

THE MANAGEMENT ACCOUNTANT

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NATURAL RESOURCE ACCOUNTING FOR ECONOMIC SUSTAINABILITY

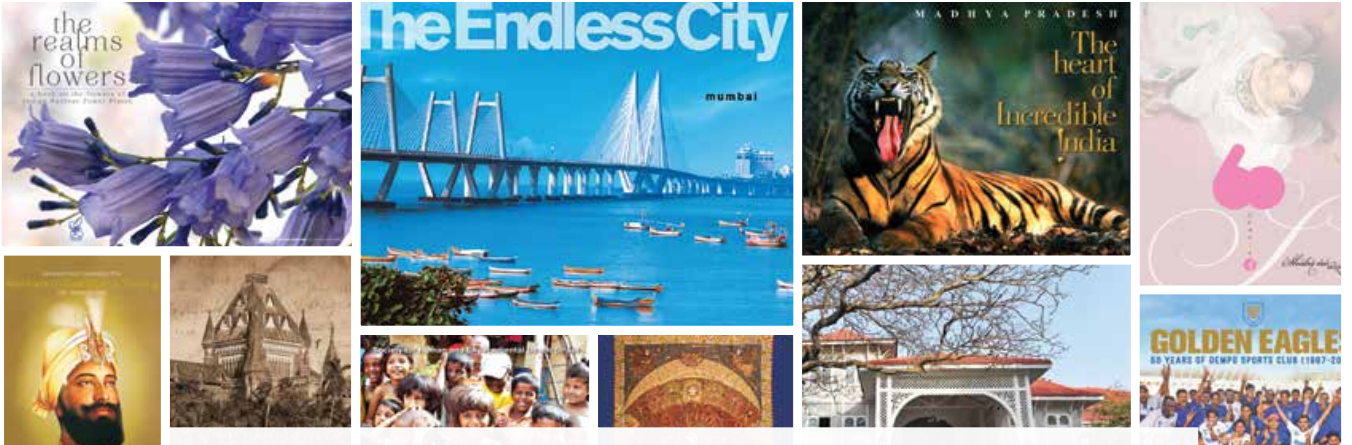
Journal of

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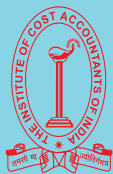
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- THE INSTITUTE OF COST ACCOUNTANTS OF INDIA (erstwhile The Institute of Cost and Works Accountants of India) was established in 1944 as a registered company under the Companies Act with the objects of promoting, regulating and developing the profession 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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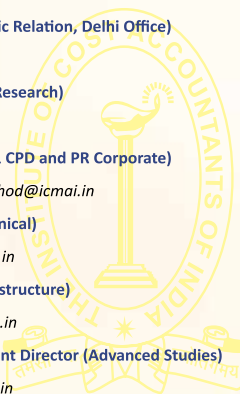
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Institute Motto

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

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

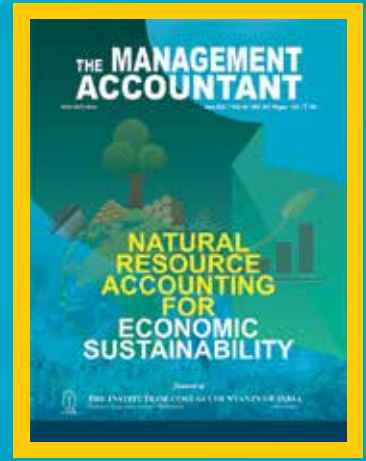
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EDITORIAL

The nation behaves well if it treats the natural resources as assets which it must turn over to the next generation increased; and not impaired in value.

-Theodore Roosevelt

Nature makes human development possible but our relentless demand for the earth's resources is accelerating extinction rates and devastating the world's ecosystems. Over the years, there has been increasing awareness about environmental issues across the globe and growing concern about the depletion and degradation of natural resources. Many countries are using their environmental accounts to track pollution; the use of natural resources, such as water, forests, and mineral deposits; and environmental protection expenditures. The accounts are also used in policy analysis and resource management decision-making.

The 35th meeting of the Government Accounting Standards Advisory Board (GASAB) has discussed the "Natural Resource Accounting (NRA)" as a promising tool for environmental impact assessment of projects in which usage of resources is envisaged. The aim of the NRA is to provide information on the state of natural resources and the changes affecting them. Natural Resource Accounting, an accounting framework to compile data relating to natural resources, is a way to prepare India to achieve Sustainable Development Goals (SDG) by 2030. It aims to provide a framework for organizing information on the status, use, and value of natural resources and environmental assets as well as expenditures on environmental protection and resource management. Natural resource accounts differ from other data as they are organized in terms of stocks and flows. NRA also combines national income and product accounting concepts with analysis of natural resource and environmental issues. The development of resource accounting is generally perceived as having gone along two different paths; these are characterized as "physical" accounts and "monetary" accounts. NRA can also play an important role in

assessing environmental aspects of the projects being undertaken, be it by the Government, private or through public-private partnership models.

Given the complex nature of climate change, the cost to prevent and adapt to its effects, and the controversy surrounding the issue, policy decisions in this area will need to be based on sound data. It is also imperative that the focus should be on mitigating the phenomenon by reducing greenhouse gas emissions and by enhancing carbon sinks. This has to be seen in distinction with adaptation to global warming which involves taking action to minimize the effects of such warming and is intended to reduce the vulnerability of natural and human systems to actual or expected climate change effects. As climate change is linked to economic growth, the government must be able to connect economic data to environmental data to develop policies that allow for economic growth while supporting sustainability. Environmental accounts can play a key role in helping governments make well-founded decisions regarding climate change. In fact, asset and flow accounts have been recognized by the global statistical community as a useful framework for monitoring, measuring, and analyzing climate change.

There is an urgent need to generate data on environmental goods and services and their valuation in economic terms, so that information generated can be used for proper policy formulation to achieve overall sustainable development. As a result, the concept of Integrated Environmental and Economic Accounting (IEEA) has emerged on the initiative of the United Nations. The main objectives of integrated environmental accounting are segregation and elaboration of all environmental and economic accounts, linkages of physical resource accounts with monetary environmental accounts and balance sheets, assessments of environmental costs, benefits, and accounting for the maintenance of the tangible wealth.

CMAA can identify and estimate



the costs of environment-related activities, monitor the use of resources such as water, electricity and fuels, make environmental considerations from part of capital investments, and assess the future impact of environmental risks. The Cost & Management Accountants can apply certain tools and techniques like Life-Cycle Assessment, Hierarchical Cost Analysis, Activity-Based Costing, Balanced Scorecard, etc. for effective natural resource accounting and fair reporting. Further, CMAs with their multi-disciplinary and techno-commercial skills are the apt professionals to conduct Green or Environmental Audits to ensure necessary compliance of Environmental Laws, effective assessment of Environment Cost, Environment Impact Assessment, and Carbon credit.

Transitioning to a sustainable economy will yield significant benefits that exceed the investment costs involved. Economic and financial incentives should include valuations of nature as a profitable asset and give due consideration to the negative externalities of natural resource extraction. The protection and sustainable use of natural resources can generate jobs and economic growth through tourism, agriculture and aquaculture, among other ecosystem services, and may generate five times more income than what their annual cost is. It is recommended that efforts to conserve nature should not be eased because of post-pandemic economic imbalances, given that there is a real danger of losing ecosystem service benefits, possibly forever. The crisis should serve as an opportunity to rethink the interconnections between ecosystems, human beings and various parts of the planet. Part of the current crisis predates COVID-19 and only by addressing its direct and underlying causes will enable us to have a secure future.

This issue presents a good number of articles on the cover story "Natural Resource Accounting for Economic Sustainability" written by distinguished experts. We look forward to constructive feedback from our readers on the articles and the overall development of the Journal. Please send your emails at editor@icmai.in. We thank all the contributors to this important issue and hope our readers will enjoy the articles.

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THE MANAGEMENT ACCOUNTANT

PAPERS INVITED

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

July 2021	Theme	Goods and Services Tax (GST): Contemporary Challenges and Issues	Subtopics	<ul style="list-style-type: none"> ⊙ Transition to new GST Returns System ⊙ Technology conglomeration and GST ⊙ Procedural simplification: Analysing Tax Payer's relief ⊙ Far reaching impact of strengthening hands of enforcement ⊙ Union Budget 2021: Key amendments in GST ⊙ Practical issues in Input Tax Credit ⊙ Amendments to GST Framework: Facilitating SMEs to tide over pandemic induced economy ⊙ Filing of Annual Accounts on self certification basis: Impact on CMAs ⊙ Proposal to include petroleum products under GST to curb prices: Analysis and Impact
August 2021	Theme	Indian Railways: Innovative Measures for a 'Better Tomorrow'	Subtopics	<ul style="list-style-type: none"> ⊙ Indian Railways: A catalyst for generation of employment opportunities ⊙ Safety: the focus area of Railway operations ⊙ Spread of IT in Indian Railways ⊙ Vision 2024 ⊙ Railways: A promoter of environmental sustainability ⊙ Indigenous Manufacturing: a boost to Make in India drive ⊙ Opportunities for International Collaborations ⊙ Role of External Financing ⊙ Digitization of Indian Railways ⊙ Future plans and adoption of best practices in the railway sector ⊙ Performance Costing System of Indian Railways: Role of CMAs
September 2021	Theme	Information System Security Audit	Subtopics	<ul style="list-style-type: none"> ⊙ Overview of IS Security & Audit ⊙ Compliance & Security Framework ⊙ Business Continuity & Disaster Recovery ⊙ Cyber Security & Cyber Forensics ⊙ Business Application - Acquisition, Development & Implementation ⊙ IT Audit in Banking Sector ⊙ IT Audit in SAP Environment ⊙ Cloud Computing Management Audit ⊙ Adopting & Migrating to the Cloud ⊙ Role of CMAs in IS Audit
October 2021	Theme	Forensic Audit: Tool for Fraud Detection & Prevention	Subtopics	<ul style="list-style-type: none"> ⊙ Forensic Accounting: A way to Detect, Fight and Prevent Fraud ⊙ Early Warning Signals (EWS) and Red Flags ⊙ Digital Forensics, Cyber Security and Cyber law ⊙ Fraud Risk Management Strategy ⊙ Emerging Needs of Forensic Audit in Corporate and Banking Frauds in India ⊙ Forensic Accounting in Stock Market Management ⊙ Growing NPAs and role of Forensic Auditors ⊙ Forensic Accounting and Auditing: Laws and Regulations ⊙ Forensic Accounting and Auditing Practices: India v/s Rest of the World ⊙ Integral role of CMAs in combating financial fraud

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

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



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CMA Biswarup Basu
President

The Institute of Cost Accountants of India

“We are what our thoughts have made us; so take care about what you think. Words are secondary. Thoughts live; they travel far.”

– Swami Vivekananda

My Dear Professional Colleagues,

At the outset on behalf of the members of the Council of the Institute, its employees, members, students and my own behalf, I express our deep sorrow and profound grief on the sad demise of illustrious Past President of our Institute CMA V. Kalyanaraman, who left for heavenly abode on 4th June, 2021. He was the President of our Institute for 1974-75 and President, South Asian Federation of Accountants (SAFA) for the year 1989. We shall never forget his immense contribution towards the development of the Institute and Cost Accounting Profession in India and abroad. We convey our heartfelt condolences to the bereaved members of his family on this irreparable loss. We pray to the almighty to give eternal peace to the departed soul and much-needed strength to his family during this time of sorrow.

The Corona virus disease has significantly affected lives of people around the world. India is battling the deadly second wave of COVID-19 pandemic and the Government is taking all possible measures to contain the spread of infection. It is reassuring that we are witnessing a downswing in the second wave of COVID-19 and hopefully it will be sustained when the restrictions imposed will be gradually relaxed. The COVID-19 crisis has adversely impacted all economies of the world; our Country is no exception. After coping with the first wave of the pandemic, the Indian economy was on the path of recovery but the second wave of this pandemic has hit the country hard. Despite this, the prospects for the Indian economy

PRESIDENT'S COMMUNIQUÉ

remain resilient. The government has the tedious task of striking a fine balance between saving lives and restoring the economy. At this moment, the economic recovery would depend on the pace of vaccination, bringing down the number of infections quickly and suppressing the impact of the COVID-19 pandemic. I urge you all to remain self-disciplined and follow the various Guidelines issued by the Government from time to time to avoid further spread of Covid-19 and help in combatting the pandemic. I also request you to remain in a positive frame of mind.

