informative subject, "Companies Act - Board of Directors & Company Meetings" that was highly appreciated by participating members. Another very vividly presented webinar has been on "COVID-19: Impact on Economy & Role of CMAs" by CMA Asim Kumar Mukhopadhyay, Vice President & Head – Business Finance, Tata Motors Ltd. where the speaker very brilliantly explained the role CMA professionals may have at the current situation.

I congratulate CMA Biswarup Basu, Chairman of the Members in Industry Committee and Vice President of the Institute for taking such initiatives for the benefit of the members. The Committee had been regularly conducting seminars that were eagerly attended by members but in the current lockdown situation webinars and virtual classes are the only resort to knowledge sharing and professional development. In addition, the Committee continues with its regular monthly e-bulletin, "CMAs' Industry Bulletin", that provides readers with expert views of eminent authors on diverse subjects and in-depth analytical information on various Industries.

## INTERNATIONAL AFFAIRS COMMITTEE

I am pleased to inform that the International Affairs Committee under the Chairmanship of CMA Dr. Ashish P Thatte conducted two webinars on "Global Economic Perspectives of the 21st Century" on 3<sup>rd</sup> April 2020 and "Innovations in Finance - An International Perspective" on 8<sup>th</sup> April 2020 by CMA (Dr.) Girish Jakhotiya, both were well appreciated by members.

## MANAGEMENT ACCOUNTANT JOURNAL

I congratulate the efforts of **CMA (Dr.) K Ch A V S N Murthy**, Council Member and Chairman of Journal & Publication Committee and dedicated team of staff members for ensuring the continuity of the Institute's Journal – Management Accountant despite the present situation of lockdown and ensuring high quality content.

## ICMAI REGISTERED VALUERS ORGANISATION (RVO)

I am pleased to convey that ICMAI RVO has successfully completed its 2 years of eventful journey and achieved a few milestones that I would like to share with you.

- IBBI Recognition: 2<sup>nd</sup> May, 2018
- First training program: 21<sup>st</sup> May, 2018
- Training Programs conducted: 68
- Participants attended in the training programs: 1007

# PRESIDENT'S COMMUNIQUE

- Registered Valuers: 213 Nos
- Centers across India - 13

I am pleased to share that ICMAI RVO has taken following significant initiatives in the month of April 2020 during the lockdown period:

- Regular conduct of Online 50 hours mandatory educational course on valuation as per the directives of IBBI
  - I. First Online Batch – 45 Participants [20 - 26 April 2020]
  - II. Second Online Batch – 52 Participants [27 April – 3 May 2020]
  - III. Third Online Batch – 32 Participants [4 – 10 May 2020]
- First 2-days online workshop for Registered Valuers with 4 CEP hours on 29 & 30 April 2020 on the theme “Practical Approach to Valuation” - Financial Modeling in Business Valuation, Valuation for Mergers & Acquisitions – A Practical Approach, Practical Approach to Valuation – Handling Complexities, Valuation Report Writing & Essentials of Credible Valuation Report.

I request CMA members to join Valuation Courses to shape your professional career in a multi-dimensional arena.

## **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 its 29<sup>th</sup> Batch from 15-21 April, 2020 and 30<sup>th</sup> Batch from 24-30 April, 2020.

Further, the IPA of the Institute also organized 28 webinars during the month for its members on How to read a Valuation report, Inspection Do's and Don'ts and Ease of Doing Business, Liquidation under IBC, Professional Opportunities under IBC, Tools and techniques of Forensic Audit - Opportunities for Professionals, Impact of IBC on EODB and Insolvency of personal Guarantors to Corporate Debtors, Facts and implications of Hon'ble Supreme Court in Jaypee Infra Ltd., Voluntary Liquidation & mediation Techniques (During CIRP to make its process smoother, Information Utility services for Insolvency Professionals, Inspection of IP's by IPA's, Judicial Pronouncements Pertaining to IPs, Report of Insolvency Law Committee, Cross Border Insolvency in India- Key Issues and Leading Cases, Valuation under IBC, Impact of COVID-19 on Insolvency and Bankruptcy code, 2016, Issues under IBC, Discussion on IBBI Disciplinary Orders, Issues faced by Insolvency Professionals under IBC, Impact of COVID-19 on Insolvency and Bankruptcy Code

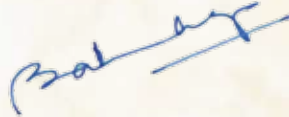
Functioning, Appearance before NCLT/NCLAT - Court Craft, Challenges before IPR/RP under Insolvency and Bankruptcy Code, 2016, Forensic Audit under IBC, Queries of Valuation under IBC, Practical Aspects of conducting meeting of COC under IBC and Impact of recent ordinances on IBC Cases.

I wish prosperity and happiness to members, students and their families on the occasion of Guru Rabindranath's Birthday, Buddha Purnima & Eid-ul-Fitr and pray for the success in all of their endeavours.

Wish you all a Happy Foundation Day of the Institute.

Stay Indoor, Stay safe and healthy.

With warm regards,



**CMA Balwinder Singh**

May 1, 2020



Message on COVID-19 of Pune Chapter of the Institute



Message on COVID-19 of Bhilwara Chapter of the Institute



Message on COVID-19 of Western India Regional Council of the Institute



Message on COVID-19 of Vijayawada Chapter of the Institute



Message on COVID-19 of Patiala Chapter of the Institute



Message on COVID-19 of Haridwar Chapter of the Institute



Message on COVID-19 of Jaipur Chapter of the Institute



Message on COVID-19 of Eastern India Regional Council of the Institute





Message on COVID-19 of ICMS CMA Support Center, Kottakal Kerala of the Institute



Message on COVID-19 of Hyderabad Chapter of the Institute



Message on COVID-19 of ProFINZ ICAI ROCC & Extension Center Thrissur of the Institute



Message on COVID-19 of Howrah Chapter of the Institute



Message on COVID-19 of Cochin Chapter of the Institute



Message on COVID-19 of NIRC EIRC WIRC SIRC of the Institute



Message on COVID-19 of Baroda Chapter of the Institute



Message on COVID-19 of Nellore Chapter of the Institute



# COVID-19 DEMONSTRATES WHY MANAGEMENT ACCOUNTANTS MUST CHANGE IN OUR EVOLVING WORLD



**Paul Sharman**

Consultant & Elected Municipal Official  
Burlington, Ontario, Canada  
Former President and CEO  
The Institute of Management Accountants (IMA)

**C**COVID-19 has ravaged the world for the last 4 months at the time of this article being written. To date, globally, in the order of three million people have been infected and two hundred thousand people have died. COVID-19 is not the first pandemic to affect human beings. The most devastating pandemic was the 14<sup>th</sup> century “Black Death” or “the plague” that killed many millions of people. It is believed to have been spread by fleas that were transported on sailing ships around the world. Of course, there have been outbreaks of other diseases since then.

Since the plague, global population has grown by billions of people. Humans, in their continuous cycle of birth,

life, death have learned, changed and adapted to new circumstances and new technologies, but we are still much the same biological species that has been around on earth for approximately 300,000 years. Along the way, we have affected our environment and will continue to do so, to whatever end. Meanwhile, collective human consciousness will influence the course of that continuing journey. Some things, however, remain the same. Susceptibility to widespread infectious disease is one. Economic and business setbacks are another. Yet, in our integrated, connected world, the potential speed, force and scale of damage to the human species and our endeavours may be devastating.

Today, COVID-19 was carried to all parts of the world by people, mostly on airplanes. The rate of infection occurred exponentially faster and more extensively than experienced with previous highly contagious infectious diseases. Meanwhile, today’s technology has allowed us all to follow what is happening round the world, to predict what might occur, react, take precautions and hopefully achieve a better outcome than might otherwise occur.

## Implication for Accountants

The evolutionary path of global business and the overall economy parallels the overall human journey as it has also accomplished significant growth and advances. It too has been marked by massive calamities such as the Great Depression of 1929/30s, and the 2008 financial crisis, all of which provided learning opportunities for humans. It also provides the opportunity to further adapt to new

circumstances in order to, hopefully, achieve a better outcome than might otherwise occur.

Accounting principles and practices were developed in slower, less connected times. Initiated in the 15<sup>th</sup> century by Luca Pacioli, the professional practice of accountancy really took flight during and following the industrial revolution and has evolved since. It is reasonable to believe that the accounting profession has provided the methods and practices to harness and direct the global economy. Hence, it is critical that finance and accounting professionals change and adapt their methods and practices to revolutionary changes in the economy. Since the Industrial Revolution, other changes have had significant impact on the nature of global business and the economy. These include the invention of the electricity, radiotelevision, telephone, planes, trains and automobiles.

Upon us now, massive change is fueled by digital technology, communications technology and computing power. The related impact on accounting practices and methods are only beginning to take shape. Whether we, today's leaders in the accounting profession, can deliver necessary changes to our practices and methods remains to be seen. Come what may, as COVID-19 has demonstrated, something will change.

Not in recent history has a naturally triggered systematic global vulnerability driven such a huge and significant impact on every aspect of human occupation of Earth. COVID-19 has demonstrated conclusively that decision making reliant on historic indicators is woefully inadequate and that the time to shift to using disciplined planning based on informed assumptions, strategy, risk analysis, rapid simulations and forecasts is now.

Digital technology has created the opportunity to make changes to the profession of management accounting possible. No longer change is simply a compelling and logical argument. It is now a powerful call to action. With technology developments, the cloud and systems integration, the time is right for finance professionals to upgrade the technology they use, the methods they apply, and their skills. As former American President Ronald Reagan, said "I know it's a hell of a challenge, but ask yourselves if not us, who? If not now, when?"

### Where to start?

That the world is changing massively is no news to anyone and yet some groups are slow to adapt. For example, finance and accounting professionals continue to use a significant amount of their time preparing financial and compliance recording and reporting with insufficient emphasis on decision support. Let us face it, the only thing anyone having is their ability to make good decisions. Whether your annual budget is minimal or massive, your health good or poor, your skills in demand or not, making the best decisions you can to take advantage of available resources requires good information, as much as you can get. This is truer now than ever because, at the macro level, risk and error tolerance is lower than in the past.

Trade has increased: in 1990, the global value of all corporations (Global Market Cap) was \$9.4 trillion; by 2018, it had risen to \$68.7 trillion as per World Bank data. Service industries account for 85% of global GDP, and global debt is in the order of 230% of GDP. Value in service industries is driven largely by intellectual property (IP) or more generally, a bunch of ideas. However, creating value in manufacturing is an entirely different dynamic, it tends to be constrained by costly entry level barriers and physical capacity to produce, making it less susceptible to volatility than service industries. With the massive expansion of the global economy and debt, their interdependence, and the shift to services with exponential value gains, volatility and risk have become prevalent and dramatic. In this environment, significant change in business conditions, competitive factors, technology, political stability, climate and human conditions can occur extremely quick (like COVID-19) creating the need to identify early warning signals, respond rapidly to risk and opportunities, to perform forecast updates and possibly take urgent evasive action and perhaps re-assess strategy. It might also suggest that organizations, whether government or others should increase physical and financial reserves/inventories (e.g. *personal protective equipment/PPE*).

Add to this the fact that corporate value in the past used to be premised on short term historical results, return on investment and balance sheet value, heavily weighted by tangible assets. Today, the pre-eminent valuation determinant is discounted future cash flow calculated within the time-period of the organization's strategic planning horizon. Balance sheet value is now largely dominated by intangible assets, all of which can lead to significant, rapid value leverage up or down relative to opportunities and risk. Such opportunities and risks should drive re-prioritization and change the nature of work to be performed by finance and accounting professionals. More specifically, it requires a dramatic increase in financial planning and analysis (FP&A) activities and the number of professionals engaged in it.

Every discipline and all professionals need to pay increased attention to anticipating and monitoring risks, performing analysis and planning, while continuing to deliver financial and compliance reporting. Accordingly, there are three primary perspectives that finance and accounting professionals need to incorporate into their daily workload, characterized as follows:

**Hindsight:** refers to actual record-keeping, as well as historical, financial and compliance reporting required by government and other agencies. This includes audits. The relevance of hindsight reporting is that it validates management reputation and their assertions about the future to customers, investors and regulators alike. In other words, it is all about the credibility of managers, which is of primary importance to investors when deciding whether to invest in proposed highly leveraged and potentially risky future cash flow opportunities.



April 24, 2020, regarding Covid-19: *“As signs indicate the curve of new cases may be starting to flatten, doctors in the United States shared with Reuters that they wish they had known before the coronavirus outbreak began.”*

*Source: The Globe and Mail Newspaper*

**Insight:** refers to constant vigilance with respect to both external and internal influences on major business considerations (financial and non-financial) coupled with providing both the competence and capacity to undertake business analysis, risk assessment, and on-the-fly forecast updates. For example, the outcome of the British vote on EU membership leading to Brexit had significant implications to organizations that conduct business in Britain and for firms that are based in Britain. Triggered by an early warning signal, analysis, such as what-if analysis or forecast updates, are performed by finance professionals and provided to executives to help them make more informed decisions with respect to the potential impact of identifiable opportunities and risks.

April 24 2020, regarding Covid-19: *“More than 2.7 million people have been infected with COVID-19 and nearly 190,000 have died from it since the new coronavirus emerged in the central Chinese city of Wuhan late last year, according to a Reuters tally.”*

*“We need to ensure that there are enough vaccines for everyone, we are going to need global leadership to identify and prioritize vaccine candidates,”*

*Source: The Globe and Mail Newspaper*

**Foresight:** refers to planning and forecasting, involving a variety of different methods and principles. Strategic planning involves finance professionals in simulation modelling and predictive analytics in order to validate and support management aspirations to achieve value growth. Strategic plans are supported by operating plans, budgets and forecast activities. Better planning and analysis provides improved information for decision makers in performing their duties and reducing the risk of making costly wrong decisions. Such planning and analysis involves making assumptions about the future, assessing risks, risk mitigation, residual risks and then performing simulation modelling to provide information to managers in order that they might make better decisions in order to increase the probability of achieving critical objectives.

April 24 2020, regarding Covid-19: US guidance to localities and states on reopening:

*“The Framework for Reopening America provides guidance to state, local, tribal, and territorial governments to adjust restrictive community mitigation measures in a controlled way that supports the safe reopening of communities when appropriate, supporting Americans reentering civic life.”*

*“Why Is the Plan Important to the American People: The strict community mitigation measures the majority of the United States is currently experiencing have succeeded in slowing the spread of COVID-19. This level of mitigation however cannot be adhered to forever, and has negative consequences on economic and long term health outcomes. Lifting stay-at-home orders carefully, on a community by community basis, only when ready, will help extend the gains made from this time of collective social distancing. Coming out of mitigation in a controlled way, with robust monitoring systems in place to contain new cases and outbreaks will be critical to navigating the next phase of this pandemic. Leaders at all levels will need to prepare communities for occasionally returning to stricter mitigation measures for brief periods as needed to continue containing the disease. This plan describes the conditions in which it is appropriate to lift community mitigation measures, the phased steps to reduce community mitigation measures, and indicators to rigorously monitor to inform decisions about adjusting mitigation measures.”*

*Source: OPENING UP AMERICA AGAIN*

In this new global environment of massive volatility, concern must be focused on risk identification, and mitigation in order to have a reasonable chance to preserve organization value and sustainability. In the last twenty

years, most organizations have initiated some level of risk assessment for major investment decisions and the more sophisticated have implemented some regime of continuous risk management regime. Risk management has evolved

considerably in the last twenty years. In the past, a relatively passive approach involved something called a risk registry, that was a list of management concerns about what might go wrong, which was reviewed from time to time to see “how we are doing”. That has now evolved into a more robust model in which the primary focus is on mitigation of risks that would interfere with achievement of strategic organization objectives.

“Traditional risk centric approaches to enterprise Risk Management and point-in-time internal audits have not worked very well and are not delivering the value stakeholders want and expect. This has been the conclusion of many governance failure post-mortems, and is increasingly the conclusion of Boards and C-Suite level executives surveyed.

Objective Centric Risk Management has been specifically designed to focus the efforts of top management, work units and assurance groups on an organization’s top value creation and preservation objectives – integrating the efforts of all managers. The central goal is to generate better information on the true state of retained risk to help senior management and the Board balance conflicting objectives and drive long term value creation.

Using end result objectives as a foundation for integrated assurance is a simple step that quickly aligns strategic planning with the efforts of ERM and internal audit groups.”

Source: Tim Leech [www.riskoversightsolutions.com](http://www.riskoversightsolutions.com)

## Finance

### Risks

1. **Reduced revenues from free services, deferrals from development slowdowns, and other payment deferrals.**
2. **Cash flow impacts requiring bond liquidations.**
3. **Boards and agencies may need additional support to achieve year end financial position.**
4. **Year end unfavourable financial position.**

### Mitigation

1. **Established temporary payment relief and 2020 Expenditure Restraint Program (including review of capital and operating deferrals)**
2. **Identify required divestiture of investments to maintain cash flow while minimizing impact on investment income.**
3. **Share Expenditure Restraint Program & engage in analysis of revenue losses/expenditure reductions to minimize year end variances.**
4. **Utilize Expenditure Restraint Program, review sustainability of reserve funds to support operations and seek senior government funding program support.**

### Opportunities

1. **Establishment of long-term work from home program to support work-life balance, workplace culture, and continuity of operations.**
  - **Establish employee loan program to support home office setups including technology and furnishings.**
2. **Harness mobile/remote work needs to include in functional and technical requirements for corporate projects and process improvements.**
3. **Identify opportunities for additional electronic means of receiving payments related to accounts receivable and sales.**

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COVID-19 risk management for one department, City Of Burlington, April 2020

Technology developments represent the biggest opportunity to provide finance and accounting professionals with the where withal to perform automation of almost all financial and compliance record keeping and reporting, as well as everything necessary to capture and integrate both financial and non-financial data from both inside and outside their organization. Access to historical information and databases can also provide raw material with which to perform driver-based projections using both financial and non-financial data. All of this leads to the provision of “one version of the truth” across entire organizations, making

for greater reliability and speed of analysis, reconciliation and decision support activities, including faster and better-informed management decisions. This is the holy grail of managing in this era of big data, digital evolution, volatility and risky, global markets.

Access to and linkage between all operating systems, databases and analytics technology permits drill down from financial reports all the way to transaction information with a few mouse clicks. The speed of processing is massively enhanced using modern computing equipment, such as in-memory calculation; today’s highly evolved software permits

massive calculating capacity and simulation modelling to be performed rapidly. Coupled with artificial intelligence, this enables fast, timely responses to decision maker enquiries for analysis and scenario modelling of different prospective choices.



Source: City of Ottawa, April 2020, COVID-19 Financial Risk Scenarios

And of course, the cloud provides the ability to provide access to information and computing power almost anywhere in the world instantly and with dramatically better security and confidence than older style on-premises equipment.

Putting everything together creates an entirely different and integrated set of tools for financial professionals. In turn, this dramatically increases the opportunity for finance departments to provide greater value to their organization and to truly become partners in their business.

### Elements of the Integrated Management Accountants Toolkit:

- Strategic financial forecasting/discounted cash flow analysis, 2-25 years planning horizon
- Strategic investment life cycle costing
- Business plan financials/discounted future cash flow analysis, 3-5 years
- Rolling/‘on the fly’ forecasts (monthly, quarterly, multi-year/budgets)
- Target setting/KPI (aligned organization, process, job)
- Objective centric risk management
- Activity based costing:
  - » Process costing/budgets
  - » Service/product profitability
  - » Customer profitability
- Target costing
- Aligned role/responsibility
- Simulation modelling/what if analysis
- Decision support analytics, ERP, automated reporting, machine learning, artificial intelligence

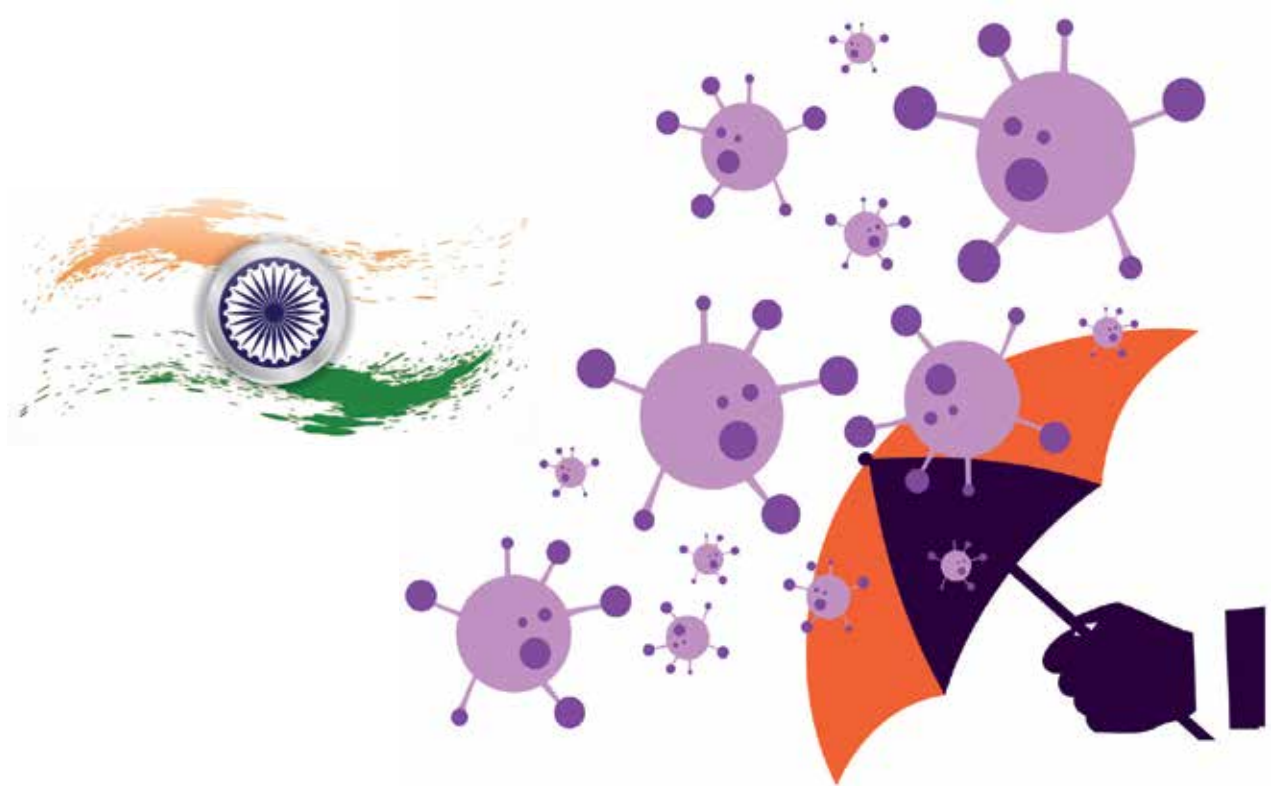
### Conclusion

In January, when I and many highly esteemed speakers from around the world spoke, in New Delhi at the Mission 5 Trillion Economy – CMA as a Cryogenic Force, Global Summit 2020, not one person had any insight let alone foresight about would emerge a short 2 months later with respect to COVID-19. At the time, the emphasis of all speakers was on meeting an ambitious national goal set by Prime Minister Narendra Modi, to achieve an India national GDP of USD **5 trillion** economy by 2024. There was significant enthusiasm for what was seen by many as a challenging but worthy goal. Speakers spoke with pride and confidence about how management accountants are the right group of professionals to deliver necessary information to managers, executive and leaders in organizations to achieve the iconic goal set by the prime minister. It is my belief that management accountants are the only professional accountants who are appropriately positioned to accomplish

that vision, because they work inside organizations where they have the primary objective of delivering useful decision support information towards the achievement of strategic organization goals.

Today, four months after the conference in New Delhi, the challenge has become significantly greater. In fairness to all people around the world who seek a better quality of life, it is time for the management accounting profession to accept the challenge, step up, adopt new methods and practices. It is time to take advantage of all that technology and data has to offer. **MA**

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**Abstract**

*Between military wars and biologic wars, the latter is more damaging and unpredictable as the impact made by COVID-19 on the global economy was far from anybody's initial expectation. No one can correctly predict the extent to which the global economies would be impacted by COVID-19. This scale of lockdown has happened first time in the human's known history where every economic activity is closed except production and transportation of essential goods and services. This is unprecedented. The United Nations has termed this crisis as the worst we have seen since World War II. But there is a saying that every crisis also brings opportunities and necessitates creative solutions; or the progress comes from dire situations. It was once said that never let a crisis goes to waste. This is what India should be looking at.*

**POST  
COVID-19  
ADVANTAGE  
INDIA**



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**D**uring last 100 years, world has seen two global wars, first from 1914 to 1918 and second from 1939 to 1945. Now the entire world is fighting third war imposed by China led COVID-19. It began in December 2019 but no one knows its end. More than two & half million people are already affected and every ten seconds one is dying. During last hundred years, world has also faced number of economic depressions, financial crises, and pandemic/ epidemic attacks. But COVID-19 pandemic is the only war that has no military or economic solutions. While this pandemic is causing tragic loss of life, the lockdowns has affected billions of people across continents. It has hit like a worldwide hurricane, shutting activity in most economies simultaneously. As per IMF, it is set to rob the global economy of more than USD 5 trillion of growth over the next two years. The World Trade Organization announced that the pandemic could cause a deeper collapse of international trade flows. Geopolitics would further worsen the situation as the mistrust between Washington (& major European nation) and Beijing has gone up because of the blame game around the pandemic.

Back home, for India, the economic costs of the present lockdown are going to be disproportionately high. An estimate made by British Brokerage Barclays, extension of nationwide lockdown till May 3 will inflict an economic loss of USD 234.4 billion, and may result in stagnant GDP for the calendar year 2020. But a looming economic crises triggered by the coronavirus pandemic is a chance for India to enact sweeping reforms to fixing ailing sectors and attract more foreign investment in the country. India has to focus on growth capital.

#### *Reliability crises for China*

Global spread of COVID-19 pandemic in a few weeks has raised number of concerns about China. Lack of complete transparency about coronavirus & its characteristics and the Chinese government's totalitarianism casts serious doubts on their correct reporting of affected cases and deaths. Chinese authority's deliberate attempt to hide a preventable crisis and consequent repercussions across the world markets has caused ripples in the political and economic world. Added to the world's mystery is China's claim to have contained the virus and is now helping other countries during the crisis. On the other hand, the world feels that China is taking full advantage of the crisis and posing as a messiah in fight against self-generated killer pandemic. China has always aspired to exert greater influence in international agencies like UN and increase its military and economic footprint across the world. China feels that COVID-19 has helped its inevitable rise, not just as an economic but also geo-political power.

On the contrary, it has been alleged that COVID-19 was developed in a Wuhan lab as China hoped to prove its superiority over US. It may have been manufactured as a bio-weapon. With the support of circumstantial evidence, the whole world is more & more tend to believe that the COVID-19 was developed in the Wuhan Institute of Virology and one of its laboratory worker was its 'patient zero'. Its

spread through bats appears to be merely a cover-up story built by China. Blaming the Wuhan meat market, where bats are not even sold, was reportedly an effort to deflect blame from the communist government when the lab's containment efforts failed, according to material collected through multiple sources, classified information, open-source documents & genetic evidence. Chinese authorities suggested that animal-to-human jump occurred at Huanan Seafood Wholesale Market, a wet market in the city of Wuhan, but a growing body of research suggest the outbreak's origins are unrelated to the market.

World powers are in no doubt that in the first two months of the virus outbreak China suppressed information and punished truth-saying doctors. Hence, there is going to be quite a lot of anger and blame directed at the Chinese government. It got further flared-up with the problematic role Beijing played in influencing WHO's initial response to the coronavirus outbreak. Faulty items supplied by China to other nations (including India) for fighting the COVID-19 have further dampened the sentiments.

#### *Backlash for China - Opportunity for India*

Whatsoever may be the true reason against the outbreak of COVID-19, but it is certain that it has brought clear reliability crisis for the Chinese government. Investors will now certainly reconsider if it is wise to invest in a country known for its shoddy transparency. Today, far too many companies are spending considerable time and energy debating whether to remain focused on China or move out to a safer & reliable place i.e. India. Now for most Fortune 1000 companies, the right question to consider is how best to pursue China or move to India. Post COVID-19, these companies are analyzing the strategic benefits of having a nearly equal presence in both countries, instead of a single focus on China. A number of companies are now increasingly looking to diversify their manufacturing base out of China. A recent report by UBS says that more than 75% companies are looking to diversify from China, shifting their manufacturing base and also the supply chains.

COVID-19 has opened up huge opportunities as majority of global players do not want to rely on China alone and have started giving a hard look to Chinese supplies. Many European countries such as Germany, Italy, Spain, France, have already made it mandatory for government approval for all acquisition, as companies are available cheap and there is a fear that China may look to take over companies in Europe. Even Australia and USA have also taken similar steps. Japan has earmarked 243.5 billion Yen (\$2.2 billion) to help manufacturers shift production out of China as the coronavirus pandemic disrupts supply chains between the major trading partners. Out of this, \$2 billion is for companies shifting production back to Japan and \$0.2 billion for those seeking to move their manufacturing base to other countries. In line and consonance with the global sentiments & concerns on possible acquisition/takeover attempt by Chinese companies, India has also changed its FDI policy and put all direct or indirect investments from neighbouring countries sharing land borders, including China in the



approval route.

China is facing backlash for ‘discrimination and stigmatization’ against treatment of African nationals, especially from Ghana, Nigeria, Kenya, & Uganda over Covid-19. African students and expatriates in China are reportedly being evicted from their homes and mistreated over fears they could spread the novel coronavirus. Kenya government has ordered all Chinese to leave the country with immediate effect. Other governments may react over time. In France, Chinese community’s efforts to distribute masks, disinfectant and gloves met with stiff resistance and legal problems. The Australian government has signalled its intent to hound and prosecute groups and people linked to China, via the “foreign interference” laws passed in 2018.

One class action lawsuit against China has been filed in the Federal Court in the US seeking USD 20 Trillion damages suffered from the Covid-19 pandemic. Experts feel that as long as Donald Trump is in the White House, the US would strive to bring home production of critical items, or at least out-source them outside China - may be India.

China is undergoing a major trade war with USA. In addition, China’s balance sheet already has two big liabilities – suppression of Hong Kong’s autonomy and the concentration camp system in Xinjiang. Further, its investments in the grand Belt and Road Initiative (BRI) are not going to be meaningful anytime soon, because the host countries may find difficult to service the debt. Many economies that had already borrowed from China are going to emerge in much weaker fiscal positions post COVID-19. This would damage the credibility of its investments in BRI. Further, China badly needs reputational management, but that calls for substantial wherewithal. Experts are unanimous on the point that China’s reputation has taken a bad dent.

The questions are whether China would struggle under the double whammy of shame and backlash of COVID-19; or would become far more powerful than it is today. Experts feel that it is not going to be easy for China. China does not have the same fiscal and monetary power to deploy as it did after the financial crisis of 2008. It is going to be much more difficult for China to turn this around quickly as presently their debt levels are much higher.

### *Advantage India*

Compared to China, India has several advantages. India’s jump in the ease of doing business index so far due to the pro-business reforms implemented by the present government has put the country among top 20 ‘improvers’ according to a list issued by the World Bank in 2019. Overall, India moved from a position of 142 in 2014 to 63 in 2019 – a 79 points jump is highly commendable by all means.

The World Bank recognized the measures taken for making it easier to do business in India in areas including obtaining construction permits through single-window system in Delhi and Mumbai; reducing cost to start a business, electronic memorandum of association and articles of association; and integrating multiple government agencies online and upgrading port equipment and infrastructure that

made exporting and importing easier. In several areas like better communication, easier visa rules, easy to establish a company & become company director, open a bank account, etc., India stands far ahead of China.

In China, state-owned monopolies dominate and manipulate the Chinese market in ways that do not occur in India. China has much greater Regulatory Protectionism than India. India scores big over China in IP theft. Number of adverse factors has currently outweighed China and it is increasingly becoming difficult to do business in China. Some of these factors are lack of intellectual property protections, problematic governmental behaviour protecting the Chinese companies, rising business costs, problems with breaking into the market as the Chinese prefer their own brands, problems with manufacturing, higher shipping costs, and ethical considerations of outsourcing beyond China. In addition, the MNCs are now facing this stigma of “Made in China” and also the questionable quality of Chinese products.

India is very well positioned to help build a more dynamic and sustainable world. Based on the Global Competitiveness Index, India is the most competitive country in South Asia. India has a competitive advantage in various sectors such as IT services, Pharmaceuticals, Biotechnology, and Medical tourism. Make in India and Invest India initiatives have created solid platform. Commendable job has been done to offer ease of doing business to investors. This is really good time for India to give substantial incentives for investors looking for safe investments and build economic capacity. As China deals with the fallout of the pandemic, there are new opportunities for India. India should seize the moment.

India is in desperate need for structural reforms and COVID-19 could be very helpful for political posturing of reforms. Further, China’s discomfiture is just presently the high tide for India. The situation is an opportunity for India to “rediscover manufacture”. But it would require proper planning. Land and labour reforms are certainly key aspects to it. India needs to have more market friendly land and labour laws with adequate safeguards. Strengthen the single window clearance system.

Four sectors need to be ramped-up – Electronic equipment (smart phones), pharmaceuticals (APIs), Textiles, and Automobiles & Components. Strengthening of Healthcare system under the Universal Health Coverage initiatives of Government of India is showing huge opportunities for the global investors.

At the end, India must actively engage in rebuilding the world economy. The global players must think to shift manufacturing and sourcing the services to a country having better democratic values, guarantees freedom, and is committed to reforms. This is essentially the economic take away for India from the catastrophic disruption of supply chains due to COVID-19 pandemic.

### *Why India*

Over the last half a century, companies across the globe have been flocking to China to both manufacture and sell

their products. Now with COVID-19, they are having their last laugh. If there is a single takeaway from the recent crises that have impacted businesses the world over, it is the fear of overdependence on China for manufacture and supply chain. India today is considered to be one of the major forces in the global economic market. India's economy has a major impact on global trading. Majority of the world's leading developed nations are keen to have or expand their ties with India. Towards this end, India's leading features are,

- India is the second largest country in the world by population, the world's largest democracy and the largest English speaking nation in the world. India is world's fifth largest economy by nominal GDP and third largest by purchasing power parity. India's growth is largely driven by domestic demand, fuelled by a rapidly growing middle class. India has more than 50% of its population below the age of 25 and more than 65% below the age of 35; with average age of 29 years, compared to 37 for China and 48 for Japan.
- India's present government is committed to pursue economic growth and steps as the "Make in India", "Digital India" "Skill India" and "Smart Cities" and various business friendly reforms have significantly created a positive business environment in the country. The Indian Government's 'Make in India' campaign is perhaps the single biggest development in the new government's policy making to date, bringing a new mind-set in government, changing focus to fostering investment, innovation, protecting intellectual property, and building best-in-class manufacturing infrastructure. India is rapidly scaling up its infrastructure in order to sustain its growth.
- India has the second largest (after China) internet user population in the world today and it is estimated that there are over 560 million internet users in India with internet penetration reaching beyond 40%. More and more Indian consumers are adopting digital technologies and this opens up a plethora of opportunities in sectors such as finance and banking, retail, healthcare and education.
- India is much more than IT and outsourcing, as there are numerous opportunities across various sectors. Rising income levels and the change in consumer choices are creating a greater demand for white goods, cars, mobile phones, leisure items, travel, shopping malls and Western brands. India matters, with millions of affluent brand conscious customers and a growing middle-class presenting significant opportunities for MNCs.
- The current government's reforms include greater co-operation between state and central governments. Doing business in India involves greater interaction with the state governments than with central government and thus better central-state cooperation is proving a great facilitator for overseas investors looking to enter India. The next round of economic growth will take place in India's emerging cities,

along with rapid development in rural areas. India currently has 60 cities with populations over 1 million and is developing 100 smart cities.

- The Indian economy offers a favourable business environment, wherein companies can make the most of their expansion plans by identifying their growth opportunities at a granular level. Doing business in India has several advantages because of its development-friendly reforms. With the Government of India's developmental goals, the ease of doing business has increased rapidly. Foreign direct investment of up to 100 per cent into a private limited company or limited company no longer requires the Government's intervention. This reduces the overall cost of setting up a business in India.
- The cost of the basic amenities required for businesses is lower in India, whether it is investing in infrastructure, labour, food, transportation, Internet, or even taxes. Everything is much more affordable. Additionally, India's urban transformation represents a huge opportunity for international businesses to avail the combination of providing capital, technology and strategic knowledge to the workforce, along with a customer base for the goods/services produced. India is a hub for many startups in wide areas, including technology, e-commerce, and financial services.
- Above all, India has very well established and totally independent judiciary. **MA**

*Disclaimer:*

*This article is based on the status & developments as reported in various publications and websites till April 22. The author disclaims any responsibility or liability that may occur, directly or indirectly, as consequence by the use and application of this article.*

*The views expressed in this article are of the author and not of the Institute or MARF.*

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# ECONOMIC IMPACT OF CORONA



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## Abstract

*As the devastating impact of Corona on the economy is quite perceptible, we have to look for the remedial measures and implement it before it is too late. Although the remedial measures are quite visible but government seems to be hesitating in implementing those remedial measure. The basic reason behind this hesitation of the government is “Academic Dishonesty” about Modern Industrial Capitalist Economic System. Due to this “academic dishonesty” the academic world portrays Capitalism as a self-sustaining system which it certainly is not. It is due to this “academic dishonesty” any stimulus/rescue package to economy is seen as “undue favour” to big industrialists. However if this “academic dishonesty” is dropped and the truth about basic nature is accepted i.e. capitalism is not a self-sustaining system and it is artificially sustained system then any kind of stimulus/rescue package to industry will be seen as “natural course of the thing” not as undue favour to “big industrialists”. This articles captures the “oldest academic debate” about the basic nature of capitalism (which got underway in early 19th century itself) and explains the ongoing crisis from that point of view. This article also exposes the duplicity of modern day text-book economics.*

Although, the deep negative impact of COVID-19 on Indian economy is a foregone conclusion but even before this corona issue the Indian economy was already in trouble. Therefore, in order to find out the remedial measures we will have to first understand as to why the Indian economy was in trouble even in pre-corona period, because the “basic reason and solution” of pre-corona crisis and post corona crisis are almost the same; only the magnitude of problem has changed, it has gone worse manifold. Therefore, we will first understand as to why the Indian economy was in trouble in pre-corona times.

### Economic Slowdown: -Pre-Corona

It was quite surprising that Indian economy was in the grip of slowdown despite government was doing everything that was “theoretically correct” for economy i.e. inflation was quite contained, there was no policy paralysis, decisions were being made at very fast pace, projects were being cleared almost at lightning speed (that too without any “consideration”) etc. In addition to this the level of corruption (particularly at top level) has declined substantially, fiscal deficit was quite contained, so on and so forth. In short, one can easily say that this was (it still is) by far the most investor/business friendly government of India as far as “theoretical economics” is concerned. So why, despite all these positive factors, India was in the grip of slowdown even before corona? What were the reasons behind this?

This biggest reason was that policymakers of this regime are “too text-bookish” but the text-book theories of economics are not sound; they are based on two fundamentally wrong assumptions.

1. The first wrong assumption is that “industrial capitalism is a self-sustainable economic system”. In other words, our text-book economics theories assume that “supply creates its own demand” i.e. according to our text books “in normal circumstances” whatever is produced in any capitalist economy can get bought/sold in that economy itself. This is so because “generally” the purchasing power of a capitalist economy (i.e. demand) is equivalent to value of total output of the economy (i.e. supply). Any mismatch between supply and demand is merely a temporary phenomenon which is taken care of by price level adjustment.
2. The second wrong assumption of our text-books is that banks are “financial intermediary” i.e. they collect the deposit from depositors and lend the same to their borrowers.

#### 1-Industrial Capitalism Not a Self-Sustaining System

In reality, the industrial capitalism (capitalism means the post-industrial revolution factory/mass production system in private ownership mode) has an inbuilt structural flaw that makes it asymmetrical in nature i.e. it doesn't generate the sufficient demand “within the economic system” to sustain itself. In other words, it has an inbuilt tendency towards

a persistent state of depression due to lack of “requisite demand”. For example, if the total value of output of any capitalist economy (i.e. total supply) is say, Rs.1000 then the economy “on its own” can generate a maximum demand of say Rs.700 or so. In this situation the production units (i.e. industrial firms) of the economy are unable to sell their entire output and as a result they undergo a substantial loss. Since profit making by the producers is the very aim and essence of capitalist production system therefore in absence of any profit-making environment/opportunity the industrial firms will collapse and cease any further operations; leading to a persistent state of depression. In order to understand this structural flaw of capitalism, let us briefly understand the asymmetrical nature of capitalist production system.

#### 2-The Asymmetrical/Unbalanced Nature of Capitalist Production System

To understand this, let us assume a capitalist economy functioning in barter system. In this case, the wages and salaries to industrial workers will be given in form of commodities that their employer firm produces; for example, the workers of a textile mill get their wages & salaries in form of cloths, a crockery producer gives his employees crockery as wages & salaries etc. For the sake of simplicity let us assume that wages payout ratio is 80% of output uniformly across the economy i.e. 80% of the output of each firm is given as wages & salaries to its employees. The remaining 20% of the output is owned by the owners of the industries i.e. by the capitalists (or industrialists) as their “surplus production” or “profit”.

Now we can think of this capitalist economy as a “two tier economy”; one comprising of industrial workers who own 80% of output and other comprising capitalists/industrialists who own 20% of output. Let us assume that industrial workers “exchange” their share of output among one another and end up with a “basket of commodities” and so do the industrialists. However, in a capitalist economy, the industrial workers are quite large in absolute numbers and their share of output (i.e. 80% of output) is distributed among very high number of people i.e. it is very thinly distributed over a very large section of people. In other words, after exchanging his wages with labours of other industries an average industrial worker ends up with a “basket of commodities” that is well within his consumption capacity i.e. he will/can end up consuming the entire basket of commodities he receives as exchange value of his wages/salary. But how is the share of industrialists being used (or capitalists)? Capitalists are very few in numbers therefore “per capita profit or surplus production” is thousands of times more than “per capita wages”. Therefore, the per capita basket of commodities that an average industrialist will end up with (after exchanging his goods with fellow industrialists) will also be thousands of times more than that of an average industrial worker. Can an average capitalist (or industrialist) consume thousands of times more goods than an average industrial worker? Obviously, it is impossible. So, what the capitalists would do with their “surplus production” if they cannot consume it? What is its utility for them? If it is not of any utility for them why would they continue with the production? Will

they not be better off by closing their factories/industries?