62nd Foundation Day of the Institute

As you all are aware that the Institute was established by a special Act of Parliament on 28th May 1959, as a statutory professional body for the regulation of the profession of Cost and Management accountancy. On 28th May, 2021, we observed the 62nd Foundation Day of the Institute and I along with CMA P. Raju Iyer, Vice President, CMA H. Padmanabhan, Chairman, Committee for Accounting Technicians, AAT Board & Former Vice President and CMA Kaushik Banerjee, Secretary of the Institute got the opportunity to virtually interact with the members and students to extend our heartfelt greetings to them on this auspicious occasion, and apprise them of the recent activities of the Institute. The Institute is committed to take all possible measures for the convenience of members, students and other stakeholders in the present challenging times.

Covid-19 Vaccination Drive for CMA members & their families

I am happy to inform that the Northern India Regional Council (NIRC) of the Institute had successfully organized the Covid-19 vaccination drive in collaboration with NIRC of the Institute of Chartered Accountants of India and NIRC of the Institute of Company Secretaries of India and in association with Apollo Hospital on 31st May 2021 at Delhi.

Mr. Raghav Chadha, MLA, Rajendra Nagar, Delhi and National spokesperson of Aam Aadmi Party graced the occasion with his physical presence and inaugurated the vaccination drive. The virtual inaugural ceremony of the vaccination drive was attended by me along with CS Nagendra D Rao, President of ICSI, CMA Vijender Sharma, Chairman PD & CPD Committee and International Affairs Committee, CMA Harkesh Tara, Chairman, NIRC of ICAI, CA Avinash Gupta, Chairman NIRC of the Institute of Chartered Accountants of India, CS Vimal Gupta, Chairman, NIRC of ICSI, CMA Manish Kandpal, Secretary, NIRC of ICAI, CMA Santosh Pant, Treasurer NIRC of ICAI, CMA Sandeep Goel, RCM, NIRC of ICAI, CMA RS Bhati, RCM, NIRC of ICAI and CS Suresh Pandey, Immediate Past

Chairman, NIRC of ICSI.

Launch of Phase -I of MCA 21 V3

I wish to inform that I had the pleasure of attending the launch of new revamped Website of Ministry of Corporate Affairs & Modules of MCA21-V3 on 24th May 2021 through a Virtual event. The new website was launched at the hands of Shri Anurag Singh Thakur, Hon'ble Union Minister of State for Corporate Affairs & Finance who was the Chief Guest for the launch event.

Reschedule of June, 2021 term Examination

In view of the present acute pandemic situation arising out of the spread of COVID-19, the Institute has issued a notification on 31st May, 2021 informing that the dates of conducting June, 2021 term of Examinations of the Institute are being rescheduled and the rescheduled time table for Foundation, Intermediate, and Final Course of June, 2021 Examinations will be announced soon.

Observance of Agriculture Month

I congratulate the Agriculture Task Force of the Institute for successfully celebrating the month of May 2021 as Agriculture month by organising series of five National Webinars and several local webinars across the country covering multiple topics relating to "Augmentation of Farmers' Income". The first National Webinar was organized in association with Nagpur Chapter of Cost Accountants on the theme "Agri Financial Institutions facilitating Augmentation of Farmers' Income" on 4th May 2021 wherein Dr. G.R. Chintala, Chairman, National Bank for Agriculture and Rural Development (NABARD) graced the event as Chief Guest. The next National Webinar was organized in association with Bangalore Chapter of Cost Accountants on the theme "Rural Development and Augmenting Farmer's Income" on 11th May 2021 wherein Dr. K S Murali, Executive Director, MS Swaminathan Research Foundation graced the webinar as Chief Guest and Dr. G. V. Ramanjaneyulu, Executive Director, Centre for Sustainable Agriculture & Expert Director, Sahaja Aharam Producer Company as Guest of Honour. The third National Webinar was organized in association with Guwahati Chapter of Cost Accountants on "Academic Institutions Catalyzing the Augmentation of Farmers' Income" on 18th May 2021 wherein Prof. Nageshwar Rao, Vice-Chancellor, Indira Gandhi National Open University (IGNOU) addressed as Chief Guest and Shri S S Saha, CGM, NABARD as Guest of Honour. The Agriculture Task Force also organised a Webinar on "Agriculture Cost Management" on 25th May 2021 wherein Prof. Vijay Paul Sharma, Chairman, Commission for Agricultural Costs & Prices, Ministry of Agriculture & Farmers Welfare, Government of India graced the Webinar as Chief Guest and Dr. A. R. Khan, Chief General Manager, National Bank for Agriculture and Rural Development, Kolkata addressed as Guest of Honour.

I am happy to inform that the Agriculture Task Force of the Institute had organized a National Webinar on the theme "Agriculture Cost Management" on 26th May 2021. **Shri Narendra Singh Tomar, Hon'ble Union Minister for Agriculture & Farmers Welfare, Rural Development, Panchayati Raj, Food Processing Industries** graced the National Webinar as the Chief Guest. He highlighted the major areas of concern in agriculture sector and also suggested

the different areas wherein the Institute and its members can contribute for the development and growth of the agriculture sector. I appreciate the initiative taken by CMA P. Raju Iyer, Vice President of the Institute and Chairman of Agriculture Task Force. I also acknowledge the sincere contribution made by all members of Agriculture Task Force and the efforts put in by staff of the Institute for the successful conduct of all the events.

IIRC Council Meeting

I wish to inform that CMA Balwinder Singh, Immediate Past President of the Institute attended the International Integrated Reporting Council (IIRC) meeting on 6th May, 2021 held through virtual mode. With the aim of driving forward the evolution of the corporate reporting system, the IIRC Council deliberated on the external environment in which we operate and how the intended merger with Sustainability Accounting Standards Board (SASB) to form the Value Reporting Foundation will capitalize on the current momentum to create a globally-accepted and comprehensive corporate reporting system.

Webinar on Practical Aspects of Non – Readily Realizable Assets-NRRA

I am happy to share that I along with CMA P. Raju Iyer, Vice President of the Institute attended a Webinar on Practical Aspects of on Non-Readily Realizable Assets organized by the Professional Development Coordination Committee of Institute of Cost Accountants of India, Insolvency Professional Agency of ICAI and ICMAI Registered Valuers' Organization under the Chairmanship of CMA Vijender Sharma, Council Member of the Institute. The Webinar was moderated by Shri Sushil Behl, Government Nominee to the Council of the Institute. The participants appreciated the detailed discussion on practical aspects of Non – Readily Realizable Assets.

8th Virtual Meet of Director Finance Club

I am happy to inform that I had the privilege of addressing the 8th Virtual Meet of Director Finance Club being organised to deliberate on the Impact of Covid-19 on Cost Computation & Disclosures on 29th May 2021. The Virtual meet witnessed the participation of CMA Y P Bhola, Director Finance NFL, CMA Sanjeev Singhal, Director Finance MDL, CMA Manoj Mishra, Former, CMD NFL, CMA D K Saraf, Former Chairman PNGRB, CMA Anil Chaudhary, Former CMD SAIL, Shri K K Garg, Ex Director Finance IRCON, CMA Diwan Chand Arya - Ex Director Finance IRFC and CMA Balwinder Singh, Immediate Past President and Chairman, Cost Accounting Standards Board of the Institute.

Virtual programme on Indirect Taxation by the EIRC of the Institute

I am pleased to inform that I along with CMA P Raju Iyer, Vice President attended the Virtual programme organized by the EIRC of the Institute on "Indian Custom Law and CGST Act 2017" on 4th May, 2021 covering the relevance of HSN code, advance ruling on GST, faceless assessment for custom-processes and issues and GST valuation rules & recent case laws on custom valuation. CMA Timir Baran Chatterjee, Chairman -BCCI (Indirect Tax Committee) and CS Anindita Chatterjee, Company Secretary were the speakers. The event was also graced by CMA Ashis Banerjee, Chairman EIRC,

CMA Arundhati Basu, Vice Chairperson, EIRC of the Institute.

Webinar on Practical Guide to Cyber Security

I wish to inform that I was invited as Chief Guest of the Webinar on “Practical Guide to Cyber Security” organised by Gyanstation, a Webinar vertical of Profound Mentors Private limited on 25th May 2021. Dr. Varun Kapoor, IPS, Additional Director General of Police, Madhya Pradesh was the Key note Speaker on the topic. The Webinar was hosted by CMA Anirudh Gupta, Chief Academic Head, Profound Mentors Private limited.

I now present a brief summary of the activities of various Departments/Committees/ Boards of the Institute, in addition to those detailed above:

DIRECTORATE OF CAT

☉ WEBINT

The importance of e-learning was realised by all of us once again when we all were constrained to stay indoors in view of second wave of Covid-19 pandemic. CAT Directorate continued to impart quality webinar sessions to Members and Students through series of WEBINT on IND AS in the month of May too.

I place on record the tireless efforts of resource person of this series CMA (Dr.) Gopalakrishna Raju, for his continuous support to the CAT Directorate in making this series one of the most sought after.

I express special gratitude to CMA H. Padmanabhan, Chairman, Committee for Accounting Technicians for his continuous efforts in organising these WEBINTs.

☉ CAT Meetings and Development

Subsequent to the Meetings that the delegation of CAT had with senior officials of Skill Development Department in various states to offer them CAT Course in their state, I am glad to share with you that substantial development has been underway in the states of Maharashtra, Kerala and others to materialise the same.

I congratulate CMA H. Padmanabhan and the officials of team CAT for their continuous efforts in promotion of CAT course.

DIRECTORATE OF STUDIES - TRAINING & PLACEMENT

I am very much pleased to convey that even during this severe ongoing pandemic situation across the country, Directorate of Training & Placement of the Institute has done a commendable job to successfully complete the 1st Phase of Campus Placement Programme through virtual mode where more than 360 qualified Cost Accountants have received placement offers in reputed organizations like **Accenture, Philips, Vedanta, ITC, ABB, CEAT, NBCC, EIL, Apex, Capita, Invenio, Consero Global, Kalpataru, Olam, Lafarge Holcim** and many more, with highest and average CTC being Rs.22 lakh pa and Rs.10 lakh pa respectively. This is the all-time record in the history of Campus Placement drives of the Institute in terms of highest number of placements offered and highest CTC offered by the Corporate.

The 2nd Phase (June - July 2021) of Online CMA Campus Placement drive has already started and many reputed

organizations like **Goldman Sachs, GAIL, L&T, Tech Mahindra, CITCO, Deloitte, Axis Bank, Capgemini** etc. are likely to participate in the forthcoming campus placement engagement.

I wish all success to the aspiring qualified Cost Accountants of December 2020 batch in their future professional endeavours.

INTERNATIONAL AFFAIRS COMMITTEE

I congratulate CMA Vijender Sharma, Chairman, International Affairs Committee and his team for their continuous efforts in getting ex-post facto approval of the Union Cabinet to the Memorandum of Understandings (MoUs) entered into by the Institute of Cost Accountants of India with four Foreign Professional Accountancy Bodies/Organisations namely, the Institute of Public Accountants (IPA), Australia, Chartered Institute for Securities and Investment, UK (CISI), Chartered Institute of Public Finance and Accountancy (CIPFA), UK, the Institute of Certified Management Accountants of Sri Lanka. The various MoUs seek to facilitate mutual recognition of qualifications and range of collaborative activities for exchange of knowledge, experience sharing and technical cooperation by way of participation in annual conferences/training programmes/workshops, seminars and joint research projects etc., relevant to their jurisdiction.

BANKING, FINANCIAL SERVICES AND INSURANCE BOARD

I feel happy to share that as decided by the Council, the ‘Banking, Financial Services & Insurance Committee’ has been renamed as ‘**Banking, Financial Services & Insurance Board**’ for which a Notification has been issued on 26th May, 2021. I congratulate CMA Chittaranjan Chattopadhyay, Chairman BFSI Board, all BFSI Board members, officials of BFSI department and all other stake holders for the same.

Now a brief on the activities of the BFSI Board during the month of May 2021 is cited below:

☉ Certificate Courses on Banking

On 1st May, 2021 the 3rd batch of Certificate Course on Concurrent Audit of Banks was inaugurated under the gracious presence of Shri Suresh Kumar, General Manager & Chief Compliance Officer, Indian Bank.

The admission for the 4th batch of Certificate Course on the three courses viz. Certificate Course on Credit Management of Banks, Treasury & International Banking and Concurrent Audit of Banks has started and already we are seeing a fillip in the admissions. We request all the members and students to enroll for the courses for skill development and capacity enhancement.

☉ Certificate Course on Investment Management in association with NISM

The 5th batch of Level-I classes would commence from 12th June, 2021. Classes for 2nd batch of Level-II has started from 29th May, 2021. The valedictory session of Investment Management (Level-III) Batch No.1 was organized on 29th May, 2021 under the gracious presence of Shri S.K.Mohanty, Director of NISM and Whole Time Member of SEBI.

We have started the admissions for 6th batch of Level-I. Members and the students are requested to avail the opportunity

by registering in the course on Investment Management.

☉ Annual ICAI National Awards - Essay Contest for Bankers:

The BFSI Board has opened registrations for an annual ICAI National Awards essay contest for bankers and we call upon all members and students working in the banking sector to wholeheartedly participate in the event. The topic of the essay competition is “**Digital Banking and Inclusive Growth**”. The winners would be felicitated and honoured by the Institute with a medal and a certificate and would be presented by a luminary in the banking field. The details of the event have been published by the BFSI department and the last date for application has been extended again till 15th June, 2021 due to the onslaught of pandemic.

☉ Representation letters for inclusion of CMAs:

The BFSI Directorate has represented to various authorities and employers for inclusion of CMAs in the BFSI sector whenever such a scope has come to the notice of the Institute.

☉ Insurance Month

On the initiative of the BFSI Board, the Institute would be observing June, 2021 as the Insurance Month and four webinars are scheduled to be conducted in the month by the BFSI Board along with other webinars hosted in Chapters/Regional Council across the country.

☉ Webinars

The BFSI Board hosted three webinars on diverse topics and it was attended by members, students and others in large numbers. We are happy to announce that BFSI Board has completed 52 webinars and 15 WEBINTs since March, 2020 and we thank the participation of all members, students and stake holders for knowledge dissemination. The Board hosted four webinars on the topic of Pre-Pack Insolvency Resolution Process (Micro, Small and Medium Enterprises-MSMEs), Right Time for 5th Generation Banking Reforms, Labour Laws Audit-(Labour Reforms to Labour Code) and Public debt: Opportunities for CMAs in the month of May, 2021.

☉ Daily Updates

The BFSI Board is giving daily updates on the BFSI sector and is getting uploaded in the BFSI portal of the Institute. The members, students and others are requested to check the portal to get daily updates collated for the knowledge enhancement of the all stakeholders.

☉ Special MSME Edition published by the Board

The BFSI Board has published a special edition of MSME in continuation of the activities undertaken by the Committee for observance of MSME month in the month of April, 2021. It includes articles from various experts in MSME and allied areas. We request all to read the issue uploaded on the BFSI portal.

☉ Investment Month in the month of August, 2021

BFSI Board in association with NISM (An educational initiative of NISM) is planning to organise an Investment Month in the month of August, 2021. It is expected to comprise of four webinars and other activities in the genre of capital markets. We request all the Offices of the Institute to organize such programmes for capital markets to make the Investment

Month a grand success as and when announced by the Institute.

BOARD OF ADVANCED STUDIES & RESEARCH

I am very much happy to share that the Board of Advanced Studies & Research has already introduced many new age courses during this pandemic situation, which have received overwhelming responses and recognition from the members, students, professionals and corporate. These extremely useful Courses are -

- ☉ Diploma in Information System Security Audit (DISSA) – 1st Batch (170 participants)
- ☉ Data Analytics for Finance Professionals – 3rd & 4th Batch (150 participants)
- ☉ SAP Finance Power User – 2nd & 3rd Batch (470 participants)
- ☉ Advanced Business Excel for Finance Professionals – 1st Batch (200 participants)

I deeply acknowledge the contribution of the Chairman, Board of Advanced Studies & Research CMA Debasish Mitra and the entire team members of Advanced Studies Directorate for this success and urge all the members and students to pursue these professional courses to shape their career path with new dimensions.

MEMBERS FACILITIES COMMITTEE

I am happy to share that even during the pandemic and lockdown times the membership department under the expert guidance of CMA (Dr.) V. Murali, Chairman of the Members Facilities Committee, have been able to grant memberships and process CoP applications and renewals seamlessly. I take this opportunity to congratulate and welcome all the 198 new Associate members who were granted membership and all the 23 Associate members who were upgraded to Fellowship during the month of May 2021.

I shall request all members to please follow the institute's website on a regular basis where all the Notifications and announcements are made, so that members can keep updated of all the announcements in respect of important information, requirements and developments not only in respect of membership but also of other activities of the Institute. The dedicated members section on the website is a one stop information and facility centre covering all membership areas for the convenience of members and I call upon them to avail of the online facilities especially in respect of applications, renewals and other matters in addition to referring to updated information, guidelines, advisories and other information links provided there.

PROFESSIONAL DEVELOPMENT & CPD COMMITTEE

We appreciate the efforts of the Chairman, Professional Development & CPD Committee and his Directorate for successfully concluding with the 3rd batch of Online Mandatory Capacity Building Training (e-MCBT) on 21st May 2021. The sessions were very enriching covering all the allied areas of professional relevance and importance. The deliberations in the technical sessions and interactive sessions by the eminent speakers across the country were found quite useful and value addition to the participants.

Vide Notification Ref. No. : G/128/04/2021 dated 9th

April, 2021, it has been decided to grant extension of time for successful completion of Mandatory Capacity Building Training (MCBT) upto 31st December, 2021 to the practicing members who have taken Certificate of Practice (COP) during the period 1st February, 2019 to 31st March, 2021 and have not undergone the Mandatory Capacity Building Training (MCBT). Please visit the website regularly for enrolment for next batch of MCBT.

I am pleased to inform you that on Institute's representation, Kerala Infrastructure Investment Fund Board included Cost Accountants Firm for Risk Based Internal Audit and Concurrent Audit for select transactions. Further, National Minorities Development and Finance Corporation and Brooke India also considered Cost Accountants Firm for appointment as Internal Auditors. PD Directorate submitted representations to various organizations for inclusion of cost accountants for providing professional services.

Members may please visit the PD Portal for Tenders/EOIs during the month of May 2021, where services of the Cost Accountants are required in Uranium Corporation of India Limited, National Minorities Development and Finance Corporation, Mangalore Refinery and Petrochemicals Limited (MRPL), Punjab State Bus Stand Management Company Limited, Brooke India, Mecon Limited, Municipal Corporation Abohar, New Okhla Industrial Development Authority (NOIDA), Sardar Sarovar Narmada Nigam Ltd., Madhya Gujarat Vij Company Limited (MGVCL), Bank Note Paper Mill India Private Limited, Bureau of Indian Standards Bhubaneswar, Tripura State Electricity Corporation Ltd., Rashtriya Ispat Nigam Limited, Security Printing & Minting Corporation of India Limited, Bharat Sanchar Nigam Limited, Kerala Infrastructure Investment Fund Board etc.

Professional Development & CPD Committee associated with the PHD Chamber of Commerce and Industry organised webinar on "Indirect Tax Relief Measures in view of Covid Pandemic" on 13th May 2021.

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

REGIONAL COUNCIL & CHAPTERS COORDINATION COMMITTEE

I am happy to inform you that CMA (Dr.) K Ch A V S N Murthy, Chairman, Regional Council and Chapters Coordination Committee, chaired and held an online SIRC RC/Chapters Meet on 27th May, 2021 to discuss consolidation of Chapter accounts, preparation of Budget and other relevant chapter issues. I along with my council colleagues namely, CMA P Raju Iyer, Vice President; CMA Balwinder Singh, Immediate Past President; CMA (Dr.) K Ch A V S N Murthy, Chairman RC&CC Committee; CMA Papa Rao Sunkara, Chairman SIRC and CMA H. Padmanabhan, Immediate Past Chairman, RC&CC Committee participated as Special Invitees and I must mention that all their views and suggestions were of immense value to all participants.

The meeting was attended in large numbers by the representatives of almost all the SIRC chapters. Officials from SIRC accounts and headquarters finance and RC&CC

team also participated in the meeting. Relevant issues from the chapters were discussed and clarified during the meeting and the event was a huge success and was appreciated by all the participants. I am sure that such meetings will not only be held shortly in the remaining three regions but will also be held at regular intervals as and when required.

TAX RESEARCH DEPARTMENT

The Tax Research Department has successfully conducted the workshop on the topic "Scenario of Assessment & Appeal in Income Tax". The session has been quite enriching and has received huge appreciations from the viewers and learners. The classes for Certificate Course on GST, Advanced Certificate Course on GST, Certificate Course on Filing of Returns, Certificate Course on TDS, Advanced Course on GST Audit and Assessment Procedure and Advanced Course on Income Tax Assessment and Appeal are also going on in full swing, during the pandemic. The department also conducted a very intriguing webinar session on the topic 'Alternate Tax Regime' for the benefit of members.

ICMAI REGISTERED VALUERS ORGANISATION (RVO)

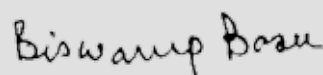
I am pleased to share that ICMAI RVO has organized the Master Class on Practical aspects of Valuation on 5th May 2021, Master Class on Valuation of Plant and Machinery (P&M) on 9th May 2021, Master Class on Valuation of Land & Building on 12th May 2021, Third Edition of Master Series on Case Studies on Valuation on 16th May 2021, Master Class on Essential Learnings in Valuation for IPs on 22nd & 23rd May 2021, Interactive Session on Frequently Asked Questions and General Concerns in Valuation on 26th May 2021, 50 hrs Valuation course 13th Online Batch of 50 hours Valuation Course on Securities and Financial Asset from 23rd April 2021 to 2nd May 2021, 1st Online Regular Batch of 50 hrs Valuation course on Securities or Financial Assets from 14th May 2021 to 20th May 2021, 10th Online Mandatory COP Program on 29th May, 2021 and Three batches of Refresher Course on Valuation during May 2021.

INSOLVENCY PROFESSIONAL AGENCY (IPA) OF THE INSTITUTE

The Insolvency Professional Agency of the Institute has taken various professional development initiatives during the month for its members such as organizing Preparatory Education Course for Limited Insolvency Examination from 15th to 17th May 2021, Master Class on Liquidation on 8th & 9th May 2021, Master Class on Leadership and Management Skills on 15th & 16th May 2021, Webinar on Practical Aspects of Non – Readily Realizable Assets on 21st May 2021 and Interactive Meet on Evaluation of Pre-Pack Insolvency for MSME on 29th May 2021.

Stay safe, stay healthy!

With warm regards,



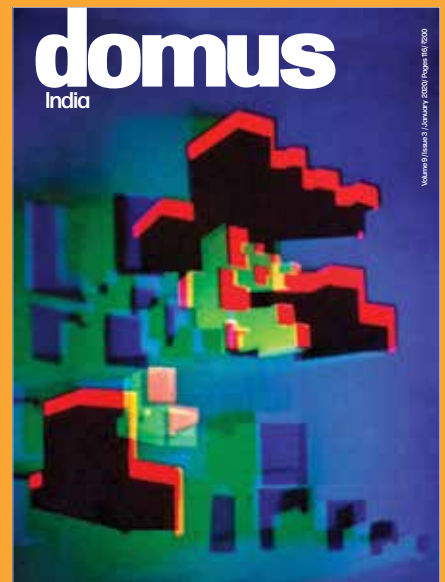
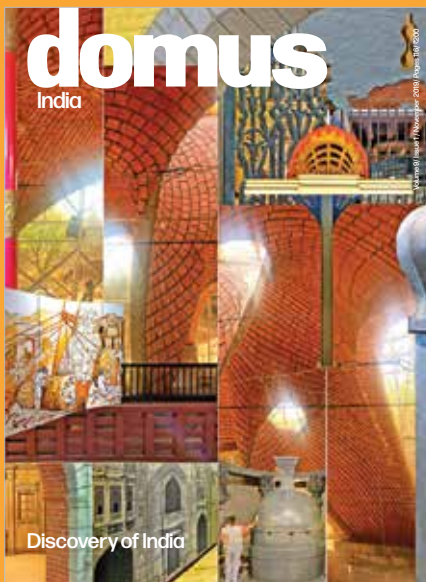
CMA Biswarup Basu

June 4, 2021

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FROM THE DESK OF CHAIRMAN

Journal & Publications Committee
The Institute of Cost Accountants of India

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

"You may not always have a comfortable life. And you will not always be able to solve all the world's problems all at once. But don't ever underestimate the impact you can have, because history has shown us that courage can be contagious, and hope can take on a life of its own."

— Michelle Obama

I hope you and your families are all doing well, given the impact that second wave of COVID-19 is having in our Country. We have been battling the pandemic for over a year but the recent massive surge in COVID-19 cases is a matter of grave concern. It is a national health crisis and there is lot of uncertainty on how much time it will take to control the crisis. Our Government is taking all possible steps to curb the spread of fatal Coronavirus.