### 3-The Reason Why Capitalism Cannot Work in Barter Even Theoretically

The only way that this “surplus production” can be of any utility to capitalist class is when it is “converted into money”. Once the surplus production is converted into money the capitalist class gets all what it wants and will continue producing the commodities. In fact, the conversion of surplus production into money (i.e. the monetary profit) is the very essence and the aim of capitalist production system; even if the capitalists could “consume” all their surplus production they would not do so, rather they would convert that into money. That is why the capitalist production system cannot work in barter “even theoretically”, it needs a monetary environment to function.

Moreover, the “conversion of surplus production into money” is not a one-time problem for the capitalist system; it is a permanent state of affairs. Capitalist production system continuously creates the surplus production in each & every production cycle and surplus production of each cycle must keep getting converted into money; it is only then that a capitalist system can function. In other words, a capitalist system needs ever increasing money supply for sustaining itself, the moment money supply in capitalist system stops increasing any further, the system will collapse because further conversion of surplus into money will stop.

This illustration of capitalist system has been done in “barter system” and if we analyse the system in “monetary environment” we will find that capitalism to be a nonstarter from day one because the “consumer goods industries” (i.e. the firms making the “final product” of any economic process) would always be in huge losses if they are to sell their output “within” the economic system alone; in order to make any profit the industries will have to sell their goods “outside” the economic system. But for the sake of brevity it is not being “proven” here.

But where and how does that money keep coming from that converts the surplus production into money?

### 4-How Capitalism Functions?

Before going deeper into this we must know that capitalism came into existence during colonial era as a tool to suck money (gold/silver) from colonies; all the early capitalist countries were colonial powers only. Since the advent of capitalism, the primary means of converting the surplus production into money was “colonial exports”, without colonial exports the capitalism wouldn’t have survived even for a day because the colonial exports were the “source of profit” for the capitalist system. For capitalism, the colonies were the source of money that kept converting their surplus production into money. For approximately 150 years the colonial markets were the lifeline for capitalist production system. Over a period of time, the capitalist production kept on increasing but the money stock (gold/silver) of colonies kept on getting depleted (due to continuous sucking of money by capitalist industries). Due to this, the colonies were no longer able to absorb the surplus production of

western capitalist industries in ever increasing volume. This resulted in collapse of capitalism; this incident is popularly known as **Great Depression**.

In order to overcome the great depression, the capitalist nations invented a trick to keep injecting huge dosages the money into the system. In order to facilitate the continuous injection of money into the system the first thing that was done was to abandon the so-called gold-standard. Once the gold-standard was abandoned, there was no upper limit upto which banks could create the money through credit expansion. Thereafter, that trick induced the demand “within the economic system” itself to quite unimaginable extent. **This trick is known as the fiscal deficit (i.e. deficit spending) by governments.** Through deficit spending, governments borrow the massive money from banks (mind it that deficit spending is financed by “borrowing money from the banks” NOT by “printing the money” as mainstream economics tells us) and put the same in the hands of their people to boost the demand artificially. It was the massive deficit spending by the capitalist nations’ governments that revived the capitalism after great depression. Since great depression, the deficit spending by the governments has been the main lifeline of capitalist economic system. After inventing this trick, there was no need for western capitalist powers to hold the colonies any more as they could have induced any level of demand for their goods within their own domestic markets and the colonial era soon came to an end after that.

Over the period of time, two other measures were invented to boost the demand artificially (1) consumer credit and (2) credit induced asset bubble creation. Therefore, in post-depression era the capitalist system is sustained by a combination of (1) fiscal deficit (2) consumer credit and (3) asset bubble creation. These measures are nothing but three tricks to keep injecting the money into capitalist economic system to artificially boost the demand. What ultimately matters here is the “total volume” money injected into the economy by these measures “put together”. For example, if money injection through consumer credit and asset bubble goes down then money injection through fiscal deficit has to increase to offset it. Similarly, if substantial money is injected through consumer credit and asset bubble then money injection through fiscal deficit may go down (i.e. government may reduce the extent of fiscal deficit). One must understand that we cannot restrain/curtail all the three measures simultaneously because if it happens then economy would go into recession or if restraint is severe the economy may well collapse into depression.

If you do a comparative analysis, you will find that economic growth is directly related to the overall credit growth by banks; during the periods of high credit growth the economy does well (i.e. it grows at a higher rate) whereas during the period of low credit growth (or credit crunch) the economy falters and its growth rate slips or it falls into recession. It is so because in period of high credit growth, money is created and injected in the economic system at a very high rate and this boosts the demand and the ultimate aim of capitalist production system i.e. “conversion of surplus production into money” is easily attained. On

the other hand, in period of low credit growth (or credit crunch) the “conversion of surplus production into money” doesn’t happen easily and economy goes into slowdown or recession. But one can wonder as to WHERE does that money—which is injected into economy—comes from and HOW it is created?

### 5-Banking

This money comes from banks and banks create that money by making the loan. In modern world the commercial banks are the **only institutions** to create the money and the **only way** that commercial banks can create the money is by making the loans! That is why the volume of bank debt only keeps on increasing, it cannot stop growing, the moment it stops growing the capitalist economy will collapse. But according to our text-books banks are “financial intermediary” and they lend the “deposited money” as loan. But if banks are financial intermediary and they lend the “deposited money” (i.e. from the “already existing stock” of money) as loan then how can the bank-lending create new money? The answer to this question is that banks are NOT the financial intermediary at all; they are simply the money creator out of thin air. Banks do not give the deposited money as loan but in process of making the loans they create money out of thin air and the money that is created in process of making the loans ends up as deposit in the banking system. The utility of banking system for capitalist economy is that of a “money creator” (by making loans) that facilitate the “conversion of surplus production into money” by artificially boosting the demand.

Given the limitation of space the full process of banking cannot be explained in this short article/paper but it will be explained as to why the (1) asymmetrical nature of capitalist economic system and (2) credit creation nature of banking is not openly accepted by the establishment and academia.

### 6-Explaining the Pre-Corona Slowdown in India

The three measures of sustaining the capitalist economy as discussed above have been the “standard and formal measures” to sustain the capitalist economic system, particularly in western capitalist countries. Like in other countries, in India too, the fiscal deficit has been the primary measure to sustain the economy but in post-liberalization era the consumer credit has also emerged as an additional measure. But India has stayed away, and thankfully so, from “credit induced asset bubble creation” because it is the most controversial, unstable and dangerous method to induce the demand. However, instead of “credit induced asset bubble creation”, there emerged a different kind of third way—the corruption induced & black money led parallel economy! Now we will understand the existing slowdown in India and the reason behind this.

- Modi government’s fierce crackdown on corruption, decision of note-ban and GST has substantially curtailed the black money economy. Although the academicians and media commentators don’t make much comment on it but this has significantly contributed to current slowdown in the economy. But

the crackdown on black money is a very welcome step by the government because most of the benefit of black money led economic growth is appropriated by elite and entitled section of society; it hardly reaches the poor and downtrodden section of society (to whom it should actually reach).

- Thereafter, the government’s followed the text-bookish theory of “containing” the fiscal deficit and this has proven to be the most significant factor leading to current slowdown. In the light of asymmetrical nature of capitalism as discussed in this paper, this doesn’t need any further explanation as to why the “containment” of fiscal deficit causes slowdown.
- The slowdown in “real estate” was yet another major reason behind the slowdown as it slowed down growth of the “house loans” which was a significant factor.

Therefore, it is clear that the primary reason behind the slowdown in pre-corona time was that the money flow into the economy was choked substantially on account of above facts. It started with gradual slowdown in real estate since 2013-14, then measures to curtail black-money (like GST) also added fuel to the fire. But what topped it all was the “containment” of fiscal deficit whereas in that scenario it should have been **increased** to offset the decline in real estate and impact caused by GST/Note ban. The combined impact of all these was that money pumping into the economy slowed down substantially which caused the slowdown in the economy.

Finally, what exacerbated the situation was this government’s zeal to punish the “bank loan defaulters” and recover the bank loans. No doubt that likes of Neerav Modi and Mehul Choksi must be punished for their deeds but putting the genuine businessmen in the same category send a shockwave in business world. The zeal of recovering the “NPAs” from corporate sector created a scenario wherein even the genuine defaulters were treated quite harshly by banks and law enforcement agencies and every genuine businessman & industrialist was/is made to feel as “thief”. This made the situation even worse.

So, how the growth rate could have been increased? Obviously, by increasing the money flow in the economy and inducing the demand substantially. But, surprisingly, what government was thinking at those times was something quite extraordinarily bizarre/absurd thinking since it was again following the “text-books”.

### 7-The Mirage of Investment Spending Spurring the Growth

The government was (it still is) hoping that “investment spending” would revive the growth and that is why it offered huge tax concession to the corporates! In simple words, the government thought (it still thinks so) that corporates and industrialists would take loan from the banks and invest the same in making new factories, hiring more people and enhancing the production. These, in turn, will kick-start the economy!! This was/is nothing but wishful thinking of worst kind. Let us understand the absurdity of this line of thinking.

The bank credit has four components (1) government debt (for deficit financing) (2) consumer debt (3) financial sector debt (for asset bubble creation) and (4) corporate debt (for investment purpose). Out of these, first three are aimed at “increasing the demand” but the last one (i.e. corporate debt) is aimed at “increasing the supply”. Industries take the debt to invest in capacity expansion which leads to increase in supply/output and employment. But industries do take loans (to increase their output/supply) only when they are already selling their “current output” rather easily and smoothly; in such a situation they feel confident (and rightly so) that if they go for new investments, they can also sell even the “increased output” without any difficulty as well. However, if they find it difficult to sell even their current output there is no way they can be “induced” to go for further investment by taking further bank debt; no matter what the inducement. And it is quite logical, after all it will be insane to go for further investment if industries are finding it difficult to sell even their current level of output (i.e. to convert their existing surplus production into money). So, how can the industries could have been induced to go for further investment spending in pre-corona times? Following are the measures that government could have taken into pre-corona times to end the slowdown and revive the growth.

#### **A-Increase Fiscal Deficit via Welfare Spending**

The industrial firms can be induced to go for capex only if they are “easily converting their existing surplus production into money”. How can this be done? As explained above that this can be done only by injecting/pumping more money into the economy and the best way to do so is increasing the fiscal deficit by increasing the welfare spending. Another MNREGA type scheme can be devised. Once the deficit spending is increased on welfare measures it will induce the demand substantially which in turn will induce the consumer credit as well. The combined effect of the two will boost the demand substantially. It is only in this scenario that industrial firms will go for further investment.

#### **B-Farm Loan Waiver (To Boost the Rural Demand)**

The fact as to how the farm loan waiver will immediately boost the rural demand is so well clear that it needs no explanation. We are therefore discussing other aspect related to this. Theoretically, it may seem an “economically counterproductive” measure but in reality, it is not so at all. It is a wrong move in the eyes of theoreticians only because the “theory” itself is wrong. It is wrong move in theory because theory tells us that “banks are financial intermediary” which, as stated above, a wrong theory in itself. Banks are simply the money creator out of thin air and the primary utility of banking system for a capitalist economy is as the creator of money. Therefore, what is important for economy is the creation of money by the banks NOT its repayment! Very ridiculous it may seem but this is the fact; given the limitation of space it is not being “explained” here as to why the “repayment of loan is NOT a very important factor for the economy”.

#### **C-Tackling the Corporate Loans Issue**

Almost all the big industries in the western industrialized nations are owned by “banks and financial institutions” because over a period of time banks/FIs have come to own the majority of equity/debt (i.e. shares/bonds) of the industries/corporates (now banks and F.Is. own more equity than original promoters). One can wonder as to what is the reason behind this? The reason is that (1) a substantial portion of the debt taken by the industries from the banks and financial institution keep getting converted into “equity” and (2) there is a permanent component of debt in capital structure of industries i.e. a substantial portion of debt is the permanent part of capital structure whose principal is not supposed to be repaid! If the industries are to repay these loans, they will go bankrupt as they cannot withstand that much of cash outflow. That is why some of the debts/loans are (1) converted into equity and some are (2) made the permanent part of capital structure. If these measures are not taken the industries will collapse under the weight of cash outflow that these loan repayments will cause. Beyond a certain point the industries cannot repay their loans and this fact must be accepted openly. India too needs to adopt to this strategy.

#### **Post Corona Scenario**

Now, note it that above measures were sufficient in **pre-corona scenario** only, is **post-corona scenario**, the things have gone far worse. Therefore, now something quite more is required in addition to above measures. Whereas the proposed pre-corona measures like increase in welfare spending and agri-loan waiver are can be implemented without much alternation but in post corona scenario what need very special emphasis and a radical approach is industrial and commercial sector of economy. To understand the impact of Covid-19 on the economy we will briefly understand the “normal functioning” of a capitalist economy.

The economy is like a circular flow/motion of money. Industrial firms hire and employ people to produce various kinds of goods & services (commodities) and pay them money in the form of wages and salaries. These people, in turn, buy-back the goods and services produced by industrial firms from the very money that the industrial firms gave them in form of wages & salaries. Once the firms get back this money in the form of their revenue (sales proceeds) they reproduce the commodities and this circular motion of money keeps on going like this. However, as explained above, there is always a substantial gap between value of the aggregate output (i.e. aggregate supply) and total income of the economy (i.e. aggregate demand) i.e. aggregate demand is always less than aggregate supply and in such a situation, the industrial firms would always remain in loss leading to a persistent state of depression in the economy. Already explained that this gap between supply and demand is met by pumping additional money into economy through (1) government budgetary deficit and (2) consumer credit by banks. The artificial income generation through these measures absorbs the surplus production of the economy

that could not have been bought by normal wages & salaries. Therefore, in every cycle some additional money keeps getting added into this circular flow of money and it is this additional money that keeps the firms of capitalist system in profit. Now it is only under this frame of reference that we can understand the impact of Covid-19 on the economy and possible remedial measures.

Although, Covid-19 has affected almost all the sectors of economy but this impact is not uniform across the sectors, while some sectors have been hit quite severely and some sectors have been hit only mildly. For example, the sectors of tourism, hospitality, travel etc. are hardest hit sector whereas pharmaceutical sector is hit only mildly. The income of the people employed in those sectors have been hit accordingly i.e. the income of the people in hardest hit sectors has stopped almost completely whereas income of people in not-so hit hard sectors has also declined substantially (if not stopped completely). The lockdown has also created a huge army of unemployed people who have lost their job due to lockdown irrespective of the severity of the hit. In addition to this, scores of people in unorganized sectors, daily wages earners, hawkers, etc. have also been hit quite hard and income of those people too has either stopped completely or has come down quite sharply. In other words, a vast number of people have lost their jobs/income. The loss of jobs/income and decline in production is the **primary impact** of corona on the economy; there is a **secondary impact** of this on economy as well.

The purchasing power of the people who have lost their jobs/income has gone down quite severely. Therefore, the money that these people would have otherwise put into the economy to buy various kinds of consumer goods & services would not be there and it would further hit consumer goods sector quite adversely. There will be a spiral down impact on the economy. In other words, the **circular flow of money** in the economy has been broken/impeded at various points and all the firms of the economy will get affected by this by various degree. In this scenario, the only thing that can rescue the economy is massive pumping of money into economy by the government through increased deficit financing. The deficit financing will have to be increased quite substantially because it is an extraordinary situation, the circular flow of money has been stopped/broken at several points and the only thing that can fix it is money pumping by the government into the economy. Moreover, given the job scenario in the immediate aftermath of the corona crisis the consumer credit is also bound to take a massive hit and it is only the increased government spending that can fill this gap. Therefore, the government must go far very high spending and should not worry at all about the fiscal deficit.

### Debt Problem of Industries

Revenue is down to an all-time low (almost zero in many sectors) due freezing/curtailment of production and other business activities but the businesses are still incurring some costs (fixed costs etc.) and it is making them go into red. Moreover, they are constantly incurring massive interest cost on their debt even when their business activity has gone

down to very low (to zero in many cases). In addition to revenue loss, it is the second area of concern for industries. In this scenario, the “deferment” of interest & debt is too little a relief for the industries. What instead should happen in the debt and interest waiver to substantial extent. The industries most hit by Covid-19 should be given bigger relief into this. For making it possible the government can go for something like Quantitative Easing as the Federal Reserves of US has done there. Federal Reserves has announced a 2.3 trillion dollars package for “additional loan” to US businesses. In India, RBI should bring such a package for the **waiver of existing loans** instead for giving the additional loan as US Fed has done.

### 8-Why the Asymmetrical Nature of Capitalism and Real Nature of Banking is Not Accepted in Academia

Whenever any new system comes into existence it has to replace an already existing system, that is why it is heavily opposed by the then existing powers/forces/system; similar was the case with industrial capitalism as well. In fact, capitalism didn't come into existence as a smooth ride (as we are taught in our text books i.e. as the so-called “industrial revolution”); rather it was ruthlessly “imposed” on the large sections of society against its wishes; that is why it was so heavily opposed. However, the basic point here is not to criticize the capitalism but to accept its shortcomings.

Among other things one of the strongest intellectual arguments against industrial capitalism was that it was not a self-sustainable or stable system and its lifeline was dependent on foreign/colonial exports; and it was quite a strong intellectual argument at those times. This argument was later termed as **underconsumption theory**. This argument had put industrial capitalism in a deep dock. To overcome this massive “intellectual challenge/argument” the pro-capitalist establishment of those times promoted some intellectuals who declared (without offering any logic/argument) that industrial capitalism was a “self-sustaining” system and those who followed this line were termed as **classical economists**. J.B Say was the first among major pro-capitalist intellectual who, to counter the underconsumption theory, came with declaration like “supply creates its own demand”. Later on, David Ricardo came up with his “savings-investment theory” to dodge the question about the self-sustainability of capitalist system. Thereafter, came the Karl Marx who not only tried to prove capitalism as a self-sustaining system but also said that capitalism was a sign of progress of humanity (although his carefully cultivated image is that of an opponent of capitalism)!

From then onwards, it has become a fashion/trend/dogma in western academic circles to depict capitalism as self-sustaining system. In fact, only those theories are recognized in western academic circles which begin by **assuming** (not by **proving**—mind it) capitalism as self-sustaining system. The theory that argued otherwise (and successfully so) has so deeply been buried that we don't even know that any such theory/thought ever existed. As to how strong is the impulse to depict capitalism as self-sustaining system, can be understood by following fact.



By late 1910s it was becoming clear to everybody that capitalism was on its last legs as colonial markets were hardly able to absorb the surplus production of capitalist system. Economists were busy inventing various tricks and techniques to sustain the capitalism. One will be surprised to know that all the measures to sustain the capitalism in post-depression era (like deficit spending, welfare economics etc.) were the brainchild of various underconsumptionist economists only; most of whom gave their ideas well before the great-depression. For example, the policy of “deficit spending” was proposed by **William Trufant Foster & Waddill Catchings** in early/mid 1920s itself (i.e. well before the occurrence of great-depression) NOT by Keynes (to whom this credit is given) who published his book proposing similar measures in 1936 (i.e. when depression was basically over). So, one can wonder as to why the credit is given to Keynes, not to underconsumptionists? It is so because the underconsumptionist economists frankly “accepted” the asymmetrical nature of capitalism and proposed the offsetting measures (like fiscal deficit) on this basis. Whereas Keynes position on this was quite mercurial: --He proposed that capitalism is a self-sustaining system (!!) but “sometimes” due to “variety of reasons” (which cannot be explained!) effective demand may go below “equilibrium level” and whenever this happens the governments should go for deficit financing! It was for this gimmickry that he was accorded the status of demi-god of economics. One can clearly see the flaw of Keynesian logic, according to him governments should go for deficit spending **only** **officially** i.e. only when economy goes into recession whereas in reality all the governments across the world run a **permanent** deficit economy which is consistent with underconsumptionists logic. If any government goes without deficit financing its national economy will collapse instantly. Now one can understand as to how strong the impulse is in western academic circles to prove capitalism as self-sustaining system.

The second case is that of banking. Right since its beginning (i.e. even during gold standard times) the banking system was always a creator of money (not the financial intermediary) out of thin air and it was mostly owned by the Jews. Quite naturally, if some private individuals in society have the power to “create the money out of thin air”, it is bound to be opposed by other people in society. That is why, like capitalism, the banking too was opposed by a large section of society in the west. It was only to make the banking acceptable to the masses/society that the theory of banking as “financial intermediary” was concocted and popularized through media and academia. One will be surprised to know that till 1940s the “financial intermediary” theory of banking was heavily opposed in a large section of intellectual circles (particularly in Germany). Secondly, till 1940s it was used as a “defensive theory” to defend the practice of banking **NOT as an unchallenged academic fact as it is done now.** It was only after World War II that “financial intermediary” theory of banking was imposed in academia as a gospel truth i.e. when the World War II victors had their way all across the world. Interestingly the underconsumption theory too was given a far greater academic acceptance in pre-World War—

II Germany and Italy!

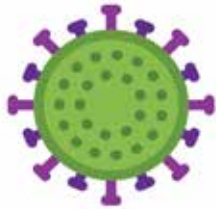
Now the big question that arises is that what may be the implication of accepting the (1) asymmetrical nature of capitalism and (2) credit creation nature of banking. The first implication will be that economics, banking and finance will come out of “mystery zone” i.e. people will come to understand the “economics and finance” which they have NOT been understanding till now. The second implication will be policy making will become a lot easier because policy makers too will “understand” the issue. The most important lesson for policy makers is to know that capitalist economy doesn't run on itself, instead it is made to run—artificially.

However, on the other hand the open acceptance of above facts will raise some very serious and tough questions on modern day economic and financial system and will put it into dock on several counts. In fact, it is to avoid these very questions that these facts are not accepted openly. However, we must accept that truth without getting worried about what question and debates it will raise because the end result of the debate will be good for humanity. **MA**

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# CURRENCY RISK MANAGEMENT AND COVID 19



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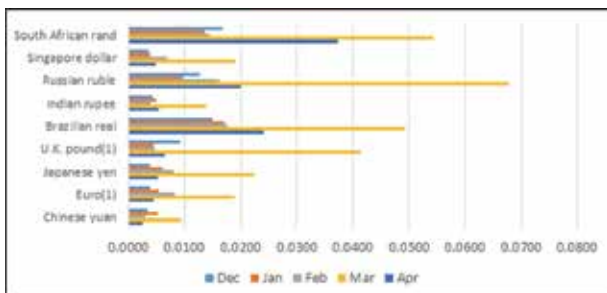
Currency Risk has been featuring among the top 3 risks in the risk management agendas of CFOs across the world, for the past 5 years. Slowdown in the world economy and protectionism, has led to increasing uncertainty in the movement of trade, services, and capital between nations of the world. The “COVID19” pandemic, like a bolt from the blue, brought the entire world to a, kind of, screeching halt, adding the fear of unknown to the existing uncertainty. Inevitable lockdowns have created both supply side and demand side problems for the world economy. Humans are restricted from outing and social gatherings leading to abrupt halt on consumption, and embargoes on movement of cargos disrupted the global supply chains. Concerns of business continuity and prosperity hit the world financial markets, equally the forex markets which are the conduits of flows of finance.

## Abstract

*COVID19 is a bolt from the blue, to the already ailing world economy. Lockdowns, and disruptions of global supply chains, have impacted growth prospects of economies in various countries. Reshuffling of portfolios by global investors, declining oil prices, medium term uncertainty, and “exit China” motivations have increased volatility in currency markets. Indian Rupee is relatively stable, yet there is no room for complacency. It is not appropriate to assume that central banks might protect currency volatility, and historical assumptions of currency forecasting models need to be revisited. While natural hedging, currency invoicing and risk sharing contracts could be still effective, other currency risk management approaches, like medium term, anticipatory, and selective hedging, focussing on budgeted exchange rates, revenue and cost volatility, need to be changed. Post COVID19, firms need to focus more on short term, actual, and full hedging of currency risks, focussing on liquidity, and cashflow volatility.*

Foreign Exchange Markets (Forex Markets) and exchange rates of currencies, are highly sensitive barometers of forthcoming negative or positive signals of economies. Due to their virtual nature, they operate round the clock and hence capture signals related to many economic phenomena, almost on a real time basis. Fig-1 shows volatility of currencies of BRICS nations, and other major currencies in which India trades, during the period December, 2019 to April, 2020. The peak impact of COVID 19 across the world was in March, 2020 and almost all the currencies show a spike in their volatilities (standard deviation of daily exchange rates divided by their daily mean rates). Another major factor, which contributed to this kind volatility was the Oil prices. Lack of regular demand, recalibration of supplies, and inadequate storage space has led to unheard of negative oil prices. Global investors in search of safe havens for their investments are reshuffling their portfolios, among commodities, currencies, and financial securities. All these dynamics have led to the dramatic increase in volatilities of currencies during the month of March, 2020. April, 2020 figures show significant drops, but that is more due to depreciation of the currencies, i.e. the increasing the mean exchange rates.

**Fig-1: Standardised Volatility of Select Currencies Dec'19-Apr'20**



**Author's own calculation based on data from IMF**

Despite heavy outflows by the Foreign Portfolio Investors, Indian Rupee (INR) is relatively stronger than other currencies due to its relatively lower external debt, lower net international liabilities, intervention of RBI in the forex markets INR, and the comfortable forex reserves position.

**Behaviour of INR is changing:**

INR depreciated gradually during 1998-2003, later appreciated a little, till the onset of sub-prime crisis in 2008. During this entire period it was predominantly tranquil and range bound within a band of Rs.40 – Rs.50. However, post 2008, it displays a remarkable disturbing departure. Almost in every 3 years it is charting new levels, with around Rs.9 - Rs.10 jump per USD, and its monthly volatility has tripled. Gone are the days when exporters could confidently leave their exposures open in anticipation of a steady depreciating trend. Indian economy is predominantly import dependent economy. Improving productivity, and countries of sourcing is not possible in the short run. Therefore, this level of depreciation has significantly impacted such firms. Now,

INR Volatility has come to stay. Fig.2 shows the trend in INR and RBI's net purchases of USD. Though RBI seems to be protecting the INR from excessive volatility, the forex reserves at its disposal, can always constrain it from performing the act consistently. The net purchases since 2013, show a visible shift in its interventionist approach. It has been a net purchaser of USD inspite of INR depreciation.

**Fig 2: Monthly USD/INR (Left Scale) & RBI's Net Purchases of USD in Billions (Right Scale)**



**Author's own depiction based on data from RBI's Database on Indian Economy**

**What is Currency Risk?**

Manifestation of Currency Risk requires three conditions to be met. One, an existing or potential sensitivity to exchange rates of currencies. Two, unpredictable and volatile exchange rates. Finally, compulsion for converting foreign currency into one's domestic currency *at a desired exchange rate*. Non-existence of any one of them will not manifest in currency risk

International Monetary Fund, reports that around 85% of the countries in the world follow various degrees of **flexible, yet managed** exchange rate systems. This means that, exchange rate is **not just a market determined numeric** to model with exquisite algorithms, but requires the cognizance of the "thought process of a central bank", while forecasting. We have range of forecasting services, yet their consistent accuracy is doubtful, or is limited to few currencies. Countries consider currencies as their pride and sovereignty, so compulsions for conversion are given. Firms need to budget for better operational control and performance management, and hence a budgeted exchange rate is unavoidable. Therefore, it is the presence or absence of sensitivity, that determines whether an entity faces currency risk or not. In an interconnected world, it is difficult for enterprises to isolate themselves from sensitivities to exchange rates. So, currency risk is to a large extent unavoidable.

Sensitivity to currency exchange rates is popularly known as Currency Exposure. If numbers in financial statements, can potentially change due to fluctuations in exchange rates then business entities are said to carry currency exposure, and shall face currency risk. Table 1 presents in brief various types of currency exposures that companies face. One can infer that the degree of currency exposure and

its impact depends on the extent of internationalisation of firms' operations. However, purely domestic firms are also exposed to currency risk, due to their interlinkages in the up-stream or down-stream supply chains. Whether the impact is on cashflows or bookvalues, the market value of the firm is affected, either through the income statement or balance sheet. During the past decade, market values of equity of Indian firms has negatively reacted to INR depreciations.

**Table 1: Types of Currency Exposure**

Aspect	Transaction	Translation	Operating	Contingent
Financials Exposed	Contracted Items	Balance Sheet & Income Statements	Future Revenues and Costs	Contracts in Bid Stages
Exposure Value	Known	Known	Unknown	Known
Maturity Period	Known	Known	Unknown	Known
Budgeted Exchange Rate	YES	YES/NO	NO	YES
Change In Exposure Value	NO	NO	YES	NO
Cashflow Impact	YES	NO	YES	YES
Time Dimension	Existing	Existing	Futuristic	Contingent
Impact Variable	PAT	PAT/BVOE	Future PAT	Future PAT
Impact Frequency	Mon/Qtrly	Annual	Long-Term	Short-Term

### Author's own depiction

### How are firms Managing Currency Risk?

In spite of the esoteric debates on whether the firm should manage currency risk or it should be left to the equity shareholders to manage themselves. Currency risk management is a significant agenda of CFOs. Indian companies have taken it seriously ever since the subprime crisis, due to increasing volatility of INR, and access to the full range of forex derivatives since 2008. Financial Risk Management in business, in general, can take any or a combination of these approaches depicted in Table 2.

**Table 2: Broad approaches to Manage Financial Risks**

Approach	Feasibility
Avoid	Not advisable, since the firm loses opportunity to make superior profits
Shift	Not possible, in an unequal world, unless one's enterprise has impactful supremacy
Share	Possible, in an equal world between parties, protected by law
Insure	Not possible, for self-created market based risks, with chances of profits

Hedge	Possible, for self-created market based risks, subject to availability of tenor and cost
Bear	Definitely Possible, since it is the last resort.

### Author's Own Depiction

Managing Currency Risk involves focus on three levers. First, is the **exposure**; second, the **model that predicts** the exchange rate; third, is the **exchange rate itself**. Firms reduce their exposure, since they cannot avoid them. Then they predict or take a view on exchange rate, either using capabilities in house, or by outsourcing. Predicted exchange rate can be used as a desired exchange rate in various budgets, quotations, and proposals. Hedging is costly, therefore blind hedging of every exposure, when the exchange rates are expected to favourable, does not make sense. Finally, firms lock-in the desired exchange rate at which conversions into domestic currency ideally should happen, using derivative instruments available in the forex markets.

Firms predominantly manage transaction and translation exposures, due to their visibility and immediate short and medium term impacts, but only a few recognise and manage operating exposure. In fact it is the operating exposure, which can be very disrupting, and can impact the long term sustainability of the businesses. Lack of certainty, long horizon impact, complexity of influencing factors does not make it amenable for derivative hedging, hence firms do not recognise them, only at the peril of their own businesses. One sided movement of their home currencies, and an implicit guarantee of "volatility management", given by the central banks has also given rise to **Selective Hedging** among the firms. Table 3 gives a brief view of the current practices of firms to manage currency exposures

**Table 3: Currency Exposures and Popular Risk Management Approaches**

Nature of Exposure	Approaches in Vogue
Transaction Exposure	<b>Matching</b> Revenues and Costs in the same currencies, <b>Netting</b> inflows and outflows between same entities, <b>Short-term borrowing in foreign currency</b> , <b>Hedging</b> using Forwards and Options
Translation Exposure	<b>Leveraging with</b> foreign currency debt, <b>Investing in</b> foreign currency assets, <b>Leading and Lagging</b> inter-affiliate payments, <b>Hedging</b> using Currency Futures
Economic Exposure	<b>Invoicing</b> in favourable currencies, <b>Passing it Through</b> on to the prices of inputs or outputs, <b>Risk Sharing Contracts</b> by adjusting invoice Values, <b>Outsourcing</b> from competing countries, <b>Shifting production</b> into destination markets, <b>Sourcing in currencies</b> of Export revenue, <b>Padding up</b> output prices to create currency volatility buffers, <b>Hedging</b> through anticipatory cashflow hedges

### Author's Own Depiction

Firms differ in their objectives of currency risk management and choice of relevant target variables to measure efficiency of currency risk management. The degree of internationalisation of their business influences such choices. Table 4 presents them in brief.

**Table 4: Firm Types, Exposures, and Risk Management Targets**

Nature of Firm	Exposures they Carry	Risk Management Targets
Domestic	Operating	None specifically
Has Only Exports	Transaction & Operating	Protection of Budgeted Exchange Rates, Volatility of Revenues, Stability of Export Prices
Has Only Imports	Transaction & Operating	Protection of Budgeted Exchange Rate, Volatility of Costs
Has Exports & Imports	Transaction & Operating	Budgeted Exchange Rate, Volatility of Cashflows and Book Profits
Has Foreign Subsidiaries	Transaction, Translation & Operating	Volatility of Cashflows, Book profits, Stability of Foreign Prices, Book Value of Net Investment
MNC	Transaction, Translation & Operating	Volatility of Consolidated or Stand-alone Cashflows, Incomes, Net Investments, Portfolio VAR

**Author’s Own Depiction**

**How to manage Currency Risk post COVID 19?**

The existing approaches to Currency Risk Management need re-calibration to mitigate the unprecedented COVID19 shock. Changes are required in framing views on exchange rates, in approaches to manage currency risk, and the in the focus on target variables. For India, though INR seems to be relatively stable, reliance on an assumption that RBI might completely deploy its reserves only to arrest volatility of INR is not prudent in the given circumstances. The possible changes are presented in two sections below.

**Predicting currency fluctuations:**

Currencies of certain countries may move in correlation due to various inter-related economic factors or regional economic arrangements. Such correlations may now be disturbed due to the varying responses of the respective central banks to tackle potential currency crises. So expecting historical correlation to sustain is not advisable. It needs to be appreciated that volatility of currencies are expected to increase. In the next one to two years currencies of countries with meagre foreign exchange reserves, large weights of primary commodities in the export baskets, high foreign currency debt, relatively open capital markets, and

higher net international liabilities would depreciate, and may become more volatile. Global re-shuffling of supply chains and “exit China” motivations, shifts in economic powers centres, and the changing currency compositions and correlations are on the anvil. These factors need to be factored in while predicting the relevant currencies. INR is relatively stable, due the positive dimensions one all these factors, but for open capital markets. Further, in a significant step, RBI in April, 2020, has opened up complex derivative products for the large companies, both Indian and Foreign, for genuine anticipated and contractual currency exposures, which can further tackle extreme volatility and one sided movement on INR. Companies may avoid long and medium term currency forecasting, adopt models which predict next 6 months, and which are flexible to dynamically adjust their modelling assumptions. Existing models of currency forecasting need to be on hold for the next 1 or 2 years.

**Shifts in Risk Management approaches:**

It is always good to be hopeful in the long-run. But majority of prudent currency risk management professional do not look beyond 24 months while putting in place any risk mitigating strategies. Even 24 months seems to be a luxury in these days of extreme uncertainty. Firms with state of the art technologies and tools to visualise, and manage currency risks, also need to change and revisit their currency risk management strategies. Focus on book profits, balance sheets, anticipatory cashflow hedging, and speculative profit centre approach of treasury and risk management departments need to be change atleast for the next 6 months to 1 year. Currency risk management now needs more agile systems and process for faster response times to implement revised hedging strategies. Table 5 presents in brief the changes required and the possible techniques to implement them.

**Table 5: Changes in Currency Risk Management post COVID19**

Aspect	Change required	Possible Techniques to Implement
How far to Look	Not More than 6 months	Create Budgets and Rolling Forecasts at Weekly Intervals
Exposures to Focus	Transaction & Immediate Translation	Monitor the near term receivables and payables and inter affiliate transactions
Budgeted Exchange Rate	Dynamic	Moving Averages with dynamic volatility forecasts capturing the evolving patterns
Currencies to Watch	USD and Competitor Countries	Create Cross Currency Scenarios to analyse future export revenues in competitive markets
Financials to Focus	Liquidity, Working Capital	Expedite receivables and re-negotiate payable tenors wherever possible

Impact Variable to Focus	Cashflows	Weekly and Fortnightly Budgets of Cashflows
Style of Hedging	Full Hedging	Avoid selective or partial hedging and hedge actual exposures than anticipated ones
Monitoring Frequency	Weekly	Changing the existing assumptions of budgets and reviewing them with a zero-based approach
Monitoring Style	Scenario Analysis, Stress Testing	Developing extreme loss scenarios, and VAR and Conditional VAR modelling to estimate likely losses
Derivative Products to Choose	Currency Options, Collars, Range Forwards	Take the help of committed Bankers for expert advice and better deals and lower costs
Degree of Hedging Freedom	Predominantly Centralised	Careful re-assessment of freedom to create and manage currency exposures

### Author's Own Depiction

“This moment also shall pass” is the positive line to which every firm needs to hook on. With belief on the immense potential of human mind to be creative in times of adversities, COVID19 is an ongoing natural experiment in this world laboratory, which can trigger an exotic financially engineered catastrophe forex derivative, respectfully naming it after Corona. **MA**

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## LETTER TO EDITOR

To  
**The Editor,**  
**The Management Accountant**  
**The Institute of Cost Accountants of India**  
**Kolkata**

**T**he March issue of the Management Accountant is one which deals with empowerment of women admirably. It brings out that women would not only have equal opportunity, but also equal right to participation in governance. Right to participation need not be confined to women, but is necessary for all those affected by any new law or practice. Our law theoretically are made by Parliament, without any participation by the Parliamentarians! Members of Parliament do not seem to be aware of their valuable right and duty of participation. Our laws are drafted by administrators and not by those affected by them, who do not even have the right of participation. It is time to realize our right to participate in law making. It is recognition of such right and the exercise of the same, that gives meaning to democracy.

It is time to recognise the right to participate in decision making on any public affair for all concerned with the law one way or the other and that the power of law making is not solely confined to a privileged law often not competent for this purpose.

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# REGULATORY RESPONSE TO TACKLE THE ANTICIPATED REPERCUSSIONS OF COVID-19



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## Abstract

*Covid 19 pandemic has disrupted work and working environment across the globe. In most economies the industry and services sector has borne the brunt of lockdown and shutdown. Thankfully, the banking sector and capital markets have been functioning without disruption. In order to ensure business continuity, various regulations have been relaxed and the flow of information to the markets is expected to be delayed. The same will be further complicated by the fact that the last quarter results of financial year 2019-20 and the at least first quarter results of the year 2020-21 is expected to be affected by the pandemic and hence make it difficult for analysts to compare, evaluate and predict. Similarly accountants are expected to face various problems in application of the accounting standards while finalizing the accounts and auditors while providing their audit reports.*

*This article attempts to provide an overview of some of the regulatory responses and ways to tackle the anticipated challenges to disclosures and other accounting related issues.*

## Introduction

The coronavirus (COVID-19), which was declared a pandemic by the WHO (World Health Organization), has toppled the building blocks of the various economic, social and political systems around the world. Regulators, families and businesses from all parts of the world are together in this battle to fight the anticipated long term repercussions of the novel virus. In this background, governments and regulatory bodies have

announced various stimulus packages and relaxations measures, extension of deadlines to help combat the effects in the economy.

Though the corona virus has adversely impacted all sectors and industries, the magnitude of the impact varies across sectors and on different companies within a sector. While the industry has been facing lockdowns, the banking and capital markets have been broadly functional and working throughout this period. The capital markets both

in India and globally have also continuously reacted to the expected impact of COVID pandemic on the economy and industry. Most equity indices across the globe have recorded a fall of about 30% in the last one and half months. Equities, bonds, commodities and derivatives across asset classes have experienced huge increase in volatility due to the uncertain situation prevailing in the economy. Under these circumstances, reasonable, timely and relevant disclosures by listed companies related to both financial performance and possible risks can go a long way curbing volatility and help prevent information asymmetry. This article consolidates some of the regulatory responses by RBI and SEBI. Further, the article attempts to cover the important financial reporting areas that are governed by the accounting standards, the disclosure challenges and possible impact of the accounting standards on financial performance of companies. The article incorporates the guidance and advisory provided by the Institute of Chartered accountants of India with respect to the application of Ind AS under these uncertain circumstances.

### **Accounting Standard Impacts to be considered while reporting performance**

#### **Inventory Measurement (Ind AS 2)**

In accordance with Ind AS 2 Inventories, and AS 2 Valuation of Inventories to be done based on cost or net realisable value whichever is lower. The countrywide lock down announced by the government can create various challenges with respect to inventory valuation as both cost and net realisable value may be impacted by the lockdown. The cost of finished goods inventory can be higher than normal times, due to apportionment of higher fixed manufacturing costs to relatively lower production in the last quarter. Inventory valuations can be affected by sudden steep fall in commodity prices, perishable raw material and finished goods may have been lost due to inability to supply the same to customers. The inventory levels may also be disturbed due to the unplanned lockdown. Application of the standard may result in write down in the value inventories to net realisable value. Appropriate disclosures that quantify the impact of the lockdown on inventory quantities and value or abnormal loss related to inventory lost, may be useful to analysts and investors.

#### **Impairment of non-financial assets (Ind AS 36)**

Due to COVID-19, there might be temporary ceasing of operations or an immediate decline in demand or prices resulting in lower revenues and profitability and reduced economic activity. Furthermore the forecasts and budgets for future cash flows should also be revised in light of the COVID-19. The assumptions such as the fair value of the assets would also need to be revisited.

Due to COVID-19, there might be significant changes with an adverse effect in operations of a cash generating unit to which goodwill is allocated and therefore requiring additional focus and attention while testing of impairment of goodwill.

### **Financial Instruments (Ind AS 109)**

#### **Impairment losses**

Financial Instruments within the scope of Ind AS 109 such as Loans, Trade Receivables, Other Receivables, Investment in Debt instruments, Financial Guarantees and Loan Commitments not measured at fair value through profit or loss, Contract Assets and Lease Receivables are subject to impairment loss recognition and measurement based on an approach called Expected Credit Loss (ECL). The widespread contraction in economic activity across the globe due to the rapid spread of COVID-19 is likely to impact the repayment capacity of borrowers.

The ECL approach is a forward looking approach and is based on the probability weighted amount by evaluating a range of possible outcomes. Since the spread of the COVID-19 has adversely affected many businesses, a robust disclosure about the credit risk exposure with a detailed sensitivity analysis and revised probability estimates would be required to ensure accuracy of estimates. The credit risk parameters such as risk of default, amount of loss in the event, contraction in economic activity, exposure at default may need to be reconsidered.

#### **Hedge Accounting**

Entities will need to assess any hedge ineffectiveness and record the impact of that in profit and loss. Furthermore the assumptions for estimation of fair value of derivatives such as interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index would need to be revisited to ensure accurate presentation of facts. With the scale of business activities being drastically reduced, entities adopting cash flow hedge accounting for forecasted transactions might also need to revisit the probability of forecasted transactions.

#### **Fair Value Measurement (Ind AS 113)**

The current financial and capital market environment across the globe has gotten affected by the rapid spread of COVID-19, with increasing volatility and decline in the prices of financial instruments like equity, bonds and derivatives and decrease in volumes of activity. The fair value can be determined based on the quoted price in an active market or application of valuation techniques. These may require adequate management consideration and professional judgment to determine whether the quoted prices are based on transactions in an orderly market.