COVID-19 pandemic has disrupted normal economic activity and life around the world. I urge everyone to follow the instructions and guidelines issued by the Government to combat the COVID-19. I am confident that we will win this war against humanity. In times like these, we as professionals have a much higher responsibility, especially when the entire Nation is fighting the global Pandemic COVID-19. Such a situation is also creating an environment of stress and anxiety amongst the general public. The country has shown remarkable resilience be it tackling the pandemic or ensuring economic recovery. Let us remain positive in our thoughts and hope that this pandemic will be over soon.

The pandemic has affected educational systems worldwide, leading to the near-total closures of schools, institutions, universities and colleges. Online learning and online examination has become a critical lifeline for education, as institutions seek to minimize the potential for community transmission. Governments across countries have initiated universities and higher education systems to adapt to remote instruction to cover lectures, exams, evaluations, and result publications.

The Institute is committed to take every possible step in the overall interest of student community in the present scenario. Online classes for students and online examination are some of the important decisions already implemented successfully. The candidates/students are advised to visit the official website of the Institute regularly for notifications and announcements of examinations.

Many students are facing additional stress and anxiety due to social isolation or family/personal health concerns. All of this makes it hard to stay motivated. While online learning has become the new fad, there are some unique challenges that students and lecturers taking online courses now have to navigate through. As an online learner, finding the motivation to attend classes and study outside the traditional classroom setting is a daunting task. Here are some motivation tips for the students for getting successful in examination and these can lead to positive change for the rest of their life!!

- ⊙ Physical activity, yoga and exercise can be effective treatment

- strategies for symptoms of both depression and anxiety.
- ⊙ Practice healthy and mindful eating
- ⊙ Prioritize your mental health
- ⊙ Keep your approach optimistic
- ⊙ Get ready for on line exams
- ⊙ Follow the study materials
- ⊙ Not to resort to any mal practices
- ⊙ Not to be demotivated by social media postings or rumours or on the grapevine
- ⊙ Understanding the realities and get prepared for examination at any time during this difficult situation
- ⊙ Ready to grab job opportunities being aware of the world

Directorate of Journal & Publications of the Institute in June 2021 issue of the Management Accountant has dedicated pages to "Natural Resource Accounting (NRA) for Economic Sustainability". Natural Resource Accounting is a process of estimating the value of natural resource depletion and environmental degradation due to economic activities. In recent years, it has become an important environment assessment tool. Links between economy and environment have to be properly understood and appreciated in order to achieve sustainable development of the society. There is an urgent need to generate data on environmental goods and services and their valuation in economic terms, so that information generated can be used for proper policy formulation to achieve overall sustainable development of the society. CMAs can play a very effective role in facilitating natural resource accounting to achieve sustainable development goals.

Further being the Chairman of Regional Council & Chapters Coordination Committee, I wish to congratulate all the Regions and Chapters for their various activities and successfully conducting webinars on behalf of the Institute. I am thankful to all the Members of Regional Council & Chapters Coordination Committee for their endeavour to reach to excellence by putting their efforts to contribute positively in this field.

I wish to conclude my thoughts today by congratulating the office bearers of Journal & Publications department for all their commitments and achievements. Our mission is to publish international standard professional journal and quality publications to raise public awareness about policy issues in business, trade, society and economy and to facilitate solutions that will contribute to national development with special emphasis on cost and management accounting. It is needless to mention that the concerned department has progressed towards design improvement, and the present professional design has received accolades from all quarters and members of the Institute.

We solicit your feedback, suggestions, and concerns for the overall development of the Journal & Publications Department. Please send us mails at editor@icmai.in / journal@icmai.in for various issues relating to Journal & Publications.

Let's be confident and hopeful for a bright future. I urge you all to take good care of yourself and your families during these challenging times. I would like to express my concern and support for all the members, students and other stakeholders affected by this pandemic.

Stay Indoor, Stay Safe and Healthy!

With Warm Regards,

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

June 4, 2021



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Statutory Body under an Act of Parliament

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An initiative of
Directorate of Studies (Training & Placement)

CMA CAMPUS PLACEMENT DRIVE - 2021

FOR DECEMBER 2020 BATCH OF
QUALIFIED COST ACCOUNTANTS

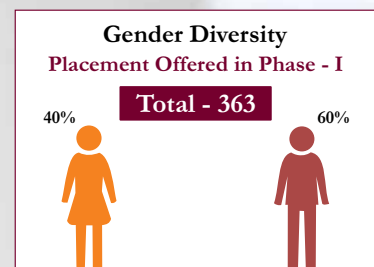
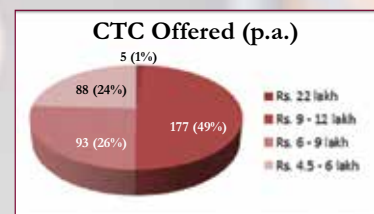
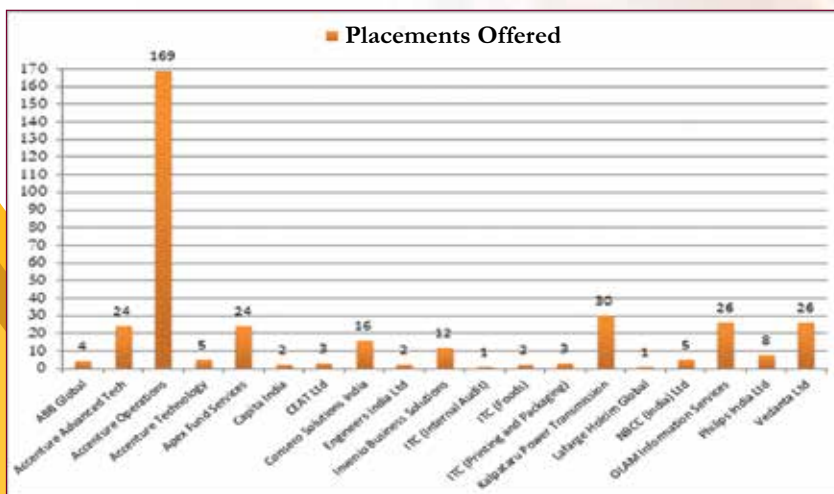
Participating Companies in Ongoing Campus Placement Drive



And Many More

Highest Package ₹22 Lakh p.a. | Average Package ₹10 Lakh p.a.

Campus Placement Statistics: Phase - I (May - 2021)



All-time Highest Placements & CTC Offered
in the History of CMA Campus Placement Drives

2nd Phase (June - July 2021) of
CMA Campus Placement Drive is going on

Behind Every Successful Business Decision, there is always a **CMA**



CELEBRATION AND OBSERVANCE OF AGRICULTURE MONTH – MAY 2021

An initiative of Agriculture Task Force

The Institute of Cost Accountants of India has constituted an Agriculture Task Force for the purpose of evolving ways and means of augmenting the farmers income. The Institute looks forward in extending support to the Government initiatives by way of preparing concept papers on Agricultural Costing & Pricing, conducting awareness programmes and discussion sessions on pan India basis to come out with advisory on the steps to be taken in order to achieve the objectives set by the Government in this regard and extending support to the farmers. In this context, the Institute has also come out with a Concept Paper on Agriculture “Augmenting the Farmers’ Income: Road Map for CMAs” and CMA Agri Bulletin. The Institute has celebrated and observed May 2021 as Agriculture month and organized a series of four National Webinars and several local webinars across the country covering multiple topics relating to “Augmentation of Farmers’ Income”.

National Webinar on Agri Financial Institutions facilitating Augmentation of Farmers’ Income (4th May 2021): The first National Webinar during the Agriculture month was organized by Agriculture Task Force of the Institute in association with Nagpur Chapter of Cost Accountants, ICAI on the theme “**Agri Financial Institutions facilitating Augmentation of Farmers’ Income**” on 4th May 2021 wherein **Dr. G.R. Chintala, Chairman, National Bank for Agriculture and Rural Development (NABARD) has graced the event as Chief Guest.** Dr. G.R. Chintala addressed about the vicious circle in which Indian farmers are going through, highlighted the role played by the financial institutions for helping the farmers like giving timely credit at a reasonable cost to the marginal and small farmers, credit being given to women cultivators. He also highlighted the role of Agriculture Infrastructure Fund for helping the farmers and for boosting the Agri exports. He further narrated about the regulations and compliances and Role of FPOs in the agri sector, role of new Rural Infrastructure Development Fund, importance of AtmaNirbhar Krishi and AtmaNirbhar Kisan. The welcome address was delivered by CMA Kaushik Banerjee, Secretary, ICAI and introductory address was delivered by CMA Anil B. Verma, Chairman, Nagpur Chapter of Cost Accountants, ICAI. CMA P Raju Iyer, Vice President & Chairman – Agriculture Task Force, ICAI delivered his address about observance of May 2021 as Agriculture month, activities of Agriculture Task Force and also highlighted the Role of CMAs in agricultural sector. CMA Neeraj D. Joshi, Council Member

& Chairman - Management Accounting Committee, ICAI addressed on Cluster Based Business Organization Value Chain and Role of CMAs in agriculture. CMA Biswarup Basu, President, ICAI delivered the Presidential address. Speakers of the technical session - CMA Santosh Sharma, Member, Agriculture Task Force ICAI addressed on Agriculture 5.0., Dr Vinayak Deshpande, Ex Vice Chancellor, RTM Nagpur University, Nagpur addressed about Might & Plight of Indian Farmers, Mr. Rajiv Bahety & Dr. Arun Joshi from Narmada Valley Rural Development, Foundation Trust addressed about Augmentation of Farmers’ Income, Mr. Amit Nafde, Director, Krushi Vikasvagramen Prashikshan Sansthan, Buldhana, Maharashtra addressed on Role of FPOs in improving Farmers’ Income, CMA P V Bhattad, Past President, ICAI and CMA Dr. Sreehari Chava, Member of Agriculture Task Force, ICAI addressed on need for Agriculture Cost Management. Mrs. Jyotsna Rajpal, Agri Cell Coordinator, Nagpur Chapter moderated the entire session. CMA Shriram Narayan Mahankaliwar, Regional Council Member, WIRC, ICAI summed-up all the speeches. CMA Chittaranjan Chattopadhyay, Council Member and Chairman Indirect Taxation Committee & Banking, Financial Services & Insurance Committee, ICAI and CMA (Dr.) K Ch A V S N Murthy, Council Member and Chairman Journal & Publications Committee & Regional Council & Chapters Coordination Committee, ICAI also addressed in this Webinar. CMA Vijay Kumar Murthy, Secretary - Nagpur Chapter of Cost Accountants, ICAI concluded the programme with vote of thanks.

National Webinar on “Rural Development and Augmenting Farmer’s Income” (11th May 2021): The 2nd National Webinar was organized in association with Bangalore Chapter of Cost Accountants on “Rural Development and Augmenting Farmer’s Income”. **Dr. K S Murali, Executive Director, MS Swaminathan Research Foundation graced the webinar as Chief Guest.** Dr. Murali talked about the challenges in Augmenting farmers income, areas that require attention for augmenting farmer’s income and pathway for doubling the farmers income. The welcome address was delivered by CMA Manjula B.S, Chairman, Bangalore Chapter of Cost Accountants, ICAI and introductory address by CMA Rabindranath Kaushik, Member, Agriculture Task Force, ICAI. CMA P Raju Iyer, Vice President & Chairman-Agriculture Task Force, ICAI delivered address on observance of Agriculture month & activities of Agriculture Task Force. CMA (Dr.) K Ch A V S N Murthy, Council Member

and Chairman Journal & Publications Committee and Regional Council & Chapters Coordination Committee, ICAI highlighted the Role of CMAs in Agriculture sector. CMA Biswarup Basu, President, ICAI delivered the Presidential address. Dr. G.V. Ramanjaneyulu, Executive Director, Centre for Sustainable Agriculture & Expert Director at Sahaja Aharam Producer Company addressed as Guest of Honour in this webinar. Speakers of the technical session - Dr. H.M. Chandrashekar, Director & Associate Professor - Department of Agri-Business Management, Institute of Development Studies, University of Mysore, Dr. Pramod. M. Chandakavate, Faculty, Abdul Nazir Sab State Institute of Rural Development and Panchayat Raj, Government of Karnataka, CMA Dr. Sreehari Chava, Member, CMA Dendukuri Zitendra Rao, Member, CMA N Raveendranath Kaushik, Member, Agriculture Task Force, ICAI delivered their address. CMA H. Padmanabhan, Council Member and Chairman, Committee for Accounting Technicians and AAT Board, ICAI and CMA Chittaranjan Chattopadhyay, Council Member & Chairman Indirect Taxation Committee and Banking, Financial Services & Insurance Committee, ICAI also shared their valuable thoughts and ideas. CMA Satish. R, Secretary, Bangalore Chapter of Cost Accountants, ICAI offered the vote of thanks and concluded the programme.

National Webinar on “Academic Institutions Catalyzing the Augmentation of Farmers’ Income” (18th May 2021): The 3rd national webinar was organized in association with Guwahati Chapter of Cost Accountants on “Academic Institutions Catalyzing the Augmentation of Farmers’ Income” on 18th May 2021. **Prof. Nageshwara Rao, Vice-Chancellor, Indira Gandhi National Open University (IGNOU) was the Chief Guest.** Prof. Nageshwar Rao discussed the Agriculture Scenario in India, Agriculture education, Educational Programmes available for the farmers. He highlighted the advantages of the need based programmes in agriculture and allied sciences, innovative Agriculture Programme, etc. The welcome address was given by CMA Rana Bose, Chairman, Guwahati Chapter of Cost Accountants, ICAI and introductory address by CMA (Dr.) K Ch A V S N Murthy, Council Member and Chairman Journal & Publications Committee and Regional Council & Chapters Coordination Committee, ICAI. CMA P Raju Iyer, Vice President & Chairman – Agriculture Task Force, ICAI delivered address about activities of Agriculture Task Force for augmenting farmer’s income. CMA Biswarup Basu, President, ICAI

delivered the Presidential address. The webinar was graced by Shri S S Saha, CGM, NABARD as Guest of Honour and Dr. R S Deshpande, Former Director, Institute of Social & Economic Change, Bangalore as technical speaker. The event was also graced by CMA B.B. Goyal, Former Addl. Chief Adviser (Cost), Government of India and CMA Kunal Banerjee, Past President, ICAI, CMA Dr. Sreehari Chava & CMA Santosh Sharma, Members of Agriculture Task Force, ICAI as speakers. CMA Vijender Sharma, Council Member and Chairman, Professional Development Committee & International Affairs Committee and CMA Chittaranjan Chattopadhyay, Council Member and Chairman Indirect Taxation Committee & Banking, Financial Services & Insurance Committee, ICAI also shared their valuable views and thoughts on the said topic. CMA Rupom Sharma, Secretary, Guwahati Chapter of Cost Accountants, ICAI offered the vote of thanks and concluded the programme.

Webinar on the theme “Agriculture Cost Management” (25th May 2021): The task force organized the 4th webinar on the theme “Agriculture Cost Management” on 25th May 2021. **Prof. Vijay Paul Sharma, Chairman, Commission for Agricultural Costs & Prices, Ministry of Agriculture & Farmers Welfare, Government of India** graced the Webinar as **Chief Guest**. He highlighted the fact that policy formulation emphasis being shifted from production centric approach to income centric approach in addressing the farmers’ issues. CMA Vijender Sharma, Council Member & Chairman, Professional Development Committee and International Affairs Committee, ICAI delivered the welcome address. CMA Rakesh Singh, Past President, ICAI and CMA Balwinder Singh, Immediate Past President and Chairman, Training & Education Facilities and Placement Committee & Cost Accounting Standards Board, ICAI delivered their valuable thoughts & ideas on the said topic. CMA P Raju Iyer, Vice President & Chairman – Agriculture Task Force, ICAI delivered address about the Role of CMAs in Agriculture Cost Management. CMA Biswarup Basu, President, ICAI delivered the Presidential address. Dr. A. R. Khan, Chief General Manager, National Bank for Agriculture and Rural Development, Kolkata addressed as Guest of Honour and CMA Gopala Krishna Ayitam, Management Consultant & expert in areas of agribusiness, value chain management, Farmer Producer Organisations (FPOs) addressed on need of Agriculture Cost Management in augmentation of farmer’s income. CMA Kishore Bhatia and CMA Dr. Sreehari Chava, Members of Agriculture Task Force, ICAI delivered their presentation on Role of CMAs in Agriculture Cost Management. CMA Chittaranjan Chattopadhyay, Council Member and Chairman Indirect Taxation

Committee and Banking, Financial Services & Insurance Committee, ICAI summed-up all the speeches. CMA (Dr.) K Ch A V S N Murthy, Council Member and Chairman Journal & Publications Committee and Regional Council & Chapters Coordination Committee, ICAI concluded the programme with the vote of thanks.

National Webinar on the theme “Agriculture Cost Management” (26th May 2021): Agriculture Task Force of the Institute concluded this historic Agriculture month with a National Webinar on the theme “Agriculture Cost Management” on 26th May 2021 wherein **Shri Narendra Singh Tomar, Hon’ble Union Minister for Agriculture & Farmers Welfare, Rural Development, Panchayati Raj, Food Processing Industries, Government of India** addressed as the **Chief Guest in this National Webinar. The Hon’ble Minister reiterated the intentions of the Government to ensure that agriculture turns profitable. He appreciated the fact that the Institute has come forward to render its services to the Agriculture Sector and desired that the momentum be taken forward. He was hopeful that the collective efforts will definitely bring in the desired results and increase the income of the farmers.**

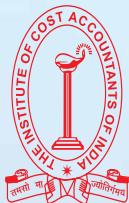
CMA P Raju Iyer, Vice President & Chairman – Agriculture Task Force, ICAI delivered the welcome address. CMA Biswarup Basu, President, ICAI delivered the Presidential address. CMA Dr. Sreehari Chava, Member, Agriculture Task Force, ICAI delivered the presentation on the activities and roadmap of agriculture task

force and how Institute and its CMA members can contribute on the growth & development of agriculture sector and in augmentation of farmer’s income. CMA (Dr.) K Ch A V S N Murthy, Council Member and Chairman Journal & Publications Committee and Regional Council & Chapters Coordination Committee, ICAI summed-up all the speeches. CMA Vijender Sharma, Council Member and Chairman, Professional Development Committee & International Affairs Committee, ICAI delivered the vote of thanks of the inaugural session. CMA Chittaranjan Chattopadhyay, Council Member and Chairman Indirect Taxation Committee & Banking, Financial Services & Insurance Committee, ICAI addressed in the technical session. CMA Santosh Sharma, Member, Agriculture Task Force, ICAI addressed in the technical session on Agriculture Costing & Pricing, Agri 5.0, Agriculture Value Chain Management and Role of CMAs in Agriculture Cost Management. CMA H. Padmanabhan, Council Member and Chairman - Committee for Accounting Technicians and AAT Board, ICAI offered the concluding remarks of the technical session and concluded the webinar.

All the webinars were participated and viewed by a large number of students, members and other stakeholders. Concepts relating to Agri Cost Management and also the role of CMAs in Augmenting Farmers’ Income have been extensively deliberated in all the webinars. The members of the Institute have shown keen interest to gear up themselves to extend their professional contribution to the Agriculture Sector.



National Webinar on “Agriculture Cost Management” held on 26th May 2021



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- ⊗ Strategic Head
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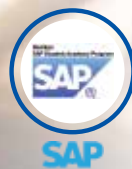


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OBSERVANCE OF JUNE 2021 AS **INSURANCE MONTH**

Webinars organized by

BANKING, FINANCIAL SERVICES & INSURANCE BOARD (BFSIB) OF THE INSTITUTE OF COST ACCOUNTANTS OF INDIA (ICAI)

In view of the significance of the Insurance sector in the Indian economy and to spread the awareness of various schemes in Insurance especially during this pandemic, the Institute of Cost Accountants of India has decided to **observe June 2021 month as the Insurance month**. The Institute will be spreading the temper of insurance awareness and the scope as professionals to work in the sphere of Insurance. We have association with National Insurance Academy as a partner who would be jointly collaborating in our efforts for organizing a series of webinars across the country.

Observation of **INSURANCE MONTH** is an initiative of the Banking, Financial Services & Insurance Board (BFSIB) of the Institute in association and active involvement of other Committees, Regional Councils and Chapters of the Institute. All the events will be streamed live through the official YouTube channel of the Institute to reach the students, members and all stakeholders of the Institute.

Chief Guest for the Inaugural Webinar



CMA Parmod Kumar Arora

Member (Actuary)
Insurance Regulatory and
Development Authority of India

Lists of Webinars

(Streaming link will be made available on the Institute's website)

Webinar	Topic	Date	Time
Webinar 1	Evolution of Insurance Industry Pre and Post COVID-19 (in association with the Hyderabad Chapter of Cost Accountants)	08.06.2021	5 pm - 7 pm
Webinar 2	Successful Insurance Sector means: Protection, Investments & Jobs- All in one	12.06.2021	5 pm - 7 pm
Webinar 3	Digitisation of Insurance Business (in association with NIA)	18.06.2021	5 pm - 7 pm
Webinar 4	Pandemic – An opportunity for Insurance Sector (in association with NIA)	25.06.2021	5 pm - 7 pm



CMA Biswarup Basu
President
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CMA P. Raju Iyer
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GLOBAL RECOGNITION OF CMA QUALIFICATION

Benchmarking of Intermediate and Final Course of The Institute of Cost Accountants of India by UK NARIC*

With the objective of enhancing the recognition and professional opportunities for its students and members across the globe, the **International Affairs Committee** and **Professional Development & CPD Committee** of the Institute had engaged UK NARIC (National Recognition Information Centre in United Kingdom) to conduct an independent benchmarking study for evaluating the comparability of the CMA Intermediate and Final Course in the context of the UK and UAE education systems.

UK NARIC is the designated national agency in the United Kingdom for the recognition of international qualifications and professional skills. As the National Agency, managed on behalf of the UK Government, UK NARIC is the internationally respected voice in qualification recognition offering impartial, trusted judgement on international qualifications. UK NARIC has the largest database of international qualifications in the world, with over 5,000 qualifications from more than 200 countries.

UK NARIC has made the following comparability levels recommendations in the context of the UK & UAE education system:

Course	UK Qualifications	UAE Qualifications
CMA Intermediate Course	RQF Level 6 (Bachelor's Degree Standard)	QF Emirates Level 7 (Bachelor's Degree Standard)
CMA Final Course	RQF Level 7 (Master's Degree Standard)	QF Emirates Level 9 (Master's Degree Standard)

Link to the benchmarking results of CMA qualification published in UK NARIC website:
<https://www.ecctis.com/news.aspx?NewsId=1138>

This independent benchmarking of the CMA qualification would ensure widespread, international acceptance of CMA qualification. The benchmarking results would strengthen the position of CMA members and help corporates gain a better understanding on the relevance and standing of the CMA qualification. It would also provide opportunities for higher studies and enhanced professional opportunities for CMA members/ semi qualified professionals in UK, Middle East and other foreign jurisdictions accepting NARIC evaluation.

**Due to the United Kingdom leaving the European Union, the UK NARIC national recognition agency function was re-titled as UK ENIC on 1st March 2021, operated and managed by Ecctis Limited. From 1st March 2021, international benchmarking findings are published under the Ecctis name.*



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A QUALITATIVE INVESTIGATION ON NATURAL RESOURCE ACCOUNTING IN INDIA - A MISNOMER OR A SUSTAINABLE TRAILBLAZER?



CMA Avik Ghosh

Manager - Human Resource
Management Department
Reserve Bank of India, Kolkata
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Abstract

Natural Resource Accounting, a cycle of assessing the worth of environmental exhaustion and ecological depletion in view of economic engagements, is the need of the hour to secure sustainable economic growth by maintaining the broader theme of the triple bottom line (TBL) framework while ensuring three macro facets of people, planet, and profit. The deliberations at various levels, with coordinated effort in framing NRA guidelines in line with the best global practices in India, had substantially increased the awareness amongst stakeholders.

The nation behaves well if it treats the natural resources as assets which it must turn over to the next generation increased; and not impaired in value'—once contemplated by the American statesman and conservationist Theodore Roosevelt speaks holistically about the greater contour of accounting natural resources. Government Accounting Standards Advisory Board (GASAB), in its 35th meeting, has not only discussed the “Natural Resource Accounting (NRA)” as a quasi-quantitative tool with significant accounting impact but also elaborated in length the probable scope of its integration with a plethora of environmental-economic aspects namely Environment Impact Assessment, a quantitative listing of natural resources, and consolidated representation of asset accounts. Taking a cue from the deliberations and subsequent analysis on the all-embracing impact of NRA, it is evident

that NRA is the need of the hour to secure sustainable economic growth by maintaining the broader theme of triple bottom line (TBL) framework while ensuring three macro facets of people, planet and profit.