Preparers using valuation techniques may have to consider the impact of COVID-19 on various assumptions including discount rates, credit-spread/counter-party credit risk etc for accurate presentation of facts that present realistic numbers of the company.

#### **Leases (Ind AS 116)**

Due to COVID-19, lessor might give some concessions to the lessee, revise payments of lease rental, rent free holidays, revise the amount of lease etc. Variable lease payments like the ones linked to revenue might also be impacted due to



scaled down business activities. The discount rates for present value of lease liabilities might have to reflect the impact of COVID-19. Further considerations to be included are any compensation given by government, whether any lease agreement has become onerous etc.

#### **Revenue from contracts with customers (Ind AS 115)**

Due to COVID-19, there could be likely increase in sales returns due to non-moving stock, decrease in volume discounts as a result of reduced purchases, higher price discounts to avoid building up of stocks. The cash flows related to contracts may also not be timely and may suffer some delays and setbacks. Entities might have also postponed recognition of revenue due to the uncertainty of collection. Under Ind AS 115, these factors need to be considered in estimating the amount of revenue to be recognised, i.e., measurement of variable consideration.

#### **Provisions, Contingent Liabilities and Contingent Assets (Ind AS 37)**

When the unavoidable costs of meeting obligations exceed the economic benefits expected, it is classified as an onerous contract. As a result of COVID -19, some contracts may become onerous for reasons such as increase in cost of material/labour, and other operating costs. Costs may also increase on account of delay in supplies, delay in receipt of raw materials as well. Further more insurance claims and restructuring costs based on these factors may also be included in the estimation of these factors. Management should consider whether any of its contracts have become onerous. The same should be accounted for as per Ind AS.

#### **Events after the Reporting Period (Ind AS 10)**

The going concern principle is the assumption that an entity will remain in business for the foreseeable future. Conversely, this means the entity will not be forced to halt operations and liquidate its assets in the near term at what may be very low fire-sale prices. The financial statements are normally prepared under this assumption. Disclosures about the possible impacts on the entity's ability to continue robust operations in the future need to be made. Decisions of the management such as intention to cease trade or liquidate the entity etc. need to be disclosed. Management of the entity should assess the impact of COVID-19 and the measures taken on its ability to continue as a going concern.

#### **Income Taxes (Ind AS 12)**

The future profits of companies may be in jeopardy owing to the COVID-19, the deferred tax liabilities may be reduced, deferred tax assets may require reassessment of forecasted profits etc. Plans to distribute profits from subsidiaries and recognition of deferred tax liability might require reconsideration by management.

#### **Measures Introduced by the Reserve Bank of India**

##### **1. Liquidity Management**

The RBI has undertaken measures to target liquidity provision to sectors and entities which are

experiencing liquidity constraints and/or hindrances to market access. Long term repo operations (LTROs) to ensure adequate liquidity at the longer end of the yield curve, exemptions from the cash reserve ratio for the equivalent of incremental credit disbursed by banks as loans in certain select areas/segments and targeted LTROs or TLTROs fall in this class of sector-specific measures.

##### **a. Targeted Long Term Repos Operations (TLTROs)**

In order to mitigate their adverse effects on economic activity leading to pressures on cash flows, it has been decided that the Reserve Bank will conduct auctions of targeted term repos of up to three years tenor of appropriate sizes for a total amount of up to ₹1,00,000 crore at a floating rate linked to the policy repo rate.

Liquidity availed under the scheme by banks has to be deployed in investment grade corporate bonds, commercial paper, and non-convertible debentures over and above the outstanding level of their investments in these bonds as on March 27, 2020.

##### **b. Cash Reserve Ratio**

As a one-time measure to help banks tide over the disruption caused by COVID-19, it has been decided to reduce the cash reserve ratio (CRR) of all banks by 100 basis points to 3.0 per cent of net demand and time liabilities (NDTL) with effect from the reporting fortnight beginning March 28, 2020. This reduction in the CRR would release primary liquidity of about ₹1,37,000 crore uniformly across the banking system in proportion to liabilities of constituents rather than in relation to holdings of excess SLR.

##### **c. Marginal Standing Facility**

Under the marginal standing facility (MSF), banks can borrow overnight at their discretion by dipping up to 2 per cent into the Statutory Liquidity Ratio (SLR). In view of the exceptionally high volatility in domestic financial markets which bring in phases of liquidity stress and to provide comfort to the banking system, it has been decided to increase the limit of 2 per cent to 3 per cent with immediate effect. This measure will be applicable up to June 30, 2020. This is intended to provide comfort to the banking system by allowing it to avail an additional ₹1,37,000 crore of liquidity under the LAF window in times of stress at the reduced MSF rate announced in the MPC's resolution.

The combined effect of the above 3 resolutions is estimated to inject ₹3.74 lakh crore to the system.

##### **2. Regulation and Supervision**

##### **a. Moratorium on Term Loans**

All commercial banks, co-operative banks, all-India Financial Institutions, and NBFCs are being permitted to allow a moratorium of three months on payment of instalments in respect of all term loans outstanding as on March 1, 2020. Accordingly, the repayment schedule and all subsequent due dates, as also the tenor for such loans, may be shifted across the board by three months.

## b. Deferment of Interest on Working Capital Facilities

In respect of working capital facilities sanctioned in the form of cash credit/overdraft, lending institutions are being permitted to allow a deferment of three months on payment of interest in respect of all such facilities outstanding as on March 1, 2020. The accumulated interest for the period will be paid after the expiry of the deferment period.

## c. Easing of Working Capital Financing

In respect of working capital facilities sanctioned in the form of cash credit/overdraft, lending institutions may recalculate drawing power by reducing margins and/or by reassessing the working capital cycle for the borrowers. Such changes in credit terms permitted to the borrowers to specifically tide over the economic fallout from COVID-19 will not be treated as concessions granted due to financial difficulties of the borrower, and consequently, will not result in asset classification downgrade.

## 3. Financial Markets

SEBI has initiated various steps to curb volatility and protect the interests of the investors by putting restrictions on short selling, imposing additional margins on certain stocks and position limits. The trading hours in money market and commodity derivative markets has been reduced. Additionally, the timelines for various regulatory filings and compliances has been relaxed so as to provide listed companies adequate time to comply in the face of lock down. Some of the measures are outlined below.

### a. Permitting Banks to Deal in Offshore Non-Deliverable Rupee Derivative Markets

It has been decided, in consultation with the Government, to permit banks in India which operate International Financial Services Centre (IFSC) Banking Units (IBUs) to participate in the NDF market with effect from June 1, 2020.

Moreover, RBI has decided to undertake 6-month US Dollar sell/buy swaps, for \$2 billion, to provide ease of availability of US dollars and provide liquidity to the Foreign Exchange market. This will impact Authorised Dealers (ADs) Category 1 banks and they will be able to participate in the auction. These banks

will be exempted from the ISDA requirements for these swaps.

## Relaxation Norms by the Securities and Exchange Board of India (SEBI)

1. Extended timelines for processing of rematerialization and transmission requests
2. Grant temporary relaxations from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the listed companies in relation to their quarterly/annual filings for the quarter/financial year ending on 31 March 2020.
3. Revised the timelines for Issue of duplicate share certificate
4. Extended the timelines for Name deletion/ change/transposition/ pending share transfer
5. Extended the timelines for Consolidation/ Split/ Replacement of share certificates and amalgamation folios
6. Extended the timelines for Investor correspondences and complaints
7. Extended the timelines for Submission of half yearly report to SEBI
8. Extended the timelines for Submission of Compliance reports by QRTAs duly reviewed by Board

These above mentioned relaxation norms are expected to ease the qualms of businesses in technical difficulties faced during the current pandemic. The final presentation of financials will also undergo significant changes as necessitated by the accounting disclosures and hence would be more effective under the revised timelines. A combined holistic view of the stimulus packages by RBI, revised disclosures and extended timelines would ensure more robust and realistic presentation of facts in light of the unexpected chain of events grappling the world today. **IMA**

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## Disclaimer:

All the views expressed in the article are the authors' independent personal opinion and not the organizations' they represent

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# IMPACT OF CORONAVIRUS IN PREPARATION OF CORPORATE ACCOUNTS AND THE ROLE OF CMAs

## Abstract

*The impact of the pandemic Covid-19 on the world economy, financial markets and business operation of the companies in both manufacturing and service sectors are phenomenal all over the globe. Nobody knows when this devastation will be over. With the deaths of millions of people all around the world caused by this deadly virus all nations including India will have to seriously reassess and reallocate the budgetary resources for medical, public healthcare, R & D and social security which has been neglected so far.*

*This Article has made an attempt to highlight some of the areas where there is a need for reassessment, revaluation and modification to be made by the CMAs in preparing Annual Accounts for the year 2019-20 as also the role of Cost Auditors in this regard.*



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## Introduction

**T**he Coronavirus (Covid-19) has created havoc in the entire world. The devastating effect of this virus has already claimed deaths of millions of people in almost all countries. This unknown contaminated disease originated from China has been so dangerous that no countries in the world were prepared medically to combat it, especially the developed nations like United States of America, whole of Europe in which several thousand people were died by its devastating effect. India is also no exception although the full impact of this disease has yet to come. All countries including India are under lockdown and are

maintaining Social Distance to stall the spread of this deadly disease.

In this difficult environment, the regulatory bodies in India have initiated providing several relief measures and guidelines for easing out the impact of COVID 19. On the financial and compliance front, announcements have been made by the Central Government and the regulatory bodies to overcome the financial crisis being faced due to lockdown such as deferment of statutory due dates or relaxation in payment of term loan, EMIs etc. The Government had deferred the applicability of CARO 2020 by one year and SEBI has also extended the time-line to publish financial results for quarter and year ending 31st March 2020. The Reserve Bank of India (RBI) also responded to the coronavirus-induced crisis with a whopping 75 basis points cut in the repo rate, bringing it down to 4.4 per cent. The central bank also cut the cash reserve ratio or CRR by 100 basis points to 3 per cent with effect from March 28, thereby unlocking Rs 1.37 lakh crore primary liquidity in the banking system. The reverse repo rate, too, was lowered by 115 basis points, bringing it down to 3.75%. All these proactive measures have been widely appreciated in this crisis period.

In this critical situation it is expected that our Profession should also come forward with certain guidelines to take care by the companies, especially manufacturing companies while preparing their financial and cost statements for the accounting year 2019-20. Similarly our members employed in various such companies in different positions and the Cost Auditors have also to discharge certain additional responsibilities while preparing the financial and cost statements and their audits.

Let us discuss some of the areas where the CMAs working in financial and management accounting discipline should take into account the impact of Covid-19 while preparing annual accounts and statements for the purpose of audit.

### 1. Valuation of Inventories

Inventories consist of 3 items viz. materials, work-in-progress and finished goods. It may so happen that all these inventories would have piled up during the lockdown period. It is needless to mention that supply chain has stopped functioning. The quality of some of the raw materials would have been deteriorated. The work-in progress items might have been spoiled or wasted due to expiry of time for further conversion to the finished products. It would have happened especially in Paints, Chemical, Fertilizer, Pharmaceutical Companies, etc. Same fate would have occurred with finished goods. This will require the CMAs to examine the need for appropriate valuation of inventories and take pragmatic decision. However, the value of all spoiled and unusable inventories including all direct / indirect expenses related to these inventories will have to be charged off to the Profit & Loss Account.

### 2. Physical Verification of Inventories and Cash

In most of the cases it has not been possible for the companies to conduct physical verification of inventories and the Cash in hand on 31<sup>st</sup> March, 2020 which was within the lockdown period. In such case an alternative method which is acceptable to the company and the auditors has to be adopted to ensure arriving at correct physical balance of inventories and cash balance as on that date.

### 3. Labour Cost

In the lockdown period the monthly salaried employees in the responsible positions are working from home. Other employees and the workers are not in a position to work. Similarly the contractual employees and labourers are sitting idle at home during this period. As per central government's directive, no pay cut by the employers will be allowed. Since the employees and labourers directly connected with the production activities would be getting their salaries and wages in the lockdown period, the entire labour cost incurred for this period would be charged off to the Profit & Loss Account.

### 4. Overhead Expenses

During the period of lockdown, the production, administrative, and selling & distribution activities must have been suspended. Therefore, all such expenditures in this period, being the abnormal expenditures, would be charged off to the Profit & Loss Account.

### 5. Fixed Assets

It is obvious that the factories are closed and all production activities have been stopped during the lockdown period. Therefore, the plant and machineries are kept idle. There are some machines the depreciation of which is more as compared to the normal depreciation while they are kept in idle. Therefore, the CMAs should reassess whether there is any change required in the useful life / residual life of such plants and machines. In any case, the depreciation during this period would have to be charged off to the Profit & Loss Account.

### 6. Valuation Of Investments

During this period the bourses are subdued and current market sentiments are not the true reflections of the market price of the securities. Therefore, it will not be proper to take valuation of the financial investments in securities based on the market price as on 31<sup>st</sup> March, 2020. However, a pragmatic decision should be taken while considering the valuation of financial assets at the year end.

### 7. Cost of Borrowing for Projects

The construction work of the projects must have been

suspended by the companies during the lockdown period. It may happen that the companies might have incurred the borrowing costs during this period. Such costs as well as the cost of labourers and the overheads etc. incurred for the projects in the lockdown period should be charged off to the Profit & Loss Account as these costs should not be regarded as the cost of the projects under construction.

#### **8. Trade Debtors – Provisions**

During the lockdown period it is natural that there will be no economic activity in the country. It is obvious that Year-end outstanding trade receivables would certainly rise due to liquidity constraint being faced by the customers in releasing the over-due payments. In such situation there is a need for the CMAs to estimate and provide for more bad debts and expected doubtful debts.

#### **9. Assessment of Turnover**

Assessment of turnover is a critical exercise for the management of a company in the lockdown period. Heavy discounts, both cash and trade, might have been allowed to the customers in anxiety of liquidating the critical finished stocks due to the demand slowdown. Therefore, the CMAs have to critically identify such stocks and reassess the expected turnover accordingly with due consideration of total discounts to be allowed.

#### **10. Revision of Operation Budgets and Budgetary Control**

It is no denying the fact that this pandemic Covid-19 has caused total disruption in the normal operations of business. It is therefore imperative for the CMAs to make revision of all operation budgets, Cash budgets, Working Capital budget, Cash Flow and Fund Flow Statements etc. for the future months after taking a pragmatic view of the current lockdown situation.

#### **11. Reassessment of Risk**

In this extraordinary situation every business organisation right from a small proprietary business to the giant corporate house has been exposed to tremendous risks and uncertainties. The Risk Management Committee of a company has a bigger role & responsibility in this regard. This committee must reassess the business risk, financial risk, operational risk, market risk, liquidity risk, credit risk etc. and come out with a detailed report on the impact of Covid-19 on each of this risks-item by item. The committee shall also offer concrete suggestions / proposals to the board of directors for its immediate actions how to mitigate these risks and salvage the company in this crisis period.

#### **12. Reporting of Risks and Uncertainties and The Action taken**

Keeping stakeholder's interest into consideration, a separate report should be prepared by the board of directors detailing out the impact of this pandemic on each operation of the business of the company and its financial impact on each of them. The report also shall specifically disclose the risks and uncertainties and the actions taken by the company on each area of the business to combat the risks and ensure steady cash flow, financial performance and continuity of business in this extraordinary situation. This report shall be signed by the CMD/MD and CFO and appended in the Annual Report of the company for the financial year 2019-20 and its website.

#### **Role of Cost Auditors**

In this critical period in which the world economy is reeling under distress, the roles and responsibilities of the cost auditors are no less important than the CMAs working in various positions of the companies. Under the current circumstances, auditors must recognise that the manner in which they used to conduct the audits in the past may need significant changes to address the challenges and uncertainties arising out of the impact of COVID-19. Therefore, the auditors should exercise a very high degree of skepticism and be prepared to call for further explanation where the explanations provided by the management of the company is not adequately justified under the various scenarios and level of uncertainty specific to the company's operations.

There should not be any dilution or non-compliance with the cost audit standards in carrying out the audits despite the challenges and uncertainties. If the auditors are unable to obtain sufficient and appropriate audit evidence, they must disclose the same in the audit report. Alternate audit procedures should be applied to satisfy the assertions as at balance sheet date. Additionally, auditors may draw attention in their report for relying on the key management estimates and assumptions.

#### **Conclusion**

The impact of the pandemic Covid-19 on the world economy, financial markets and business operations of the companies in both manufacturing and service sectors are phenomenal all over the globe. Nobody knows when this devastation will be over. Under this circumstance, the time has come to reassess and re-evaluate our potentials and accept the challenge to combat and win over this crisis. With the deaths of millions of people all around the world caused by this deadly virus all nations including India will have to seriously reassess and reallocate the budgetary resources for medical, public healthcare, R & D and social security which has been neglected so far. From this perspective, our CMAs have to come forward and take the lead from the front in winning over the current crisis. **MA**

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# COVID-19 ITS IMPACT AND OPPORTUNITY FOR INDIAN ECONOMY



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## Abstract

*Every fall in the economy can be seen as a new opportunity. The spread of pandemic by Corona virus has made a huge disruption in economic activities, resulted the biggest loss to the global economy in a small period of time. The silver lining of Covid-19 is that it has generated a huge demand of personal hygienic and protective equipment world over. Also there is a high demand of paramedical and cleaning staff. Government quick and pro-active measure may be a game changer for Indian economy.*

### Impact of Covid-19

Corona has made a huge impact round the globe within a very short span of time. No economy, no person, no corporate, no product in fact nothing spare by pandemic of novel corona virus originated in Wuhan province of China in late 2019. Its massive and fast spread all over the world, has compelled the think-tank busy round the clock to find some quick innovative solution at present and also to cope up future conditions as well.

Our discussion, here, is limited to its impact on economy, resulting an opening a new era in world economy where India can play a leading role.

The large number of economic activities, like education, travelling, entertainment, games and sports, tourism, religious, non-religious, political and apolitical meetings and gatherings stopped unexpectedly by the outbreak of Corona virus. People across the world are bound to start thinking on healthcare, lifestyle, food habits, sanitisation, cleaning, social distance maintaining, thank god the advancement in technology make it feasible to a large extent. It seems that the biggest victim of corona virus is the economy, i.e., the livelihood of the people and not the life of people.

Transport sectors irrespective of its nature land, water or air are badly hit by Corona lockdown and other precautionary measures taken by Government. Some of the small operators are already facing cash crunch and may hard hit of bankruptcy in the coming days.

Second big hit of lockdown is hotel industry which has been struggling of slowdown for quite sometime. Big business may turn around with some initial difficulties but the smaller may face difficulties in terms of financial, operational in restarting the operations. Tourism sector which are complimentary to hotel industry is cent percent closed sector and is not seeing re-opening within a quarter or two. The entertainment industry in the form of film industry, small-screen industry, event organising is also following the similar fate. The unemployment de-generated in these sectors is a big concern to the economy.

The restaurant and fast food sector is another big hit of Corona lockdown. The sector is not seen to revive in the near future and has de-generated unemployment for all its employers, employees and suppliers associated with.

A large number of industries are closed under lockdown resulting productions closure, many of them need long time to restart. So a possibility is that there will be a demand – supply gap will cause price rise.

The auto sector has been passing under hard time has now facing a big burnt. Its ancillary industries considered to be a good employment generating, enters into a very grim situation.

Similar condition is noted in realty sector. This sector is also high employment- generating. But the revival of this sector will be a long drawn story in the present scenario.

Though the essential commodities like, food grains, milk, medicine, LPG, vegetables etc. are kept away from lockdown but due to disruption in supply chain make it vulnerable to consumers, farmers and SMEs.

Government need a huge planning to deal with the unusual economic condition along with health care to make it stabilized in a year or two.

### Opportunity for Indian Economy

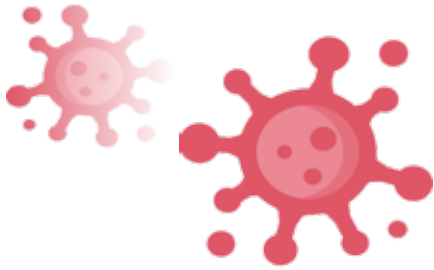
Every fall in the economy can be seen as a new opportunity. A large number of workers have lost their job due to economic lockdown. So a big opportunity in India for labour intensive industries is to expand and exploit the world market. Covid -19 has generated a huge demand of personal hygienic and protective equipment world over. Also there is a high demand of paramedical and cleaning staff. Government is expected to make some reformative measure so that industries working in this sector can expand and also new enterprise may come out.

Pro- environment machineries and equipment those which control or reduce pollution will be at higher demand in the coming days and Indian industries can take this as an opportunity. Some drugs produced by Indian Pharmaceutical industries are already at higher global demand after the outbreak.

More global demand will come out for essential goods as production and supply chain in some developed countries are badly disrupted. More manpower demand will be generated in service sector relating to healthcare. Government need to come out with training and skill development in this sector which can be a large employment generating sector for India.

China is the country from where corona virus originated and the way they have dealt the issue internationally, at the initial stage of its spread, is under suspicion globally. China may have to bear the burden of international loss in the form of export loss in future. This can be seen as an opportunity for Indian industries to flourish their business globally. **MA**

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# COVID19 DIVERGENT EFFECT ON INDIAN ECONOMY AND ROLE OF GoI



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## Abstract

*I would like to depict the effect of the pandemic COVID 19 effect on the Indian economy .I analysis the general effect on business organizations .Generally due to sudden complete lock down the activity of all organizations had stuck like production and consequently shortage of supply ,marketing for this labour's insecurity feelings for losing of their jobs in private sector and*

*unorganized sector and also breaking the supply chain ,insufficient funding etc leads to increase in inflation and ultimately reach towards global recession . I also try to analyse this effect on different Sectors. Like Poultry sector was suffering from demand crunch, real estate sector was suffering from cash crunch ,aviation sector has to be borne huge fixed cost, tourism ,hotel & restaurant have to bound to close down their activity completely and other sector like gems & jewelers, financial sector and automobile sectors were also suffering a lots during the period of lock down due to pandemic COVID 19 crisis.*

*I try to describe the Actions has been taken by Central Government with consultation of all state Governments to fight against this COVID19 crisis. Major actions taken by government to minimize the hardship of the common people specially poorer section of people by distributing free ration, Direct fund transfer to marginal section of people by allowing moratorium period for 3 months of all the lenders of PSBs. Government also give some relaxation of the corporate and non corporate by amending different laws like Income Tax Act, 1961, ST Law, Companies Act 2013, Insolvency & Bankruptcy code 2016. Moreover government announced different schemes to give the benefit of different categories of people.*



## Introduction:

When the virus emerged, it was known as a ‘novel’ strain of Coronavirus family. Scientists gave the strain an interim name of 2019-nCoV, according for the year of discovery, its status as a “novel” virus., and its family name (CoV). COVID-19 stands for corona virus disease 2019 as named by World Health Organisation (WHO).The outbreak of COVID-19 will create major crisis broadly in every sector like Financial, Manufacturing and Service sectors and will have to go in a situation of Economic Hardship of every people in different spheres of our country. Day by day this crisis became global financial crisis. The Central Government along with State Governments have taken correct steps to breakdown the chain of this deadly disease and declared “Janata Curfew” and subsequently declared complete lock down. There is no way other than lockdown of entire system except some emergency services in order to protect our self in this pandemic situation .So we have to go through a hardship period now.

## General Effects of COVID 19:

### » Consumers:

Consumers are key aspect of any business organization. Due to this turmoil situation the products are not available to consumers. Hence there is a decrease in consumer confidence and as a result reducing the consumption level.

### » Employees:

Employees feel insecure about their jobs and feel unsafe at the current time. So their productivity will also reduce.

### » Supply chain management:

Supply chain management is important because it increase competitiveness and customer satisfaction. It plays an integral part of an organization’s success .It helps to deliver goods to the end users as per their requirement and timely. Disruption of the same will lead to modify its business continuity plans. Some sectors like automobile, pharmaceuticals, electronic, chemical products facing acute problem of shortage of raw material and components. This will hamper the production schedule of the manufacturers.

### » Manufacturers:

Manufacturers allow some work which can be done by staying at home i.e “work from home” for some departments like Accounts but departments like quality control, assembling and other department s which require direct interaction with production to be done at shop floor .

### » Global recession:

As this pandemic COVID 19 disrupts overall

economy globally, Global recession has already started. Stock Markets of various countries already crashed by fall in security prices of various blue chip companies. Money supply has gone downward in financial market.

### » Failure in Decision Making:

No information available previously with the organization in this situation, so they have to change and shift the activities frequently to cope up with the present situation.

### » Crisis Management:

Communication is key tools of Crisis management. Cyber security is also a key part of crisis management, because it is very vulnerable in nature. Cyber protections should be strengthen because of rising cyber attacks aimed at exploiting the crisis. COVID-19 effect is an unknown element so organizations have no first hand experience to combat with this situation.

### » Difficulty in funding:

Due to lockdown money supply of the consumers will go down. People’s purchasing power reduces gradually and most of the organizations either completely closed and few are partially running, shares prices trends and Mutual fund’s NAV go down ward trend .So Investors do not accept to take risk of investment at this market turmoil situation.

### » Impact of inflation:

In this situation there is a temporary shortage of supply of essential commodities due to risk averse consumer purchase abandon commodities though it is perhaps not required for them, with a fear that if not available at future . So the supply of commodities are less than demand, certainly price will rise.

### » Impact of tax:

Tax structure will be changed due to outbreak of COVID19 . Industries have to be relocated the production units where COVID 19 had seriously out broken. Expenditure have to be incurred for safety and health of employees, wages or salary to be paid to the employees for lockdown period when they are absent , reallocation order to new suppliers for procurement of goods. So considering these factors and the different taxes and levies ,new tax structure have to be calculated.

### » Impact of loss on profit:

Due to lockdown situation small, micro and medium enterprise suffer loss of profit due to close down of those units.

» **Daily wage earners in unorganized Sector:**

Daily wage earners will suffer from financial struggle to arrange their day to day primary requirements as complete lockdown of severe COVID19.

**Sector specific effect of COVID 19**

» **Agriculture & Food Processing**

Agriculture and related activities sector is likely to be adversely affected by the COVID 19 crisis. Truly poultry sector is already being affected severely. The poultry sector which is the fastest growing subsector of India agriculture eco-system and where the country has created a foothold at the global level (India is the third largest producer of eggs and fifth largest producer of broilers) is already facing losses to the tune of 150-200 crore each day. The social media has been spreading misinformation by correlating COVID 19 infection to consumption of meat and poultry products. This has caused enormous destruction in demand for poultry products and the prices realized by farmers have crashed to Rs 10-15 per kg – whilst the production cost of about Rs 70 - 80 per kg.

» **Real estate sector:**

This sector is already facing financial crunch due to shortage of money supply in the hand of consumer of residential estate, in addition to outbreak of COVID 19 further adversely affected to this sector. Real Estate Developers have to be cut down their execution activities due to further decline of cash flow considering as short term. But if the effects will continue in longer period, its impact will be deeper in overall economy in the country. Due to lock down site visit by the consumers will stop. Collection will also adversely affected for delay of mile stone payment for those customer who already booked, due to shortage of cash .

» **Aviation Sector:**

Indian aviation sector is projected to incur a staggering USD 3.3-3.6 billion loss in the first quarter of the next financial year if flight services remain grounded till June-end, according CAPA report. the loss for the sector is anticipated to be at current exchange rates, the amount translates to around Rs 25,000 to 27,000 crore.

It is one of the worst effected sectors during COVID19 crisis. Generally in April to June quarter is a stronger business quarter of Indian aviation sector. As per the Order of Central Government lockdown till 15<sup>th</sup> April for COVID 19 crisis, so it adversely affect the revenue in the 1st quarter of Civil aviation sector.

» **Hospitality, Hotel, Tourism Sector:**

Some of the worst-hit sectors include - restaurant industry, travel and tourism and the coming days do not look sunny.

The restaurant business stands at an estimated 4, 23,865 crores. As much as 50 per cent of this will vanish if the number of Corona virus cases continues to rise in the country. The tourism sector too has been in the doldrums, given the global scenario. Layoffs were inevitable both tourism and restaurant sectors due to cash crunch. Presently, 40- 50 per cent of the restaurants have been hit and if the lockdown continues then the situation was bound to get worse.

» **Gems and Jewellery Sector:**

The gem and jewellery industry heavily depends on trade and a severe fall in exports has brought the industry to a standstill. The high gold prices in recent months have kept the demand low, the current lockdown has forced them to shut their shops. This will hit the industry's performance in the current quarter, and may also show spillover effects in the first half of the coming fiscal year. Concerns about the virus have seen the local gem and jewellery sector come to a halt with virtually no footfall in stores and many jewelers shutting shops located in malls and shopping complexes.

» **Automobile Sector:**

Due to COVID 19 CRISIS , scarcity of raw materials and spare parts leads to lower production in addition to lock down for arresting COVID 19 as per Government Order. It will effect in absent of labours. So the organization has to bear the fixed cost without production .which leads to loss in near future. If Covid19 effect continues long duration then small production unit will have to shut down.

» **Financial Sector:**

The outbreak of COVID 19 will adversely affect the operating profit of the financial sector. The quality of credit will deteriorated day by day due to lockdown for serious aggravation of Corona virus .The repayment capacity of the borrower will decrease for middle class people.

Other challenge to be handled by the financial institution is to maintain liquidity in the market. Due to volatility in market the Expected credit loss will increase. Moreover due to volatility of capital market, financial institution should reassessed its financial portfolio cautiously. Financial institutions already suffer due to decrease in interest rate. If further decline of interest rate by authority due to COVID 19 crisis it will adversely affected the profitability.

Physical supply chains are far less significant for Financial sector Institutions than for companies in other sectors. But, these companies certainly finance clients that are affected by production and distribution interruptions. Financial sector Institutions themselves rely heavily on a network of interrelated vendors and this has increased with the advent of FinTech.

Virtually every aspect of modern Financial sector Institutions now depends on the availability of third parties, such as credit card processing networks, lockbox operators, clearing houses and depositories.

In order to fight against this pandemic situation for COVID19 government of India consultation with different State Government has been taken different to minimize the hard ship of the individual, Corporate and others to take some breath and try to overcome the financial crisis rigorously faced by them. Our Hon'ble Finance Minister M/S Nirmala Sitharaman in a Press conference announced different relaxations in Statutory Compliances and regulatory Compliances, these are synopsis for the same given below:

## Income Tax:

- » Income tax Return filing date extended up to 30<sup>th</sup> June,2020& interest rate u/s 234B is 0.75%pm.
- » Aadhar –PAN linking last date extended to 30<sup>th</sup> June,2020.
- » No penalty will be levied only interest will be levied 9% instead of 18%. on delay in deposit of TDS .
- » In the FY2019-20, income is taxable till 31<sup>st</sup> March only and not up to 30<sup>th</sup> June2020, i.e for taxability of income Financial year is considered till 31<sup>st</sup> March 2020 only.
- » Deductions under 80C, 80D etc can be claimed by investing till 30<sup>th</sup> June2020.
- » New LIC, Mediclaim, PPF, NPS etc taken till 30<sup>th</sup> June will be eligible for FY2019-20.
- » Payment of Premium of old policies of LIC Mediclaim, PPF ,NPS etc. due up to 31<sup>st</sup> March also eligible for deduction in FY 2019-20 if paid within 30<sup>th</sup> June,2020.
- » Interest on housing loan is eligible for deduction on accrual basis so interest accrued till 31<sup>st</sup> March,2020 will be eligible for deduction in FY2019-20.However installments due up to 31<sup>st</sup> March can be claimed as deduction even if paid till 30<sup>th</sup> June 2020.
- » All investments for roll over benefit of Capital gains under Income tax Act 1961,Prohibition of Property Transfer Act Black Money Act, Security Transaction Act, Equalisation Levy law extended up to 30<sup>th</sup> June 2020.
- » 'Vivaad Se Biswas' Scheme for settlement of tax dispute which had ended on 31<sup>st</sup> March2020 can be settled upto 30<sup>th</sup> June2020 without payment of addition 10%amount.
- » No late fees/fine will be charged for delay in payment from now and up to 30<sup>th</sup> June 2020.

## Goods & Service Tax

- » Last date for filing GSTR 3B for March, April and May 2020 extended to 30<sup>th</sup> June 2020
- » Composition returns extended to 30<sup>th</sup> June 2020. Moreover last date of payment of March 2020 Quarter

and filing of return of composite scheme extend up to 30<sup>th</sup> June,2020.

- » Companies less than 5 crores turnover, no interest, late fees or penalty to be charged. But for any delayed payment made between March 2020 and June 2020, reduced interest @9% will be charged for this period.
- » Companies having Turnover above 5 crores , no late fees and penalty have to be charged.
- » Payment date under Sabka Vishwas Scheme shall be extended to June 30, 2020. No interest for this period shall be charged if paid by June 30, 2020.
- » Due date for issue of notice, notification, approval order, sanction order, filing of appeal, furnishing of return, statements, applications, reports, any other documents, time limit for any compliance under the GST laws where the time limit is expiring between March 31, 2020 extended to June 30,2020 .

## Insolvency and Bankruptcy Code

- » Threshold limit for default extended to 1 Crore in order to prevent insolvency proceeding against MSME Insolvency and bankruptcy code .
- » Government has considered to suspend Sec 7,9 and 10 of IBC at a later stage if this current situation continues for six months

## Customs Act

- » Due date for Issue of notice intimation, notification, approval order, sanction order, filing of appeal, furnishing of returns, return statement, applications, reports, any other documents and any compliance by taxpayer where the time limit is expiring between March 31<sup>st</sup> , 2020 to June 29<sup>th</sup>, 2020 shall be extended to June 30<sup>th</sup>, 2020.

## Companies Act

Ministry of Corporate Affairs in view of COVID-19 has been taken following measures

- » No additional fees shall be charged for late filing during a moratorium period from 01st April to 30th September 2020, in respect of any document, return, statement etc., required to be filed in the MCA-21 Registry, irrespective of its due date, which will not only reduce the compliance burden, including financial burden of companies/ LLPs at large, but also enable long-standing noncompliant companies/ LLPs to make a 'fresh start'. The Circulars specifying detailed requirements in this regard are being issued separately.
- » The mandatory requirement of holding meetings of the Board of the companies within prescribed interval provided in the Companies Act (120 days), 2013, shall be extended by a period of 60 days till next two quarters i.e., till September 30<sup>th</sup>,2020.
- » The Companies (Auditor's Report) Order,2020 shall

be made applicable from the financial year 2020-2021 instead of being applicable from the financial year 2019- 2020 notified earlier. This will significantly ease the burden on companies & their auditors for the financial year 2019-20.

- » As per Para VII (1) of Schedule IV to the CA-13, Independent Directors (IDs) are required to hold at least one meeting without the attendance of Non-independent directors and members of management. For the financial year 2019-20, if the IDs of a company have not been able to hold such a meeting, the same shall not be viewed as a violation. The IDs, however, may share their views amongst themselves through telephone or e-mail or any other mode of communication, if they deem it to be necessary.
- » Requirement under section 73(2)(c) of CA-13 to create the deposit repayment reserve of 20% of deposits maturing during the financial year 2020-21 before 30th April 2020 shall be allowed to be complied with till 30th June 2020.
- » Requirement under rule 18 of the Companies (Share Capital & Debentures) Rules, 2014 to invest or deposit at least 15% of amount of debentures maturing in specified methods of investments or deposits before 30th April 2020, may be complied with till 30th June 2020.
- » Newly incorporated companies are required to file a declaration for Commencement of Business within '180 days of incorporation under section 10A of the CA-13. An additional period of 180 more days is allowed for this compliance.
- » Non-compliance of minimum residency in India for a period of at least 182 days by at least one director of every company, under Section 149 of the Companies Act, shall not be treated as a violation for 2019-20
- » MCA has issued Companies Affirmation of Readiness towards COVID-19 Form (CAR) which is a simple web form with minimum field and which can be filed from anywhere. There is no requirement of DSC and does not involve payment of any fee. Companies/LLPs have been advised to use the service w.e.f 23rd March 2020 onwards at the earliest convenience. Stakeholders have been requested to please note that there is no fee applicable for FORM CAR
- » Considering the need to take precautionary steps to overcome the outbreak of the coronavirus (Covid-19), the Government has in-principle decided to relax the requirement of holding Board meetings with physical presence of directors under section 173 (2) r/w rule 4 of the Companies (Meetings of Board and its Powers) Rules, 2014 for approval of the annual financial statements, Board's report, etc. Such meetings may till 30th June, 2020 be held through video conferencing or other audio visual means by duly ensuring compliance of rule 3 of the said rules.
- » Sensitization of Nidhi companies towards compliance of provisions of section 406 of Companies Act,

2013 and Nidhi Rules, 2014 as amended vide Nidhi (Amendment) Rules, 2019 w.e.f 15.08.2019 and general public to invest in genuine and compliant Nidhis only.

- » MCA please be informed that in view of present total lockdown imposed on transport and people movement by the Government, availability of MCA21 Voice and Ticketing Helpdesk services would not be available till further notice..
- » View Public Document (VPD) requests would be disabled till 31st March 2020.
- » Spending of CSR funds for COVID- 19 is eligible CSR Activity. Funds may be spent for various activities related to COVID- 19 related to health care including preventive health care and sanitation, and, disaster management.
- » **Financial Relief**
- \* Relief from minimum balance fees charged by banks.
- \* Increase in moratorium period of 3 months for any borrowing ( CC,OD,Term Loan, WC Loan & other Personal Loans).. Moreover during this period of moratorium this borrowing will not be considered NPA by the bank as per prudential norms of RBI.
- \* Debit card can be using to any Bank's ATM and any number of time without any charge for 3 months.
- \* Bank charges to be reduced for digital trade.

The Government of India more over announces some relief packages ie PM Garib Kalyan Scheme worth Rs.1.7 lakhs crores for the poor people, workers and those need immediate help to fight financial stress for COVID19 Crisis. These are given below:

### FOOD:

- » PM Garib Kalyan Anna Yojana will cover 80 crore poor people. Each one will get free 5 kg of rice and wheat additional to the current 5kg allocation for next 3 months.
- » Every household will get 1 kg of preferred pulse free for the next 3 months . This can be availed in two installments.

### Direct Benefit Transfer

- » Eight specific announcements being made, largely covered by DBT and including farmers, MNREGA, poor widows, pensioners and divyaang, women with Jan Dhan Yojana, women covered by Ujwala scheme, women in self help groups covered by livelihood missions. Organised sector workers – registered with EPFO, Construction workers. Last, those under district mineral fund coverage.

### Specific Benefit:

- » Farmers to get first installment of PM Kisan frontloaded. To benefit 8.69 crore farmers .

- » Wage increase in MNREGA from Rs 182 to Rs 202. To benefit 5 crore families, each worker will get additional Rs 2,000
- » 3 crore poor senior citizens, widows, disabled to get one-time ex-gratia amount of Rs 1,000 in two installments .
- » 20 crores women Jan Dhan account holders will get an ex gratia amount of Rs 500 for 3 months,
- » Women in 8.3 crore BPL families covered under Ujwala scheme will get free cylinders for 3 months.
- » Doubling collateral free loan amount to Rs 20 lakh for women in self help groups. 7 crore households to benefit through 63 lakh SHGs.
- » Government will pay EPF contribution for employer plus employee for 3 months. For those establishments which have up to 100 employees and 90 percent employees earn less than Rs 15,000 pm. Total benefit 80 lakh workers.
- » PF Scheme regulations to be amended to allow non-refundable advance of 75 percent of amount in account or 3 months of wages – whichever is lower. To benefit 4.8 crore workers.
- » To direct state government to utilise Rs 31,000 crore funds in construction welfare fund to support 3.5 crore construction sector workers.
- » To use district mineral welfare fund to fund for medical testing, screening ect.

### Conclusions:

During the war footing situation all people should aware about the severity of the economic effect of COVID 19. we should abide by the government order and participate the activities to fight this crucial situation jointly raising our hand with Government. Over and above many NGOs, clubs

and other individuals and Corporate as much as possible contributing to our country to get rid of this financial crunch for COVID 19 crisis. The steps taken by the Government is in the right direction. In these black days we should be with the Government without any political or racial discrimination so that in one morning we all see our country is free from economic recession after COVID19 crisis. **MA**

**“WE SHALL OVERCOME BLACK DAYS (COVID 19 CRISIS DAY) AT AN EARLIEST”.**

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### Kind Attention !!!

**Dear Students,**

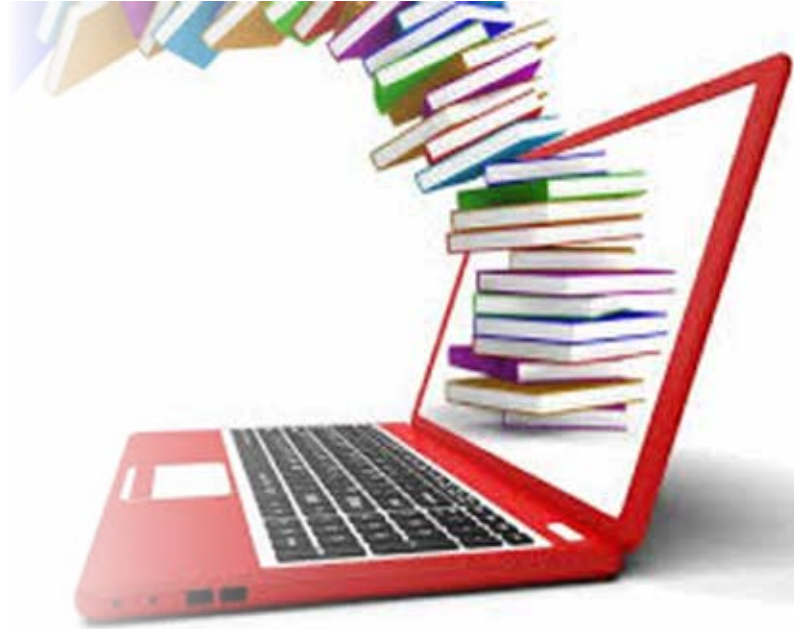
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# ONLINE EDUCATION IN THE LIGHT OF DRAFT NATIONAL EDUCATION POLICY

## Abstract

*Online education or e-learning is the need of the hour. Due to the advent of Internet and IT enabled services whole education system in India is undergoing a transitional phase and increasingly getting a different shape which was completely unknown to our predecessors only a few decades back. Traditional classroom based education system has taken a back-seat and has been gradually replaced by an e-learning system having no geographical barrier.*

*To address those issues, we have thoroughly scanned Draft National Education Policy – 2019 in the light of Online Education. It is explicitly revealed that major thrust has been given in online education and e-learning systems in the years to come.*



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## 1. Introduction

Online education or e-learning is the need of the hour. Due to the advent of *Internet* and IT enabled services whole education system in India is undergoing a transitional phase and increasingly getting a

different shape which was completely unknown to our predecessors only a few decades back. Traditional classroom based education system has taken a back-seat and has been gradually replaced by an e-learning system having no geographical barrier.