NRA- A Brief Introduction

“Natural resource accounting is an accounting system that deals with stocks and stock changes of natural assets, comprising biota (produced or wild), subsoil assets (proved reserves), water and land with their aquatic and terrestrial ecosystems” (OECD, 2001). It is more of an environmental accounting than a physical accounting. NRA is a cycle of assessing the worth of environmental exhaustion and ecological depletion in view of economic engagements. Lately, it has turned into a significant ecological appraisal instrument. It has its primary motive to interlink profit-making motive with environmental costs by connecting the environment with the economy for encouraging unhindered

productivity. NRA can be termed as the accumulation of information on ecological resources in the purview of an accounting structure and furthermore encapsulates the reporting and analysis of related information. The information produced can necessarily be utilized to keep up a parity between economic development or advancement and the condition of ecological well-being. By portraying the health of an economy, NRA acts as a guiding principle for deriving policies and implementing a monitorable roadmap by assessing prevailing performance. The aim of a well-structured NRA is to have a well-directed bottom line with various guiding values underneath. This includes, inter alia, a high degree of legitimacy to the users and stakeholders; considerable significance to the users in sync with their respective needs; fairness of treatment, and overall diligence to the established accounting norms.



Figure 1: Objectives and Usefulness of NRA

Sustainable Development Goals (SDG) and NRA

Being an aspiring responsibility by global leaders, the SDGs set out a general and extraordinary plan that encompasses socio-economic-environmental horizons of the all-inclusive prosperity of societies. The SDGs are a global arrangement of 17 Goals and 169 sub-theme targets to help coordinate and smooth out advancement activities for the greater accomplishment of all-embracing human prosperity by 2030. A number of such broad goals, accompanied with area-specific targets directly talk about the health of natural resources

within a country. SDG 7, 11, 13, 14, and 15 focus overtly on the sustainable maintenance of natural resources while aiming for economic growth. SDG India Index Baseline Report (2018), incorporating relevant index score with a multi-stage implementation of obtaining raw data, managing missing data, setting qualifiable targets, normalizing data sets, and obtaining composite index score, had enumerated the achievements of the Indian states. Although heterogeneity has been found amongst the states in attaining the targeted goals, the quantification of the targets and their related performance is an eye-opener for a monitorable roadmap in natural resource accounting. While NRA revolves around the asset repository including biota, subsoil assets, water, and land with their aquatic and terrestrial ecosystems, the mandatory and well-defined accounting of these elements would immensely contribute to achieving overlapping and monitorable SDGs. The mutual interdependency of NRA implementation with effective quantification and goal-orientation of the SDG sub-topical targets may be helpful in the advanced stages of deriving an accounting framework.

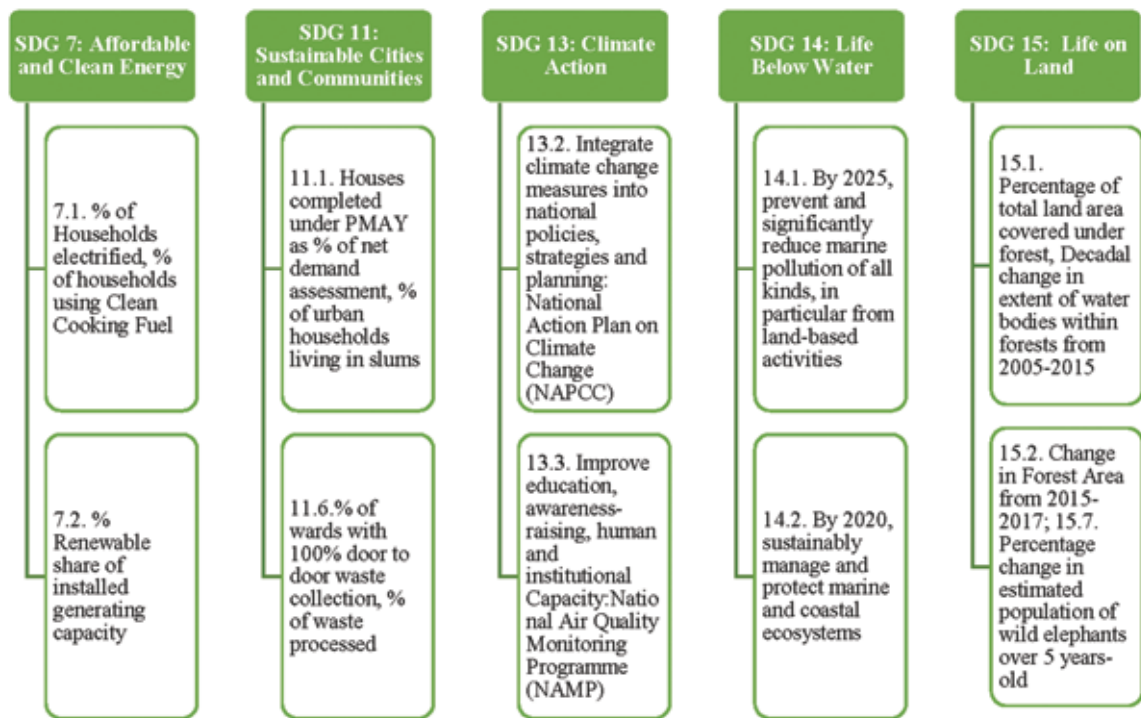


Figure 2: SDG related to NRA and its monitorable indicators

Prevailing Research Findings

Gundimeda et al. (2007), while discussing relevant NRA policies, elaborated the essentiality of a ‘topdown’ approach from the available national data repository from India’s perspective. Although the focus was mainly the forest products namely timber production, non-timber allied products, fuelwood utilization, etc. and its possible value assessment, the research aimed to justify the relevance

of the System of Environmental Economic Accounting (SEEA- Central Framework) in ascertaining the near-correct value of forests in India. Saksena (2021) pointed out the relevance of increasing the implementation of SEEA in the light of achieving SDGs from a global perspective. While enumerating the propensity of the limited scope of National accounts based on the System of National Accounts (SNA) in India’s case, the study recommended

policy-level suggestions for streamlining NRA. Dasgupta (2013) established the imminent need for greater focus on environmental accounting to weigh out economic advancement at the cost of ecological degradation. While recommending an inclusive accounting substructure, he contemplated the possibility of harsh outcomes due to the traditional methods of national income accounting. Haripriya (2003) developed an empirical framework to establish

the impact of carbon footprints on the valuation of natural asset concentration in the Indian forests. Murty et al. (2006) implemented a quantitative model to correlate environmental pollution in a conventional energy-based power plant with its all-encompassing negative

impact on environmental well-being. All these studies aimed at either recommending the policy prescriptions for an environmental accounting framework or prodding the tentative blueprint for adopting the most effective global practices.

Environmental Accounting in India vis-à-vis Global Scenario

SEEA (CF) has classified environmental assets in multiple categories enabling entities to adhere to a uniform and accurate valuation criteria across the globe.

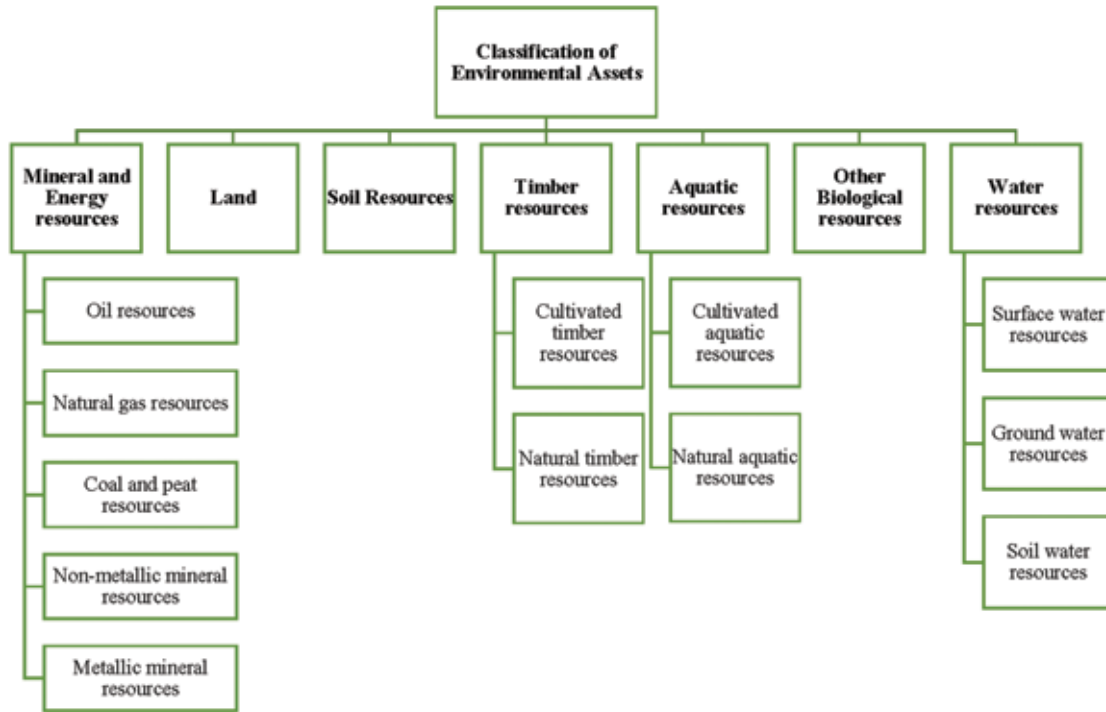


Figure 3: Classification of Environmental Assets

A wide range of developed and developing countries adopted various initiatives to implement environmental accounting since the early 1980s. Australia, Germany, Canada, and France were the frontrunners followed by China, Mexico, Columbia, and the Philippines. For material and energy flow accounts, Germany is the global leader that followed an indicator-based approach to value the resources based on their economic value of domestic extractions adjusted with imports. France started in the 1980s with physical flow accounts and environmental protection and resource management expenditures accounts followed by natural resource asset accounts to quantify the natural resources for focused evaluation and monitoring. Australia, being a country with restricted inland water resources, implemented various related accounting methodologies. Canada implemented separate environmental accounts for

rural and urban areas with special emphasis on timber, mineral resources, and energy to monitor these asset accounts with respect to industrial growth and human intervention. Mexico was instrumental in the pilot study lead by the UN to incorporate various facets of SEEA, and through its

The mutual interdependency of NRA implementation with effective quantification and goal-orientation of the SDG sub-topical targets may be helpful in the advanced stages of deriving an accounting framework

feasibility study had published natural asset accounts since 1985 catering to soil, energy, land, minerals, and forests.

International Organisation of Supreme Audit Institutions (INTOSAI), in collaboration with various country-specific Supreme Audit Institutions (SAI), relentlessly tried to institutionalize the concept of NRA by working group initiatives, formal deliberations, case studies, and pilot runs. Working Group on Environmental Auditing (WGEA) of INTOSAI, in its fourth meeting in Estonia in 1997, deliberated upon and adopted a report on NRA that covers areas like the authority of audit institutions to discuss NRA with respective governments, the maintenance of NRA-related information-symmetry between audit bodies, the monitoring of NRA progress, the possibility of reliability audit of natural asset accounts, etc. The updated report of WGEA in 2010 focused more on the challenges and

achievements of the earlier recommendations and suggested monitorable strategies to seamlessly implement environmental accounting in the member countries.

With the enactment of Environment Protection laws in the 1970s, India was very much into institutionalizing environment and biodiversity by incorporating various landmark initiatives.