The necessity and adoption of online education has become inevitable globally due to the sudden outbreak of COVID – 19 and subsequent lockdown. The University Grants Commission has very recently (29 April, 2020) come out with some important guidelines on Examinations and Academic Calendar for the Universities in view of COVID-19 Pandemic which may be extremely significant while we discuss the efficacy of online education system. We may refer few important sections of the guidelines as mentioned below:

- *The universities are adopting offline mode, i.e. conducting classes in face to face interaction, with a few exceptions and that too, for very few courses. Some of the universities lack adequate IT infrastructure for effective delivery of education through e-learning mode. In order to tackle the pandemic COVID-19 in the educational institutions and to ensure continuity in teaching- learning process, MHRD and UGC have issued certain guidelines and advisories from time to time and have taken concrete steps to impart online education by making the best use of e-resources which are available on [www.ugc.ac.in](http://www.ugc.ac.in). The MHRD and the UGC have been emphasizing to continue with the teaching-learning process using online modes such as Google Classroom, Google Hangout, Cisco Webex Meeting, YouTube Streaming, OERs, SWAYAM Platform and SWAYAMPURABHA (available on Doordarshan (Free dish) and Dish TV), etc.*
- *The universities may conduct the Ph.D. and M. Phil. Viva -Voce Examinations through Video Conferencing using Google, Skype, Microsoft Technologies or any other reliable and mutually convenient technology, subject to the approval of the concerned statutory authority of the university, in compliance of Clause 9.6 to 9.9 of the UGC Regulations, 2016 regarding award of M. Phil / Ph.D. Degree.*
- *In view of the importance of “social distancing”, universities may take necessary steps to ensure that the students are given exposure to laboratory assignments/ practical experiments through virtual laboratories, sharing of the recorded visuals of laboratory work and digital resources available for the purpose. The link provided by the Ministry of Human Resource Development for virtual laboratories to facilitate the students of science/ engineering/ technology streams may also be suitable for such purposes.*
- *Every institute should develop virtual classrooms and video conferencing facilities and all teaching staff should be trained with the use of the technology.*
- *The universities should prepare e-content/ e-lab experiments and upload the same on their websites.*
- *The universities should strengthen the mechanism of mentor-mentee counselling through a dedicated portal on the university website to impart timely guidance and counselling to the students. Besides, the faculty advisor and supervisor assigned to each student should maintain regular communication with*

*the students.*

- *In order to overcome such challenges in future, the faculty should be adequately trained for the use of ICT and online teaching tools, so that they complete about 25% of the syllabus through online teaching and 75% syllabus through face to face teaching.*

## 2. Global Perspective

Sustainable Development Goal 4 (SDG4) seeks to “ensure inclusive and equitable quality education and promote lifelong learning opportunities for all” by 2030. Five of the seven targets of SDG4 focus on quality education and learning outcomes. SDG4 is, therefore, an all-encompassing goal, which is applicable to every nation attempting to bring quality of life to its citizens in a sustainable way, without degrading the environment.

### Targets Indicators under SDG4:

**4.1** By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes

**4.1.1** Proportion of children and young people: (a) in grades 2/3; (b) at the end of primary; and (c) at the end of lower secondary achieving at least a minimum proficiency level in (i) reading and (ii) mathematics, by sex

**4.2** By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education

**4.2.1** Proportion of children under 5 years of age who are developmentally on track in health, learning and psychosocial well-being, by sex

**4.2.2** Participation rate in organized learning (one year before the official primary entry age), by sex

**4.3** By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university

**4.3.1** Participation rate of youth and adults in formal and non-formal education and training in the previous 12 months, by sex

**4.4** By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

**4.4.1** Proportion of youth and adults with information and communications technology (ICT) skills, by type of skill

**4.5** By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations

**4.5.1** Parity indices (female/male, rural/urban, bottom/top wealth quintile and others such as disability status, indigenous peoples and conflict-affected, as data become available) for all education indicators on this list that can be disaggregated

**4.6** By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy

**4.6.1** Percentage of population in a given age group achieving at least a fixed level of proficiency in functional (a) literacy and (b) numeracy skills, by sex

**4.7** By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development

**4.7.1** Extent to which (i) global citizenship education and (ii) education for sustainable development, including gender equality and human rights, are mainstreamed at all levels in: (a) national education policies, (b) curricula, (c) teacher education and (d) student assessment

### 3. Indian Perspective

With the development of technology, India has witnessed an enhanced acceptance of online education over a period of few years. Many students and working professionals have joined different e-learning platforms in the past few years in order to enhance their skills and looking at trends, the number of people adopting online education platforms is

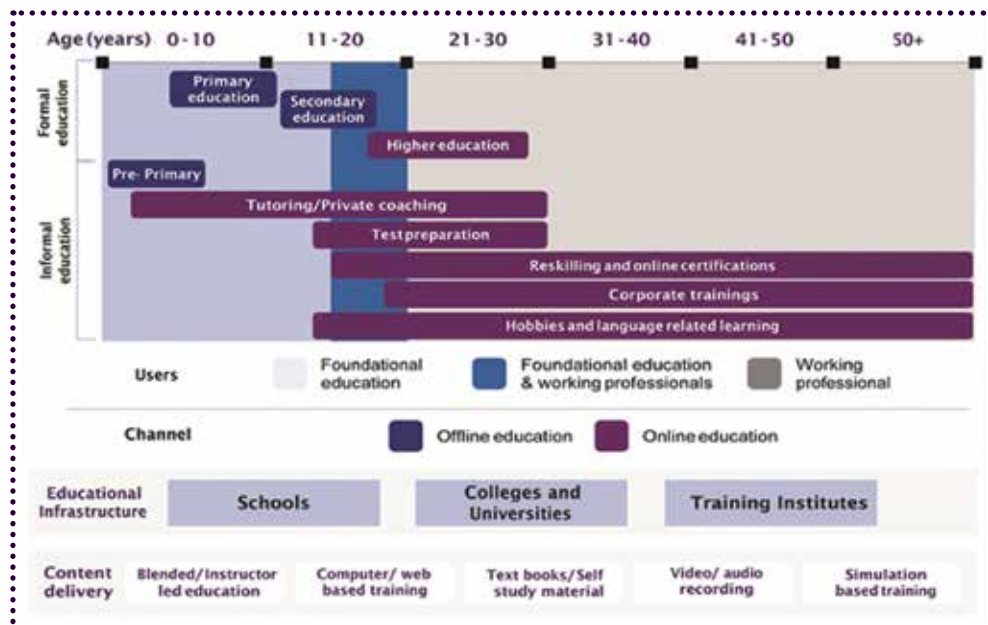
expected to increase significantly in the near future.

As per a report released by KPMG India and Google, *Online Education in India: 2021*, the market for online education in India is expected to witness a magnificent growth of eight times in three years, i.e., from USD 247 million in 2016 to USD 1.96 billion in 2021. Such high growth in the online education market is projected to be the outcome of increased number of paid online education users from 1.57 million in 2016 to 9.5 million in 2021.

The online platform providers play a pivotal role in the online education ecosystem. Initially, the platform served as enablers by connecting prospective students and content providers. In recent times, the platform providers have increasingly played the role of content providers and curators.

Online education in India has a mix of dedicated online only and offline players with an online presence. C2C business models have also emerged where the platform connects prospective teachers and students. B2B offerings are prevalent in higher education, where institutions offer degree/ diploma courses to students through their own platforms or third party aggregators. Corporate tie-ups assist in co-creation of industry certified content, which enhances overall acceptance of online education amongst the target user base. Improved internet connectivity and adoption of digital payment options have significantly aided in the growth of online education in India.

**Overview of Education System in India**



*Source: KPMG in India's research & analysis 2017*

### 4. Glimpses of Draft National Education Policy vis-à-vis Online Education

This draft policy is founded on the guiding goals of Access, Equity, Quality, Affordability and Accountability. To achieve those goals in real time, spreading and propagating online education across the society at a faster track is the only way out.

We have thoroughly scanned Draft National Education Policy – 2019 in the light of Online Education system. Each and every chapter of the draft policy and associated para under those chapters where online education has got due prominence,



have been identified carefully. It is explicitly revealed that major thrust has been given in online education and e-learning systems in the years to come.

Part	Chapter	Para	Items	Emphasis on Online Education
<b>Part I – School Education</b>	Chapter 4: Curriculum and Pedagogy in Schools	4.9.2	Formative assessment to continually improve teaching-learning processes	Online question banks
		4.9.2	Internet-based apps, assessments, and online communities for students with singular interests and talents	Online apps with quizzes, Online communities for shared interests
	Chapter 5: Teachers		Continuous Professional Development	Online teacher development modules, Online platforms, Online development opportunities
		5.3.1	Flexible and modular approach to continuous professional development for teachers	Such courses must be offered in a range of formats including part time, evening, blended, and online
		5.3.2	Revamping continuous professional development	In-person workshops, blended, or online, Online apps
		5.3.4	Online resources for continuous professional development	
	Chapter 7: Efficient Resourcing and Effective Governance through School Complexes	7.4.2	Aligning the teacher support systems	Online resources
	Chapter 8: Regulation and Accreditation of School Education	8.3.5	School Management Committees for private schools	The SDP and the Financial Statements shall be freely and publicly available (including online)
		8.6.3	Self-learning online programmes on child rights will be developed for the benefit of students, teachers, and parents	
	<b>Part II – Higher Education</b>	Chapter 11: Towards a More Liberal Education	11.4.3	Enhancing access to libraries and online journals
Chapter 12: Optimal Learning Environments and Support for Students		12.3.5	Online digital repository	
		12.3.7	Support services for students enrolled in open and distance learning	E-learning modules, Online examinations
		12.3.9	Massive Open Online Courses	
		12.3.10	Meeting the growing demand for MOOCs	Online Courses
		12.4.10	MOOCs and open and distance learning	Online and blended online courses MOUs for the recognition of mutual degrees, signed between the two countries, must also cover the online domain
Chapter 15: Teacher Education		15.3.4	Online education	
Chapter 16: Professional Education		16.4.1	Setting up Departments of Education for preparing faculty for professional education	Online mode to enable access to working professionals
Chapter 18: Transforming the Regulatory System		18.2.6	Availability of accreditation-related information in the public domain	

<b>Part III – Additional Key Focus Areas</b>	<b>Chapter 19: Technology in Education</b>			Teacher preparation may itself leverage technology (e.g. through the use of online courses)
		19.3	Teacher preparation and continuous professional development	Many online learning experiments do not work very well for first-time student learners
		19.3.2	Use of educational technology for continuous teacher professional development	An online training platform - linked to appropriate mechanisms to certify trainees in specific areas Explore high quality online educational resources to incorporate into their pedagogy Online teacher communities
		19.3.3	Specific technology related policy actions	The course contents must be reengineered for the online mode and not be simply recordings of classroom interactions
		19.4.4	Advanced online courses	
		19.4.6	Specific technology related policy actions	A lot more content comes online and more people find it useful Online assessments
		19.5.2	High quality specialised content to be made available in open educational repositories	Single online digital repository e.g. the National Digital Library or NROER
		19.5.3	Maintaining content quality	Online feedback on quality
		19.6.3	Specific technology related policy actions	Online assessment of examinations
		19.7.3	Skilling and re-skilling	Creating initial versions of instructional materials and courses (including online courses) in cutting-edge domains and assessing their impact on specific areas such as professional education Type III institutions may initially blend these online courses with traditional teaching in undergraduate and vocational programmes
	<b>Chapter 20: Vocational Education</b>	20.3.4	Teacher training	Both online and offline
		20.4.6	Curriculum and trainers	A short term induction training for such trainers can be conceived and designed by some leading HEIs and shared widely online
		20.5.3	Upskilling & re-skilling requirements	HEIs can consider ways to address this requirement, through evening courses, online courses, and so on that can bring in additional revenue for them
		20.5.4	Vocational education for the unorganised sector	The infrastructure for adult education as well as online education must also be used to provide opportunities for them to get trained during off work hours
		20.5.5	Certificate courses through online education	Online education can be used to handle the theoretical aspects of vocational courses since students can access them either after work or during weekends HEIs can develop such short modules and make them available through an online platform that can be hosted by an appropriate body identified by the NCIVE This can be combined with online testing towards certification, benefitting large numbers of students, youth and adults For the theory component and for other courses that are mandatory for them, they can take the online versions

## 5. Exclusive Merits of Online Education

- Best faculty pool can be arranged globally
- Connect and interact with Global experts for his/ her learning skills
- Nurturing of Skill based manpower for the future Industry professional
- Learn the skills on demand only; stay up to date with industry with the all-time updated content
- Online classroom may be noise less as audience noise can be muted easily
- More focused deliberations by the faculty
- Attendance of students can be verified online with highest level of transparency
- All the sessions can be recorded for future reference
- No loss of time and energy due to movement, transportation and other hazards in case of attending physical classes
- Online assessment and performance review can be done online any point of time
- Highest level of professionalism can be brought into the system
- Faculty and students both manage time, energy and resources more meaningfully and efficiently

## 6. Students' Expectations

- All queries to be resolved by the faculties online
- Useful, attractive and informative presentation by the faculty members
- All presentations and lecture notes to be sent to them electronically much before the sessions in order to have a clear cut idea about the subjects to be covered
- Excellent audio-video quality
- Prominent accent and lucid language of the faculty
- Multiple-sessions with short duration
- Presentation to be to the point and relevant covering subject area

## 7. ICMAI's Online Initiatives

The Institute of Cost Accountants of India has also taken lots of online initiatives to be a part of this digital transformation process. We may highlight few important online facilities that Institute has launched in recent times to sensitize online education in a bigger way:

- Online classes and sessions for students, members and participants
- Online knowledge resources
- Online admissions
- Online workshops
- Online webinars
- E-library
- Online journal
- Online feedback mechanism
- Online attendance
- Online courses
- Online assessments
- Online meetings
- Online counselling

## 8. Way Forward

Online education has reduced the age constraint for learning. Individuals across age groups have the opportunity to conveniently work on knowledge improvement and skill building activities, for personal and professional applications from anywhere, at any time, which has given impetus to the concept of continuous learning. Continuous learning gains further importance in today's fast paced knowledge based economy, with rapid advancement in terms of technology and a regular need for newer skills and competencies. It encompasses learning across formal, informal and non-formal learning. Improvement of the skills and abilities of the workforce also has far reaching consequences in strengthening the country's economy.

In the future, online education will continue to gain popularity among prospective learners including students and professionals driven by aspects such as easy and on-demand access to content, self-paced learning opportunities and interactive & modular means of learning. However, nearly one third of online learners also believe that online education does not substitute traditional learning due to lack of interaction with peers and instructors. Low completion rates of online certification courses due to lack of feedback and interactions further underlines the need to have multiple touch-points with the learners for improved engagement levels. Virtual classrooms could also emerge as an asset-light model for offline players to expand their network across geographies. The learner will therefore demand ubiquitous presence of learning and content, where each channel may serve a different need.

Although face-to-face interactions with the faculty members still have no alternatives, but due to the present situation across the globe as well as significant technological developments in online platforms and paradigm shift in our mindsets have made online education highly popular among the stakeholders. Online education will further flourish with the help of latest developments in the IT world like artificial intelligence, block chain management, data analytics, cloud computing and many more. Sky is the limit for the next-gen students. MA

*"The highest education is that which does not merely give us information but makes our life in harmony with all existence"*

**- Rabindranath Tagore**

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**P**rofessor Basab Chaudhuri, Ph.D. (Tech) in Chemical Engineering from UDCT, Mumbai (now ICT) was a Lecturer, Senior Lecturer, Reader, Professor and then Registrar of the University of Calcutta, spanning a period from 1991 to 2015, before joining the post of Vice Chancellor of the West Bengal State University, Barasat in 2015, and where he has been working now. During his academic career, he was an active researcher and worked in various capacities in the Netherlands, the USA, South Korea, and other places. He got several gold medals for best publications in journals. He was an INSA - KOSEF research scientist. He was a Fulbright - Nehru Academic Administration awardee. He loves to read and write. Basab Chaudhuri's profile is given in Researchgate. He believes in the dictum, "To thine own self be true." He loves his students and colleagues and tells them to remain reflective and humane in spite of everything.

**Q. Having so many years of experience in education and academia, how do you see the evolution of India's higher education system?**

**Answer:** Yes. I started doing serious research in the year 1985 and had my job of Lecturer in the University of Calcutta in 1991. So I have walked a long way and have got a little bit of experience. I have a philosophical

bent of mind and I always compare my knowledge with the vast knowledge of the universe. My knowledge is limited by space and time. So what I say is my personal opinion and of course, limited by my capacity to absorb and appreciate.

At the time of independence, we had about twenty universities and five hundred colleges. Since then we

have about nine hundred universities and fifty thousand colleges today. This has happened in the last seventy years or so. This has been a spectacular growth by any standard and all the successive governments have played their part in this journey. So many first generation learners are coming to colleges and universities today. Lady students are coming in large numbers and doing remarkably well. Overall, therefore, there has been remarkable enhancement in scope and opportunity and improvement too in the teaching and learning processes. No discussion, however, proceeds without “ifs” and “buts”. Complacency is inimical to growth and so far as growth is concerned, the sky is the limit.

**Q. Can you tell us about the major reforms that you introduced on taking over as Vice Chancellor of the West Bengal State University?**

**Answer:** Prior to my joining the present assignment, I was the Registrar of Calcutta University for seven years four months at a stretch starting from May 2008. From the post of Professor of Chemical Engineering, I became Registrar with no experience in academic administration. But I was a member of the Syndicate of the University from 2003 to 2007 and generally knew how the university functioned. Chemical Engineering as a subject teaches you all-including intricacies of systems management. The relationships amongst components are well-taught in chemical engineering. I put that knowledge in academic administration. You know, administration is a science that involves papers, files, people, vision, knowledge, precedents, laws, hard work and every other thing. You need understanding and empathy. From empathy comes cooperation and help from all concerned.

When I joined the West Bengal State University in September 2015, there were major problems in examinations. It took me about six months to understand the source of the problem. One after the other, problems were solved. When I joined, no convocation of the university was held. Pass-outs did not get certificates. From 2017 to 2020, we organized four convocations. All backlog certificates have been distributed. There has been complete transparency in administration today. There are only a few Court cases. There is no RTI application pending. These, according to me, are signs of good governance. Otherwise, administrative decisions would have been challenged. So, with the help and cooperation from the Department of Higher Education, Government of West Bengal, and all others, we have been able to create a reasonably robust system. I have got immense cooperation from all in the process. Recruitment of non-teaching staff in the University on government-sanctioned posts was a major issue since 2009 and after 10 years, in December 2019, that problem could be solved. Fiscal discipline is a hallmark of any good organization and the university has recruited a Finance Officer who happens to have had education in inter alia your institute

and is dealing with university finances well. Constant persuasion, hard work, discipline, discussion, a grasp on everything that goes on in the university: all these have been beneficial in running the university. In the last four years, there has been no adverse press report about the university and that definitely says something. University has earned certain trust from students and guardians and that is definitely satisfying.

**Q. Course curriculum: undergraduate and post-graduate adequacy and necessity to change**

**Answer:** Course curricula at the under-graduate and post-graduate are quite good and compare very well with the curricula followed in other universities. Syllabi and curricula are modernized and updated on a regular basis and on regular frequency. But this does not mean changes are not required. In the modern world, obsolescence of knowledge and skill is a reality. Things change so drastically everywhere. The recent pandemic can be a good example. See how the usual practices have been challenged by the tiniest. So, upgradation of curricula is a must. A virus is causing havoc and in the curricula elements of nutrition science should be introduced so that a sense of food and immunity is inculcated in the minds of all.

**Q. It is the era of globalization. Is your university planning any international collaboration?**

**Answer:** The answer is emphatically affirmative. The university has organized seminars and conferences in collaboration with overseas universities. The university teachers visit laboratories of distinguished overseas scientists and conduct research there. Through an MOU the university started imparting Korean Language Course by Korean teachers and funding was received from Korea. In order to do that, the university had to get FCRA certification and it was an exercise by itself. You must remember that the university is just twelve years old. As it grows up, it will achieve distinction. I am confident about that.

**Q. Many of the graduates coming out from the universities are unemployable. What initiatives have your university taken to improve the demographic dividend?**

**Answer:** Employability is a very complicated issue and there cannot be any direct relationship between graduation or post-graduation and employability. A large number of students are coming out of the universities. Are there so many jobs in the market? That is an issue and it has persisted all along. I remember, in the year 2000, when call centres were very active, youngsters who just completed their higher secondary got jobs and used to have salaries comparable with mine. In western world, jobs are technology oriented and market plays a

big role. New technologies are developed, existing and new workforce are newly trained and created, and the economic cycle goes on moving. In our country, often, we look up to the government for job creation. For the government also, it is not easy to absorb all people. Since I come from Chemical Engineering, I remember Acharya P. C. Ray, the legendary chemist, who told his countrymen long back to engage in business, even small business. Acharya's advice was not heeded to. Today even for a post of peon, graduates and post-graduates compete, knowing fully well that the job of a peon does not need that qualification. We all have a charm for "sarkari". But there is a limit to everything. The private sector needs to create new jobs by using new technologies created at the universities. There are question marks there too. We must appreciate that the relationship between education and job is not linear. In the post-pandemic period, it will be more non-linear. In the circumstances, graduates will have a set of careers. The era of 10 to 5 steady job is over. Now there will be contract jobs. The western world has seen that. We will also see.

What initiatives are we taking? We are making students computer literate. We are asking them to study foreign languages. We are also collaborating with institutes like yours and asking students to use this interface. Students are aware of the challenges that lie ahead. Only future will say what lies ahead. But hope and optimism are the pillars to success. We must remember that and our students will go on trying. Static mentality will not work. There must be optimism and dynamism. At the same time there must be zeal to take challenges. I know it is easy to say such things. But reality must be faced eye to eye. Human spirit is undying and will overcome challenges.

Finally, I will talk about a utopian concept. It is idealistic. See, education as a whole can be classified into two sets: one is "education for job", and the second is "education in spite of a scenario of having no job". I sometimes reflect, will all education stop if there is no job? And I get an answer: education must go on. The close interlinking between education and job will slowly vanish. Education will not remain chained to a job. Education will be free to experiment and experience. Even without formal education, people will be entrepreneurs. In some communities in India, we have seen that. May be, we will see more such endeavours. Those pursuing education in humanities and social sciences may get associated with jobs requiring no formal education. Education and livelihood management may have reduced linkages in a distant future.

**Q. What, according to you, are the big ideas in the draft National Education Policy that may alter the higher education scenario in India?**

**Answer:** Look, policy documents put vision in place. Accepting them and working on them is more important.

The NEP has still not been adopted. The last education policy was adopted in 1986. Since then thirty four years have passed by. So, new vision statement is necessary. I understand that the proposed NEP gives stress on research in the area of social sciences. For me, any thought-provoking discourse is good. They should be documented. The NEP talks about more linkages with industry, development of future workforce, etc. As such, they are good ideas. But their success will depend on implementation. Institute - industry - society linkages are very much necessary. Success of higher education in future will depend on such a linkage. But the government role will always be important. Education must get patronage and support from the government irrespective of policy framework.

**Q. How important is the digital ecosystem in a learning environment?**

**Answer:** Digital ecosystem is important. But we must ensure that there is no digital divide. We have got smart classrooms, smart boards, transmission of knowledge at electronic speed. But for knowledge to be absorbed and accepted, books including e-books have to be studied. Without practice nothing becomes perfect.

Although in a digital age, I think the presence of teacher in the classroom is very important. Live demonstration has no parallel.

**Q. The Government of India (GOI) is trying to improve quality of education at all levels to make India "global knowledge superpower". What are your suggestions in the matter?**

**Answer:** Access, Equity, Quality, Employability are important parameters by which standard of education is monitored. The GOI intends to improve upon the quality of education so that India can be a global knowledge super power. In my opinion, our state government and the other state governments also intend to improve upon the quality. The question is as to how we can achieve the quality or excellence in education. Primarily, teachers must teach well and taught must prepare well. Then comes the problem-solving attitude. Good quality education prepares students to solve problems hitherto not encountered. This will require project-based learning. Books will give essentials. Training beyond books, more appropriately out-of-the-box approach, must be followed. A graduate must know how to sail in uncharted water. This requires good school education, sincere teaching, good teaching methods, skill sets, dedication of the students, development of learning abilities, knowing recent research work, asking appropriate and relevant question in a subject, personal discipline, institutional commitment and so many other things. If these are put in place, quality education can be ensured. Moreover, for first generation learners, having a degree certificate

in hand is a lifetime achievement. That has to be kept in mind. I hope I have been able to make my point. Quality is a result of a continuous effort of everyone involved in higher education. It is not an accident. If we strive constantly and consistently, we will succeed.

### **Q. On Recent UGC advisory**

**Answer:** First of all, this COVID-19 is a game-changer. That such a thing can happen was inconceivable. Lockdown has stopped traffic everywhere. It is a no-flow situation, as if, an earthquake has suddenly destroyed everything. The conventional teaching and learning process has come to a halt. Red signal prevents movement. The roads in the city of Kolkata are empty. The offices are closed. Schools and colleges are closed. In spite of everything, I have seen tremendous discipline in people. I have also witnessed great leadership in my State Chief Minister. Equally I have seen leadership everywhere.

In this context, the UGC advisory deals with the conduct of examinations, online teaching, etc. All these are in public domain and I am not going into that.

My own observation out of COVID-19 is that any threat to humanity gives rise to new solutions and opportunities. So, three years from now, you may see regular online examinations in this country. There will be a large network and from the Himalayas to the Kanyakumari and from the Hooghly to the desert in Rajasthan, you will find better internet, better cyber security, better connectivity. I think that no future virus can stop us in the manner Covid-19 has done. There will be newer technologies on teaching-learning process, holding examinations, holding seminars and conferences online while reducing digital divide to a minimum. This will be our challenge. And in pharmaceutical science again, India will rise. This is my hope, my take away from the Covid crisis.

### **Q. How can young aspirants prepare themselves in the fast-changing job market?**

**Answer:** It has been said again and again, 'Attitude' and 'Aptitude' together make success possible. In my opinion, attitude is very important. Attitude involves flexibility, ability to innovate, managerial abilities, and so many other things. The concept of one fixed job throughout one's career is over. There may be a situation of multiple jobs sometimes and no job sometimes. The world will throw new challenges from unknown directions. Young aspirants must prepare themselves accordingly. None knows how an ordinary person down the years becomes a superstar. Life is uncertain and beauty lies in uncertainty. There is risk in uncertainty. But....that's how it is.

### **Q. On initiatives.... that others may consider good.**

**Answer:** My university has many first-generation

learners. When they step into the university, they lack self-confidence. As Vice Chancellor, I try to develop confidence in them. I feel these simple boys and girls with education and confidence can walk a long way. When they go out of the university, I see radiance on their faces and compare the radiance with that of the yesteryear. They definitely look more accomplished. In their accomplishment I find my own salvation. If you call it success, yes....

My own pursuit to success does not drive me anymore. I get tremendous pleasure in other people's achievements. I find the true meaning of success when my old eyes meet the dazzling eyes of my students. I live in them and through them.

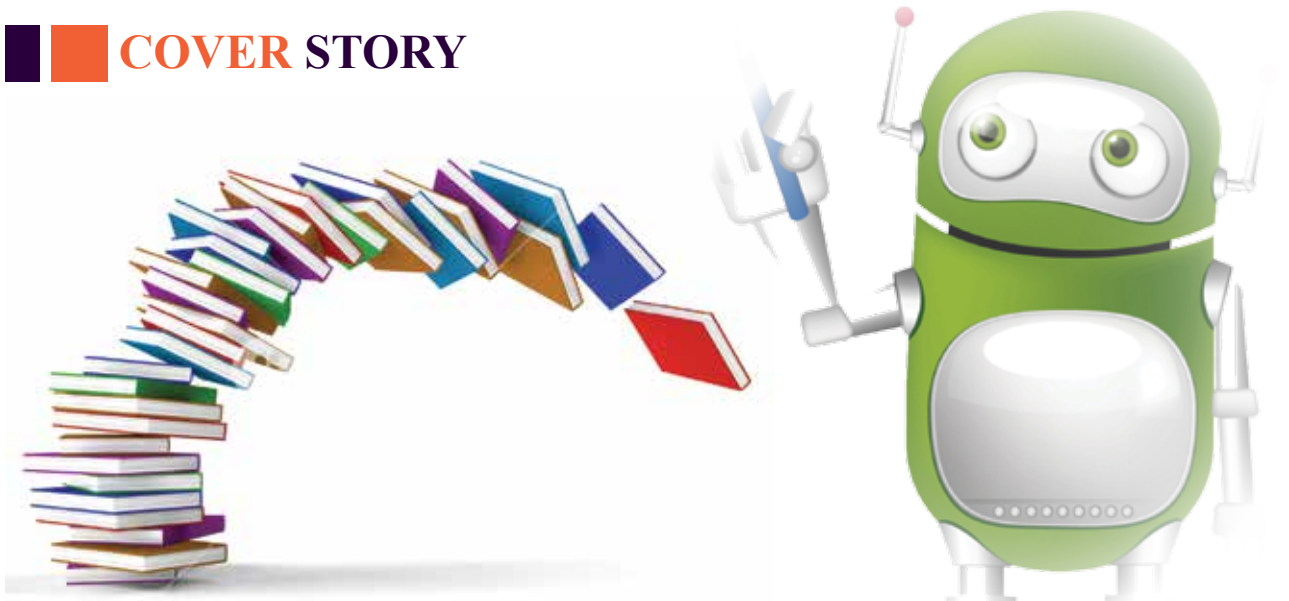
### **Q. On various ways the university can collaborate with your institute.**

**Answer:** I always feel that interdependence is of higher value than independence. The days of individual success are over. Collaboration is a must. My university and your institute have the same purpose of human resource development. I always encourage collaboration and hand-holding following rules and regulations. If the rules are found stiff today, we will approach appropriate bodies, even the government, for incorporation of necessary flexibility. That is my roadmap. Fair to everyone, a situation of win-win.

### **Q. Advice to CMA students**

**Answer:** CMA students are bright, energetic, enthusiastic, and dedicated. If they apply themselves and can handle failure, their success is guaranteed. I take this opportunity to wish them well. I advise them to stay safe and take care in this pandemic. I look upto them for innovation. I will love to shine in their glory.

**Finally, I thank your Institute for bestowing faith in me. I put on record my deep sense of gratitude to all of you for your support and cooperation. MA**



# USE OF ARTIFICIAL INTELLIGENCE IN EDUCATION



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## Abstract

*Today, artificial intelligence is one of the emerging technologies which are capable of altering every aspect of our social interactions. In education, AI has begun producing new teaching and learning solutions that are now undergoing testing in different contexts. This paper will let the stakeholders in education sector to understand the extent to which AI will be used in the education and its perceived benefits. This paper provides examples of use of AI in education, particularly in developing countries like India wherein providing education to all is seen as one of the sustainable development goals.*

*First, this paper provides an overview of AI to the reader. It was observed that AI has evolved from simple rule based systems to data-driven systems to context-driven systems that have advanced capabilities. Next, the paper talks an approach to putting AI into use in education to improve learning outcomes. Indeed as a new technology, AI when used in education will bring changes to 'learning experience' by having adjustable learning environment that creates 'personalized learning experience'. Finally, this paper presents some examples of use of AI technology in education sector aimed at improving learning experience and quality of learning.*



## Introduction

**M**ME AUDREY AZOULAY, DIRECTOR-GENERAL, UNESCO writes “*In the field of education, AI is expected to have a significant impact, transforming the way teachers work by offering new teaching aids. It could revolutionize the way in which students learn through personalised learning and through greater access to knowledge thus also potentially facilitating more inclusive education. Clearly, the possibilities are tremendous.*” (UNESCO MGIEP, 2018) [1]

## Traditional Education System limits Personalized Learning

Recent research in neuroscience has demonstrated that each brain is ‘wired uniquely’ and thus ‘learns differently’. Our traditional education is ‘standard’ in nature and is focused on curricula geared towards producing a workforce for mass industrial deployment and have implemented the ‘one size fits all’ approach (Singh and Jain, 2018) [2]. Unfortunately, this has led to the following undesirable results:

- Many individuals trained but unable to adapt to changing job requirements.
- Little consideration for natural talent, thereby killing creativity.
- Little or no love for learning.
- Unhappy, frustrated youth.

Consequently, the current education system finds itself broken, insufficient and ineffective at meeting the demands of the 21st century. The resurgence of Artificial Intelligence or AI, however, offers a ray of hope in achieving such a ‘personalised learning system’.

## What in Artificial Intelligence?

Singh and Jain (2018) [2] writes “The term Artificial Intelligence or AI was coined by John McCarthy in 1956, two years after the untimely death of Alan Turing, who came to be known as the father of AI. In 1950, at a time when the first general purpose computers were being built, Turing was already grappling with the question “Can machines think?” He developed a hypothetical machine, called a Turing machine, for encrypting codes built to test and defines Machine Intelligence and thus refers to computer programs that exhibit human-like intelligence such as logical reasoning, problem solving and learning”.

It may be noted that AI systems has evolved over the time within the framework described above. A historical review of the evolution of AI systems reveals that they appear to have followed a different process – one that has been driven by algorithm and technology development (Singh and Jain, 2018) [2].

## Framework for Artificial Intelligence

Singh and Jain (2018) [2] suggest following framework for AI that comprises of following aspects. These are:

- Perception – The ability to use sensory systems and language to obtain information about the natural

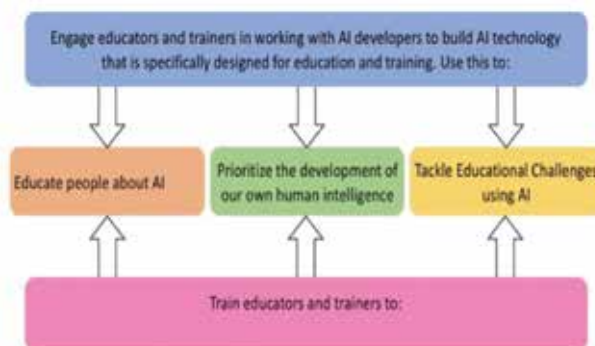
world.

- Problem analysis – The ability to process the information obtained above in order to identify a problem, analyze it and provide a solution.
- Abstract knowledge – The ability to abstract knowledge from perception in one domain and apply it to another.
- Experiential learning – The ability to continually learn from real-world data patterns and refine perception and knowledge.

Artificial Intelligence or AI provides predictions on new scenarios based on learning from large volumes of historical data. It is required to take a holistic look at a range of digital transformation in the education sector. These are augmented reality, virtual reality, videos and blockchain. AI and other digital technologies should be used to help teachers in imparting education (Sarkar, 2018) [3].

## How AI can be put to use in education?

It is advised to have an approach of educating people about use of AI by preparing people to work and live with AI and then use AI in planning educational and training systems (Luckin and Issroff, 2018) [4].



Source: (Luckin and Issroff, 2018) [4]

It may be noted that thoughtful design of AI framework to education and training has the potential to provide significant benefits to educators, learners, parents and the society. It is a reason for great excitement and concerted intelligent effort.

## Changes that AI technology will bring in the education sector

Indeed as a new technology, AI when used in education will bring changes to the entire ‘learning’ experience’. There are only a few things that forced transitions in the global education industry to change and are as listed below (Blaylock, 2019) [5]:

- Adjustable Learning Environment
- New Opportunities
- Improved Efficiency
- AI-driven Education Platform

Artificial intelligence, with such changes in the education sector that enhances learning may be seen as one of the emerging technologies.

## Views of Indian Industry Representatives on use of AI in education

Artificial intelligence is the sector with untapped potential. Shobita Dhar provides some of the comments made by representatives of some of the Indian organizations those are working in the area 'Use of AI in Education'. (See the table below).

Table 1: Opinions by representatives of some of the Indian organizations those are working on 'Use of AI in Education' (Dhar, 2019) [6], (Dialani, 2019) [7]

Name of the Organization Representative	Opinions expressed by the Organization Representative
<b>Sameer Bora, Executive VP, Next Education India Pvt. Ltd.</b>	Adaptive assessments give very accurate results. Based on these the teacher can give individual feedback to each child on what should be the new learning path. Earlier, students would get a general advice – 'Good. Can do better'. But AI allows teachers to be more focused.
<b>Swapnil Dharmidhikari, Founder, Splashgain Technology Solutions Pvt. Ltd.</b>	Remote Proctoring is the future monitoring of exams. The technology captures physical movements of the candidate. If the candidate tries to open a new window or an URL it immediately sends an alert to the remote invigilator. In the future physical invigilation will be replaced with digital invigilation.
<b>Prashanth B. R., Co-Founder, Krackin and Kiran G. R., Co-Founder, Krackin</b>	Algorithms replace mentors in providing customized learning. AI enables students to discover a unique path of learning, customised to their aspiration and capabilities. At present it's being used in 89 colleges, and by 300+ companies.
<b>Sreedhar Narla, CEO-Founder, ICET Solutions, Bengaluru</b>	Mobile App making attendance register redundant. Traditional attendance takes about 10 minutes, but this app can do the task in one minute. The teacher takes a couple of shots with her phone camera, the images are processed in the cloud and the attendance marked.
<b>Zishaan Hayath, Co-Founder and CEO, Toppr</b>	At Toppr, we use both AI and AI to layout the learner's characteristics and inadequacies. Singular learning rates and records are pondered. These tests are planned to help a child's trust in zones they surpass desires in and challenge them in areas they don't. This comprehensive technique empowers children to remain energized and spurred.

Source: (Dhar, 2019) [6], (Dialani, 2019) [7]

Finally, this paper will present some examples of use of AI technology in education sector aimed at improving learning experience and quality of learning.

## Prominent Examples of Use of AI Technology in Education

### ARTIFICIAL INTELLIGENCE (CODE 417) - CURRICULUM FOR CLASS IX (INSPIRE AND ACQUIRE MODULE) - CBSE

An example of this is provided by Central Board of Secondary Education – CBSE. It is said that CBSE Schools to include AI, Python for Class 8 and 9 Students from 2020 (CBSE, 2019) [8].

Example of a curriculum for Standard 9 Student

#### UNIT WISE DISTRIBUTION

UNIT	NAME OF THE UNIT	SUB-UNIT	DURATION	PERIODS
1	INTRODUCTION TO AI	Excite	2 Hours 40 Mins.	4 Periods
		Relate	02 Hours	3 Periods
		Purpose	02 Hours	3 Periods
		Possibilities	02 Hours	3 Periods
		AI Ethics	3 Hours 20 Mins.	5 Periods
2	AI PROJECT CYCLE	Problem Scoping	14 Hours	21 Periods
		Data Acquisition	02 Hours	3 Periods
		Data Exploration	04 Hours	6 Periods
		Modelling	06 Hours	9 Periods
3	NEURAL NETWORK		04 Hours	6 Periods
4	INTRODUCTION TO PYTHON		70 Hours	105 Periods
TOTAL			112 Hours	168 Periods

Source: (CBSE, 2019) [8]

### Other Examples of Use of AI Technology in Education

According to research organization Tracxn, it is observed that in excess of 300 Indian new businesses use AI as their core and invention in their organization. About one tenth of them (11%) are belonging to 'learning and teaching' domain. This is a strong sign of organizations outside of innovation and web based business using AI in their products and services. While a conclusive goal is whole customization, various applications and ventures are helping us in transit. Coaching applications are adjusting their exercise structures depending upon the execution of a stand-out client profile. Expanded information crunching is making trying an undeniably intuitive wonder in India. (Dialani, 2019) [7]

There will be number of examples about use of AI in education. Some of these are provided herewith. Please note that this list is indicative only and is not exhaustive. (See the table below).

Table 3: Some of the examples about use of AI in education

Name of Author	Example and its description
Sarkar (2018) [3]	AI offering help to teachers in imparting education and can be used for predicting student potential as well as chances of at-risk students dropping out. This information would be valuable for teachers in targeting specific interventions for at-risk students. The state of Andhra Pradesh had conducted a pilot to predict drop-outs based on past student scores and student backgrounds.
Dhar (2019) [11]	Personalized Learning using adaptive assessment software: Class VIII students of Mount Zion School, Gangtok are writing exams set by a machine. They get questions customized to their pace of learning. Machine-set question papers that use AI: Next Education, an edtech company in Hyderabad, developed an AI driven assessment platform that is used by more than 50 schools in India. This platform can set papers within one minute and customize questions to each student's learning needs. It also gives instantaneous results. Exams at your doorstep: Remote Proctoring is an AI platform that allows teachers to remotely invigilate an online exam. This means that students don't need to physically assemble in an exam hall to write their paper but can do it from anywhere, even from home. This reduces the logistical burden of conducting and writing exams. IIM, Rohtak used Remote Proctoring while conducting its executive MBA entrance exam this year. Mobile App making attendance register redundant: In some government-run schools in Tamil Nadu, the attendance register was replaced by a mobile app.

## Conclusion

In order for AI based products to be contextualized, commoditized, and available to wider, diverse audience, a rich set of tooling, standards, and best practices are required. The potential of personalised quality education, regardless of geographical, socio-cultural and other affiliations etc., by means of AI and Deep Learning, is recognised. However, a sustained, coordinated effort to address them holistically, from pedagogical to experiential to business to ethics and governance angles, is required (Dhaval, 2018) [9]. Concerted efforts are needed to develop:

- Data-first platforms
- Shared NLU (Natural language Understanding) and AI infrastructure and
- Agile processes to develop AI products.

These products should eventually be used to create customised, relevant, engaging, explainable and governable

solutions for every learner.

It may be concluded that there exists several AI-based products those are used in education sector at present. These examples indicate that there is scope for using AI and other emerging technologies supported with adequate research and innovation.

The author is of the opinion that concentrated efforts are required by all the stakeholders in 'Education' sector so as to understand, accept and use AI based products benefiting them (as applicable). **MA**

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# FROM PENCILS TO iPADS: EVOLUTION IN INSTRUCTIONAL TECHNOLOGY

## Abstract

*In nutshell, there has been a gradual yet vital evolution in the field of instructional techniques being backed by a change in the technology, medium, concepts and the approach. The invention of computers and the internet has been the game changer. With the changed time has changed the most sought after skill too. Today, the most important learning has become how to learn quickly and on oneself. The most sought after skill has become disruption which involves rethinking processes, concepts & outcomes, challenging them and building a better model. The experience of working with people from different communities, cultures and countries has become the key to survive in MNCs, which is being developed at the school and college level itself by doing international tie-ups and by offering international secondments. The evolution of artificial intelligence and machine learning has paved way to new horizons. An immense change is knocking on the door and it is believed that such a change will redefine the field of education.*



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The cover page of many poetry and literature books still carries the image of a writing wing, an ink-pot and a parchment. And why not, these images themselves are the witness of the learning journey's inception and we can easily compare it to the present day technologies to understand how much and with what pace we have expanded.

Instructional Technology has changed along with the augmentation of the humanity. The evolution is the result of progress made by the science & technology as well

as due to the study and research in the area of instructional practices.

Due to COVID-19, the whole world including our country is under a lockdown. During these times, all the educational institutions are also closed. But the teachers are using the latest technology and contemporary methods of instructions in order to keep the learning process dynamic. This is being executed with the help of recording the sessions and uploading at various online platforms, spotting various educational videos and shows on the television & giving the task to the students to grasp the same, performing various physical exercises together with others using the video conferencing applications & so on. Internet is playing a pivotal role as an efficient medium for carrying out these activities smoothly.

### What is Instructional Technology?

Instructional Technology includes various process and resources which are designed, tested, developed, launched, utilized, evaluated, managed, changed and evolved in order to conduct learning and development activities. In other words, instructional technology refers to all sets of available means which are used for imparting learning to the learners in the most efficient manner.

### Change - Needed and Implemented

It is well-known fact that change is the only static thing in the world. Change is important to phase out monotony, work efficiently and to get better results. A change in instructional technology was also introduced time and again to make the learning process smoother and to do inter-linking of the concepts in a better manner.

The basic and most experienced change is in the field of phonology. The way of pronouncing different letters and words changes with the successive generations. One of the reasons of such change is increased communication among people of different origins and increased global exchange of knowledge. Different people across the globe pronounce the same word differently and a need for uniform pronunciation obviously results in change in the way of pronouncing by others. Apart from this, others horizons of instructional arena have also seen a change which are outlined below.

### The Writing Technology

The information technology has contributed a lot towards converting the evolution of learning into a revolution. No other area has evolved so rapidly. I remember the era of blackboards where white chalk was used for instruction by the teacher. Then the era of non-dust chalks came. Black Boards then turned themselves into green because they looked smarter and the reflection of light was minimal. The white board markers then changed the playground holistically due to their offer for a better grip. This resulted not only in paper-like better handwriting but also gave an opportunity to the instructor to highlight the key points by using the markers of different colors. Then the present electronic writing boards came with the variety of sizes as small as a mobile phone

to as big as a theatre screen. These are nothing but touch capacitive screens connected with a computer which not only helps in keeping a record of all the instructions but also provides notes in the form of paper printout. Further, the instructions can also be shared with the students in the form of PDF notes. Each of these development were done to make the instruction process smoother and to help in the concepts lasting longer.

Not only the writing technology used by the instructor changed, but the writing technology used by the learner also changed. There has been a variety of writing instruments including wooden pencils, lead pencils, fountain pens, ball pens, gel pens, pilot pens and more.

From the exam evaluation physically by the examiner to the evaluation by OMR scanner with the help of OMR sheets, the change is quite evident. There are certain educational institutions around the globe who hold exams for the students situated anywhere in the world with the help of computer by allotting a specific time and keeping a vigilance with the help of camera and other audio-visual means.

### The Instructional Medium & its evolution

The teaching or instruction method must have started with sign language. The symbols and various types of drawings must have taken the place of signs, in order to do a clearer communication. The discovery of alphabets and written language must have been a big revolution in the field of communication. Then, the evolution of various words, assignment of different meanings, sentence construction and usage of grammar rules must have done a phenomenal contribution in this direction. All this was done before we came into the contact of learning system.

### Gradual Evolution of Content

Different ideas promulgated by different authors and researchers across the globe have developed not only the subject-specific contents, not only the way of communication and instruction but also the manner of acting & behaving. Use of small sentences, using maps for Geography instruction, using diagrams for understanding the structures, using flowcharts for getting the clear order of the flow of events, using various types of graphs and pie charts for better data presentation are surely a reflection of the gradual betterment of content and instructional techniques.

### Different Approaches - Tried and Tested

Different schemes of learning have been tried, tested and experienced till now. From a single teacher teaching all the subjects, teaching only one subject a day to teaching multiple subjects by different subject-matter experts for specific time intervals during the day, from oral sessions to usage of written text-books, from big classroom instructions to small group studies, from theoretical instruction to demonstration of its practical application, from face-to-face classes at a central location to satellite broadcast to different places, from time-bound instruction to flexible recorded sessions,

from the model of providing answers to the model of asking questions, the scheme and style of instruction has evolved so much that a comparison of style at one end to the schema of another end seems unimaginable.

### The Most Sought After Skill

Once, archery would have been the top course of study and hunting would have been the top skill to learn. The skill requirements and the choice of learners have changed drastically over the time and the educationists have done a commendable job to keep pace with the demand. From the time when learning arts, history, geography was most sought after to the times of chase of science, from the days of charm of learning languages like Urdu, Hindi, Sanskrit to the want of English & other foreign languages, from the charm of learning engineering to the chase of becoming a doctor, from the desire of learning computer operation to the process of learning various computer languages, from the study of book keeping to the demand of business management, from subjective studies to studies on so-called hobbies including games, dancing, singing etc., the most sought after learning & skill have also changed from time to time. Today, some most sought after skills include machine learning, artificial intelligence, robotics, natural language generator, big data analysis etc.

### Perspective Change & The Technology

Technology has definitely changed our way of absorbing facts. It is now the time when the ability to remember and recall a fact or learning is less valuable and the ability to search, analyse and present has become more valuable. Various educational bodies have therefore changed their exams from memorizing books form to open book format. Where the jobs in the office has changed from monotonous profile based to projects-based, the educational bodies have also changed their evaluation model to judge a candidate not only on the basis of the performance during exams in silos, but also on his or her attendance in the classroom and also on the ability to complete a project in time and with excellent results after taking help of each & every team member of the group as per their skills.

Another change, which technology has introduced is being video ready. The interviews have shifted from physical

face-to-face meetings to video conferences where a senior manager sitting in different country meets you and tests your calibre. Such change has pressed for an upgradation in instruction curriculum which has been well absorbed.

### Conclusion

In nutshell, there has been a gradual yet vital evolution in the field of instructional techniques being backed by a change in the technology, medium, concepts and the approach. The invention of computers and the internet has been the game changer. As the time changed it has changed the most sought after skill too. Today, the most important learning has become how to learn quickly and on oneself. The most sought after skill has become disruption which involves rethinking processes, concepts & outcomes, challenging them and building a better model. The experience of working with people from different communities, cultures and countries has become key to survive in MNCs which is being developed at the school and college level itself by doing international tie-ups and by offering international secondments. The evolution of artificial intelligence and machine learning has paved way to new horizons. An immense change is knocking on the door and it is believed that such a change will redefine the field of education. **IMA**

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# IMPLEMENTATION OF NEP - 2019 A STUDY ON EFFECTIVE APPLICATION OF PPP MODEL



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## Abstract

*Based on the history and culture of ancient India, education is not considered only a means of acquiring knowledge, rather it is needed for the purpose of complete realization and liberation of the self. So each and every citizen must be required to be brought under the light of education and for that particular purpose, an appropriate education policy should be framed by the Government. The main aim of introducing new education policy, 2019 is to ensure quality education in India for a span of 20 years i.e. from 2020 to 2040. New Education Policy emphasized on the five pillars of education – Access, Equity, Quality, Accountability and Affordability. This study shows the essence of the New Education Policy and also proposes the effectiveness of PPP model for the implementation of such policy throughout the entire nation.*

## 1. Introduction

Everybody knows that there are four pillars of democracy – The Legislature, Executive, Judiciary and Media. But the hard fact is that only few realize that the structure of entire nation stands only on one thing and that is undoubtedly 'EDUCATION'. Basic education is required to understand the existing situation of the society as well as to realize the key issues associated with the well-being of the society. On the other hand, higher education is necessary for the greater understanding of the facts related with the inclusive development of the entire nation as a whole. Naturally it is the basic duty of a responsible and sincere government to frame an appropriate National Education Policy for the nation which provides the right to every citizen regardless of their caste, race, religion and poverty of getting basic education.

## 2. Problem Analysis

NEP attempts to focus not only on the need to improve

cognitive skills of a child but also to redesign the system itself to promote critical thinking ability. NEP mainly focuses on the

- Discovery
- Preparation
- Abstract thinking
- Multidisciplinary learning

With technological development, the education should also be redefined keeping in mind the children specially in the age group of 3-6 years by 2025, extending the 'Right to Education' to this age group. Under graduation level being the foundation stone for specialization.

While all the proposals of NEP 2019 sound innovative, there is a severe shortage of trained personnel in the country who can help in its effective implementation. Moreover there is a considerable shortage of funds required to build up proper infrastructure to provide a sound knowledge to the different levels of students.

### 3. Review of Literature

In order to achieve Sustainable Development Goals, Education is a fundamental item which must be provided to each and every citizen of the country. Without having an education policy, it is not possible. There are several authors who came with their theories considering the pros and cons of the National Education Policy (NEP). Some authors' views are illustrated in the following:

- **Aithalet. al. (2019)** suggested that a periodic improvement in the education system is essential for human development and sustainable progress in society. This study also analyzed the strengths and weaknesses of the national education policy.
- **Sataoenet. al. (2016)** highlighted how governments seek to form the reputation of an entire Higher Education sector through strategic communication since the reputation of this sector is a considerable factor for the purpose of development of the country.
- **Roy (2019)** examined the timeframe of National Education Policy, 2019 and the possible implications of its implementation in terms of the overlapping categories of gender, caste and class identities. This study also focused briefly on issues of language and the way in which historical precedents were invoked.
- **Johneset. al. (2017)** in their study addressed different issues like the need to analyze educational issues over time in dynamic settings, importance of using student feedback in tertiary education efficiency analysis as well as the importance of assessing it at person level and the importance of understanding methodological assumptions behind efficiency models like convexity.

### 4. Objectives of the Study

This study aims to achieve only two basic objectives which are:

- To identify the main themes of the National Education Policy, 2019.
- To analyze the effectiveness of a PPP model in the successful implementation of such policy.

### 5. Data & Methodology

Methodology is an important aspect of conducting any research work. It provides framework within which the whole process of data collection to data analysis are carried out. This study is absolutely a descriptive one. The study is based on secondary data which have been collected from different National and International journals, books and websites of the Government of India.

### 6. Highlights of NEP, 2019

It is the prime requirement on the part of every citizen to get the lights of the education at the early stage of their lives. Even the historic Universal Declaration of Human Rights adopted at the UN General Assembly in 1948, declared that "Everyone has the right to education". The vision of India's new education system has accordingly been crafted in such

a fashion so that it touches the life of each and every citizen being consistent with their ability to contribute to many growing developmental imperatives of this country on the one hand and towards creating a just and equitable society on the other. Some vital elements that are addressed by the NEP, 2019 are mentioned below:

- Renaming of the Ministry of Human Resource Development (MHRD) to the Ministry of Education (MOE).
- Reduction of the content load of the school curriculum.
- Promotion of Indian Classical Languages
- Proposal of setting up three new national institutes for promoting Persian, Pali and Prakrit languages.
- Promoting research culture and building research capacity across higher education by an apex body named the National Research Education.
- Formation of Professional Standard Bodies to look into each area of professional education.
- Equal treatment of Private and Public institutions in order to treat education as a 'Not For Profit' activity.
- Recommendation to form Indian Institute of Translation and Interpretation (IITI).
- Proposal of minimum degree qualification of the teachers to be a 4-year integrated stage-specified B.ED program.
- Flexibility in the three language formulae.
- Foreign language in secondary school.
- Multiple entry and exit options in the undergraduate programmes.
- Recommendations of closing down of all sub-standard teacher education institutions.
- Restructuring of higher education institutions on the basis of research and high quality teaching.
- The functions of standard – setting, accreditation, regulation and funding need to be separated and conducted by the National Higher Education Regulatory Authority.
- Plan for introducing technological integration of education at all levels.
- Proposal for elimination of social category, gender and regional gaps.
- Recommendation of internationalization of higher education.
- Initiatives to be taken for strengthening open and distance learning.
- Proposal for integrating all education initiatives under an umbrella organization being named as RashtriyaShikshaAayog (RSA).
- This policy to be reviewed every 5 years.

### 7. Application of PPP Model in Education

Whenever a policy is framed by the Government, it needs to be executed well so that everyone gets some advantages from this. But the point is that, to execute the NEP in an appropriate



manner, a huge amount of fund is required as well as an efficient management is also needed. This fund can never be possibly raised by the Government on its own. Rather it should go for a partial new model i.e. Public - Private Partnership (PPP) in order to raise fund as well as to have proper administrative procedures to run the most precious sector in a smooth way. PPP model is highly required in the following cases:

- » To enhance the skills of the teachers of different levels.
- » To build new institutes as proposed in the NEP, 2019.
- » To increase the number of primary schools as much as possible.
- » To provide high research facilities to each and every research scholars.
- » To provide smart classrooms to every institutions.
- » To develop the proper educational infrastructure so that every needy person can take the benefits of education.
- » To run every institutions in an efficient manner.

Lessons from existing models in India and international efforts at collaboration between the private and public sector show that PPPs have an important role in improving the system.

Three primary reasons that governments are exploring these partnerships include

- Increasing access to school
- Using under-utilized school infrastructure
- Improving the quality of education.

Starting with government aided schools like Punjab Adarsh Model School Scheme; the Rajasthan Education Initiative; the Municipal Corporation of Greater Mumbai's PPP policy; the Gujarat PPP policy and the Central Government's Model School Scheme, State of India has experimented with various forms Of PPPs to improve access and quality in education.

Despite vast potential for PPPs on India, governments have not yet had success with their implementation. Drawing on global best practices, some structural principles that need to be addressed in design of a PPP model includes-

- In order to ensure financial viability government should reimburse private operators the full amount of per child costs in a timely manner.
- There should be clarity of intervention policy of the government.
- High accountability standards with well-defined evaluation and assessment methods should be implemented.
- There should be full transparency in selection process of operators.
- Private operators should have autonomy to introduce innovation.

To introduce critical quality into the Indian education system the implementation of PPP MODEL should be financially viable, operationally effective.

## 8. Conclusions

The second edition of NEP is a much awaited policy

document after the first edition was dismissed amongst controversies. Systematic education policy is essential for offering school and college education in a country due to the reason that education leads to progress in a society. Appropriate suggestions are made to realize the policy and make it defect free and effective from a public point of reference and for the prosperity of the country.

At present NATIONAL EDUCATION POLICY proposal 2019 is an inclusive model with many innovations to provide liberal but specialized and customized both school and college education by incorporating research components both at school and college levels. Apart from highlighting the features of the proposal this paper has also mentioned the application of PPP MODEL IN EDUCATION as an optimum model by considering the local conditions of the country.

Moreover draft NEP has recommended doubling of public funding to 6% of the GDP and increasing overall public expenditure on education to 20% from the current 10%. This is desirable but doesn't appear to be feasible in near future, given that most of the additional funding has to come from the states.

Draft NEP has certain loopholes that need to be relooked for the benefit of the teachers and the students alike. **MA**

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# NEW EDUCATION POLICY 2019 - REFORMS TO UNIVERSALIZE THE EDUCATION



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## Introduction

The New Education Policy reforms did much to ameliorate the education standards both in primary and higher levels. The main objective of new education policy is to universalize the primary education and creating holistic environment to the learners by providing access to school and its infrastructure. The industrial revolution and current economic conditions of India are demanding the changes in education system. RTE which gives the Right to Education ensure that every child is free to access the school and early child care. The policy includes the new curriculum with new pedagogical structures for effective learning. NEP also ensures for holistic development of the learners. It benefits both learners and teachers by providing guidelines

## Abstract

*Education will play a predominant role in achieving sustainable development for any nation. Especially the country like India needs to bridge the gap between industry demand and supply by developing the policies like New Education Policy. In recent times India shifted its focus especially in transforming the education system from traditional pattern to Digital pattern. As the nation is rich in demographic dividend, by transforming the education system with new paradigms the nation wants to reap the benefits from it. The New Education Policy aims at universalizing the primary education by providing access to school and infrastructure to all its stake holders. The policy also helps in developing special education zones which enables increasing opportunities to the children to learn irrespective of their background. The policy ensures to render special attention to the early Indian languages for their growth and preservation. This policy also helps in increasing teacher – pupil ratio in near future. This policy also developed a framework to achieve sustainable development in the field of education by creating a harmonious learning environment especially to the girl child's. The present article addresses the vital elements of New Education policy for the achieving effective learning outcomes.*

for professional developments and career management. Many schools in India are facing the difficulties due to isolation. This isolation will come to an end by the effective governance through school complexes.

### Review of literature

**K.Vinothkumar<sup>1</sup> (2008)** said that continuous follow up and attention in implementing education policy will give good results. **Mohan gautam<sup>2</sup> (2016)** found that strict and systematic approaches need to be followed for yielding better results in Indian education system by reducing red tapism, corruption and disinterest on the part of monitoring and regulatory authorities.

### Objectives of the study

To know the key reforms of new education policy 2019 initiated by the government of India in the field of education under the ministry of human resource development.

### Research Methodology

This paper is developed by using secondary data which was taken from the website of MHRD, Government of India.

### Reforms initiated by New Education Policy 2019

Primary Education	Higher Education	Other elements
➤ Aims to provide access to free, safe and high quality education for all children between 3 – 6 years	➤ Introduction of liberal education approach for enhancing the professional education and to energize the graduate programs	➤ A special national fund creation for scholarship and developing resources and facilities
➤ Delivering quality early childhood care which includes health care, nutrition, motor skills, moral and physical development needs.	➤ Optimizing learning environment through innovative and responsible curriculum and pedagogy	➤ Special internship opportunities for underrepresented groups (URG)
➤ Special focus on early languages and mathematics in grades 1 to 5	➤ Ensuring 100% participation of girls in schooling especially for higher education	➤ Developing a gender –inclusion fund to provide quality & equitable education fund for all girls.
➤ Proposed an equal emphasis on all subjects with the integration of vocational streams	➤ Establishing a new national research foundation will helps to open up many new research proposals in the field of education	➤ Setting up of a new national educational technology forum for improving teaching, learning and evaluation process
➤ Addressed the overall decline in enrollment of schools all over the country	➤ Providing guidance for strong self governance and effective leadership in higher education institutions	➤ Integrating vocational education in all higher education institutions as an integral part of curriculum
➤ All regions in the country with large populations from underrepresented groups (URG) should be declared as special educational zones (SEZ)	➤ Internationalizing the higher education by enhancing access to open and distance learning and creating opportunities for lifelong learning	➤ Prioritizing the school safety and security for girls & making it as a part of eligible conditions of institutional accreditation
➤ Maintaining an effective (PTR) pupil teacher ratio 25:1 especially for underrepresented groups (UGR)	➤ Governance by independent board for each higher educational institution enhances more responsibility and accountability	➤ Inclusive education for all groups for sustainable development trough lifelong learning
➤ Developing a new accreditation policy for autonomy and accountability in implementing Right To Education (RTE) Act	➤ Provided a wider scope for the development of professional education in all area like legal, health care, nursing, agriculture and in technology	➤ Developing a curriculum framework for adult education and promotion of Indian languages

### Conclusion

The need of change in education policy is a mandate to covert the destructive liabilities of nation into potential economic assets. The new education policy addressed the challenges of education system and also developed the strategies for betterment of Indian education system both for primary and secondary levels. It also developed a constructive and realistic approach which exactly suit for this nation. The key areas like girls child education, development of special education zones, early child care, new regulatory bodies to monitor and funding units are definitely helps to achieve the targeted results of new

education policy 2019 of India. MA

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# SWAYAM: A REVOLUTION IN INDIAN HIGHER EDUCATION

## Abstract

*The traditional classroom based education system has certain limitations in terms of physical infrastructure as well as human resources. To overcome these limitations AI can be effectively utilized for imparting quality education to larger number of aspirants. But for effective application of Artificial Intelligence (AI), we cannot ignore the importance of HI. Human Intelligence (HI) is very important at every step. Only HI can implement the AI judiciously to integrate the Information and Communication Technology (ICT) in developing and delivering the course content to the mass. With the help of ICT in higher education, the access, equity and quality can be ensured in a vast country like India. Recently, MHRD launched the Study Webs of Active-learning of Young Aspiring Minds (SWAYAM) to address the challenges like access, equity and quality of higher education in India.*

## Introduction

Indian education system is one of the largest system in the world as it offers a variety of courses at different levels to millions of learners. As classroom teaching continues to be the main form of education which demands huge physical infrastructure and human resources,



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our country is not able to reach the desired level of GER as yet. The aim of making education accessible to all can only be accomplished through proper use of technology. With the help of Information and Communication Technology (ICT), we may cater to the needs of thousands of aspirants of higher education in the country. The internet has become a part and parcel of human endeavour now a days. It emerges as the educational tool which provides the right information and solution to the problems in an academic environment as well as in the social life. The rate at which the Information and Communication Technology (ICT) is growing today is evident from the fact that it has invaded almost every part of our life. Technological progress can be harnessed for augmenting both expansion as well as quality of education. The digital divide can increase accessibility to education many fold. Access, inclusion and excellence were the basic recommendations of National Knowledge Commission (NKC, Report 2008) on higher education. The report also provides the strategies for increasing the

enrolment in higher education, providing equitable access to the socially underprivileged and weaker sections and ensuring quality at global standards. The issue of inclusive growth translates itself in to an all round inclusion of have not's, where this section of the excluded society gets an access to higher education, that is affordable and accessible.

Education being the subject of Concurrent list of the Indian Constitution, both Central Government and State Governments prescribe the policies, rules and regulations to monitor the education system of the country. The University Grants Commission (UGC) has been entrusted to look after and monitor the higher education system in India. It also prescribes the policy guidelines to ensure quality of education in the country. It is really a challenge to reach the mass in a vast country like India. Major challenges of Indian education system may be summarized below:

- Access
- Equity
- Quality
- Infrastructure both physical & human resources

### Concept of e-Content and Open Educational Resources (OER)

The advancement of Information and Communication Technology (ICT) has brought new opportunities to restructure the teaching-learning process. ICT is a means to spread equal opportunity and democratizing education. Through the effective use of ICT all the above issues may be addressed. The e-content may be solution for many challenges. E-content is nothing but the non-print version of the course materials. It avoids duplication of work, minimizes cost and also protects the environment which in turn promotes the green practices. Now the question is how the e-contents would be made available to the public. Open Educational Resources (OER) would be the best option to reach the mass. OER is the e-content which is released under an appropriate CC license and is made available on the public domain free of cost. The education technology has made it possible to change our attitude towards education. The virtual classroom, interactive board, virtual pen, online delivery system are new trend in the education sector which help the 21<sup>st</sup> century learners to fulfil their dreams.

OECD defines OER as “digitized materials offered freely and openly for educators, students, and self-learners to use and reuse for teaching, learning, and research”.

According to UNESCO, OER is “teaching, learning and research materials in any medium, digital or otherwise, that reside in the public domain or have been released under an open license that permits no-cost access, use, adaptation and redistribution by others with no or limited restrictions.”

Therefore, OER is academic content which is available on public domain free of cost with an appropriate open licence. Open license doesn't mean that every thing is open. It gives us write to use and also impose some restrictions. It is based on the principles of sharing of knowledge and to work upon others work to improve the content.

**Table -1: e-Content Vs. MOOCs**

e-Content	MOOCs
e-Content may be developed in four quadrant approach. It can be accessed as Open Educational Resources (OER) with suitable CC license where no teacher support/ handholding for students is available.	MOOCs has teacher-student groups where MOOC coordinator / instructor interacts with the learner. A learner can earn certificate on successful completion of MOOCs.

### Online Learning initiatives to promote Higher Education in India

We have witnessed two landmark development in the field of education. One is Open Educational Resources in 2002 and a decade later Massive Open Online Courses (MOOCs) in 2012. In 2007, National Knowledge Commission (NKC) of our country formally recognized the role of OER to upgrade the quality of education. In 2009, MHRD launched NME-ICT project to develop e-content on collaborative basis to reach the mass.

MOOCs are the recent development in the area of higher education. Massive refers to increase the number of learners who can participate; Open refers to access, anyone irrespective of his background & experience etc. Online refers to web/internet based learning and Course is a single set of topic on a particular subject. If a teacher has a good content he may opt for MOOC to reach a greater audience for overcoming the limitations of classroom teaching where he/she could teach only 40-50 students. On the other hand a student may take a MOOC to increase his/ her employability or reskilling themselves without disturbing their daily work schedule.

Many initiatives have been taken by the Indian government to provide and support the online education. Initially, the objective was to provide open resources in terms of repositories, libraries, educational media files, e-books, etc. Some of the efforts in this direction started as National Digital Repository, SAKSHAT providing e-content, e-PG Pathshala etc. Most of these initiatives started with establishing dedicated department to make education accessible to learners as maximum as possible. Some of the common names in this path are, Education and Research Network (ERNET) connecting various colleges and schools by providing network connectivity; EDUSAT, a satellite launched for education purpose in India, Consortium for Educational Communication (CEC), use the power of television to act as means of educational knowledge dissemination through SWAYAM PRABHA; Information and Library Network Centre (INFLIBNET) an autonomous Inter-University Centre for connecting university libraries etc.

### India's MOOCs: SWAYAM

The Ministry of Human Resource Development, Govt. of India has come up with the projects of Study Webs of

Active-learning of Young Aspiring Minds (SWAYAM) to facilitate any time anywhere learning from certificate level to post graduate level having credit transfer provision among Indian Universities. It was formally launched on 4th July 2017. The educational resources available on the SWAYAM are also made available through Mobile App which may be accessed by the registered students free of cost. The platform is indigenously developed IT platform that provides access to hundreds of courses which are developed on four quadrant approach viz. i) Audio-video lecture, ii) Reading materials/text, iii) Self assessment test and iv) online discussion forum for clearing doubts. All the courses are interactive, prepared by the best teachers in the country and are available, free of cost to the residents in India. More than 1,000 specially chosen faculty and teachers from across the Country have participated in preparing these courses.

There are nine National Coordinators who are entrusted with the responsibilities of conducting MOOCs on SWAYAM platform. In order to ensure best quality content are produced and delivered, these nine National Coordinators have been appointed. They are NPTEL for engineering, UGC for non technical post-graduation education, CEC for under-graduate education, NCERT & NIOS for school education, IGNOU for out of the school students, IIMB for management studies and NITTTR for Teacher Training programme, AICTE for self-paced and international courses.

**Table 2: National Coordinators-MOOCs**

National Coordinator	Sector
University Grants Commission (UGC)	Non-Technology PG Degree Programmes
NPTEL	Technical/ Engineering UG/ PG Degree
IGNOU	Diploma and Certificate
Consortium for Educational Communication	Non-Technology UG Degree
NCERT	School Education from Class 9 <sup>th</sup> to 12 <sup>th</sup>
NIOS	School Education from Class 9 <sup>th</sup> to 12 <sup>th</sup>
NITTTR-Chennai	Teacher Training Programme
IIM-B	Manahgement Programme
AICTE	Annual Refresher Programmes and international courses

### Features: SWAYAM

The Massive Open Online Courses (MOOCs) provides affordable and flexible learning experience for the mass. The important feature of the MOOCs available on SWAYAM that the academic resources can be accessed any where at any time by a registered students as per their convenience. They can access the academic content both e-text and audio

vedio lecture for repeated times to clear their doubts. The online “Discussion Forum” is an important component of online courses through which the students can interact with the course coordinator and peer members. The discussion forum is the key by which the students can be engaged towards end of the course. Another feature is that if a student is studying in any college, he can transfer the credits earned by taking these courses into their academic record. If a person is working or not working or dropouts, SWAYAM gives a unique educational opportunity to them for expanding the horizons of knowledge. SWAYAM is a programme initiated by Govt. of India and designed to achieve access, equity and quality. The objective of this effort is to take the best teaching learning resources to all including the most disadvantaged. It seeks to bridge the digital divide for students who have hitherto remained untouched by the digital revolution and have not been able to join the mainstream of the regular education system. SWAYAM platform is indigenously developed by Ministry of Human Resource Development (MHRD) and All India Council for Technical Education (AICTE) with the help of Microsoft and would be hosting 2000 courses and 80000 hours of learning which will cover school, under-graduate, postgraduate, engineering, law and other professional courses. Technology enabled learning initiatives would go a long way in cutting down costs of building infrastructure in the form of brick and mortar class rooms, thereby addressing the problem of financing of higher education. The online content will also address the problem of management of faculty shortage in universities and colleges, by providing students with the best quality faculty from all over the country,

All the MOOCs are now hosted on SWAYAM platform that serve the academic purposes and courses which are taught in classrooms from 9th class till postgraduation to be accessed by anyone, anywhere at any time. All the courses are interactive, prepared by the best teachers in the country and are available, free of cost to the residents in India. The faculty and teachers from across the Country have participated in preparing these courses. At the end of each course, there will be an assessment of the student through proctored examination either pen and paper method or Computer Based Test (CBT) method and the marks/grades secured in this exam could be transferred to the academic record of the students of the home institutions. Though the courses delivered through SWAYAM are available free of cost, students are required to clear the examination for certificate with a fee as decided by the MHRD. On successful completion of the course, the course completion certificate with grade is issued by jointly by the UGC and host institution.

UGC has already issued the UGC (Credit Framework for online learning courses through SWAYAM) Regulation 2016 advising the Universities to identify courses where credits can be transferred on to the academic record of the students for courses done on SWAYAM. A student studying at a recognized HEI anywhere in the country and having cleared the online course through SWAYAM, would be awarded credits to be transferred from the Host Institute to the Parent Institute where the student is studying. Up to 20% of the total

courses being offered in a particular program could be opted through MOOCs. Presently 137 universities have come forward to facilitate the credit mobility facility according to the UGC Regulation 2016. The host institution and the course coordinator would evaluate the student based on predefined norms and the parent institution will incorporate the marks/grade obtained by the student, in the final marks sheet. A certificate regarding successful completion of the MOOCs would be issued through the Host Institution and sent to the Parent Institution.

### Some facts of SWAYAM:

Since its inception in July 2017, the enrolment in various courses in SWAYAM platform is ever increasing. Table 3 shows total enrolment under different National Coordinators of SWAYAM. In case of online learning, many learners join the course out of curiosity and many join to view the content

including videos which are useful to them. Very few students reach to the last week of the course followed by the final test. In case of online courses, 8-10% of total enrolment apply for the final certification at the International level. It is also evident from the Indian perspective. Till date 203 partner institutions/ universities are acting as host institutions who offer the MOOCs through SWAYAM platform for various levels starting from school education to post graduate degree programme including engineering and refresher courses. 2745 courses are available as MOOCs and around 125.41 lakhs of students registered their name for these courses. Out of total enrolment only 7.23% apply for the certification i.e. submit the examination form for final test which is close to global standard. But at the same time, it is encouraging that 72% clears the final examination who submit the examination form i.e. intend to get credit transfer facility and/ or completion certificate.

**Table 3: Status of enrolment under National Coordinators (NCs)**

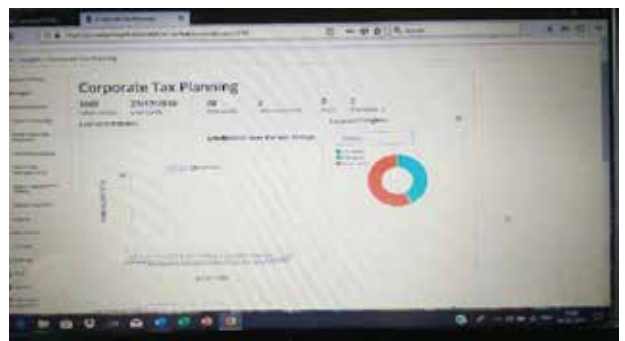
NCs	Completed Courses	Enrolment	Registered for examination With %	Qualified for Certificate With %
UGC	263	2,84,766	12,310 (4.32%)	9,289(75%)
NPTTEL	1660	81,63,683	8,81,514 (10.79%)	6,31,545 (71%)
IGNOU	52	91,458	1,485 (1.62%)	962(64%)
CEC	353	5,18,172	13,800 (2.66%)	8,524 (62%)
NCERT	75	75,870	00	--
NIOS	130	29,42,319	00	--
NITTTR	22	65,598	1,561 (2.38%)	961 (61.56)
IIM-B	58	1,44,561	4,861 (3.36%)	3,383 (69%)
AICTE	132	2,55,565	7	--
<b>Total</b>	<b>2745</b>	<b>125,41,992</b>	<b>9,15,538 (7.23%)</b>	<b>6,54,664 (72%)</b>

Source: www.swayam.gov.in (as on 15 March 2020)

### A MOOC on Corporate Tax Planning

A 4-credit course titled 'Corporate Tax Planning' was offered by the author in January 2019 session in SWAYAM portal. The 15-week course was designed in such a way that the students studying post graduate degree in commerce and management in Indian Universities may enrol in this course. The course was developed in 4-quadrant approach as per MHRD norms and distributed over 15 weeks duration. There are two components of assessment viz. Assignment which

carries 20% and the final test which carries 80% of marks. After successful completion of this course the students may get the benefit of credit obtained in the course in their parent institution as per the UGC Regulation of 2016. It is very interesting to see that 1085 learners took admission in January 2019 session from different states of the country. In the second cycle (July 2019), the same course was offered by UGC and 1087 learners registered their names for this course. In the third consecutive session (January 2020), 793 students registered their name in this MOOC.



**SWAYAM Platform**

## A MOOC on “Introduction to GST”

Another certificate course on GST has been hoisted by IGNOU on the SWAYAM 2.0 as MOOC. The course has been developed on 4-quadrant approach i.e. the learners will get e-text, AV lectures, link to further readings and weekly self assessment questions for self evaluation. As far as the enrolment is concerned the author (CC) is overwhelmed to see the total enrolment for this course which exceeds 9986. In the second consecutive session (January 2020), 7759 students registered in this MOOC. This online course gives the opportunity to thousands of learners to get quality academic content as well as the CC gets the opportunity to interact with the learners who come from diverse background across the country. This is not possible in class room teaching within the four walls.

## Conclusion

With success stories of SWAYAM, the University Grants Commission (UGC) has of late, allowed some universities to offer online Degree courses subject to fulfilment of certain terms and conditions. These government initiatives will definitely boost up the education sector in India with an emphasis on three Es- Expansion, Equity and Excellence with the application of AI to ensure equitable quality education and promote lifelong learning for sustainable development.

The introduction of MOOCs through SWAYAM has opened up a new vistas for thousands of aspirants to pursue higher education to fulfil their dreams. In one hand it addresses the challenges of limited physical infrastructural facilities, quality faculty and on the hand it helps increase the GER of the country. **MA**

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## AT THE HELM

### Prof. Nageshwar Rao

*Vice Chancellor, Indira Gandhi National Open University, New Delhi*

Prof. Nageshwar Rao has joined on 26<sup>th</sup> July 2018 as the Vice Chancellor of Indira Gandhi National Open University (IGNOU), the largest Open University in the world. He was also Vice Chancellor of Uttarakhnad Open University (UOU), Haldwani, He has also officiated as Vice Chancellor (I/c) and Pro Vice Chancellor, IGNOU, New Delhi.



Prof. Rao received his D.Phil from University of Allahabad and ICWA from The Institute of Cost Accountants of India, Kolkata. He has written eight books; popular amongst them are ‘Administration on Public Enterprises in India’ and ‘Communication Skills. 41 students have been awarded Ph.D in Management under his supervision. He was also Chair professor (i/c), Ambedkar Peeth, Vikram University, Ujjain and Hony. Secretary, Institute of Gandhian Thought and Peace Studies, University of Allahabad.

He has the charge of Vice-Chancellor of Kumaun University, Nainital and also Vice-Chancellor of Uttar Pradesh Rajarshi Tandon Open University, Allahabad. From October 1990, he is University Professor in Pt. Jawaharlal Nehru Institute of Business Management; Faculty of Management Studies, Vikram University, Ujjain where he was the Director of the Institute for more than 13 years. He was also Dean, Faculty of Management Studies for five terms and Dean, Faculty of Information Technology for one term at Vikram University, Ujjain.

He was conferred Fellow at Commonwealth of Learning, Canada in Scotland during September, 2019. He was also conferred D.Litt. (Honorary) by K.K. Handique Open University, Guwahati in 2019.

He was the President of Indian Accounting Association. Saraswati Samman was conferred upon him by U.P. Govt. in 2010. On 30<sup>th</sup> July 2018, he was conferred Nehru Literacy Award of Indian Adult Education Association, New Delhi by His Excellency, the Vice President of India.

He is also actively involved in developing appropriate policy framework at national level for promoting online education in the country.





# ONLINE COLLABORATIVE LEARNING: A MOTIVATIONAL STRATEGY FOR STUDENTS

## Abstract

*Collaborative learning helps students to communicate with each other and with the material which is provided in the sessions. It is a removal of traditional lecture method of teaching. This article focuses on implementing collaborative learning into accounting classes with a motive to generate more active student learners with the help of interactive sessions. It attempts to suggest strategies to deal with challenges and pitfalls with the application of Online Collaborative Learning (OCL).*

*“Teachers need other Teachers. This is not a job that can be done alone. Collaboration and friendship are vital in keeping teachers sane and happy.*

*- Anonymous*



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## Introduction

Online Collaborative Learning discovery invented a model of learning in which students are motivated and supported to work all together to create knowledge for themselves and to invent, to explore more innovative ideas, and, by so doing, to seek the solutions needed to solve problems rather than list what they think is the right answer. Online Collaborative Learning discovery is made to encourage the learner to be energetic and engaged. In the Online Collaborative Learning discovery, the teacher plays an important role not as a fellow-learner, but as the relation to the knowledge group of people, or state of the art in that discipline. Learning is defined as abstract and is solution to building knowledge. Learning actions must be informed and guided by the norms of the regulation and a dissertation process that emphasizes on learning and building knowledge.

There is beginning to every new stage; similarly a new stage nowadays is the accounting classes which are taught in a different way. It is inspired from the traditional lecture format to a more active and unique learning format. Accounting education changed to involve the students more in the learning process. Online Collaborative Learning emphasis on active participation in the learning process and taught to solve unstructured problems that require use of multiple information sources. The student should learn by doing all the activities given by the professors. Many accounting departments are trying to include the American Institutes of Certified Public Accountant (AICPA) personal capabilities for their accounting students. The AICPA's personal capabilities are related to the attitude and behavior of individuals preparing to enter in the accounting profession. It enhances the way qualified relationships are handled and helps individual in learning.

### Objective of the study

- To understand the significance of implementation of Online Collaborative Learning in education.
- To suggest the strategies to overcome pitfalls due to OCL in education.

### Significance of OCL

#### 1. Flexibility

Students have the liberty to manage their careers and school because they aren't attached to a fixed schedule. In a traditional learning method, class timings are set, and the students have no power for this, students are forced to work their schedules around these dates. Most students' select online learning tends to have other commitments, and prefer this mode because it gives them power to select their own time towards their different projects.

#### 2. Networking Opportunities

Online education helps in providing students with the chance to network with peers across different continents. This leads to some other opportunities in terms of teamwork with help of other individuals in the execution of a project.

However, it makes them ethnically aware and makes them fit into other internal and external environments easily, given their disclosure to other cultures.

#### 3. Increased Instructor - Student Time

Students in traditional learning are not able to get the personalized concentration. They need to have the concepts clear. Though, class sizes for accounting practices are small and in most of the college's classes of students are numbered up to hundred. This problem is not faced in OCL because in online students discuss and have personal time to talk with their professors and lecturers is an official mark of online classes. This helps and improves a student to perform well due to the time limit given by their instructors to them.

### Challenges

#### 1. No face-to-face interaction

While e-learning is more popular these days, through the application of video conferences, webinars and face-to-face video chat, it still isn't the same as sitting across the room from a real person. There is no substitute for interacting with and learning from a fellow human.

#### 2. Lack of input from trainers

E-learning is planned. When a programme is developed, it is based on what the course developers think is the right prospectus at the time. Though, learning materials can quickly become outdated and may have errors even from the beginning. The best trainers aim to interact with people to identify what they need to know and how they need to learn it. Student feedback is extremely valuable, however, that's far less possible with an e-learning course.

#### 3. Slow progress

After an e-learning course is developed, it can take an extremely long time for any needed changes to be worked in. If a business model changes or market conditions are disturbed, online training can quickly be made outdated. This is a waste of time and energy that were invested to get the course up and running. However, with regular training conducted in the training room, with live trainers, the course can be changed rapidly and even on the fly.

### Pitfalls for using Online Collaborative Learning in education

An Accounting professor is a lead to make use of collaborative learning techniques; in this process researchers must be aware of seven pitfalls while successfully implementing these techniques in the classroom. First, the students should not automatically work well collaboratively, with some other students even let the more motivated students do all of the work. Second, many professors are tempted to let the students form their own groups with other students and not with their friends, because sometimes best friends do not essentially make the most helpful groups. Third, professors always want a class group size large. Fourth, professors may get unenthusiastic and decide to finish the

groups very quickly. Fifth, professors may come across quiet or shy students and those students sometimes feel left out or don't want to participate in the group. Sixth, on the opposite side of the picture, a professor sometimes comes across dominant students that do not allow other students to learn and don't give a chance to participate. At last, professors are persuading to give the same grade to every student present in the group regardless of seeing participation or efforts.

### Strategies to overcome these pitfalls

There are manifold strategies which helps a professor to overcome the problems mentioned above. In order to overcome the pitfall for those students who are not working collaboratively, the professor needs to construct tasks in ways that require a sort of communication between other students. This includes giving students role and responsibilities, such as manager, encourager, cheerleader or taskmaster.

Another strategy that can overcome this pitfall is to give each member a different, interdependent research and a different problem to solve this ensures that students are working together. In terms of the group, the team leader must have input into how the groups are forming. An important factor is that, heterogeneous groups can decrease the impact of status and encourage active involvement by students. Students with low ability often are paired with the students having medium-ability rather than those students having highest ability. Also, groups with four to six members work better than exceptionally large groups, sometimes a pair of students is termed as an ideal group.

Last with respect to group dynamics, professors must give time to the groups to become consistent, rather than constantly finishing the groups and forming a new group. Students who are quiet or shy, the professor must give task to the students to go home and write down their own ideas on paper and then each member is required to share his or her ideas with the group. Students who are with dominant personality, professors should train their interpersonal communication skills time to time so that they know what kind of behavior is expected in the group. This helps in discussion of group functioning and focusing on how students should talk and

listen to each member present in the group.