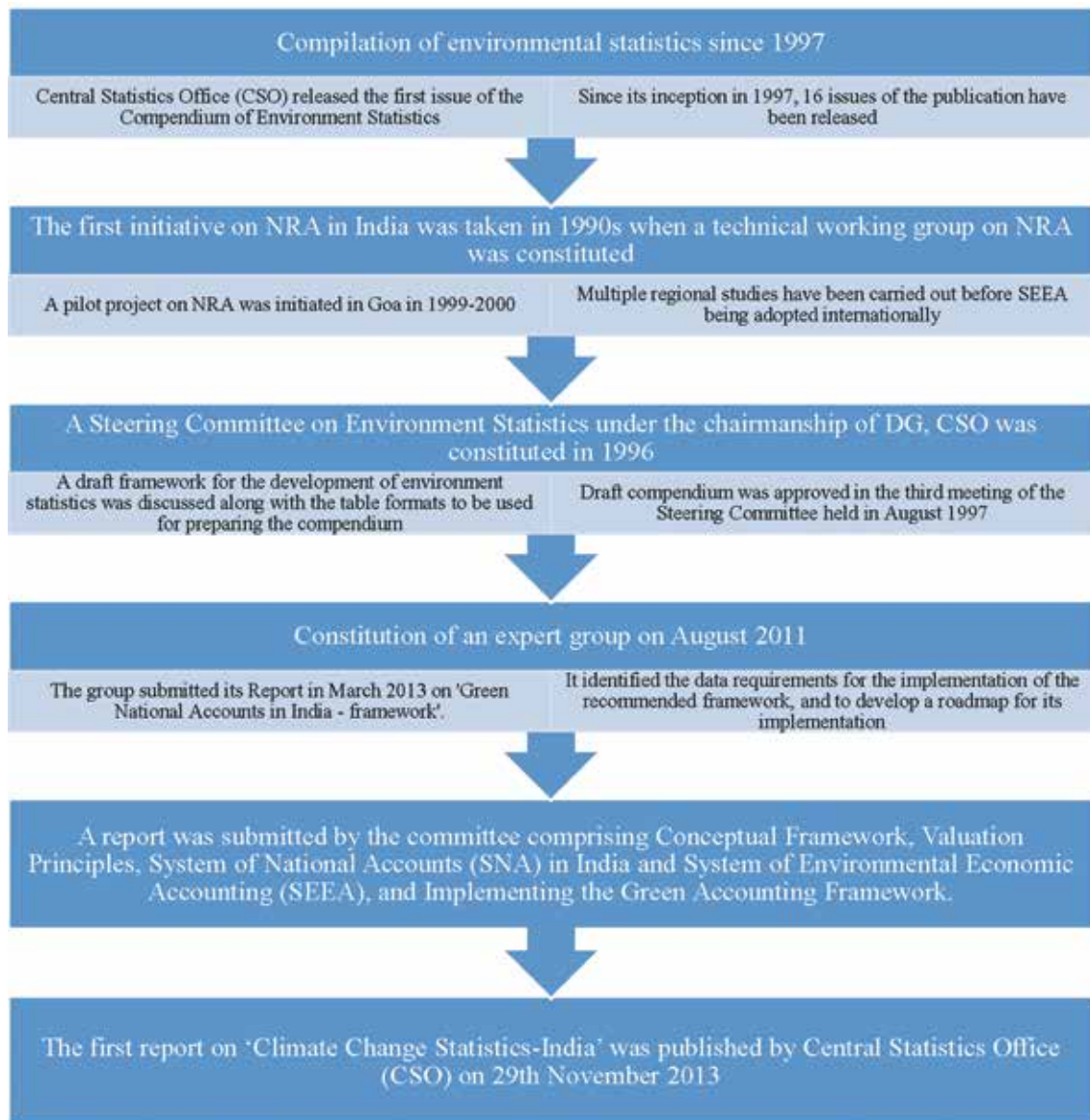


Figure 4: India's efforts towards Environmental Accounting

United National Statistical Division (UNSD), with an aim to streamline and standardize environmental accounting, had published a Framework for the Development of Environment Statistics (FDES) in 1984. EnviStats India document, prepared and published by the Ministry of Statistics and Programme Implementation (MoSPI), is an all-encompassing effort to meet the relevant FDES guiding framework. Chapter 2 of the EnviStats India 2021 (Vol. 1) document- 'Environmental

Resources and Their Use' includes a detailed representation of natural assets that include mineral resources, energy resources, land, forest, crops, livestock, aquatic resources, and water resources. These statistics can be significantly useful as the data repository for NRA at both state and country levels. Furthermore, this document pinpointed the policy-level interventions of the central and state governments to integrate various aspects of environmental accounting

to make it more robust, presentable, and implementable. International Centre for Environment Audit and Sustainable Development (iCED) was set up in 2011 with a unidirectional aim of regularizing environment audit functions with special emphasis on the valuation of natural resources with greater accountability. Supreme Audit Institutions (SAI), India had carried out multiple case-specific audits and facilitated various necessary NRA guidelines for those. This includes, inter

alia, Natural disasters in Uttarakhand, Kaziranga National Park, Compensatory afforestation in India (CAMPA), Ganga Rejuvenation, Nirmal Bharat Abhiyan, Wildlife and forest management in Meghalaya, and Environment management in Indian Railways.



Figure 5: Components of FDES 2013
(source: *EnviStats India 2021*)

Way forward

NRA, in its present form and shape in India, appears to be in a nascent stage where a concerted effort is being made by multiple agencies to formalize it. Although a range of initiatives, both at the global and national level, have been taken by stakeholders at various levels, the regulation-backed enforcement is a major hindrance in implementing the concept in its true spirit. Implementation of NRA in India needs successful implementation of some meaningful steps namely accurate preparation of natural asset accounts, interchangeability of physical and monetary resources, economic accounting of resource depletion, functional accounting of environmentally significant events, and planned resolution of related issues with short, mid and long-term goals.

The deliberations at various levels, with coordinated effort in framing NRA guidelines in line with the best global practices in India, had substantially increased the awareness amongst stakeholders. Stricter monitoring of country-specific SDGs and its alignment with an imminent NRA framework would inevitably blaze the trail for a collective focus not only towards sustainable development but also making it quantifiable and accountable. **MA**

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Note: 'Views expressed in the paper are those of the author alone and do not, in any way, represent the views of the institution he is employed with'.



CMA V. Kalayanaraman
(1935-2021)

OBITUARY

The members of the Council of The Institute of Cost Accountants of India express their deep sorrow and profound grief on the sad demise of CMA V. Kalayanaraman, Past President of the Institute (1974-75) and Past President, South Asian Federation of Accountants (SAFA) for the year 1989, who left for heavenly abode on June 4, 2021.

CMA V. Kalayanaraman was the fellow member of the Institute of Cost Accountants of India and an Associate Member of the British Institute of Management. He has also been part of the formation process of IFAC and CAPA. He also served as a member of the Financial and Management Accounting Committee of IFAC during 1983-89. He has also been member of several bodies constituted by the Government of India. He has authored publications and undertaken studies on several professional subjects. His contribution for the development of Accounting Profession in India and South Asia Region shall always be remembered.

We convey our heartfelt condolences to the bereaved members of his family on this irreparable loss. We pray to the almighty to give eternal peace to the departed soul and much-needed strength to his family during this time of sorrow.

MAY HIS SOUL REST IN ETERNAL PEACE

A STUDY ON THE CASES OF ABRUPT SHIFTING FROM CONVENTIONAL BUDGETING TO ZERO BASED BUDGETING (ZBB) UNDER COVID 19 PANDEMIC SITUATION IN THE SMALL SCALE PACKAGED FOOD INDUSTRY AND SMALL SCALE NATURAL RESOURCE INDUSTRY IN INDIA

Abstract

Zero Based Budgeting (ZBB) has replaced the Conventional Budgeting in many organizations as COVID-19 Pandemic abruptly emerged and disturbed the Conventional Budgeting and the indicative Estimates. In the case of the Small – Scale Packaged Food Industry and Small -Scale Natural Resource Industry in India had to resort to ad-hoc budgetary enhancements or reductions or / and completely shifting to Zero Based Budgeting (ZBB) in order to review and ranking of Decision Packages more efficiently under pandemic triggered uncertain business environment.



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I. Introduction

The Father of Zero-Base Budgeting (ZBB) Peter A. Pyhrr, designed logical basic frame work for ZBB in 1970. The President of USA, Mr. Carter, in 1979, issued a mandate for use of ZBB technique throughout the federal government agencies. Texas Instruments, pioneered its use in the Corporates of USA. In India, the Institute of Chartered Accountants of India (ICAI) and the Institute of Cost and Management Accountants of India have taken several measures to acquaint people with Zero Based Budgeting (ZBB) Technique. ICAI has prepared a research monograph for the application of the ZBB approach in the Country, keeping in view the national environment and

requirements.

Investors in India are being abruptly hit hard by COVID-19 Pandemic Scenario and many Industries have Significant impact of pandemic Coronavirus and many Industries had to resort to ad-hoc budgetary enhancements or reductions or / and completely shifting to ZBB in order to review and ranking of Decision Packages more efficiently under pandemic triggered uncertain business environment. In this paper, we analyse the review and ranking of Decision Packages to rank the different proposals and prepare a budget with Zero-base under Covid-19 Pandemic Scenario for Small-Scale Packaged Food Manufacturers and Suppliers enlisted by The Food Safety and Standards Authority of India (FSSAI) and the small-scale Natural Resource Industry in India.

The decision packages or (budget requests) after being developed and formulated are submitted to next level of responsibility within the organization for ranking purposes. The objective of such ranking is put to the limited resources

Investors in India are being abruptly hit hard by COVID-19 Pandemic Scenario and many Industries have Significant impact of pandemic Coronavirus and many Industries had to resort to ad-hoc budgetary enhancements or reductions or / and completely shifting to ZBB

under COVID-19 pandemic scenario, at the disposal of the organization to the best use. The Management of Small-Scale Natural Resource Companies and Small-Scale Packaged Food Manufacturers rank the various decision packages in order of decreasing benefit or importance to the organization. The preliminary ranking is done by the decision unit manager himself who has developed the decision packages. They are then sent to the superior officers who once again review and rank the decision packages keeping in view the overall objectives of the organization in mind with reference to COVID-19 Pandemic Scenario.

II. Development of Independent Decision Units

Decision units refer to units regarding which cost benefit analysis will be done to arrive at a decision whether they should be allowed to continue or they should be dropped. It may be a functional department, a programme, a product line or a sub-line. Each decision unit must be independent of all the other units so that if the cost analysis proves unfavourable that unit can be dropped.

Meeting a Two-Factor Qualitative Criteria while selecting Decision Units Under COVID-19 Pandemic Situation

(a) The first qualitative factor is that they should be capable of being meaningfully reviewed and analysed. They should, therefore, neither be too low nor too high in the organizational hierarchy.

(b) Second qualitative factor is that the managers of these decision units should be capable of being taking significant decisions keeping in view the scope, direction and quality of work to be performed.

III. Development of Decision Packages

This is the most important step involved in the ZBB process. After identification of decision units, the manager of each decision unit has to analyse the activities of his own decision unit or units. He examines the alternative ways of accomplishing his objectives. He does cost benefit analysis and selects the best alternative. He then prepares the decision packages which effectively summarise his plans and the

The Management of Small-Scale Natural Resource Companies and Small-Scale Packaged Food Manufacturers rank the various decision packages in order of decreasing benefit or importance to the organization

resources required to achieve them. The general practice is that a decision unit manager prepares and submits 3 to 5 such packages.

IV. Survey and Objective

A qualitative survey questionnaire was exercised to the CEO's, CFO's, Production and Marketing Managers of Small "Packaged Food Manufacturers and Suppliers and Natural Resource Units with a monthly budget of Rs. 10,00,000" that strictly follow The Food Safety and Standards Authority of India (FSSAI) guidelines under COVID-19 Pandemic Scenario.

Objective of Survey:

The survey objective is to identify an ideal decision package while implementing ZBB process in the Packaged Food and Natural Resource Industry under COVID-19 Pandemic Scenario.

V. Sample Size:

A total of 1000 officials representing 500 FSSAI Approved Packaged Food Units and Small Scale Natural Resource Units from all over India Participated in the survey for Development of Decision Packages under ZBB Process under the abrupt circumstances emerged out of the COVID-19 Pandemic in India Starting from 14th of March 2020 to 13th of April 2021

VI. Natural Recourses Industry Units Sample engagement:

This Sample involves small-scale companies engaged in soil preparation, planting, cultivation, weeding, crop treatment, harvesting and storage of produce with a monthly budget of Rs.

10,00,000

VII. Small-Scale Packaged Food Manufacturers and Suppliers engagement:

This Sample involves companies with a monthly budget of Rs. 10,00,000 engaged in agro-based packaged Food Manufacturing like biscuits, breads, cakes and other snacking options as mostly consumers are working from home during the pandemic and the packaged food items are meeting all their demands.

VIII. Questions Exercised in the Qualitative Survey:

1. Is it necessary to perform the activity at all? If the answer is in the negative, there is no need of proceeding further.
2. How much has been the actual cost of the activity and what has been the actual benefit both in the tangible as well as intangible forms?
3. What should be the estimated cost of the level of activity and the estimated benefit from such activity?
4. Should the activity be performed in the way in which it is being performed and what should be the cost?
5. If the project or activity is dropped, can the unit be replaced by outside agency or shelved altogether?