The last pitfall can be overcome by avoiding the persuasion to give the same group grade to the students. It is essential that professors must consider estimation strategies carefully, looking how to reward the group while focusing on every individual's accountability unlike providing same grade to a group project.

### Conclusion

In order to meet the requirements of Online Collaborative Learning and to implant it in accounting classes of students, accounting professors need to be aware of the traditional lecture format which needs to be changed into collaborative learning formats. MA

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## Kind Attention !!!

Dear all,

We regret to inform you that we are unable to publish "Down The Memory Lane" this month again as it is prepared by extracting memorable events from the various issues of The Management Accountant journal; which is currently impossible due to extension of Nationwide Lockdown state to fight against pandemic COVID-19. Hope to publish the same in the forthcoming issues.

# VOCATIONALISATION OF HIGHER EDUCATION IN COMMERCE: THE NEED OF 21<sup>ST</sup> CENTURY

## Abstract

*It has been observed over a period of time that the incidence of unemployment and under employment amongst university graduates is increasing. Registered statistics of Employment Exchanges indicate that the increase in the number of persons seeking employment assistance had been higher in case of educated than the unskilled workers in general, prevailing phenomenon in general and commerce in particular. It is because of the oversupply of the graduates, competition among job seekers and lack of competence among them to have entrepreneurial prospective for generating self-employment. In particular, employment possibilities of graduates and post-graduates of general subjects have become increasingly limited. Similarly, the education imparted fails to meet the requirements of the employment market. The kind and nature of education that educational institution are imparting education that is not employment oriented and lack vocational approach to give shape to the talent of the youth. Educational institutions are not appropriately equipped to visualize need, objectives and dimensions of education in a precise manner. Higher education in commerce fails to provide appropriate training to have practical application as per aspirations of employment market. Moreover, skill requirements of occupations have undergone drastic change because of vibrations of technological environment.*

*An attempt is made in the paper to highlight significant concern, issues and major challenges faced by the educational institutions in the higher education of commerce in particular with vocational prospective. The researchers have tried to suggest some urgent revisions and reforms with the said perspective in higher commerce education.*



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### Introduction:

It has been observed that the major limitation of the present day commerce education provided at the under graduation level is that the students are prepared for getting success only at the Semester End Examination. The examination oriented higher education system results this trend which has ultimately resulted in to complaints from the employers regarding deterioration of standards in education in general and commerce education in particular. Their basic complaint is that the graduates and the commerce graduates in particulars have been taught the course content in such a theoretical manner and so inadequately that some of them are not good even at the theory. Obviously employers are extremely happy with few of them who have a correct and complete theoretical background of the course contents taught to them. They are extremely pleased in exceptional circumstances when they come across interviewees having a practical orientation or specialized knowledge so needed for the work. The expectations and requirements of the industry are that particularly in commerce, the syllabus should be reviewed and updated regularly in line with the current changes in the field of Accountancy, Taxation and other legal & relevant areas. It is also expected that curriculum must be adequate to create the healthy trade-off between theoretical and practical exposures during the higher education tenure. A student should enrich skill and ability to meet with the market requirements for performing job assigned to him. This reveals that there is an unreasonable gap between what educational institutions are providing and producing and what the employers are expecting. The ground reason for such deviation is *LACK OF PROVISION FOR ENOUGH VOCATIONALISATION IN HIGHER EDUCATION IN COMMERCE PARTICULARLY.*

### Concern for Vocationalisation:

Internships and research opportunities: Finally, as part of a liberal education, students will be provided with opportunities for internships with local industry as well as research internships with faculty and researchers at their own or other HEIs or research institutions. This will be recognised as a component of the liberal arts degrees for those students who partake in this option, and they will receive credit for such work as part of their Bachelor's degrees when applying for graduate programmes or other employment-**(Draft National Education Policy, 2019)**

Move towards a more imaginative and broad-based liberal education as a foundation for holistic development of all students, with rigorous specialisation in chosen disciplines and fields. **(Draft National Education Policy, 2019)**

**Vision of the Bureaucrat:** On the day Chinese foreign minister Wang Yi arrived in New Delhi, Prime Minister Narendra Modi said India would need to work on "skill, scale and speed" if it hoped to compete with its northern neighbour.

In the human capital framework, knowledge and skills are specific forms of human capital. While general education is knowledge intensive, vocational education and technical

education are skills intensive. (Becker, 1964).

The former is portable across one's life and from job to job, while the later one is not and hence many advocate general education, as more suitable to the flexible labour force that can change task and even the type of work; but the later one has an advantage imbibing specific job relevant skills, that can make the worker more readily suitable for a given job and would make him/her thus more productive. Hence both are important and education systems in many countries therefore include both general and vocational streams of education in varying proportions. Vocational education has been an important part of senior secondary education, but it was also introduced in the tertiary level in India, in recent years. Thomas Balogh (1969, P.262) was emphatic in arguing: "As a purposive Factor for rural – socio – economic prosperity and progress, education must be technical, vocational and democratic".

It is high time to expect the rethinking in regards to the objectives, ways and manners of providing commerce education. Further, the emphasis on commerce education may be placed on conceptual clarity of the subjects taught, and the latest information and trends in knowledge along with the practical training to apply the theory. The inter-relatedness of topics taught must not be lost sight of. Major objectives of providing commerce education can be to develop among students' conceptual clarity, critical thinking and application of theory. Ultimately the placement of graduates at the appropriate level in corporates has to be facilitated. In the absence of newly created job in large number the development of necessary skills among graduates so necessary to take up a vocation needs to be assigned weightage it deserves. The determination of the major objectives of providing commerce education and the practical consideration in regard to various vocations should help the education planners to decide the type of commerce graduates needed for taking up different vocations. This in turn will help in integrating the requirements of different vocations with the existing system of commerce education and think of the possible innovations or revisions to be made in the course contents.

Despite the fact that India is a fast developing economy, difficulties have led the Government to conclude that far more needs to be done to engender more employment opportunities for the majority of Indians, to enable them to participate in the benefits of growth and to contribute to that growth. To do this they must have education and training that equips them for the labor market. One of the sources of the skilled workforce is the vocational education and training system.

However, the government realizes that the system is not being able to appropriately respond to the needs of the labor market. A key issue, then, is what reforms/interventions are needed to improve the effectiveness of the system. Answering that question is far from easy.

The requirement for Vocationalisation depends upon the nature of work, the level at which it is to be carried out, the responsibilities attached and most importantly the changing environment in employment market in terms of versatile job

descriptions. Moreover, skill requirements of occupations have undergone drastic change because of vibrations of technological environment and therefore, the component and level must be suitably modified. As there is a tremendous growth in job opportunities in a developing economy like India, an important objective of commerce education ought to be preparing the students for making them adoptive to the process of Vocationalisation. This means that the commerce education should help students to prepare for the existing as well as new vocations. Therefore, now it is inevitable to focus more on Vocationalisation of higher education along with the continuous focus on the theoretical aspects. Educational institutions should review and modify the existing dynamics of higher education in commerce in such a way that ensure desirable tradeoff between theory and practice.

### Emerging Issues in the Commerce Higher Education:

1. The present education system is focusing on knowledge merged with skill & ability to perform practical job. It results in producing the graduates who do not meet the requirement of the industry. The education system is not organized to provide to industry a product immediately ready to assume full occupational responsibilities.
2. Teachers are not adequately trained with thorough clarity about the subject up to its application level and majority of our educational institutions are not fully equipped with the IT infrastructure and training labs.
3. Delay in timely updation of course content curriculum parallel to the changing need and corporate environment. It leads to failure to match the job specifications with changing job descriptions.
4. Commerce education in particular fails to ensure corporate-private participation in Vocationalisation.
5. It covers multiple subject but imparting inadequate exposure and specialized knowledge especially at the undergraduate level. Though at post graduate level there are certain specializations, however the course content and proportion of specialization does not ensure meeting with corporate requirements.
6. Conventional methodology for imparting commerce education is currently also adhered to, that leads to conceptual delivery only on content without incorporating supportive tools and exposure that ensures offering insights as to how phenomenon or activity actually functions.
7. Lack of professional approach in drafting and revising syllabus and course content curriculum. (Only those theories ought to be covered in the syllabus, which can be practice in the commercial environment).
8. Does a student afford to and willing to have practical exposure and training to enrich his vocational skill and ability when it is made extra expensive by taking initiative from institutions?
9. When provision is incorporated to have vocational exposure through providing training, whether students completely involve? Sincerely exposed

with objects and content? Properly supervised and evaluated in order to establish validity and reliability of such an effort?

### Challenges:

- Semester system/CBCS tried to introduce academic versatility and decentralization of curriculum but traditional administrative centralization and set up leads to absence of excellence in the system through processes and dynamics of decision making.
- Absence of conscious efforts or lack of adequate provisions for infrastructural facilities e.g. computer lab, vocational training centres, ties ups with various corporate components like Income tax, Excise departments etc.
- Choice was given to the students but with inadequate support and probably it was not given to the system to have appropriate preparation results in too short gestation period with no choice for its adoption leads to operational inefficiency.
- Lack of proper counselling to the students to arrive at an appropriate choice has resulted in non fulfilment of purpose even though it was visualize and aspired for.
- Vocationalisation of education requires system operators to take extra pain for skill enrichment, search for innovative ways to impart application level learning to the audience. Particularly in commerce education lacunas in this regards are observed with.
- Successful implementation of vocational approach in commerce education requires fundamental changes in the system dynamics (establishment, structure, resource allocation and control). Existing system in commerce education found to be conventionally driven with rigid dynamics, probably inappropriate in short run to absorb needed changes.
- Since Vocationalisation in commerce education has not been remained an area of concern for policy makers, governing bodies or agencies, no presidential guideline or suggestions are available for its venture. Norms with regard to conditions under which it can have success is a great area of quest or research.

### Suggestions:

- The education system should not only focus upon conceptual and theoretical knowledge but should have rationale concern for skill and ability so that it can provide output which is a rationale input to meet with full occupational responsibilities.
- Educational institutions and governing bodies should make mandatory provision for system operators (teachers) to have periodic review, revision and updation of skill to meet with objectives and challenges of Vocationalisation of commerce education.
- Serious concern and adequate provision to be made

in education institutions for IT and infrastructural support and in-time updation of course content curriculum in accordance with the requirement of successful implantation of vocational courses.

- Corporate-private participation in Vocationalisation of higher education should be promoted by the policy makers or regulatory bodies by taking active initiatives.
- Rigorous System should be designed in such a way that can ensure the professional touch up while drafting the syllabus. (Only those theories ought to be covered in the syllabus, which can be practice in the commercial environment).
- Financial support should be made available to the educational institutions aspired to introduce vocational courses so that relief can be passed on to the institutions in general and students in particular. The Government can think of levy some extra cess or tax like 'Higher education vocational cess' to pass on burden of such noble initiative on the society in long run.
- The system of training should be made more interesting, mandatory, properly supervised and rigorous in nature like professional courses such as CA/CS/CMA ARTICLESHIP.
- The present vocational courses should be reviewed drastically to provide adequate competence and excellence to the beneficiaries.
- The training and internship within education institution shall be linked directly with performance of a job and should have a focus on problem solving, continuous improvements through constant learning with or through industry dynamics.
- The Vocationalisation should not simply confine to creating proper job seekers but rationale concern should be shown and efforts should be made to provide platform to create a pool of job creators.
- The greatest attention should be paid to the preparation and testing of correspondence courses before their widespread use. In addition, the necessary administrative steps need to be taken to ensure that those following correspondence courses have access to a technical institution for guidance in

their studies and for the practical experience required by the course.

- An institution may suggest a vocational subject which it expects to meet more adequately the local requirements of the job market.
- Weekly expert professional talks should be made a part of the curriculum so that it becomes a regular function of the educational institution to share among the students latest developments taking shape in the industry.

### Epilogue:

Creation does require pain, positive vibrations, vision for genuineness and courage to challenge existing customs, thoughts and set ups. Vocationalisation in commerce education can be dreamed as a mission to be achieved by the systems and operators in the field of education. No exaggeration to conclude that with the emerging phase of change and vibrations inculcated in it, now we have already passed through the phase when Vocationalisation in commerce was simply required or an issue of preference, it has almost become inevitable. **MA**

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### Kind Attention !!!

Hope you are getting The Management Accountant Journal in physical form at your doorstep regularly. If not, requesting esteemed Members, Students and Subscribers to mail us at: [journal@icmai.in](mailto:journal@icmai.in) for smooth and uninterrupted delivery of the same.

# PROFESSIONAL OPPORTUNITIES FOR THE COST & MANAGEMENT ACCOUNTANTS IN NATIONAL EDUCATIONAL POLICY (DRAFT), 2019

## Abstract

*The National Educational Policy (Draft) 2019 will have major turnaround shift in education system in India. Once implemented, guidance and support will be required and the professionals especially Cost & Management Accountants [CMA's] would be able to extend their gracious full-fledged support to the regulators, educational administrators and stakeholders at large. CMA's being specialized in the value creation, wealth management, business process re-engineering with cost management perspectives, identification of value added and non-added activities for any process will accomplish the role of advisors, consultants to the educational institutions also. In this article, earnest attempt is made to high light the emerging scope & opportunities to CMA's as envisaged in the draft education policy. It is not an exhaustive role but a sustainable role has be "Rolled out" by the CMA's to the fraternity of educational administrators.*



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educational administrators, teachers, students and at last the citizens of this nation themselves.

To quote the real purpose of education,

“Education is the manifestation of perfection already in him” – Swami Vivekananda, who is a strong visionary, reformer and thinker to have dreamt of overall and sustainable education coupled with value systems to the human race.

The present educational policy introduces reforms from the Early Childhood care & Education (ECCE) & School Education, higher education, professional education and sector specific education such as teacher education, medical education, agricultural education etc., To achieve the desired objectives and to enjoy the fruits of the National Education Policy, 2019, it is imperative that all professionals can contribute to a greater and larger extent within their scope of professionalism.

**T**he New Education Policy (Draft) 2019 released by the Government of India aims at development of human resources by touching the life of every citizen in consistent with their ability to contribute to tasks of “Nation Building”. The implementation of proposed draft policy requires the co-operation of the regulators,



The following tabulation will help us to understand the role to be played by CMA's in re-engineering the School Education system.

Current Scenario	Proposed System in NEP 2019	Role of Cost & Management Accountants
Most Early childhood education is delivered through [ 0 to 8 Years of age of the child] Anganwadis - Kindergardens Pre-schools run by Private Players / NGO's	Integrated Single Pedagogical system to be termed as "Foundational Stage" Coupled with the following features in the educational system Flexible Multifaceted Multi-level Play based Activity based Discovery based Will result in the "Integrated Child Development Services [ICDS]"	Potential Opportunities for Cost & Management Accountants <b>Consulting Services</b> To Establish more pre – primary schools Integrating/ Improvements of existing institutions to cater to "ECCE" requirements by offering consulting services to improve upon the resources, infrastructure  <b>Cost Advisory Services:</b> Advise the management of the Institutions to decide on the cost factors keeping in mind the inclusiveness of ECCE and affordability of the society and community at large.
Primary Education (upto Standard V)		Prepare cost statements in a comprehensive manner to help the policy makers and education administrators to decide on the level of subsidy and grants (as applicable from time to time) to decide on
Middle Level School Education (upto Standard VIII)		<b>1) for Implementing the Early childhood level of education [ 0 to 3 years of Age] –</b> <b>2) For Implementing the educational framework for foundational / Preparatory / Middle / High stage with</b> Package of health, nutrition, and growth-monitoring services
High School / Secondary Education (upto 10 <sup>th</sup> Standard)		
Higher/ Senior Secondary Education / (Std XI & XII)		

**Table 1 – Role of CMA's in Re-engineering of School Education in Financial & Cost Management Perspective**

### Higher Education:

The objective of higher education is to create responsible citizens as envisioned in the constitution – a democratic, just, socially conscious, self-aware, cultured and humane nation, with liberty, equality, fraternal spirit and justice for all. It serves as hub of innovation of development of ideas, thoughts, processes and procedures that are required to take country progressively in social, cultural, artistic, scientific, technology and economic factors.

Current Scenario	Proposed System in NEP 2019	Role of Cost & Management Accountants
> 18 Years [Students opt for any of the higher education institution as per their choice & merit]	Setting up of Large Multidisciplinary universities and colleges	Advisory role with regard to creating, utilization and maintenance of a) Infrastructural Facilities b) Efficient use of resources c) Strategies of resource sharing both material and human across the institutions. Consulting Services for consolidating the existing institutions and restructuring them into multidisciplinary institutions with specific focus on value creation and resource optimization.
Research programmes are funded by Various Funding Bodies such as UGC, AICTE, MCI, DBT, CSIR, Ministries of the Government Etc.,	National Research Foundation [NRF]	Due-diligence for the Research Proposals Issue of Utilization Certificate to the statutory bodies for release of grant Performance measurement for the research proposals carried out.

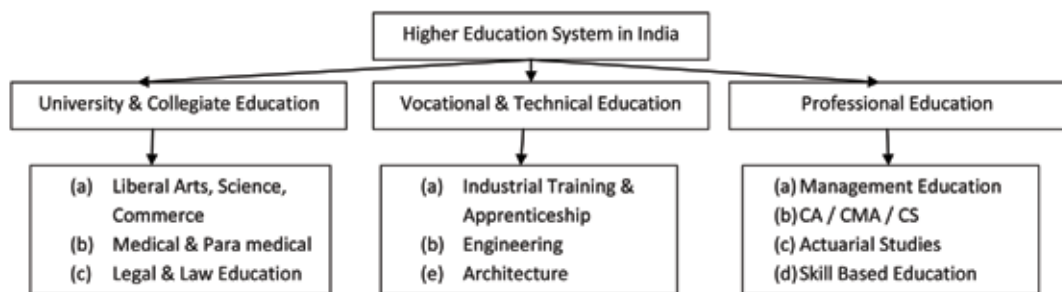
**Table 1 – Role of CMA's in Re-engineering of Higher Education in Financial & Cost Management Perspective**

Specific new frameworks proposed in policy would require the help of Professional / CMA.

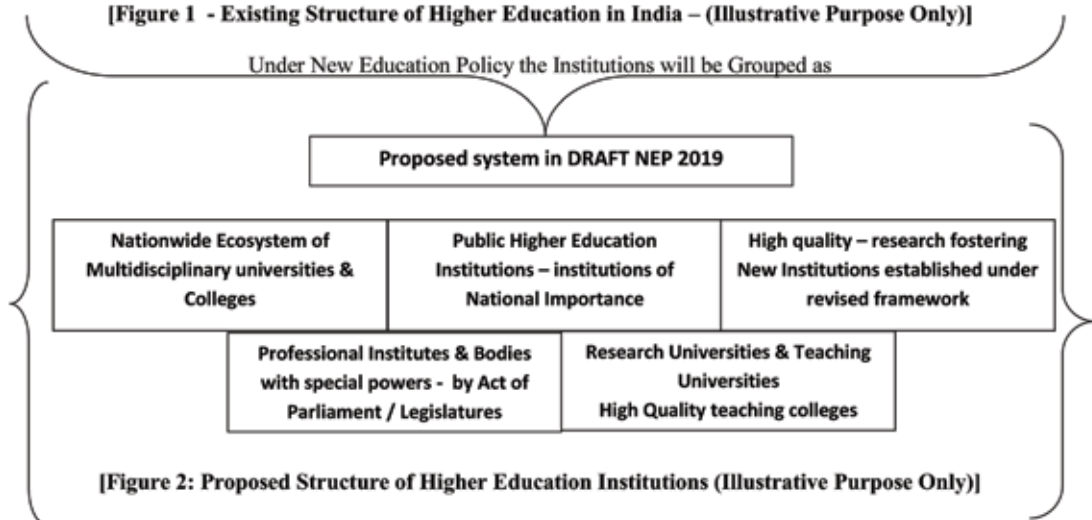
New Education Policy (Draft) 2019 suggests a lot of measures for quality improvement in Higher Education and Higher Educational Institutions [HEI's]. The following measures would ponder upon the role of CMA's to aid in the development of the sector specific policies.

Framework /Policy proposed by NEP 2019	Role of CMA
Offering Financial Support for the students	Quantum of Support to be decided and fixed
Leveraging the higher educational institutions	Strategies for Performance & Decision making at the Higher Educational Institutions
Funding for Research	Due-diligence activities and issue of utilization certificates

Encouraging Industrial Collaborations, Research Collaborations, off shore campuses, Outreach & Branding Activities	Advisory Services on the MOU Contents, Revenue sharing models, etc.,
Availability of data / information to stakeholders and educational administrators	Development of Management Information System.
Creation of beneficial linkage between government, industry and education institutions	Advisory Services with regard to the facilities and exploration of opportunities for expansion
Empowered Governance and effective leadership for educational institutions.	Participative management by being a member of board of management
Effective channelization of philanthropic funding	Addressing the operational issues and administrative support



[Figure 1 - Existing Structure of Higher Education in India – (Illustrative Purpose Only)]



[Figure 2: Proposed Structure of Higher Education Institutions (Illustrative Purpose Only)]

The following guidelines are required to be framed by CMA fraternity to help the educational administrators and the stakeholders:

Guidelines to be framed:

### 1. Cost Benefit Analysis:

- a. How to ***make simple low-cost learning teaching aids*** for children / Parents?

Examples of such items are baby rattles using a plastic bottle and colorful hard candy; simple

melodic and percussion instruments that can be hit with sticks; hats and boats made from folding newspaper; etc.

- b. How to offer the foundational educational services to all the children with affordable cost and high value education?
- c. Introduce Cost Benefit Analysis to measure the investment activities of the educational administrators in terms of training cost, quality infrastructure, health, nutrition, and growth-monitoring services as required for children in the age range of 0 to 8 Years.
- d. Decide the fees fixation for new courses to be introduced in the higher education under the banner of “Liberal undergraduate Education”. Introduction of courses based on the local requirements and specialization would definitely require the services of CMA’s in fixing up the fees, resource allocation and utilization.
- e. Also, wherever the existing courses are resulting in a deficit to the institutions, review of the functioning of the courses and their cost management aspects could be undertaken to ensure they are effectively managed.

## 2. Utilization of Funds for Providing Efficient & Inclusive Education:

Ensure the utilization of funds to provide effective and sufficient infrastructure to ensure to universal, quality, safety, comprehensive and inclusive education.

## 3. Development of Infrastructure & Resources:

The national education policy 2019 lays more importance to physical education, wellness and sports. Responsibility is cast on the institutions to create adequate infrastructure for development of students. In this connection, the professionals shall be recommending to the corporates and other entities to utilize the CSR funds, especially for the institutions situated in the rural and semi urban areas.

## 4. Management Information System: [Students Development Management System]

The students’ performance have to be monitored based on “Overall development” including academics, arts and aesthesis, contribution to community and social development by initiating into the role of responsible citizen. In this context, CMA’s can devise a management information system in specific for the students under the nomenclature as “Students Development Management System [SDMS].” The information stored under this database can be made available in the public domain for the stakeholders to access the required data with regard to the student’s / candidate’s performance.

## 5. Vocational Exposure & Skills :

One of the key features of NEP 2019 is the incorporation of elements of vocational education into the school

curriculum to expose children to its utility and its value as art. In this context, Government has framed guidelines that the Professionals and practitioners can be hired to train the students. Wherever possible in High School Curriculum, students can be exposed to the accounting profession and practice as vocational training.

## 6. Audit of School Complexes with regard to Infrastructure & Other resources:

The concept of School complexes comprising of schools in a particular locality would strengthen the exchange of resources, cross utilization of resources. To document and to consolidate the existing resources and infrastructure in a school and to create a effective and effective school complexes, the services of Cost & Management Accountant can be utilized, as they would be in a better position to analyze the resources and also give a progression planning on their utility and benefit. This would pave better way for the optimum utilization of the infrastructural facilities and resources identified for the proposed school complex.

## 7. Administration & Maintenance of Institutions:

Cost & Management Accountants can advise the regulators, administrators and management committee of the institutions by offering their services in creation of information systems with respect to performance management of the institutions, resource utilization, up gradation of facilities to upgrade to next generation learners and constituting effective governance mechanism. Nurturing the concept of planning, budgeting and review can be introduce for financial matters, academic activities and other activities can be contributed by the CMA’s.

## 8. Adherence to Accreditation Standards:

NEP 2019 has introduced the concepts of standards of the School Quality Assessment and Accreditation Framework [SQAAF] with basic parameters and multiple other additional parameters to improve on the school educations quality. The parameters includes but not restricted to

- safety and security of all personnel, students within the school,
- essential infrastructure required to run & administer the school,
- explicit statement of a curriculum which aligns with the Curriculum framework prescribed
- number of teachers and their distribution with respect to the number of students, subjects, and grades taught at the school,
- probity in all aspects of functioning, and
- Processes of governance including public and transparent disclosure of all such regulatory information.
- Evaluation & Review of Other teaching & academic, student progression mentoring,

governance of school and school complexes

In the above, **CMA's can play an advisory role to the SQAAF to ensure better compliance and adherence of the norms.**

## 9. Fees for Private Institutions:

Private schools are permitted to set their fees with free hands but under the control of the authority. They shall not increase school fees (taken under any head) arbitrarily. Reasonable increases that can stand public scrutiny due to increase in costs can be made. **CMA's can take up active role in determining the cost per student encompassing the recovery of all costs and overheads related to institutions infrastructure, resources and other amenities available.** This would result in transparency to the authority and public at large with regard to fees charged by the Private Institutions.

## 10. Fees for Public Institutions: [Run by Government / Government Aided]

CMA's shall pro-actively **advise the regulators with regard to fee fixation and collection from students [as applicable based on Government Policy],** quantum of budget allocation to the institutions to comply with basic norms as stipulated by the NEP 2019 and other legal statutes.

## 11. "Not for Profit" Institutions:

Schools must be not-for-profit entities, as evidenced by their audited financial statements that must be held to the same disclosure standards as for Section 8 companies. In addition to the stipulations under the Income Tax Act, Societies and Trust Regulations, State Governments concerned may stipulate additional accounting and reporting standards for schools that discourage the possibility of profiteering. CMA's and the professional body – i.e ICAI (CMA) can take up progressive steps to issue technical material and guides on the following areas:

- **Incorporation of institutions as Sec. 8 companies under Companies Act, 2013.** Only few institutions in higher education are established under this structure. This would pave way for regularization, modernization and diversification in the management of educational institutions.
- **Advisory services with regard to uniform accounting practices** and reporting formats
- **Methodologies for cost management in educational institutions** and determination of cost per student.

## 12. "Light" but "Tight" regulation:

It is proposed that the regulatory system will be transformed to have only one regulator for all higher education, including professional education. Wherever the administrative policies and procedures are being revised and relaxed, **CMA's should offer their suggestion; showcase their talents in creation**

**of Standard Operating Procedures [SOP's] and advisory for institutions.**

## 13. Allocation of Public Expenditure for Expansion & Vitalization of Public Institutions:

The regulators make allocation every year for the education sector based on the reports and requirements received from the department of education / Ministry of Education. Considering the complexities involved in the estimation of requirements, **CMA's can play vital role in budgeting the requirements and also the effective utilization of the same.** This can be implemented through devising study groups of CMA's and specific sector tasks force by the regulators and the educational administrators.

## 14. Internationalization of Indian Education:

The concept of internalization of Indian education, as proposed by NEP 2019 states that Educational Institutions in India must also attract students from other countries to participate in our higher education programmes. The understanding these students will derive and the relationships they will forge in our country will influence their work in their home countries. **While making the education in India internationally competitive and competent, the cost perspectives, value propositions, implementation strategy and guidelines, sustainability of these measures requires the support of a professional** – i.e CMA's role in the above metrics will result in a fruitful environment to the Institutions.

## Wrap up:

Opportunities knock the professionals only once. It is to the decision and approaching strategy to convert the opportunities into a reality. CMA's shall strive hard in building up their brand and create a strong niche for themselves in the implementation and sustainability of proposed national education policy, 2019. This would help us to the mission of education as advocated by Dr. A P J Abdul Kalam,

“when learning is purposeful creativity blossoms,  
when creativity blossoms, thinking emanates,  
When thinking emanates, knowledge is fully lit,  
when knowledge is fully lit, economy flourishes.”

Let us be sure that CMA's will contribute to the nation's development & flourishing. **MA**

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# IS BLENDED LEARNING STRATEGIES CAPABLE TO MEET THE SCHOOL EDUCATION GOAL OF NPE 2019? – A STUDY IN WEST BENGAL



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## Introduction:

‘Education is the manifestation of perfection already in man’ as well said by Swami Vivekananda the great Indian philosopher and thought leader. The passage of educational framework has traversed a long way since the ancient Indian ‘Gurukul’ system through British India’s transformational way of colonial educational system to the present day ‘state of the art’ of the

## Abstract

*The journey of human species from ape to modern day man was not very easy. Our ancestors faced enumerable numbers of difficulties during in their path towards Civilization. Today we have our home to live, cooked food to eat and money to use that exchanging a luxurious life. Till date a large number of populations are living in the bottom layer of the Human Development Index (HDI) and Human Happiness Index (HHI). Under United Nations Development Program (UNDP), there comes 5 key points including natural, human, physical, social and financial aspects. Human and social development through holistic way can be possible by making society educated. Though education system is now very much upgraded, but the best result can be fetched by the implementation of Blended Learning Strategies (BLS) in the education eco-system. Blended learning strategies is the well mixture of online and offline resources together, this is a unique formula by which the probability of wholesome development concept can be reinforced.*

*In this paper, we have studied about how the incorporation of Blended Learning Strategies can be helpful in fastening the dynamic process of inclusive education without hampering its main goal that is holistic development of the children. SWOT analysis has been done to study the present day status of the strategy and Delphi method along with primary survey method are used to assess the acceptability of the BLS among the people. The observations and survey result show that despite of the disposable income level and social status of the parents regarding the usefulness and importance of BLS they all agree and majority of the respondent is willing to adopt the strategy. Therefore, a roadmap may be planned by the Govt. concerned to implement BL for the development of the society in particular and nation in general.*

educational system in the globalized world. The status of the school education in the 1970s and 1980s decade was a concern to the united nations and as such intervention as well as global donations and funds had been directed towards the uplift of education, particularly school education in India. National Literacy Mission and Sarva Siksha Mission (SSM) were the result of that which aims at reducing the school dropout and increase rate of literacy in the country. As education is the backbone of the nation, its national priority area and today's educational eco-system is far more different than those of pre-liberalization era in India. With the changing demography of the population the education-eco system has been transforming coping up with the demand of quality education to build a better life. Thus improving the Human Development Index (HDI) of the nation and in turns creating happiness (Human Happiness Index). In view of that National Education Policy 1986 needed refinement and as such National Education Policy 2019 come into place. This policy emphasizes on the modern learning environment (MLE) or innovative learning environment (ILE) which is considered as powerful physical, social and pedagogical learning contexts that enables learners thrive into 21st century.

Blended learning (BL) strategy is a fusion approach to education that combines online educational materials, technologies and opportunities for interaction online along with the physical place-based classroom methods requiring the physical presence of both teacher and students. The discourse of today's learning emphasizes an alignment in education and workplace practices and as such the design of the ILE facilitate the sort of human interactions that we would expect to see in modern work places. Blended Learning (BL) can be seen as a move to 're-culture' and 'restructure' education practices in light of the projected human interactions.

### Perspective:

The National Education Policy-1986 brought transformational changes those were felt post-independence period as that time the education policy was guided majorly by the education policy of 1835 by Macaulay. In the post



Fig1- A common model of Blended Learning

liberalization period there has been a paradigm shift of the education particularly with the intervention of Information and Communication Technology (ICT). And as present day education is focused towards acquiring skills and knowledge which will leverage in the livelihood i.e., output of the education at the workplace practices. In view of the recent amendment of National Education Policy 2019, following are the highlights in School Education:

### NPE 2019: Recommendations for School Education

India Govt. announced draft of NPE 2019 for sustainable development in educational goals. The committee was headed by K. Kasturirangan. The main points they have recommended for school education are as follows:

#### Strengthening early childhood care

- Education and securing quality education and quality early childhood care for all children between age ranges 3-6 by 2025.
- The plan will be applicable for any kind of social economically disrupted people, backward communities also. Right to education act extended to all children within 3 to 6 years.

#### Foundational literacy and numeracy:

- Within 2025, every child up to grade 5 and beyond must achieve foundational literacy and numeracy
- From 2020 three-month School preparation module is proposed for all grade 1 students.
- Availability of quality learning aids
- Increased attention on early languages and mathematics in grade 1- 5.
- Student-teacher ratio remains under 30:1
- Social workers and counselors must ensure the positive mental health and retention of it among all the children.



Fig 2- Framework for BL teaching competencies

## Universal exception and retention:

- 100% gross involvement from preschool to secondary level within 2030
- Tracking and retaining back dropouts by teacher's social workers and counselors.
- Right to education act extended up to class 12
- Increased intake capacity of schools
- Attendance and learning outcome monitoring enrolled children.

## Transforming curriculum and pedagogy:

- This section aims for transforming curriculum and pedagogy by 2022 to ensure holistic development.
- Curriculum should be based on language proficiency scientific temper scenes of acetic ethical reasoning digital literacy knowledge of India and of course current affairs.
- National curriculum framework should be revised by the end of 2020 it should be available for all languages.
- Equal in physics for all subjects' abolition of hierarchy subjects.
- Integration of educational and academic subjects.
- Opportunity to choose subject Amman students.
- Reduce curriculum load, Central ideas, key concepts.

## Inclusive education for every child in the country:

- Special education zone will be created under this policy
- National fund for providing scholarship resources and facilities for ill developed groups
- Shaping of education system for all children of India
- Ensuring 25:1 pupil teacher ratio in high proportion of students from underrepresented groups.
- Formation of inclusive school curriculum and school environment

## Ensuring continuous teacher professional development

- Constant support by SCERT, DIET, BITE, BRC, CRC etc.
- Flexible and modular approach where teachers choose what and how they want to learn.
- Supply of high quality materials for teaching learning process

## Educational Technology

- Successful integrity of Technology into all level of education
- Technology should be used in improve learning teaching evaluation process.
- In short educational access among disadvantaged groups
- Should be used for planning administration and management of schools.

- National repository of educational data which will keep all records related to instructions teachers and students in digital form.

Integrity of Educational Technology is the most important part of National Policy of Education 2019 draft. Blended Learning could be an extraordinary technique to be used for implementation of such criteria and the trial run has been successfully conducted in many CBSE, ICSE even state board Schools and colleges in this long period of lockdown due to COVID19.

## Review of Literature:

According to Yushau 2006, Blended learning proved successful weapon fighting anxiety in learning math among university students of King Fahd University of Petroleum & Minerals (KFUPM), Dhahran. Similar study was conducted by Pereira, 2007, in case of reducing anxiety in teaching anatomy, had proved beneficial with blended learning strategies than conventional learning techniques.

Dziuban et. al., 2005 worked with blended learning satisfaction, using blended learning strategies like Flex and face to face driver. Their research work was carried out through Survey method. A Five point Likert scale questionnaire constructed on the basis of their study, asking students to – index their blended learning experience with respect to overall satisfaction, ability to integrate technology into their learning, ability to control their own learning, study efficiency, ability to meet their educational objectives, willingness to take another blended course, ease of interaction, amount of interaction with students, quality of interaction with students, amount of interaction with the instructor, quality of interaction with the instructor. The conclusion inferred as the correlation between the learning engagement and interaction results that student satisfaction is positively related to interaction as well as the second dimension is entirely related to interaction value: ease, quantity, and quality with students and instructors.

Deghaidy and Nouby, 2008 examined effectiveness of blended learning in a Blended e-Learning Cooperative Approach (BeLCA) on Pre-Service Teacher's (PST) achievement, attitudes towards e-learning and cooperativeness. A mixed method technique that is quantitative and qualitative methodologies were used with participants of the study. Twenty-six science PSTs, enrolled in an Egyptian university, represented the study's experiential and control groups. Pre and post-tools were administered to participants in the two groups in a quasi-experimental design and taken Flex and Self blending techniques for students. Instruments to measure dependent variables of the study were developed by the authors in light of relevant previous studies. The findings suggest that PSTs in the experimental group have higher achievement levels in their post-overall-course test, 'comprehensive-score', and attitudes towards e-learning environments compared to those of the control group.

Rovai and Jordon 2004 conducted comparative study to measure the potentiality and growth of sense of community building by learning methods. Among traditional, blended

and fully online courses we found that students learned with blended learning strategies showing the highest growth of community building sense. When interviewed they can conclude that students who attended that courses felt the merits of online portion by which they got their freedom to perform their tasks by their own time and pace and felt that help them a lot in building professional relationship and academic relationship that means growth of a strong sense of community.

Sasidharakurup et. al., 2015 framed their work on Biotechnology subject in a virtual lab among student groups and its role in improving the performance level of students in a blended environment. They have taken 600 University students as sample, distributed 250 students in experimental group who was treated with blended learning techniques by the help of virtual lab 250 students in control group treated with conventional method and 100 online students. They have conducted a survey to fetch the result and concluded that students who were in experimental group and treated with blended learning classes with performed better than the conventionally treated control group.

### Research Gap:

In searching extensive literature no such study has been found whether Blended Learning Strategies is capable to meet the School Education goal of NPE 2019 which is very important action oriented research and as such a study has been carried out and study area is considered West Bengal on this issue.

### Objectives:

- » To study the attitude of the learners towards Blended Learning (BL) strategies in Schools.
- » To study the willingness & affordability of parents for BL strategies in Schools.
- » To study the attitude of the School teachers for adopting the BL strategies in Schools.
- » To measure the preparedness of the academic administrators at the district & school levels for implementing the BL strategies for betterment of the curriculum.
- » To find out the Govt. level intervention and policy framework.

### Materials & Methodology:

Being an action oriented social science research and no previous work has not been done so far in West Bengal we work on primary data which are generated as a result of primary questionnaire survey among students as well as parents in all 24 districts of WB and for potential scope of adoptability in School education we conduct Delphi method with 120 district level administrative heads of School Education such as District Inspector of Schools – Primary Education (D.I./S P.E.), District Inspector of Schools Secondary Education (D.I./S S.E.), District Primary School Council (DPSC) Chairman, District Project Officer (DPO), Principal – DIET, SCERT etc.. Advanced excel has

been used as the tool for analysis. To reach wide range of respondent across all 24 districts of West Bengal online survey using ‘Survey Monkey’ and ‘Google forms’ has been used for survey and for Delphi method. As Delphi Method is a quantitative and qualitative prospective tool consisting of aggregation experts’ opinions. It is a systematic method of formal questionnaire interview using intuitive judgement and knowledge of a panel of experts who are geographically dispersed. This is used as a large portion of the students studying in Govt. aided Schools and those cannot be ignored in view of National Policy of Education because corporate and private Schools adopt modern Teaching Learning Material (TLM) in delivering curriculum. Primary questionnaire survey has been carried out among the students as well as parents to judge the understanding of the blended learning strategies, attitude towards adopting it, experiences, future scope of propagation etc. Delphi technique is used to study the future course of action in practicing BL in school education in general. Then SWOT analysis has been done in order to judge the feasibility of the BL strategies to meet the School education goal of NPE 2019.

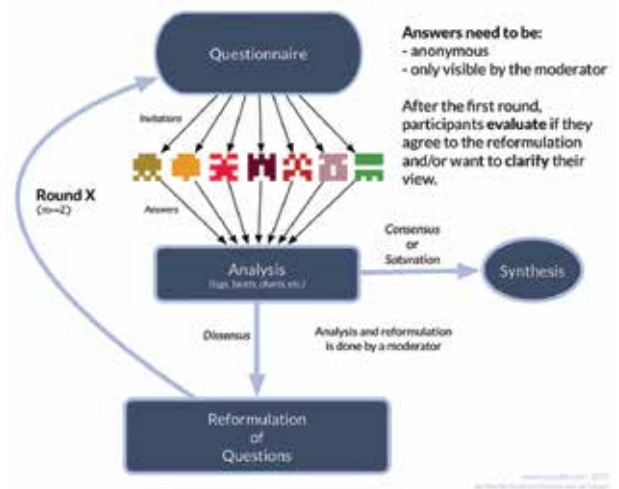


Fig 3: Schematic diagram of Delphi Technique

### Questionnaire

Table A: Questions of Parents' Questionnaire\*

Sl.	Questions
1	Is your child going to school? (Yes: 98%, No:2%)
2	In which class he/she reads in? (<V:50%, V<=VIII:29.17%, IX-X:8.33%, XI-XII:12.5%)
3	How much the course fees are you paying in school for your child per Month? (<Rs.5000:70%; Rs.5000-10000 :12.5%; Rs.10000-15000: 10.42%; > Rs.15000: 2.08%)
4	Have you heard about Blended Learning strategies? (Yes:58%, No:42%)
5	Do you have any idea about Blended Learning Classes? (Yes:56%, No:44%)



6	Have your child read in a school with Blended Learning strategies? (Yes:47%, No:53%)
7	Are you spending any extra costing for Blended Learning Classes? (Yes:32%, No:68%)
8	Do you found any extra benefits in learning outcome of your child from Blended Learning classes in school? (Yes:58%, No-42%)
9	Which teaching learning strategies do you prefer most? (conventional-31%, BL-69%)
10	If power be given to you, would you like to implement Blended Learning strategies in school? (Yes: 92%, No: 8%)

(\*The responses received are mentioned in bracket)

**Table B: Questions of Students' Questionnaire\***

Sl.	Questions
1	Do you use computers and various models during learning in the class? (Yes:70%, No:30%)
2	Do you use computers/ internet or mobile apps for learning at home? (Yes:88%, No:12%)
3	Do you have any internet connection in your classroom/School? (Yes:62.69%, No:37.31%)
4	In which subject you are taking lessons from computer? Language: English/ Bengali/ Hindi (50.77%) Science: Physics, Chemistry, Biology, Math, Computer (43.08%) Social science: Geography/ Environment/ History (6.15%)
5	Do you enjoy taking lessons from computers in presence of your subject teacher? (Yes:75.76%, No:24.24%)
6	In which way do you feel more interest in learning? - Black board & Chalk (24.24%) - Computers and other smart class room environment (21.21%) - Classroom environment where both teacher and computer present (54.55%)
7	Do you know about smart classroom? (Yes:73.13%, No:26.87%)
8	With the help of computer how many classes in a week you are using computers as a study tool in your school? (3classes:65.08%; 5 classes:17.46%; 7 classes: 3.17%; >7 classes:14.29%)
9	How many classes do you want to take lessons from Blended Learning set-up (both with computers and teachers)? (3classes:46.88%; 5 classes:20.31%; 7 classes: 9.38%; >7 classes:23.44%)
10	Do you enjoy the classes in smart classroom where there are power point presentation screen, 3D models, online learning facility, video conferencing facility etc.? (Yes:81.25%, No:7.81%, cannot say: 10.94%)

(\*The responses received are mentioned in bracket)

**Table C: Delphi Technique Questionnaire**

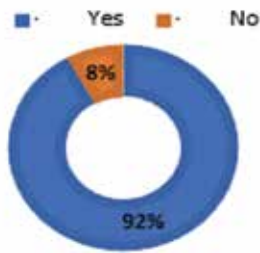
Sl.	Questions
1	Have the School/s under your jurisdiction equipped with Blended Learning facilities?
2	How many schools have these facilities?
3	Which type of facilities are they?
4	Do you agree with the fact that e-learning has more potential than conventional method of learning?
5	Why do you think so?
6	What is your opinion about Blended Learning approach in Govt. Aided/ Sponsored Schools?
7	Has it (Blended Learning) more potential than conventional learning?
8	Why do you think so?
9	What will be your opinion about implementation of Blended Learning (BL) as a teaching method?
10	What are the challenges of implementation of Blended Learning (BL) in your opinion in Indian context?

### Result & Discussion:

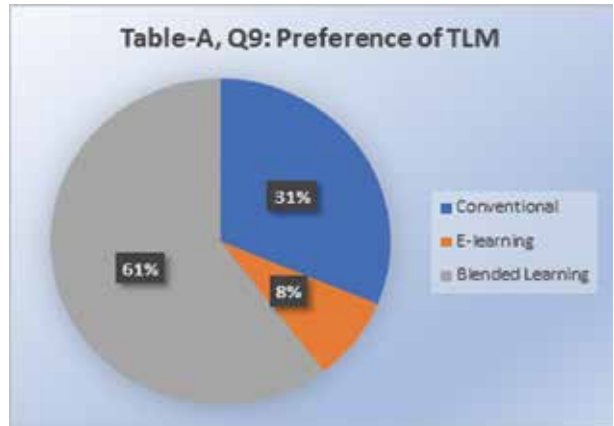
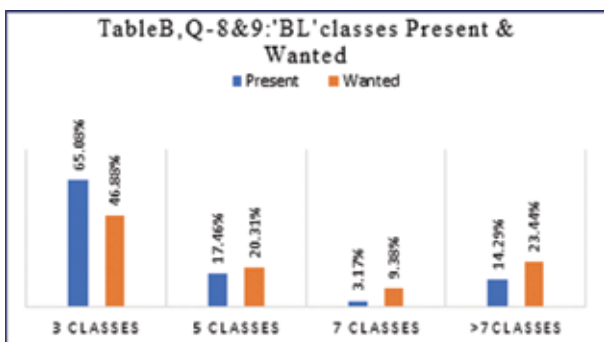
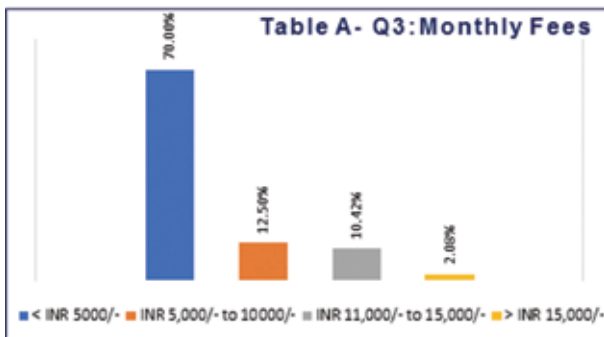
**Parent's willingness:** In the survey 98% parents having wards studying in schools with a distribution of 50% in below class V and 29% in upper primary level and 13% in higher secondary level and 92% parents want to implement Blended Learning in Schools. 69% guardians prefer BL as learning eco system and only 31% voted for conventional system. Now 92% desires to implement BL in schools but 61% prefers BL strategy may be due to the fact that as its new in our education system and parents have not firsthand experience in this eco system but observing the effect feel is as essential in Schools. 70% parents pay monthly tuition fees <INR 5000/-; 12.5% pays between INR 5000/- to 10000/-. 10.42% parents pay high fees of INR 10,000/- to INR15,000/- monthly and 2.08% pays very high fees of above INR 15,000/- per month. 70% parents know that they are paying extra fees for BL though only 52% have idea of it and 56% have heard about it. This indicates that BL strategies are adopted mainly private & corporate schools and Govt. schools are far behind to adopt this unless there is stipulated Govt. intervention.



**TABLE-A:Q10- PARENT'S DESIRE TO IMPLEMENT 'BL'**

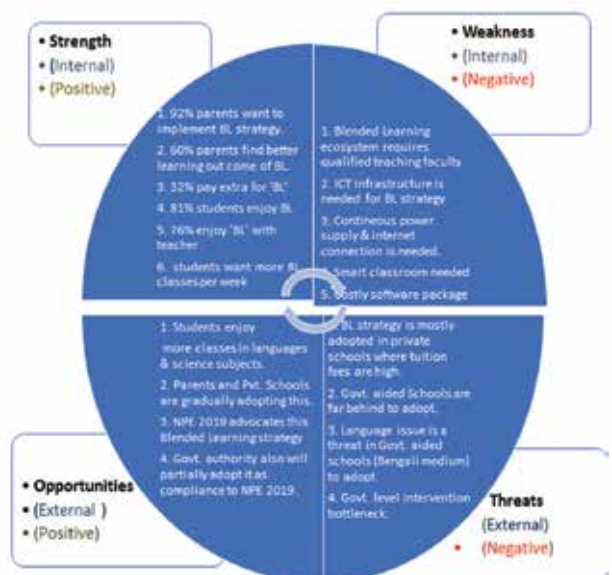


**Students' Affinity:** About 55% students feel more interested in blended learning eco system where 81.25% students enjoy the BL environment where about 76% enjoy along with teachers. The learners want more BL classes per week even 10% more pupils want more than 7 BL classes in a week. More students want 5 or 7 BL classes in a week where presently 65% have 3 classes per week they want 46.88% but more than 7 classes want 24%. This behavior exhibits that the BL eco system is far better strategy than the conventional mode of teaching and it is in line with the NPE 2019 for holistic development of children. Therefore, as 69% parent prefer and 81% student enjoy BL ecosystem this strategy is very much adoptable and in coming days it will be too. 73% students know smart classroom environment and 88% are having internet connected computer or mobile application for learning at home. This reflects that those students are well adopted with the BL ecosystem in home.



**Delphi Technique:** The experts in the educational administration across the state were interviewed with set of structure questionnaire as per Delphi technique and they opined that they are not sure about BL ecosystem running in Schools particularly in Govt. aided and no tentative no. of Schools also found however expressed hope that many private English medium schools (ICSE/CBSE) have that infrastructure and are running well. They undoubtedly agree with the fact that BL-learning has more potential than conventional method of learning because children can easily get acquainted with the curriculum. To implement in Govt. aided Schools is very doubtful but few efforts may follow in future with supply of some material but actual implementation is very difficult. As academic administrative experts they find BL strategy to flourish in private/corporate schools and there is no doubt that this strategy is very much inclined towards child's psychology in acquiring knowledge and learning of subject matter will be easier in this ecosystem of learning.

Fig-9: SWOT Analysis of Blended Learning in India



**SWOT Analysis:** SWOT analysis is the tool which is used to judge the viability of a project or strategy. There is endless


strength and opportunities of BL strategies which can enable set of qualities such as to (i) develop proficiency and fluency with the tools of technology, (ii) Build intentional cross-cultural connections and relationships with others, pose and solve problems collaboratively, and strengthen independent thought, (iii) Design and share information with global communities to meet a variety of purposes, (iv) Manage, analyze, and synthesize multiple streams of simultaneous information, (v) Create, critique, analyze, and evaluate multimedia texts, (vi) Attend to the ethical responsibilities required by these complex environments, (vii) ensure more secure and fair exam those are being emphasized by global authorities, such as UNESCO, COL, and the EC. It is not an unmixed blessing as there are some disadvantages too like unless it is successfully planned and executed, it could be disadvantageous, especially with regard to the strong dependence on the technical resources or tools with which the blended learning experience is delivered. The lack of digital literacy could be a significant barrier to learners attempting to access the course materials; therefore, availability of high-quality technical support is paramount. It is also crucial that all staff, including leaders and managers, have the pedagogical competences to implement the blended approach successfully. BL platforms can be more time consuming than traditional methods are, and they can incur new costs because service providers may charge user fees. Another critical issue is the access to network infrastructure and any blended approach must be embedded in strategies, curricula, learning outcomes, and assessments.

### Conclusion & Way Forward:

In observing the status of the blended learning strategies in institutions in West Bengal and analyzing the survey result and the expert opinion it is found that in the corporate kind of schools it is very much viable and privately owned schools are also following the trends but in the large number of Govt. aided schools it is a far way to achieve due lack to infrastructure, professionally trained teachers and above all Govt. initiative to introduce BL in education eco system. Students enjoy joy of learning in the BL eco-system which empower them ease of understanding and conceptualizing subject matter. Regarding the recommendation of the National Policy of Education 2019 for School education particularly 'Transforming curriculum & pedagogy', 'Inclusive education for every child in the country' and 'Educational Technology' are well addressed through blended learning ecosystem and the private and corporate Schools are in the forefront in implementing this ecosystem where state owned schools will still be lagging and as such enrolling strength in Govt. aided Schools gradually decrease that trend has been already started as a result of which in rural areas also private English medium schools are coming up in a big way whereas Govt. aided schools in urban areas are drying up day by day. Therefore, it's a challenge for the Govt. also retain the students and sustainability of the state owned Schools in the present scenario and surely implementation of blended learning eco system is the way out to strengthen the school education in particular and to create an environment for the cultivation of totality among

students in general towards building better young minds, a better nation.

### Acknowledgement:

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INTERVIEW

## Prof. (Dr.) Dhrubajyoti Chattopadhyay

Vice Chancellor  
Sister Nivedita University, Kolkata

had been to Roche institute of Molecular Biology in New Jersey, USA as a visiting Post-doctoral Fellow, As visiting Project Scientist to the Cleveland Clinic Foundation, Cleveland Ohio, USA, To Stowers Research Institute, Kansas City, USA, To the University of Texas, USA, To Nihon University and Hosei University both located in Japan.

He is also the recipient of numerous awards, accolades and distinctions which includes The Young Scientist award in 1989, Member of Guha Research Conference in 1992, Professor Umakant Sinha Memorial Award in 1992, Fellow of the National Academy of Science in 1998, He received the prestigious UNESCO-IUMS-MIRCENS-SGM fellowship to carry out research under the department of Bio-chemistry at the University of Texas. He was the Fellow of the Indian Academy of Sciences in 2004, Fellow of West Bengal Academy of Science and Technology in 2006 to name a few. Dr. Chattopadhyay has life time memberships in various Organisations and Scientific Associations like Indian Science Congress Association, Member of the Asiatic Society, Member of Biotechnology Society, Member of Virological Society and so on.

Above all these, Prof. Chattopadhyay is a wonderful teacher. He has a teaching experience of more than 35 years during which a lot many students have completed their PhD's successfully under his able guidance and has brought fame and glory to themselves as well as to the country. 25 students obtained their PhD under his direct supervision and 10 more students worked under his joint supervision during their PhD programme. He has around 130 research papers and 6 book chapters to his credit till date.

Prof. (Dr.) Dhrubajyoti Chattopadhyay is a scientist and academic par excellence. He has an established track record of highly innovative ideas and in-depth research activities. He is an excellent communicator with an impressive logical approach of delivery and communicating ability. His gifted communication skills make him an excellent class room teacher. His amiable personality and willingness to share group responsibilities allow him to be a precious member of any administration team.

**P**rof. (Dr.) Dhrubajyoti Chattopadhyay is currently the Hon'ble Vice Chancellor of Sister Nivedita University, Kolkata from January 2020 onwards and was the Founder Vice Chancellor of Amity University Kolkata from 2015-2019. Prof. Chattopadhyay was the Dean, Faculty of Science at the University from 2003 to 2007. He was the Pro-Vice Chancellor of the University on 2008 till 2015. He was also the Director at the Centre for Research in Nano Science and Nano Technology at the University from 2007 till 2015.

Prof. Chattopadhyay started his career as a Lecturer in the Department of Chemistry at Jogamaya Devi College Calcutta, from 1981 till 1983 after which he joined as a Lecturer in the Department of Bio-Chemistry, University of Calcutta in 1983. In 1997 he became the Guha Professor at Dr. B.C. Guha Centre for Genetic Engineering Biotechnology under the department of Bio-chemistry, University of Calcutta.

He graduated as a Bachelor in Science from the Presidency College, Kolkata in 1973 with a major in Chemistry. Prof. Chattopadhyay did his Masters in Science in Bio-Chemistry in 1975 and completed his PhD in 1984 from Bose Institute Calcutta, Department of Bio-Chemistry at Bose Institute, Calcutta.

Prof. Chattopadhyay has a research experience of more than 33 years. During his research career he had visited numerous places in India and abroad. Dr. Chattopadhyay

**Q. Having so many years of experience in the field of education and academics, how do you see the evolution of India's higher education system?**

**Answer:** The higher education system in India is the 3<sup>rd</sup> largest in the world and it is constantly evolving to match the standards of the global job market. The higher education will be more of a research driven than process driven in the coming years. The landscape will see more inclusive structure of the higher education.

**Q. Can you tell us the major reforms introduced to ensure efficient educational governance after you assumed the post of VC of this University?**

**Answer:** Reforms in Educational Governance at Sister Nivedita University (SNU) include the following:

1. Financial strategies which includes making of departmental budgets which would help in a better financial autonomy for them and will also help in managing the resources in an effective way.
2. Departmental meetings are being held every week to ensure smooth functioning of the departments and helping them realize the overall Vision of SNU.
3. More performance linked strategies have been introduced that is helping the employees to have better appraisal and to have a boost in their work productivity factors.
4. Formation of Academic calendars and an MIS structure that is reflecting the achievements of the departments in an efficient manner.

**Q. Do you think the course curriculum of graduation and post graduation degrees at present are adequate in line with other renowned National and International Educational Institutions, else according to you what improvements required in this arena?**

**Answer:** I believe the curriculum and pedagogy of the UG and PG courses are in line with the national and international educational institutions. We have considerable tie ups with at both national and international level to ensure that we have the best internships and trainings in the form of internships, seminars, workshops and conferences. We ensure that a student not only learns the theoretical aspect but also gains a practical insight of the domain.

**Q. It is the era of globalization. Is your esteemed University planning any collaboration with the international universities?**

**Answer:** As mentioned before, already have tie ups in the form of joint ventures and Memorandum of Understanding (MoU's) with various research organizations and Universities at both national & international level. We also have tie ups with various Universities related to student exchange programmes and we are planning to increase such tie ups so that more

number of students get an opportunity to work with the best Universities of the world.

**Q. Many of the graduates coming out of the universities are still unemployable. What initiatives your university has taken in this direction to improve the demographic dividend?**

**Answer:** The primary reason of unemployment is the ability to connect the theoretical concepts with its practical aspect. This can be solved through on the job trainings, internships and a greater number of practical assignments. Our Training and Development team interacts with each department to ensure the students are well trained through numerous outdoor assignments in the form of seminars, workshops and internships. We also get the corporate teams come down before placement to catch the vibes of the students so that the students get a feel of corporate requirements.

**Q. What, according to you, are the big ideas in the New Education Policy 2019, which will radically alter the education system in India?**

**Answer:** The New Education Policy 2019 is instrumental in shaping the education landscape of India. The new initiatives like involving AI to help migrate Education 3.0 to 4.0 and aligning it to Industry 4.0, stress on vocational education, National Research Foundation, Adult Education and the likes will help the education to be more inclusive and at the same time participative in nature.

**Q. How important is the digital ecosystem in a learning environment?**

**Answer:** I feel digital ecosystem is a great advantage in making the education inclusive. As the economy becomes more competitive we have to become more flexible. We need to understand that classes cannot be fixed to routine class hours. We need to make our class hours flexible and at the same time more dynamic and interactive to get the full benefit of the education system. We have various learning tools which makes it effective for the students to maximize their learning experience.

**Q. The Government of India is working on ensuring higher quality education to all thereby making India a 'Global Knowledge Super Power'. What are your suggestions to integrate quality at all levels of education?**

**Answer:** I believe the Government is doing an excellent job in ensuring higher education to all. This step alone can make India prosper and we can truly become a knowledge superpower. Initiatives like National Academic Depository (NAD), Massive Online Line Open Courses (MOOCs), will go a long way to realize this objective, however with Internet of Things (IoT) getting more popular, we should try to integrate the Artificial Intelligence (AI) into the system across the learning platforms, which will make the education more

inclusive and would maximize the joy of learning.

***Q. The UGC has recently issued new set of guidelines for the pending examinations and other academic activities along with the academic calendar for next academic session and admissions as the universities and colleges across India in view of outbreak of COVID - 19. What more would you like to add to make it effective for the students?***

**Answer:** COVID-19 has made us realize that education cannot be limited by geographical boundaries. Many of us who did not believe that online education is wonderful tool for teaching students have made them understand the benefit of this medium and the effectiveness of this mode of education. We are now in a time where online and offline mode of education is converging at an incredible rate. I would ask the students to use this medium to have the maximum advantage as this is the starting point of Education 4.0- the fourth revolution in education. It is time for people to become more tech savvy and make it a medium to impart and gain knowledge.

***Q. How can young aspirants prepare themselves to succeed in today's fast-changing job market?***

**Answer:** Today's fast changing environment want job seekers to be more flexible and resilient. Research says that in the coming years more than half of the jobs would be created on new job profiles which don't even exist today. The job dimensions are going to change in the coming years. The economy would bring in new technologies and the rate of obsolesce would increase. Hence my suggestion is be conceptually strong in the subject of your choice and do not choose a job on the basis of its lucrative offer but on the basis of the aptitude in you.

***Q. We'll be grateful if you share some of your initiatives that have flourished well and have given good results, you would suggest others to implement too.***

**Answer:** I believe that in order to have an effective administration, we need to make administration participative. It should be inclusive at all levels. Subordinates should be aligned with the Mission and Vision of the Organization. I think we all need to be mentors instead of bosses so that we can teach the next generation the art of surviving the future. It is not by penalizing any person, we can maximize their work productivity but making them learn from the mistakes, so that the next time when they do any job, they can understand where they went wrong and fix it.

***Q. What are the various ways your institution can integrate with our Institute for the research and development projects, Publications and Academic Interventions?***

**Answer:** As our University is a research driven University we provide an excellent method of teaching by

our expert faculty members and the improved pedagogy. Hence I would suggest if we can have a lot many Faculty and Student Exchange Programmes we can both be mutually benefited.

***Q. Parting words of advice for our CMA (Cost & Management Accountant) students.***

**Answer:** CMA has done and is doing an excellent job since its inception and I hope they will continue to serve the nation in the years to come. The students should be more conversant with ICT and should have a greater emphasis on the digital platform. If the CMA can integrate various online learning platforms it would be easier for students to maximize their class productivity. **MA**



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## DIGITAL TRANSFORMATION – APPLICATIONS OF IMMERSIVE TECHNOLOGY



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### Virtual Immersion into Digital Reality

Applications of immersive technologies are interactive and mediating processes with the help of computing devices which can create various simulated environments for exciting experiences of as if present in a physical environment. These digital technologies create virtual versions of real world. Applications of Immersive technologies (ImTs), viz., Virtual Reality (VR), Augmented Reality (AR), and Mixed Reality (MR) are influencing the processes by which various business activities are performed and life is lived in present digital era.

By wearing the headset, which is connected to a computing device, an individual can get the virtual feeling that he / she is shaking a tree branch standing on a snowy hilltop, and snow crystals are falling from it. Another extreme example could be the experience of a shopper while interacting with an eCommece platform. ImTs can help him / her to see how a garment is fitting on his / her body without wearing it. The camera eye of the computer or handheld phone first takes measurement of his / her physique and then creates another image by superimposing on it the image of the garment of required size. The shopper will be able to see whether the garment is fitting well or not from various angles, and the areas where the same is loose or tight on his physique, one of the common and popular applications of ImTs is for video gaming.

ImTs thus equip an individual to manipulate and perceive a digitally created environment in a manner that it resembles the real world. Business entities are gainfully using those

for operations to gain momentum in transforming users' pre-purchase experiences taking them into a digital domain. Examples could be providing customers virtual experience of a newly launched car or a completely furnished dwelling unit without visiting the showroom or the flat. ImTs are also effectively being used in classrooms for teaching students of medicine, bio-technology, engineering etc.

In his research paper, presented in a conference of marketing professionals, Stephen O' Mahony<sup>1</sup> observed that, *"The ubiquity of digital media is axiomatic of the contemporary environment, wherein digitally mediated interactions have become the essence of its landscape. .... Increasingly, virtual content is extracted from synthetic worlds and assimilated into the corporeal; the mediating technologies through which individuals interact with it are becoming appendages of the physical self, signalling profound changes to innumerable application areas"*.

### Genesis and Advancement of Immersive Technologies

The innovative idea of ImT started with Charles Wheatstone in 1838. He discovered Stereoscope which helped near to 3D viewing of images. David Brewster worked further and invented in 1849 the first portable 3D viewer. In 1929 Ed Link created a simulator which helped pilots to get a precise idea of how it really feels to control a plane. This was perhaps the first innovative application of virtual reality. In 1961 Morton Heilig first invented a head-wearable display device, which helped users to see stereoscopic 3D pictures coupled with stereo sound. Ivan Sutherland's joint research with his student Bob Sproull lead to the invention of a further developed headset in 1968 which enabled an user to view computer-generated wireframe rooms.

The process of development continued. Jaron Lanier officially first propagated the 'Virtual Reality' in 1987. He founded an



organisation named 'VPL Research' which manufactured and sold VR Products and distributed specialised software for computer-based VR applications. AR became a popular word when 'Pokemon Go', the most popular video game of the world, was released in 2016. Finally, it emerged as the most profitable gaming app of the world. Digital scientists are of the view that almost all minimum required digital technologies are available by now on which will be built the world of extended reality.<sup>2</sup>

Advancements in simultaneous applications of computer vision, IoTs and sensors, big data storage and analytics, multimodal displays, and other related digital technologies have helped scientists to generate many solutions for complex practical problems that help manufacturers and consumers. Those are also adopted for commercial and industrial applications.

## The Ranch of Extended Reality

All immersive digital technologies that can enhance human senses come under the group of mediated and interactive technologies. Different forms and variations of such digital technologies of late have been brought under a group called Extended Reality (XR). According to Franklin Institute<sup>3</sup> "*XR is an umbrella term that covers all of the various technologies that enhance our senses, whether they're providing additional information about the actual world or creating totally unreal, simulated worlds for us to experience.*" At this stage it will be useful to briefly know about these technologies and their applications.

### Virtual Reality

Virtual Reality or VR is an interactive technology. It enables a computing device to generate an environment that enables the user to experience with a stimulated virtual presence and a perceived sense of reality but not being physically present there. VR enables an user manipulate and feel an environment conceived and created in such a way that it seems like the real world. In other words, it gives the user a complete immersion experience that can shift him / her to a near real-world and imagined environments. For example, the individual can feel roaming through the middle of a screeching penguin habitat, or in a chilly hilltop where it is snowing and he / she can make snowballs, or even riding on the back of a dragon or elephant through a deep forest.

According to the research report of Capgemini<sup>4</sup> applications of VR have gained popularity and impetus among business organisations because "*VR can engage customers in experiencing their desired services distinctively. If 100 companies are deploying VR, 36 of them are implementing while the remaining 64 are experimenting.*"

### Augmented Reality

In simple terms Augmented Reality or AR is nothing but a combination of real and virtual environment generated by a computing device. Oxford Dictionary has defined AR as "*A technology that superimposes a computer-generated image on a user's view of the real world, thus providing a composite view.*"

The best examples for applications of AR can be set by fire safety engineers. AR provides them opportunities to display

their fire safety SOPs, tactics and usage of equipment for fighting fire in a worst-case scenario to save human lives and assets from destruction. AR can also help them strategising pre-emptive actions, penetrating through an area with inferno, and designing firefighting equipment. AR is extensively used by cinematographers for creating augmented environments of fire, flood, flying objects, etc. Tourism, leisure and event management industry use AR and VR for pre-sale customer experience as a part of marketing activities,

### Mixed Reality

As the name suggests the experience of Mixed Reality or MR is a combination of experiences from both AR and VR. It is a computer and headset enabled combination of all experiential features of both AR and VR. In this digital technology both real-world objects and those created digitally interact. Applications of MR has just started coming to the consumers' world with MR apparatuses called HoloLens of Microsoft.

### Future of Extended Reality

Gartner's research report<sup>3</sup> revealed that the enormous stakeholders' acceptances of mediated and interactive technologies have emboldened business professionals to reframe their strategies along with reshaping of the business space. Large business organisations around the world are applying AR and VR for developing effective applications for mission critical items. Video gaming and entertainment industries are immensely being benefited by the experiential impacts that these digital technologies are creating. In 2019 Gartner predicted that 20% of large business entities will soon adopt AR VR and MR.

Nasscom in its report of April 2020 quoted International Data Centre (IDC) stating that in 2019 the global spend on AR and VR was USD 10.5 Bln. 50% of this was expended by industry and service sectors like discrete manufacturing, consumer retail, media and entertainment, professional training and development. IDC has predicted total expenditure for advanced immersive technologies will touch USD 103.1 bn. by 2023. New sectors that are expected to be added for faster growth would include banking, investments and financial services.

The author is of the view that in the new world order post Covid-19 pandemic all these technologies for immersive experience management with extended reality would gain momentum at an accelerated pace and quantum leap. AR, VR and MR will redefine the way business activities are performed, and life is lived. MA

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# LEARNING FROM TRADITIONAL INDIAN FAMILY OWNED BUSINESS

## Abstract

*Traditional Indian family business is a blending of good governance in business and joint family system. This prime objective of this paper is to study philosophy of family and business of traditional successful family business, their decision making process, grooming Next Gen, conflict resolution and role of women in family bonding. Researcher also tries to understand the significant contribution of non-family executive for enduring the business.*



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## Introduction:

At the early 19<sup>th</sup> century British Rule discouraged growth of real indigenous entrepreneurship in India to promote European Trade in Indian sub-continent. Despite of all odds, Marwari, Gujarati, Parsi, Khatri, Bohra (Khoja), Chettiar and Sindhis were business community who made their most significant contribution in economic and social development of India during the colonial period due to community capitalism.

Indian family owned business have established as recognized traders and *Sahukars* (money lenders) and later on those who were financially well-off and wanted to augment new business avenues have ventured into manufacturing. The success of family owned business brought positive changes in traditional family system, lifestyle and network of kin. Next Gen inspired by the tradition of their family system, inherited skills from parents and elders. Age old Indian joint family system had helped Next Gen to emerge as leading business community in modern time.

The broader objective of the study is to understand lifestyle, family system and business management of traditional family business in India and contribute to the body of knowledge that existed with the successful family owned business.

The researcher attempted to identify factors that have significant influence on longevity of Indian family business. For this purpose 31 Indian family businesses that are working beyond Gen 3 and have completed 100 years of their business life were taken as sample of the study. 39 family leaders and senior executives from the sample companies were interviewed personally by the researcher for the purpose. Unstructured discussion and dialogue with the family / business leaders and non-family executives was the primary source of information for the study. The sample was

selected through convenient sampling method. This sample included 4 units operating in Gen 4 and 2 units in Gen 5.

It was observed from the discussion that all family businesses were started initially on small basis and grown rapidly.

It was emerged from the dialogue with the interviewees that these business owners established rapport with contemporary kings, *Mughals* (Muslim kings) and even with Britishers. On the other hand, they also supported movement of freedom fighters clandestinely. It was reflected from the history that these business families lent money to king during their difficult times. This network relationship indirectly helped in smooth functioning of business.

Few business houses got benefits of network with freedom fighters who came into political power in independent India and got licenses for establishing industries in free India. Perhaps this may be one of the reasons for growth and emerging of few family business houses in modern India. Leaders of these business houses were influential person in Indian political system.

Gujarati, Marwari, Chetty, Chettiars and Sindhi business families have great respect for *Dharma Guru* (monks). They were considered as family advisers that helped individuals learning ethics, moral and values. Family along with their non-family executives has regular *Satsang* (religious discourses with them) and understands purpose of life, harmony in family, spiritual values and belief. It was concluded from all 39 interviewees that these business owners stated that their individual belief, behavior and business goes in line because of their understanding of religious and spiritual value. These values enabled them

for better business decisions in tough time. Owners put family values on forefront before taking decision and in case of dilemma encountered, sought advice of monk. His words were treated as final for the decision. Monk suggested them what was good for community, was good for business and family as monk did not have personal interest, was the observations of interviewer. Decisions in most family businesses were made by consensus and fostered by trust reposed. *Satsang* helped in developing habits of philanthropic endeavors and betterment for community at large. If there were any disagreement in family or business they settled inside family and never prefer to go to court of law and if required family seek advice of *Dharma Guru*.

Traditionally, women were not involved in business but focus on family management and preserve culture and contribute in philanthropy. Women teach their children to avoid disputes, sharing resources, caring for others, learn to let go for better life and also learn to compromise in life. These family values helped managing business. Family leader's (mostly senior woman in the family) role was to maintain emotional bonding. There is one voice in the family as they respect elders. They took care that no disputes would be created in family. Women were guardian of family bonding and culture. Though women did not take part in business but were good in financial management. Invest savings in gold and diamond which helped in building wealth for family support. In many cases, it was observed that *Sri-Dhana* (wealth belongs to woman) was the great source and support for the business during their down turn.

Indian business community believed in God as one of their business partner. Business owners spent at list 10 percentage of earnings as donation for community development, building temples and *Dharamshala* (a building where tourists stay for short time). The community meets on a particular day of the week at the temple for *Satsang*. Entire community wears same dress, meet each other and pray together. The objective of the meeting was developing network for business and community. It was evidenced from the history that business leaders earned respect and esteem through community welfare. Gradually, such community-work built social capital for business family and kept them connected with ground.

Other observation of the study, was the family as an unit, kinship network, religion, joint family tradition and caste-loyalty played significant role in their success. Business groups were largely influenced by joint family system. It built business empires providing enough opportunities to satisfy ambitions of individual in family, including those who have limited vision and ability.

Business got new energy and thought process for transformation for Next Gen. Next Gen inspired and motivated with the legacy and experiential learning from senior generation. It was the prime duty of the son to take forward business. There was also hoped that next generation would bring improvement on what has been done in the past and how the name of family have established, would be made known, admired and respected for generations to come. In family, there were no chances of communication gap which leads to harmony in family.

In joint-family, Next Gen learnt business skills and behavior from their seniors and non-family managers known as *Munimji*. A young boy at the early age of 8/9 years used to go to business

with grandfather and start learning by observations. They go to visit dealers, customers and markets with seniors and start rapport building over a period of time. Young boys were taught value for money, management of liquidity and other resources. They used to have oral calculation to the smallest digit of money and also learnt writing books of account.

Next Gen was trained for frugality, learnt business acumen, adaptability and accomplishment from seniors, non-family executives and market at an early age. A boy was involved in decision-making process at early age of 13/15 years as an observer and at the age of 18 years, was asked for opinion/s and on 21 years, handed over a branch of business independently under the close supervision of seniors. According to ancient Indian system (*Vanprastha Ashram*) a senior leader enjoyed his retired life after 60 years.

Next generation observed servant leadership and sacrifice of seniors from early childhood that has created sense of respect and regards for seniors. They also practised business and people skills to manage business family.

It was reflected from the study that several business families moved a long distance from hometown to Bengal, Chennai, Mumbai and even Africa, England, Burma, Malaysia and Singapore. It was observed through the interview that the families who moved to other regions, first developed relationship and confidence-building with local community. They participated with local social celebrations and supported it with financial assistance and established business slowly and gradually. Initially, few male members moved to new places and understand local culture. Once, they got settled, they invited their own people. This way, business men developed own community and earned respect and trust over passage of time in different part of the nation and in foreign land. Mostly, higher position in business was occupied by family members and loyal community persons who joined them at an early age and earned confidence. These non-family executives have also developed the same value, vision and behavior that the family has. Once employees earn trust, they attained greater authority, say and responsibility. Employees were working with them for life and were treated as extended family members. They accepted belief and tradition of the owner family as way of life. Such non-family executives got salary and certain percentage of profit.

It was also observed from the interview that non-family employee developed emotional bonding with the business and even took care of their owner's family in case of untimely death of owner and groom owner's next generation as care-taker and finally when next gen was ready to manage business, hand over the reins of business. Family respects such employee as a member of extended family. Indian family business has history of emotional ownership among non-family managers.

In case of failure, owner took discredits and protects team. Leaders set example for others to follow in personal and professional life. Leaders set high moral and stand for members so they cannot divert attention to petty issues. Their focus was always on building strong relationship for securing long term business.

Focus on high level of transparency and communication among family members were significant attributes for enduring business. Senior generation considered it as their responsibility

to ensure that Next Gen carry the spirit of entrepreneurship, passion, vision, value and family aspirations forever. Everyone in family consider other member's interest first before taking any decision. Family leader works as a trustee of family wealth.

In most of the family business, a system was created wherein family members sit together and leader try to understand member's feelings, expectations, wants, needs, issues and challenges in the family meet. This meeting was sounding board of family where leader can witness change in behavior of his team members and takes necessary action for onward journey.

Initially, developing business relationship, owner goes slowly, build trust, understand other party's conduct, history, background and value and define terms and exactions clearly at the beginning. Family name was always having prime consideration and should not be affected. The family prefers to bear financial losses to protect and maintain family reputation. It was prime consideration for business to satisfy customers and market. Always listened to customers and connected with them emotionally for generations. For owners, business was not a transaction to earn profit but it was a generational deal to build relationship and prosperity forever. Even for marriages of their children they prefer known family.

Owners believed in relationship beyond business, they participated in family functions of customers, suppliers and dealers and vice a versa.

It was observed from the study that family members and key employees' personal life was integral part of business. Business leader believed that good intention would generate profit in long term. Credit sharing, recognition and respect for individual were considered as core value. It was experiential learning that family values were properly inherited and was reflected in business and personal behavior.

Gujarati business owners believed in identical *Vani* (communication), *Vartan* (Behavior) and *Iyavahar* (business transaction) as their business practices. One of the Marwari leader said that they put money only where their mouth was. The philosophy of their life was to believe in wait, (go slow) watch, (learning through observation) learn and finally win. All interviewees believed in simple living and higher thinking. Seniors have established egoless dealing in life.

During the interview, one of the senior *Chetty* leaders from Southern India pointed out that the basic elements of their success were honesty, harmony, hard-work, accepting change and flexibility, these virtues were honoured and recognized by installing a sculpture of Chetty trader in Singapore museum always reminding visitors for inculcating such virtues in their lives. He added that whenever his sons came with challenges, he never gave solutions but show way forward to find solution from nature. He further quoted an example; a tree that did not bend against the force of wind would be uprooted and may lose its identity. The rule is also applicable in business and personal life too. He further added that weeding is necessary for better yield; we need to keep weeding in life as we do in farm and remove unnecessary relations and persons for better life. Chetty family leader stated that succession was not a big challenge as the philosophy of the family was – better together than division.

All the respondents of the study believed in hard work, perseverance, honesty, fair trade practices as their core values.

Parsis are known as honest and straightforward business community. One of the elder Parsi business owner mentioned during interaction that family was strongest factor and they were sharing, caring and showing compassion for other. When they were committed in developing the individuals to reach their fullest potential, they would have peace and smile in family and financially healthy business.

For developing emotional attachment of Next Gen with the business, senior members tell stories of their family struggles and sacrifice for building business that encouraged Next Gen.

Senior business leaders of Gen 4 agreed that family values are positively influencing business success. It improves long-term perspective and family harmony that leads to sustainability. It also helps in creating social capital that leads to longevity of business. Leaders of Gen 5 focus on Next Gen and not on result of next quarter. They advised Next Gen, to think like a manager rather than the owner of the business. This thinking enables Next Gen understanding how to manage business and then they automatically realize how to own the business. The most living values by the owners of sample family business were honesty, hard-work, integrity, quality, respect for elders and trust within family and business.

It was observed during the interview that until Gen 2, leaders focused more on thriving entrepreneurship, control, hard-work, learning technical skills and growing business. While during Gen 3, leaders focus shifted to clear communication, trust, governance, innovation, developing common vision, educating family members and learning people skills. Beyond Gen 3, leaders emphasize on togetherness, long term perspectives, harmony, cohesion, family reputation and philanthropy, grooming Next Gen formally, value creation for stakeholders and longevity of business.

### Conclusion:

Traditional Indian family business is a blending of good governance in business as well as joint family system. It was considered as 'Family First' business usually. It is the outcome of collective value system. These are the foundation of success and helped individuals to reach their fullest potential. The philosophy for their accomplishment is prospering together, family council, developing social capital through community roots. Women were playing central role in family bonding, transferring values in Next Gen and proven as extended support system for business in tough time. Non-family executives were considered as members of extended family and as protective umbrella in the absence of business owner. Loyalty was always rewarded. Family values helped in grooming Next Gen for ethical and courageous entrepreneurship. Advisors helped in better decision making in respect of personal, family and business. CSR was deep-rooted in traditional Indian family owned business. **MA**

(Note: This article is based on information gathered through interviews of owners and senior executives of successful family business.)

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# DIGITAL OBJECT IDENTIFIER (DOI)

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## EASTERN INDIA REGIONAL COUNCIL

Women empowerment means empowering women physically, socially, and emotionally. When women in the country are empowered with education and career, they are improving the economic status of the family and help reduce poverty in the country. With women's empowerment, the productivity of the family and the entire community improves. So, with women empowerment, comes the social and economic betterment of the women in the country. Keeping this in mind EIRC celebrated the International Women's Day 2020 on 12th March 2020 at J.N. Bose Auditorium, Kolkata by organising a programme under the leadership of CMA Arundhuti Basu, Chairperson of Women Empowerment Committee of EIRC on the theme "The Social, Economic, Cultural and Political Achievements of Women". CS DR. Mamta Binani, 1st Woman President of ICSI from Eastern Region, CMA Tanmoya Pradhan, 1st Women Regional Council Member of EIRC, Ms Anuradha Roy, Antarctica Adventurer & GM SAIL (former), Ms Avanti Bose, Director Assurance, PWC, CMA Chandana Bose, Sr. Director ICAI-CMA (Former), CMA Aparna Biswas, Company Secretary, WBSEDCL, CMA (Prof.) Sharmistha Banerjee Professor, Calcutta University, Ms Shauli Chakraborti, Research Scholar UK & Journalist, CS Sikha Bansal and CS Anindita Chatterjee were the Guest of Honour and women achievers present on the occasion. CMA Amal Kumar Das, Former President, ICAI, CMA Biswarup Basu, Vice President, ICAI, CMA Pallab Bhattacharya, Chairman, EIRC, CMA Ashish Banerjee, RCM, EIRC were also present. The main objective of the programme was to create awareness that Women employment is a way through which women can become independent, confident and can enjoy equal status in the society. It is a process of overall development of women in the society. CS Anindita Chatterjee and CS Sikha Bansal were the resource persons. CS Anindita Chatterjee addressed on Ruling of WTO impacting the Indian Export Industry and Proposed RoDTEP Scheme. CS Sikha Bansal delivered on Introduction to IBC 2016 & its various services which CMAs can render. A debate session was also organised on the topic "Women Empowerment is a myth in Developing Countries". CMA Chandana Bose, Sr. Director ICAI-CMA (Former) moderated the session. CMA Aparna Biswas, Company Secretary, WBSEDCL, CMA (Prof.) Sharmistha Banerjee Professor, Calcutta University, Ms Shauli Chakraborti, Research Scholar UK & Journalist addressed in favour of the motion. CMA Ranajit Ghosh, CMA Harijiban Banerjee, Former President, ICAI and Prof Suman Mukerjee addressed against the motion. The debate was very lively. All the participants enjoyed the programme.



## NORTHERN INDIA REGIONAL COUNCIL

NIRC organized a seminar on the theme GST and Cost Accounting ---tools to check privilege in the economy under sub-topic "E-invoicing, GST new return system, Cost records and Audit" on 19th January 2020 at Mahagun Sarovar portico, Vaishali Gaziabad. CMA Santosh Pant, Regional Council Member coordinated the whole program. CMA Anil Sharma, Chairman NIRC welcomed all participants and also welcomed Chief Guest Mr. Jagdish Kumar IRS additional Commissioner Gaziabad and Guest of Honour Mr. Jagmal Singh, Vice president -GSTN. NIRC organized a live discussion on "Union Budget 2020" on 1st February 2020 wherein CMA Sachin Kathuria, a practicing cost accountant from Faridabad and CMA Amit Kumar, a practicing cost accountant from Delhi were the panelists. CMA Rajender Singh Bhati and CMA Manish Khandpal was also present on behalf of NIRC. CMA Sachin Kathuria discussed about the management & assessment of trust under Income tax Act, 1961 together with amendments brought in by the budget-2020. CMA Amit Kumar presented the comparison of draft proposals sent before the Ministry of Finance. before budget i.e. expectations of the industry with the changes brought in by the budget-2020. The program was a great success with attendance of over 75 members from Delhi & NCR. CMA Rajender Singh Bhati highlighted the impact of budget on the agriculture sector and various schemes announced for the farmers. NIRC organized the seminar on "Burning issues and recent developments, E-Invoicing & New Return Forms under GST" in association with PHD Chamber of Commerce and Industry, Chandigarh on 23.01.2020 at Ludhiana. The Keynote Speaker was CMA Anil Sharma, Chairman of NIRC. NIRC organized a seminar on Recent developments, E-Invoicing & New Return Forms under GST was organized by PHD Chamber on 19.2.2020 and supported by ICAI-CMA at Jalandhar on GST Developments, E-Invoicing and New Return forms. CMA Harkesh Tara, Vice Chairman invited as Guest of Honour. Various top Government officials and representatives from Industries attended the program.





## THE INSTITUTE OF COST ACCOUNTANTS OF INDIA JAIPUR CHAPTER

The Chapter organised 12 Days Pre-placement training programs for recently qualified Final students in order to train them for ensuing Campus Placement. The program was inaugurated on 12th March 2020 by CMA A.K. Shah, Managing Director, Fingrowth Co-operative Bank Ltd. At the beginning of the program, Chairman of the Chapter CMA S.L. Swami welcomed the Chief Guest and the participating budding CMAs. He also motivated them to take full advantage of the opportunity provided to them. In his inaugural address CMA A.K. Shah told from his long experience that sincerity, discipline, hard work and dedication is the Key to success in life. Immediately after inaugural session, CMA Suresh Agrawal, former General Manager (Commercial & Legal), National Bearings Ltd. Shared his experiences and gave important tips for success in interviews. At the end of the program, Vice-Chairman of the Chapter, CMA Sudarshan Nahar thanked the Chief Guest and other speakers and all the participants.



Our Country is fighting against COVID-19 pandemic and under the Lockdown situation, some segments of Society including daily wage earners are facing much hardship. As social responsibility, the chapter decided to contribute in reducing hardship of such segments of the society through distribution of Ration/Food packets. For this purpose, Management Committee of the chapter decided to contribute certain amount. Accordingly Ration/Food Packets are being distributed daily from 1st April, 2020 onwards. In this activity CMA Rakesh Yadav, Past Chairman and some other Members are taking keen interest.



## SOUTHERN INDIA REGIONAL COUNCIL

SIRC organised Discussion Meeting/Study Circle Meetings at its premises as per the details given on various dates of March 2020. SIRC organized International Women's Day Celebrations on 8th March, 2020 at Chennai. CMA Pooja Kulkarni, IAS, Special Secretary to Govt. Finance Dept., Govt. of Tamil Nadu & CEO, Tamil Nadu Infrastructure Development Board was the Chief Guest. CMA Mrs. Jyothi Satish, Chairperson, SIRC welcomed the participants. CMA H. Padmanabhan, Council Member rendered Special Address. During the Celebrations, Dr. D. Dakshayani, Gynecologist – Chennai, Dr. Vasudha Prakash, V – Founder of Excel Educational Trust – Chennai, Smt. Latha Ramesh, Addl. Assistant Director, (CBIC) – Chennai, Smt. Sumathi Sudhakar, Director, Funbug Publishing LLP- Chennai, Ms. Rukmani K Narayan, Vice President – Equitas Small Finance Bank – Chennai Ms. Ushadevi, Chartered Accountant, KBR Engg. & Constructions with her Colleague Mr. Renganathan and Smt. R. Kasthuri, Yoga Instructor – Chennai addressed the gathering. After the Lecture of Yoga Instructor Smt. Kasthuri, a Yoga Demonstration Session was held in which participants actively involved. As part of the Programme, Winners of the Essay Writing Competition – IWD2K19 were honoured by CMA Tmt. Pooja Kulkarni, IAS – Chief Guest. All the Lecture Sessions were well received by the participants. Pre Placement Orientation Programme was organized at SIRC, Chennai from 12th March 2020. The Programme was formally inaugurated by Ms. K.P. Malathi Shiri, Principal – Collegiate Education, Aachi Educational and Research Foundation & Aachi Institute of Management and Entrepreneurial Development. CMA Mrs. Jyothi Satish, Chairperson, SIRC-ICAI welcomed the participants. CMA H. Padmanabhan, Council Member – ICAI in his address advised the candidates to make use of this programme for attending the Placement Programme in a befitting manner for getting placement opportunities from MNCs and Public Sector Organisations participating in the Mega Campus Placement Drive. In view of Corona Virus Alert, the 12 Days Programme was postponed till further notice on 16th March 2020 (5th Day) and all the students are advised to reach their home safely. At the Closing Event, held on 16th March, 2020, the students expressed their happiness on the programme conducted for the four days during which sessions on 'Communication', 'Soft Skills', 'Group Discussion', 'Advance Excel' & 'Practical Aspects of GST' were handled by eminent Field Experts.



## THE INSTITUTE OF COST ACCOUNTANTS OF INDIA HYDERABAD CHAPTER

The Chapter conducted a program with the GST Commissionerate, Hyderabad on 2nd March 2020 at Sanathnagar, to submit representations on GST related issues to be considered for GST council Meeting. The Principal Commissioner Sri Dr.Purushottamgaru along with his team of Deputy Commissioner, Sri Raghu Kiran and 8 Assistant Commissioners, Superintendents addressed and interacted with the CMAs at the program. CMA M. Kameswara Rao, CMA D.V. Rambabu, Mr. K.S. Srinvas, CMA Chivukula Vasudeva Rao, CMA S. Nagendra Kumar, CMA Kedarnath raised various issues and their suggestions during this programme. A programme was conducted on March 6, 2020 on Cost Management in ERP-A Practical Demo in Microsoft Dynamics. CMA N. Krishnan detailed about benefits of ERP, expectations from Costing Module in ERP, configuration of the Costing System in Microsoft Dynamics and the advantages reaped by using such systems for Costing exercises. The Chapter organized on March 8, 2020 on Women's Role in Economic Development with a Focus on Directorship. On the occasion of International Women's day, Ms. Swarna Shankaran, Executive Director-Finance-ECIL, Ms. MothaSireesha, Senior DGM, Rites India Limited, Ms. Geetha Murthy Kothur, State Working Committee Member and Ms. Nadimpalli Yamuna Pathak, SocioPolitical Activist. CA Swarna Shanakran detailed her professional journey and various instances how she had overcome the difficulties. CMA MothaSireeshagaru briefly explained her professional journey. Geetha Murthy Kothurgaru brought a new perspective by focusing on the safety of women in the society. Yamuna Pathak garu added to the thoughts of the previous speakers and indicated her concern for the safety of girls in particular. The chapter on March 12, 2020 inaugurated Pre-Placement Orientation Training Programme December 2019 Batch. The chapter invited CMA Dr. PVS. Jagan Mohan Rao, Immediate Past President & Advisor SAFA as a Chief Guest and CMA G

Narayan Rao, Vice Chairman-Northstar Group and Independent Director-NRDC as Guest of Honor, CMA Vijay Kiran Agastya, Member SIRC-ICAI, CMA K. Ch. A. V. S. N. Murthy, CCM-ICAI . They gave their valuable suggestions for budding CMAs. On 14.03.2020, the chapter organized E-Invoicing in GST. CMA D.V Rambabu garu has explained in detail about E Invoicing System, Benefits of the system, Contents of E Invoice, Applicable Software, E Invoicing Portal, Abbreviations used in Portal, Regis traction of E-Invoice system, E Invoice system login, options of E-Invoice system, Single Invoice Entry Form etc. On 20.03.2020, the chapter organized Latest Developments in Income Tax Act. CA Madhu Sudan Mantri, in his own style and grip on the subject , started off the lecture that had various latest amendments including updates on Amendments Relating to Salaries, Capital Gains/Real estate, Tax Audit, Personal Exemption/Deduction, Industries/Startups, Personal Exemption/ Deduction, New Optional Scheme of Taxation, Procedures/ Appeals, penalties, TDS/TCS and Provisions Encouraging Digital Economy. The session had witnessed the accolades of many. On March 22, 2020 the chapter organized TReDS and New Opportunities to CMAs. The chapter organized this PD Meeting through online video (Zoom Meeting) conference owing to the growing concern over COVID 19. CMA Dr. P. Siva Rama Prasad explained elaborately about the strategic importance of MSMEs for the Indian Economy, Government Initiatives, Need for TReDS, The Market Participants, How it works, Why Migrate to TReDS, Lending Business Models- Changing Channels etc. This is an evolving opportunity where MSMEs can better manage their working capital. The program won laurels from many.



## THE INSTITUTE OF COST ACCOUNTANTS OF INDIA VISAKHAPATNAM CHAPTER

The Chapter organized a programme on "Emerging trends in Taxation and Corporate Laws-Role of CMAs" on February 29, 2020. CMA M Ramakrishna, chairman of the chapter welcomed the dignitaries and delegates from various industries



and apprised the role of CMAs in current scenario. Chief guest of the seminar, Shri Dronamraju Srinivasa Rao, chairman of the chapter addressed the gathering and appreciated the efforts and role of CMAs. Guest of Honor of the seminar, CMA PVN Madhav, past chairman of the chapter as well as MLC addressed the gathering about the government intentions to reduce the burden as well as smooth process of GST in the country. CMA S Ramprasad, secretary of the chapter gave the vote of thanks.



## WESTERN INDIA REGIONAL COUNCIL

### THE INSTITUTE OF COST ACCOUNTANTS OF INDIA KALYAN AMBARNATH CHAPTER

The Chapter organized a Prize Distribution Function & celebration of international women's day on 6th March 2020. The chapter organized Prize Distribution Function for the Students' Foundation, Inter and Final passing Dec 2019 examination and celebration of International Women Day at "T.H.M. AUDITORIUM" of Smt. C.H.M. College of Arts, Science & Commerce, Ulhasnagar. CMA M.R.Dudani, chairman of chapter welcomed the Chief Guest CA Manya Hari Dudani, Practising Chartered Accountants, Guest of Honour C.A. (Prof.) Reshmi Gurnani faculty member Smt. C.H.M.College Of Arts Science & Commerce, Special Invitee, Prof. C.A.(Dr.) Bhavna Binwani, Vice Principal, Smt. C.H.M.College Of Arts Science & Commerce. CMA Neetu Kapoor introduced the Chief Guest, Guest of Honour, Special Invitee and other dignitaries. CMA M.R.DUDANI, gave details of unique prize awarding scheme of chapter followed since starting of oral coaching in 1979 and informed that results of chapter have improved due to efforts of faculty and executive support by staff of chapter. C.A. (Prof.) Reshmi Gurnani, Guest of honour shared valuable tips with students for completing CMA course, Prof. C.A.(Dr.) Bhavna Binwani, Special Invitee informed CMA Completed student, informed placement opportunities for CMA in Banking Sector, informed students about new emerging areas of practice in taxation. informed fresh CMAs areas in which members can do full time practice. student CA Manya Hari Dudani Chief Guest appreciated the hard work and sacrifice done by students

completing CMA Inter at younger age. Prof. Anjali Bijlani, Prof. Jyoti Chand, Prof. CMA Sandhya Kotwani, Prof. CMA Shama Khan, Prof. Savita Punjabi, senior faculty from Bharat College, Badlapur, and Prof. Sanjay Premchandani, were felicitated for recognition of role played by them in improving examination of chapter. Prizes were also awarded to Miss Ruchita R. Wadgeri student of chapter, who secured 41st Rank at All India level. Prizes were distributed at the hands of CMA M.R.Dudani, Chairman of Chapter, C.A. Manya Hari Dudani, CMA GOPICHAND B. SHAMNANI, CMA Gopal U. Keswani, and CMA Neetu S. Kapoor. Programme was co-ordinated by Mr. Raju P.C. Executive Secretary, Mr. Ravi Rohra Office Assistant, CMA Devendra Deshpande and Student volunteers Mr. Pankaj Kukreja and Mr. Kamlesh G. Kannar. Programme was anchored by CMA Neetu Kapoor, Secretary of Chapter and she also proposed vote of thanks. Programme ended with national anthem. The Chapter organized 7 days Industry Oriented Training commencing on 09th Feb 2020 to 15th Feb 2020, for Final students appearing June 2020 examination. Eminent and experienced faculties of colleges and professionals from different subjects were invited to deliver lectures on topics of professional interest, covering Investment in Mutual Funds and Share Market, Functioning of Derivatives Market, recent amendments Goods and Service Tax, Cost & Management Accounting, Auditing, Taxation, and communications skills, Operation Management, Accounting Standards. Students listened to faculties and raised queries which were answered to the satisfaction of students. Following faculties delivered lectures: Prof. Riya Nathani, Prof. Niting Pagi, Prof. BhatriKhiyani, Prof. Kirshna Naidu, CA Reshmi Gurnani, Mr. Raju P.C. Executive Secretary co-ordinate the training programme. For improving the Communication and presentation skills and to face interview for appointment of Cost Trainee Chapter organized Seminars every month on Group Discussion for Intermediate students. Eminent and experienced faculty members from reputed colleges were invited to explain the importance of communication and presentation skills for students pursuing professional courses like Cost & Management Accountancy. For the quarter ending March 2020 Prof. Sunil Lalachandani, faculty member of Management Courses conducted by Smt. C.H.M.COLLEGE OF ARTS SCIENCE & COMMERCE ULHASNAGAR-3(WEST), Prof Krishna Naidu, Motivational Speaker, Corporate Trainer. Prof Nitin Pagi, faculty member of Bedekar College Thane were invited they explained briefly purpose of introduction of group discussion in professional courses. They informed students parameters on performances of students is judged in group discussion. They also informed Do's and Don'ts of Group Discussion. They divided the students in Two groups and gave topics for group discussion on which there was interaction between two groups. After completion of discussion he have valuable tips to students to enable them to perform better. Mr. Raju P.C. Executive Secretary of Chapter coordinated the seminars.



## DIRECT & INDIRECT TAX UPDATES - APRIL 2020

### DIRECT TAX

- Circular C /1 of 2020 DATED 13<sup>TH</sup> April 2020:** Clarification in respect of option under section II5BAC of the Income-tax Act, 1961: Section II5BAC of the Income-tax Act, 1961 (the Act), inserted by the Finance Act, 2020 wef the assessment year 2021-22, in fine, provides that a person, being an individual or a Hindu undivided family having income other than income from business or profession, may exercise option in respect of a previous year to be taxed under the said section II5BAC alongwith his return of income to be furnished under sub-section (I) of section 139 of the Act for each year. The concessional rate provided under section II5BAC of the Act is subject to the condition that the total income shall be computed without specified exemption or deduction, setoff of loss and additional depreciation.
- Circular No. 8/2020 dated 13<sup>th</sup> April 2020:** Clarification regarding short deduction of TDS/TCS due to increase in rates of surcharge by Finance (No.2) Act, 2019:
 

The Finance (No.2) Bill, 2019 was tabled in Lok Sabha on 5th July, 2019 which was passed by both the houses of Parliament and became Finance (No.2) Act, 2019 (the Act) which received assent of the President on 1st August, 2019. The Act provided for increase in the rate of surcharge as under:

Sl No.	Income slab	Surcharge before the Act	Enhanced surcharge as provided by the Act
1	Less than 50 lakh rupees	Nil	Nil
2	50 lakh rupees but less than crore rupees	10%	10%
3	1 crore rupees but less than 2 crore rupees	15%	15%
4	2 crore rupees but less than 5 crore rupees	15%	25%
5	5 crore rupees and above	15%	37%

The enhanced rates of surcharge were applicable from the 1<sup>st</sup> day of April, 2019 for previous year 2019-20 relevant to assessment year 2020-21. Thus, every person as referred to above was required to compute his tax liability after taking into account the enhanced rates of surcharge. Further, TDS/TCS under various provisions of the Income-tax Act is required to be deducted/ collected after taking into account the enhanced rate of surcharge.

Several cases have come to the notice of the Central Government wherein deductors/collectors were held to be an assessee in default for short deduction of TDS/short collection of TCS in cases where final transaction was done before laying of the Finance (No.2) Bill, 2019 in the Parliament, i.e. 5th July, 2019. Since the transaction was completed before the rates

of enhanced surcharge were announced and the concerned deductee/payee is required to furnish their Income-tax return for the relevant assessment year, it has been requested that in such cases, deductor or collector should not be held to be an assessee in default under section 201 of the Income-tax Act.

The above issue has been examined by the Board and in this regard, it is clarified a person responsible for deduction/ collection of tax under any provision of the Income-tax Act will not be considered to be an assessee in default in respect of transactions where:-

- such transaction has been completed and entire payment has been made to the deductee/payee on or before 5th July, 2019 and there is no subsequent transaction between the deductor/collector and the deductee/payee in the financial year 2019-20 from which the shortfall of tax could have been deducted/collected by the deductor/ collector;
- TDS has been deducted or TCS has been collected by such deductor/collector on such sum as per the rates in force as per the provisions prior to the enactment of the Act;
- such tax deducted or collected has been deposited in the account of Central Government by the deductor/ collector on or before the due date of depositing the same;
- TDS/TCS statement has been furnished by such person on or before the due date of filing of the said statement.

However, if the person fails to fulfill any of the conditions as laid down above, such a person will, with respect to short deduction/collection, not be eligible for benefit provided under this circular.

- Circular No 9/2020 dated 22<sup>nd</sup> April 2020:** Clarifications on provisions of the Direct Tax Vivad se Vishwas Act, 2020: After introduction of the bill in Lok Sabha, several queries were received from the stakeholders seeking clarifications in respect of various provisions contained therein. Government had considered these queries and had decided to clarify the same in form of answers to frequently asked questions (FAQs) vide circular no 7 of 2020 dated 4th March 2020. 55 questions contained in circular no 7 of 2020 are reissued under this circular with modifications.
- CORRIGENDA TO CIRCULAR NO.9 OF 2020 DATED 22.04.2020 dated 27<sup>th</sup> April 2020:**

In the Circular No. 9/2020 of the Government of India, Ministry of Finance, Department of Revenue (Central Board of Direct taxes), issued on the 22nd April, 2020

  - in the answer to question number 1, for the word "Bill" read the word "Act"; and
  - in the answer to question numbers 26,28, 29 and 41 for the figures, letters and word "31" March, 2020", wherever they occur, read the figures, letters and word "30<sup>th</sup> June, 2020
- Circular No. 10/2020 dated 24<sup>th</sup> April 2020:** Order

under section 119 of the Income-tax Act, 1961: Section 44AB of the Income-tax Act, 1961 ('the Act') read with rule 6G of the Income-tax Rules, 1962 ('the Rules') requires specified persons to furnish the Tax Audit Report along with the prescribed particulars in Form No. 3CD. The existing Form No. 3CD was amended vide notification no. GSR 666(E) dated 20th July, 2018 with effect from 20th August, 2018. However, the reporting under clause 30C and clause 44 of the Tax Audit Report was kept in abeyance till 31 st March, 2019 vide Circular No. 6/2018 dated 17.08.2018, which was subsequently extended to 31 .03.2020 vide Circular No. 9/2019.

Several representations were received by the Board with regards to difficulty in implementation of reporting requirements under clause 30C and clause 44 of the Form No. 3CD of the Income-tax Rules, 1962 in view of the Global Pandemic due to COVID-19 virus and requested for deferring the applicability of the above provisions.

The matter has been examined and in view of the prevailing situation due to COVID19 pandemic across the country, it has been decided by the Board that the reporting under clause 30C and clause 44 of the Tax Audit Report shall be kept in abeyance till 31 st March, 2021

## INDIRECT TAX

- **Notification No. 30/2020 – Central Tax dated 3<sup>rd</sup> April 2020:** Seeks to amend CGST Rules (Fourth Amendment) in order to allow opting Composition Scheme for FY 2020-21 till 30.06.2020 and to allow cumulative application of condition in rule 36(4).

In exercise of the powers conferred by section 164 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, hereby makes the following rules further to amend the Central Goods and Services Tax Rules, 2017.

(1) In the Central Goods and Services Tax Rules, 2017 (hereinafter referred to as the said rules), with effect from the 31st March, 2020, in sub-rule (3) of rule 3, the following proviso shall be inserted, namely:-

“Provided that any registered person who opts to pay tax under section 10 for the financial year 2020-21 shall electronically file an intimation in FORM GST CMP-02, duly signed or verified through electronic verification code, on the common portal, either directly or through a Facilitation Centre notified by the Commissioner, on or before 30th day of June, 2020 and shall furnish the statement in FORM GST ITC-03 in accordance with the provisions of sub-rule (4) of rule 44 upto the 31st day of July, 2020.”

(2) In the said rules, in sub-rule (4) of rule 36, the following proviso shall be inserted, namely:- “Provided that the said condition shall apply cumulatively for the period February, March, April, May, June, July and August, 2020 and the return in FORM GSTR-3B for the tax period September, 2020 shall be furnished with the cumulative adjustment of input tax credit for the said

months in accordance with the condition above.

- **Notification No. 31/2020 – Central Tax dated 3<sup>rd</sup> April 2020:** Seeks to provide relief by conditional lowering of interest rate for tax periods of February, 2020 to April, 2020. In exercise of the powers conferred by sub-section (1) of section 50 of the Central Goods and Services Tax Act, 2017 (12 of 2017) (hereafter in this notification referred to as the said Act), read with section 148 of the said Act, the Central Government, on the recommendations of the Council, hereby makes the following amendment in notification of the Government of India in the Ministry of Finance (Department of Revenue), No.13/2017 – Central Tax, dated the 28th June, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R. 661(E), dated the 28th June, 2017, namely:-

In the said notification, in the first paragraph, the following provision shall be inserted, namely:

“Provided that, the rate of interest per annum shall be as specified in column (3) of the Table given for the class of registered persons, mentioned in the corresponding entry in column (2) of the said Table, who are required to furnish the returns in FORM GSTR-3B, but fail to furnish the said return along with payment of tax for the months mentioned in the corresponding entry in column (4) of the said Table by the due date, but furnish the said return according to the condition mentioned in the corresponding entry in column (5) of the said Table.

This notification shall be deemed to have come into force with effect from the 20th day of March, 2020.

- **Notification No. 32/2020 – Central Tax dated 3<sup>rd</sup> April 2020:** Seeks to provide relief by conditional waiver of late fee for delay in furnishing returns in FORM GSTR-3B for tax periods of February, 2020 to April, 2020. In exercise of the powers conferred by section 128 of the Central Goods and Services Tax Act, 2017 (12 of 2017) (hereafter in this notification referred to as the said Act), read with section 148 of the said Act, the Government, on the recommendations of the Council, hereby makes the following amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 76/2018–Central Tax, dated the 31st December, 2018, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub- section (i) vide number G.S.R. 1253(E), dated the 31st December, 2018, namely:-

In the said notification, after the second proviso, the following proviso shall be inserted, namely:- “Provided also that the amount of late fee payable under section 47 shall stand waived for the tax period as specified in column (3) of the Table given , for the class of registered persons mentioned in the corresponding entry in column (2) of the said Table, who fail to furnish the returns in FORM GSTR-3B by the due date, but furnishes the said return according to the condition mentioned in the corresponding entry in column (4) of the said Table. This notification shall be deemed to have come into force

with effect from the 20th day of March, 2020.

- **Notification No. 33/2020 – Central Tax dated 3<sup>rd</sup> April 2020:** Seeks to provide relief by conditional waiver of late fee for delay in furnishing outward statement in FORM GSTR-1 for tax periods of February, 2020 to April, 2020: — In exercise of the powers conferred by section 128 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. 4/2018– Central Tax, dated the 23<sup>rd</sup> January, 2018, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R. 53(E), dated the 23<sup>rd</sup> January, 2018, namely:–

In the said notification, after the third proviso, the following proviso shall be inserted, namely: – “Provided also that the amount of late fee payable under section 47 of the said Act shall stand waived for the months of March, 2020, April, 2020 and May, 2020, and for the quarter ending 31<sup>st</sup> March, 2020, for the registered persons who fail to furnish the details of outward supplies for the said periods in FORM GSTR-1 by the due date, but furnishes the said details in FORM GSTR-1, on or before the 30<sup>th</sup> day of June, 2020.

- **Notification No. 34/2020 – Central Tax dated 3<sup>rd</sup> April 2020:** Seeks to extend due date of furnishing FORM GST CMP-08 for the quarter ending March, 2020 till 07.07.2020 and filing FORM GSTR-4 for FY 2020-21 till 15.07.2020. 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 amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 21/2019- Central Tax, dated the 23<sup>rd</sup> 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 23<sup>rd</sup> April, 2019, namely:– In the said notification,
  - (i) in the second paragraph, the following proviso shall be inserted, namely: –
 

“Provided that the said persons shall furnish a statement, containing the details of payment of self-assessed tax in FORM GST CMP-08 of the Central Goods and Services Tax Rules, 2017, for the quarter ending 31<sup>st</sup> March, 2020, till the 7<sup>th</sup> day of July, 2020.”;
  - (ii) in the third paragraph, the following proviso shall be inserted, namely: – “Provided that the said persons shall furnish the return in FORM GSTR-4 of the Central Goods and Services Tax Rules, 2017, for the financial year ending 31<sup>st</sup> March, 2020, till the 15<sup>th</sup> day of July, 2020.”.
- **Notification No. 35/2020 – Central Tax dated 3<sup>rd</sup> April 2020:** Seeks to extend due date of compliance which falls during the period from “20.03.2020 to 29.06.2020”

till 30.06.2020 and to extend validity of e-way bills: – In exercise of the powers conferred by section 168A of the Central Goods and Services Tax Act, 2017 (12 of 2017) (hereafter in this notification referred to as the said Act), read with section 20 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), and section 21 of Union Territory Goods and Services Tax Act, 2017 (14 of 2017), in view of the spread of pandemic COVID-19 across many countries of the world including India, the Government, on the recommendations of the Council, hereby notifies, as under

i) where, any time limit for completion or compliance of any action, by any authority or by any person, has been specified in, or prescribed or notified under the said Act, which falls during the period from the 20<sup>th</sup> day of March, 2020 to the 29<sup>th</sup> day of June, 2020, and where completion or compliance of such action has not been made within such time, then, the time limit for completion or compliance of such action, shall be extended upto the 30<sup>th</sup> day of June, 2020, including for the purposes of—

- (a) completion of any proceeding or passing of any order or issuance of any notice, intimation, notification, sanction or approval or such other action, by whatever name called, by any authority, commission or tribunal, by whatever name called, under the provisions of the Acts stated above; or
- (b) filing of any appeal, reply or application or furnishing of any report, document, return, statement or such other record, by whatever name called, under the provisions of the Acts stated above

(ii) where an e-way bill has been generated under rule 138 of the Central Goods and Services Tax Rules, 2017 and its period of validity expires during the period 20<sup>th</sup> day of March, 2020 to 15<sup>th</sup> day of April, 2020, the validity period of such e-way bill shall be deemed to have been extended till the 30<sup>th</sup> day of April, 2020.

- **Notification No. 36/2020 – Central Tax dated 3<sup>rd</sup> April 2020:** Seeks to extend due date for furnishing FORM GSTR-3B for supply made in the month of May, 2020.

In the said notification, in the first paragraph, after the second proviso, the following provisos shall be inserted, namely: –

“Provided also that, for taxpayers having an aggregate turnover of more than rupees 5 crore rupees in the previous financial year, the return in FORM GSTR-3B of the said rules for the month of May, 2020 shall be furnished electronically through the common portal, on or before the 27<sup>th</sup> June, 2020

Provided also that, for taxpayers having an aggregate turnover of up to rupees five crore rupees in the previous financial year, whose principal place of business is in the States of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands or Lakshadweep, the return in FORM GSTR-3B of the

said rules for the month of May, 2020 shall be furnished electronically through the common portal, on or before the 12th day of July, 2020

Provided also that, for taxpayers having an aggregate turnover of up to rupees five crore rupees in the previous financial year, whose principal place of business is in the States of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha, the Union territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi, the return in FORM GSTR-3B of the said rules for the month of May, 2020 shall be furnished electronically through the common portal, on or before the 14th day of July, 2020

- **Notification No. 37/2020 – Central Tax dated 28th April 2020:** Seeks to give effect to the provisions of rule 87 (13) and FORM GST PMT-09 of the CGST Rules, 2017.
- **Circular No. 136/06/2020-GST dated 3<sup>rd</sup> April 2020:** Clarification in respect of various measures announced by the Government for providing relief to the taxpayers in view of spread of Novel Corona Virus (COVID-19): The spread of Novel Corona Virus (COVID-19) across many countries of the world, including India, has caused immense loss to the lives of people and resultantly impacted the trade and industry. In view of the emergent situation and challenges faced by taxpayers in meeting the compliance requirements under various provisions of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as the “CGST Act”), Government has announced various relief measures relating to statutory and regulatory compliance matters across sectors.
- **Circular No. 137/07/2020-GST dated 13<sup>th</sup> April 2020:** Clarification in respect of certain challenges faced by the registered persons in implementation of provisions of GST Laws. Circular No.136/06/2020-GST, dated 03.04.2020 had been issued to clarify doubts regarding relief measures taken by the Government for facilitating taxpayers in meeting the compliance requirements under various provisions of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as the “CGST Act”) on account of the measures taken to prevent the spread of Novel Corona Virus (COVID-19). It has been brought to the notice of the Board that certain challenges are being faced by taxpayers in adhering to the compliance requirements under various other provisions of the CGST Act which also need to be clarified.
- **Notification No. 19/2020 – Customs dated 9<sup>th</sup> April 2020:** Seeks to amend notification No. 8/2020-Customs dated 02.02.2020 to make changes consequential to enactment of Finance Act, 2020.

In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) read with section 141 of the Finance Act, 2020 (12 of 2020), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby

makes the following amendments in the notifications of the Government of India in the Ministry of Finance (Department of Revenue), No. 08/2020-Customs, dated the 2nd February, 2020, published in the Gazette of India, Extraordinary, vide number G.S.R. 68 (E), dated the 2nd February, 2020, namely:-

In the said notification, - (i) for the words, figures and brackets “clause 139 of the Finance Bill, 2020, which, by virtue of the declaration made in the said Finance Bill under the Provisional Collection of Taxes Act, 1931 (16 of 1931), has the force of law”, the words, figures and brackets, “section 141 of Finance Act, 2020 (12 of 2020)” shall be substituted;

(ii) for the words “under the said clause of the Finance Bill”, the words “under the said section of the said Finance Act” shall be substituted.

- **Notification No. 20/2020– Customs dated 9<sup>th</sup> April 2020:** In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) read with section 141 of Finance Act, 2020 (12 of 2020), the Central Government on being satisfied that it is necessary in the public interest so to do, hereby exempts the goods of the description specified in column (3) of the Table below falling within the Chapter, heading, sub-heading or tariff item of the First Schedule to the said Customs Tariff Act specified in column (2) of the Table below, from whole of the duty of customs leviable thereon under the First Schedule to the said Customs Tariff Act and the whole of health cess leviable thereon under section 141 the said of Finance Act, 2020:

Sl No	Chapter or Heading or sub-heading or tariff item	Description of goods
1	9018 or 9019	Artificial respiration or other therapeutic respiration apparatus (Ventilators)
2	63 or any chapter	Face masks and surgical Masks
3	62 or any chapter	Personal protection equipment (PPE)
4	30, 38 or any chapter	Covid-19 testing kits
5	Any Chapter	Inputs for manufacture of items at S. Nos. 1 to 4 above, subject to the condition that the importer follows the procedure set out in the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017.

This notification shall remain in force upto and inclusive of the 30th September, 2020.

*Sources: Incometax portal, GST portal, Customs portal*



# Benevolent Fund

## FOR THE MEMBERS OF THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

CMA Bhawan, 12 Sudder Street, Kolkata - 700016

### OBJECTIVE

The Fund has been created to provide outright grant of prescribed amount to the member in the event of critical illness of a member / beneficiary of the Fund. It is also for outright grant of prescribed amount to the beneficiary in the event of death of a member of the Fund.

### LIFE MEMBERSHIP FEE

Onetime payment of ₹7500/-

### BENEFITS

- ⊙ **Income Tax Benefit under section 80G**
- ⊙ **Outright grant not exceeding ₹3,00,000.00/- in each case to the beneficiary in the event of death of the member.**
- ⊙ **Outright grant not exceeding ₹1,50,000.00/- in each case to the member and beneficiary for critical illness duly certified by the doctor under whom the treatment is continuing.**

#### Coverage of Critical Illness, leading to hospitalization, may cover the following -

- ⊙ Cancer / Malignancy
- ⊙ Coronary Artery Bypass Graft Surgery
- ⊙ Stroke / Cerebral Attack / Paralysis
- ⊙ Heart Valve Replacement Surgery
- ⊙ Myocardial Infarction (heart attack) / Heart Failure / Pace Maker Surgery / Kidney Dialysis(CKD)/ Renal Failure
- ⊙ Major Organ Transplant
- ⊙ Hemophilia
- ⊙ Thalassemia
- ⊙ Neurological Diseases
- ⊙ Flue Blown acquired Immune Deficiency Syndrome
- ⊙ Multiple sclerosis
- ⊙ Tuberculosis / Bronchopneumonia/ Pleurisy
- ⊙ Permanent disablement
- ⊙ Any other disease that may be considered by the Board of Trustees to be critical in nature.

To apply for life membership or for further details please visit

<https://eicmai.in/External/Home.aspx#>



## ADVISORY FOR RENEWAL OF CERTIFICATE OF PRACTICE FOR 2020-21

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The members of the Institute holding Certificate of Practice (CoP) having validity up to 31<sup>st</sup> March, 2020 are requested to comply with the following guidelines for renewal of their Certificate of Practice:

1. The following changes consequent to amendment of the Cost and Works Accountants Regulations, 1959 vide Notification dated 4<sup>th</sup> February, 2011 published in the Gazette of India may be noted:
  - a. The validity of a Certificate of Practice (CoP) is for the period 1st April to 31<sup>st</sup> March every year unless it is cancelled under the provisions of the Cost and Works Accountants Act and Regulations, 1959 as amended.
  - b. The Certificate of Practice issued shall automatically be renewed subject to submission of prescribed Form M-3 and payment of renewal fee\* and annual membership fee\*.
  - c. From the year 2011-12 onwards, letter for renewal Certificate of Practice is not being issued. However, the members concerned may download the renewal status from the Institute's website [www.icmai.in](http://www.icmai.in).
2. It may please be noted that under Section 6 of the Cost and Works Accountants Act, 1959, **both the Annual Membership Fee\* and Fee for Renewal of Certificate of Practice\*** falls due on 1st April each year.
3. Special attention is invited to the fact that the validity of a Certificate of Practice expires on **31<sup>st</sup> March** each year unless it is renewed on or before the date of expiry in terms of the amended Regulation 10 of the Cost and Works Accountants Regulations, 1959. Hence, a member shall be required to renew his certificate within **31<sup>st</sup> March** every year.
4. **If the Certificate of Practice of a member is not renewed within 31<sup>st</sup> March, 2020, his/her status of CoP from 1<sup>st</sup> April 2020 till the date of renewal would be "Not Active".**
5. Subject to what has been mentioned in Sl. No. 4 above, a member can get his/her Certificate of Practice for 2020-21 renewed within **30<sup>th</sup> June, 2020**. If application for renewal of Certificate of Practice is made after 30<sup>th</sup> June, 2020, the member's Certificate of Practice for 2020-21 will not be renewed but will be considered as a case of fresh issuance with effective date being the date of the application or receipt of the prescribed fee \* for Certificate of Practice, whichever is later.
6. It may please be noted that mere payment of fees \* alone will not be sufficient for renewal of Certificate of Practice. Application in prescribed Form M-3 is to be used for Renewal of Certificate of Practice duly filled in and signed is **mandatory**. The soft copy of prescribed Form M-3 for Renewal of Certificate of Practice can be downloaded from Institute's website [www.icmai.in](http://www.icmai.in).
7. The Institute has introduced a scheme of Continuing Education Programme (CEP) and the same is mandatory in accordance with proviso to sub-regulation (1) of Regulation 10 of the Cost and Works Accountants Regulations, 1959, as amended, whereby no Certificate of Practice and renewal thereof shall be issued unless a member has undergone minimum number of hours of such training. The detailed guidelines in this connection are available on Institute's website [www.icmai.in](http://www.icmai.in).
8. **Other relevant issues for Renewal of Certificate of Practice are as follows:**
  - a. Application for renewal of Certificate of Practice upto 31<sup>st</sup> March, 2021 has to be made in prescribed Form M-3 which may be filed online or through hard Copy of form duly filled in and signed on both sides together with Renewal Certificate of Practice fee \* of Rs.2,000/- and all other dues to the Institute on account of annual membership fees \* and entrance fees \*.
  - b. The annual membership fee\* for Associate and Fellow members are Rs.1,000/- and Rs.1,500/- respectively. The entrance fee \* for Associate and Fellow members is Rs. 1,000/- each payable at a time at the time of application for admission to Associateship or advancement to Fellowship, as the case may be.
  - c. The fees \* may be paid online or by Demand Draft/at par cheque payable at Kolkata if remitted by post to the Headquarters of the Institute.
  - d. Members should note that the **renewal of Certificate of Practice can be effected only after receipt of the prescribed fees\* along with duly filled in form at the Headquarters of the Institute and on meeting the stipulated CEP credit hours**. Mere submission of the same at the Regional Councils or Chapters will not be sufficient. Members are advised to make payment directly to the Headquarters or use the online facility of submission of application and payment to avoid any delay.

**All practicing members are advised to send their application for renewal of Certificate of Practice for the year 2020-21 along with other requirements as indicated above immediately so as to reach the Institute's Office at Kolkata well in advance to enable the Institute to issue the renewal of Certificate by 31<sup>st</sup> March, 2020.**

## Renewal of Part-time Certificate of Practice

1. For renewal of part-time Certificate of Practice, it is also essential to furnish a certificate from the employer in the following form or in a form as near thereto as possible if the practising member has undertaken any employment or there has been a change in employment:

“Shri/Smt ..... is employed as (designation) ..... and (name of Organisation)..... he/she is permitted, notwithstanding anything contained in the terms of his/her employment, to engage himself/herself in the practice of profession of Cost Accountancy in his/her spare time in addition to his/her regular salaried employment with us.

Signature of Employers with seal of Organisation”

2. It may be noted that members holding Part-time Certificate of Practice (CoP) are not eligible to undertake statutory assignments like Cost Audit, Central Excise Audit, etc.

*\*GST is applicable against payment*



## The Institute of Cost Accountants of India

(Statutory Body under an Act of Parliament)

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

Research Bulletin, Vol. 46, No. I April 2020 (ISSN 2230 9241)

### Call for Research Papers/Articles

We invite you to contribute research paper/article for “**Research Bulletin**”, a peer-reviewed Quarterly Journal of The Institute of Cost Accountants of India. The aim of this bulletin is to share innovative achievements and practical experiences from diverse domains of management, from researchers, practitioners, academicians and professionals. This bulletin is dedicated to publish high quality research papers providing meaningful insights into the management content both in Indian as well as global context.

### Guidelines to submit full Paper

- » Soft Copy of the full paper should be submitted in double space, 12 font size, Times New Roman, keeping a margin of 1 inch in four sides, MS Word (.doc) format.
- » Each paper should be preferably within 5000 words including all.
- » An abstract of not more than 150 words should be attached.
- » The cover page should contain the title of the paper, author’s name, designation, official address, contact phone numbers, e-mail address.

### Theme Topic:

#### Changing Landscape of Securities Market

#### Papers are invited on the following sub-topics, but not limited to:

- » Impact of Economic Reforms on Capital Market
- » Impact of Abolition of Dividend Distribution Tax (DDT)
- » Demerger of Debt Mutual Funds
- » Global Instability – the winds of change
- » Quantamental Investing
- » Innovation and Technology – Enablers of Change
- » Retail Investors’ Participation in Securities Market
- » Financial Literacy, Investor Education & Awareness
- » Corporate Bond Market
- » Currency Market
- » Corporate Governance and Shareholding Patterns
- » Growth of Asset Management Industry
- » Digital Securities – a new Generation of Assets
- » Arbitrage Pricing
- » International Trade and Capital Flows

Papers must be received within **31<sup>st</sup> May, 2020** in the following email id:

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





**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA**  
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)

**RESCHEDULED TIME TABLE & PROGRAMME – JUNE 2020**

**FOUNDATION COURSE EXAMINATION**

Day & Date	Foundation Course Examination Syllabus-2016 Time 2.00 p.m. to 5.00 p.m.
Tuesday, 21st July, 2020	Fundamentals of Economics & Management
Thursday, 23rd July, 2020	Fundamentals of Accounting
Saturday, 25th July, 2020	Fundamentals of Laws & Ethics
Monday, 27th July, 2020	Fundamentals of Business Mathematics & Statistics

**Examination Fees**

Foundation Course Examination	Inland Centres	₹ 1200/-
	Overseas Centres	US \$ 60

- The Foundation Examination will be conducted in Offline mode only. Each paper will be of 100 marks.**
- Application Forms for Foundation Examination has to be filled up through online and fees will be accepted through online mode (including Payfee Module of IDBI Bank).
- STUDENTS OPTING FOR OVERSEAS CENTRES HAVE TO APPLY OFFLINE AND SEND DD ALONGWITH THE FORM.
- (a) Students can login to the website [www.icmai.in](http://www.icmai.in) and apply online through payment gateway by using Credit/Debit card or Net banking.  
(b) Students can also pay their requisite fee through pay-fee module of IDBI Bank.
- Last date for receipt of Examination Application Forms is 20<sup>th</sup> May, 2020.**
- Examination Centres: Adipur-Kachchh(Gujarat), Agartala, Agra, Ahmedabad, Akurdi, Allahabad, Asansol, Aurangabad, Bangalore, Baroda, Berhampur(Ganjam), Bhilai, Bhilwara, Bhopal, Bewar City(Rajasthan), Bhubaneswar, Bilaspur, Bikaner (Rajasthan), Bokaro, Calicut, Chandigarh, Chennai, Coimbatore, Cuttack, Dehradun, Delhi, Dhanbad, Duliajan (Assam), Durgapur, Ernakulam, Erode, Faridabad, Ghaziabad, Guntur, Guwahati, Haridwar, Hazaribagh, Howrah, Hyderabad, Indore, Jaipur, Jabalpur, Jalandhar, Jammu, Jamshedpur, Jodhpur, Kalyan, Kannur, Kanpur, Kolhapur, Kolkata, Kota, Kottakkal (Malappuram), Kottayam, Lucknow, Ludhiana, Madurai, Mangalore, Mumbai, Mysore, Nagpur, Naihati, Nasik, Nellore, Neyveli, Noida, Palakkad, Panaji (Goa), Patiala, Patna, Pondicherry, Port Blair, Pune, Raipur, Rajahmundry, Ranchi, Rourkela, Salem, Sambalpur, Shillong, Siliguri, Solapur, Srinagar, Surat, Thrissur, Tiruchirapalli, Tirunelveli, Trivandrum, Udaipur, Vapi, Vashi, Vellore, Vijayawada, Vindhyannagar, Waltair and Overseas Centres at Bahrain, Dubai and Muscat.
- A candidate who is completing all conditions for appearing the examination as per Regulation will only be allowed to appear for examination.**
- Probable date of publication of result: To be announced in due course.**

\* For any examination related query, please contact [exam.helpdesk@icmai.in](mailto:exam.helpdesk@icmai.in)

**Kaushik Banerjee**  
Secretary





Ministry of Health & Family Welfare  
Government of India



Help us to  
help you

# NOVEL CORONAVIRUS (COVID-19)



**Protect yourself and others!**

**Follow these Do's and Don'ts**

## Do's



Practice frequent hand washing. Wash hands with soap and water or use alcohol based hand rub. Wash hands even if they are visibly clean



Cover your nose and mouth with handkerchief/tissue while sneezing and coughing



Throw used tissues into closed bins immediately after use



See a doctor if you feel unwell (fever, difficult breathing and cough). While visiting doctor wear a mask/cloth to cover your mouth and nose



If you have these signs/symptoms please call State helpline number or Ministry of Health & Family Welfare's 24X7 helpline at 011-23978046



Avoid participating in large gatherings



Have a close contact with anyone, if you're experiencing cough and fever



Touch your eyes, nose and mouth



## Don'ts

Spit in public

**Together we can fight Coronavirus**

**For further information :**

Call at Ministry of Health, Govt. of India's 24X7 control room number

**+91-11-2397 8046**

Email at [ncov2019@gmail.com](mailto:ncov2019@gmail.com)

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