IX. Practical Scenario and Case in which the survey questions were applied in finding ideal decision packages and revised Zero Based Budgeting (ZBB) Rankings in the Small-Scale Packaged Food Industry and Small-Scale Natural Resource Industry

The Small-Scale Packaged Food Manufacturers and Small-Scale Natural Resource Investors in India were asked to apply the above survey questions in the development of decision packages in the Selected 500 Packaged Food Manufacturers and Suppliers and Natural Resource Small-Scale Companies with a monthly budget of Rs.10,00,000 available for different items of expenses during the current period of COVID-19 Pandemic

in India Starting from 14th of March 2020 to 13th of April 2021. Refer to **Table 1 (Raw Data)** separate estimates of expenses for maintaining (i) the minimum viability and (ii) the quality and image of the company have been obtained. The select Small-Scale 500 Packaged Food companies and Small-Scale Natural Resource Industry may like to provide service more than that required for minimum viable level in respect of some items but not for all. However, the select companies hope to make a reasonable profit under COVID-19 Pandemic if Rs.10,00,000 is spent.

X. Outcome, Findings and Responses (Table 2 & 3)

1. It may accept decision packages from 1-7 in full and allocate Rs. 1,80,000 for improved packing that suits COVID-19 precautionary measures. It may reject all decision packages from 9 to 13 (**Table 2**).
2. On reviewing decision packages from (ix) to (xiii) the company

may decide to opt for distribution of e-brochures and reduce the allocation for packing. In other words, it may allocate Rs.1,30,000 for packaging and another Rs. 50,000 for distribution or mailing e-brochures for promoting sales.

3. If the Packaged Food Manufacturers choose the above option (Point 2), the revised Zero Based Budgeting (ZBB) rankings will be changed as per Table 3.
4. The Ranking of Decision Packages is done as per the responses received from all the 500 Participants (**Table 2 & Table 3**)

XI. Conclusion:

As per this study conducted on the Small – Scale Packaged Food Industry and Small -Scale Natural Resource Industry in India, it is found that once the top management has ranked the

various decision packages keeping in view the cost benefit analysis and the availability of funds under pandemic situation, a cut-off point is established. All packages which come within this cut-off point under pandemic situation are accepted and others are rejected. The resources are then allocated to the different decision units and budgets relating to each unit are prepared. **MA**

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Table : 1

Sl.No	Primary / RAW Data (Average Figures) Supplied by the participants Proposal	Actual Average Costs of 500 Units	
		At minimum Viable Level Rs.	At quality Image Level Rs.
1	Purchase of 2,00,000 product units of agro foods	5,00,000	5,00,000
2	Postage for despatch of goods to customers under pandemic		
	1st Class Mail through Delivery Apps		2,00,000
	2nd Class Mail through Indian Railways	1,50,000	
3	Collecting orders on telephone during the pandemic		
	4 hours a day	8,000	
	8 hours a day		15,000
4	Packaging of Goods under pandemic		
	Wooden Boxes		2,40,000
	Jute Bags	20,000	
5	Accounting		
	Manual	35,000	
	Computerised		95,000
6	In Showroom and e-showroom only	1,00,000	
	e- showroom and distribution of brochures		1,50,000
7	Customer collection service		
	Not at all		
	Full		30,000
8	Painting of Premises Not at all		
	Regualrly		25,000
		8,13,000	12,55,000

Table: 2- ZBB RANKING SHEET*

1 Sl.No	2 Decision Package	3 Rank*	4 Rationale	5 Item Cost (Rs)	6 Cumulative Cost (Rs.)	Agreement and Approval
(i)	Purchase of product units of agro foods	1	Basic Necessity for functioning	5,00,000	5,00,000	
(ii)	Collection orders on telephone (4 hours a day)	2	Basic Requirement for Sales	8,000	5,08,000	
(iii)	Despatch of goods (2nd class mail)	3	Critical to Customers Supplies	1,50,000	6,58,000	
(iv)	Packaging in Jute bags	4	Critical to Customers Supplies	20,000	6,78,000	
(V)	Display of goods in showroom/e store	5	Must for StimulaingDeamd	1,00,000	7,78,000	
(VI)	Accounting: Manual	6	Necessary for proper control	35,000	8,13,000	
(VII)	Taking extra order (for more hours) sales	7	Likely to push sales	7,000	8,20,000	
(VIII)	Improved Packaging (In wooden Cases in place of Jute bags)	8	Minimise transit loss	2,20,000	10,40,000	
(ix)	Distribution of Brochures	9	Likely to bring Exta Business	50,000	10,90,000	
(x)	Regular Painting of Premises	10	Will Improve company's Image	25,000	11,15,000	
(xi)	Full customer collection service	11	Will Improve Sales	30,000	11,45,000	
(XII)	Despatch through fistclass mail	12	Will speedup deliveries	50,000	11,95,000	
(XIII)	Computerised Accounting	13	will improve record keeping	60,000	12,55,000	

*Ranking is done as per the responses of the survey

*ALL RANKINGS and Rationale ARE APPROVED BY THE TOP MANAGEMENT OF THE PARTICIPATING COMPANIES

Table:3- ZBB RANKING SHEET*

Decision Package	*Rank	Rationale	Item Cost (Rs)	Cumulative Cost (Rs)	Agreement and Approval
Items (i) to (vii) of Table 2	1 to 7	Core Service		8,20,000	
Improved Packaging (Item -viii)	8	Savings in transit loss and improve company's image	1,30,000	9,50,000	
Promotional Brochures (item ix)	9	Likely to bring extra business	50,000	10,00,000	

*Ranking is done as per the responses of the survey

*ALL RANKINGS and Rationale ARE APPROVED BY THE TOP MANAGEMENT OF THE PARTICIPATING COMPANIES

OBITUARY



CMA M.R. Dudani passed away on 31st May 2021. He was the **Founder Member** and **Bhisham Pitamaha** of ICAI Kalyan–Ambernath Chapter. He was the Past Chairman of Chapter for years 2019–20 to 2016–17, 1991–92 to 1993–94, and 1977–78 of ICAI Kalyan–Ambernath Chapter. CMA M.R. Dudani was a man of integrity, honesty, dedication and was the driving force behind the formation of ICAI Kalyan–Ambernath Chapter and the contributions made by him towards the development of CMA Profession will always be remembered. Our deepest condolences to all his family members at this time of inconsolable grief. God let his soul rest in peace.

NATURAL RESOURCE ACCOUNTING: A TOOL FOR ACHIEVING SUSTAINABLE DEVELOPMENT GOALS IN INDIA

Abstract

One of the greatest challenges that our society has been facing during the last few decades is to sustain natural resources while promoting economic growth and quality of life. National resource accounting (NRA) plays a vital role in achieving Sustainable Development Goals (SDGs) in order to safeguard the environment. The present paper addresses the issues associated with the current status of NRA in India in the context of achieving SDGs.



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I. Introduction

Despite rapid technological advancement and consequent widespread mechanization and computerization of production and service sector activities environmental and natural resources, which can be recognized as economic assets even when they are not traded in the market, continue to make a significant contribution to long term economic performance. In fact, the achievement of sustainable development of an economy largely depends on the effective utilization of its environmental and natural resources. In the Rig Veda it is extolled 'the environment is to be valued like parents and loved like children'. Classical, neo-classical and modern economists all have time and again stressed the importance of environmental and natural resources in the economic development of a country. However, the strange irony is that the traditional accounting system does not recognize the effects of economic actions taken by the business organizations on environment although the data relating to such effects could contribute significantly to both internal and external decision making purposes. The issue associated with the usefulness of natural resource accounting (NRA) was first addressed in the United Nations (UN) Conference on the Human Environment in 1972 in which emphasis was given on the relationship between economic development and environmental degradation. In the last few decades there has an upward trend in the awareness about the depletion and degradation of the environmental and natural resources across the globe. The UN General Assembly in its 70th session adopted on 25th September, 2015 the resolution entitled 'Transforming Our World: the 2030 Agenda for Sustainable Development'. This Agenda, which was adopted by all UN Member States, provides a plan of action for people, planet

and prosperity which consists of 17 Sustainable Development Goals (SDGs) and 169 targets associated with these goals for stimulating action in areas of critical importance for humanity and the planet. In fact, these goals and targets are set for eradicating poverty and hunger everywhere, combating inequalities, protecting the planet from degradation, making societies inclusive and free from violence, and promoting prosperity for all. The Agenda allows each country to design its own plan to fix the national targets based on the global counterparts taking into consideration the circumstances prevailed in the country. In the present day situation, NRA brings a connection between natural resources, economic development and environmental issues which the decision-makers consider while making their decisions. NRA is also considered as an integral component of the overall national strategy of a country to achieve its SDGs. It plays a vital role in maintaining sustainability in resource quantity and quality, sustainability in resource use by society and sustainability of environmental service production (Gilbert & Hafkamp, 1986). It makes everyone accountable for the changes he or she has made to the environmental natural resources. The present paper narrates the status of NRA system in India in respect of achievement of the SDGs, identifies the lacuna prevailed in this system and also put forward some suggestions for strengthening the system by eradicating such lacuna to obtain the optimal outcome from it.

II. Natural Resource Accounting in Indian: Present Scenario

In India the NITI Aayog, which is entrusted with responsibility to maintain the NRA by harmonizing and supervising the implementation process of the 2030 Agenda for Sustainable Development, provides necessary guidance to the different states and union territories (UTs) at the time of sketching their 'Vision and Strategy' documents as well as finalizing 'Goals and Targets' which ultimately help the country to move towards achieving the SDGs. Out of the 17 SDGs, 5 SDGs, namely SDG 6 (Clean Water and Sanitation), SDG 7 (Affordable and Clean Energy), SDG 11 (Sustainable

In the Rig Veda it is extolled 'the environment is to be valued like parents and loved like children'

Cities and Communities), SDG 14 (Life below Water) and SDG 15 (Life on Land) are directly associated with the sustainability of natural resources while the others are indirectly connected with it. The NITI Aayog published in December, 2018 a report, popularly known as 'SDG India Index Baseline Report, 2018' in which the progress of the states and UTs towards achieving the SDGs was disclosed. The SDG India Index 2018, which was used in measuring the status of such progress, was constructed considering 13 SDGs out of the 17 SDGs (excluding SDGs 12, 13, 14 and 17) in order to provide a holistic view on the social, economic and environmental status of the different states and UTs of India. The values of the SDG India Index 2018 reflecting the average performances of the different states and UTs of India towards achieving the 13 SDGs and their respective targets, range between 0 and 100. A score of 100 implies that the state / UT has established itself as the best performer in respect of achievement of the national target for 2030 while a score of 0 indicates that the state / UT has been the worst performer. By applying the SDG India Index in the said report, the states and UTs were categorized into four groups, such as Achiever (having index score equal to 100), Front Runner (having index score greater than or equal to 65 but less than 100), Performer (having index score greater than or equal to 50 but less than 64) and Aspirant (having index score less than 50). As per the report, the index score varied between 42 and 69 in the different states of India while it ranged between 57 and 68 in UTs. This report also shows that no state or UT was placed in the category of 'Achiever' whereas three states, namely Himachal Pradesh, Kerala and Tamil Nadu, and two UTs, namely Chandigarh and Puducherry found place in the category of 'Front Runner'. Assam, Bihar and Uttar Pradesh were placed in the 'Aspirant' class. The remaining

states and UTs established themselves as 'Performer'.

Let us now discuss the progress of achieving the SDGs connected with the sustainability of natural resources. While considering the issue associated with the achievement of SDG 6 it is found in the SDG India Index Baseline Report, 2018 that only 71.8 per cent of the rural people in India have access to adequate drinking water. So, India is now far from achieving its national target. Similarly, if the SDG 7 is considered, it is observed that as per the National Family Survey – 4, 2015-16, 81 per cent of the urban households in India can use clean cooking fuels whereas it is only 24 per cent in case of the rural households. The average percentage of the Indian households having access to clean cooking fuels is 43.8 only. The contribution of the renewable energy sources in electricity generation in India is not significant. Only 17.51 per cent of the total installed electricity generating capacity is contributed by the renewable energy sources in the country. Thus, in respect of reaching the targets under SDG 7, the India's progress is not at all satisfactory. The information regarding the achievement of SDG 11 as disclosed in the SDG India Index Baseline Report, 2018 reveals that on an average, 73.58 per cent of the wards in India have been able to develop a system of cent per cent door-to-door waste collection. Only five states and four UTs have been successful in reaching the target of 100 per cent door-to-door waste collection. However, in respect of waste treatment India's performance has been far from satisfactory level. In India the percentage of the total waste generated which gets treated is only 24.8. India has adopted various steps in protecting and enhancing the coastal and marine ecosystem to attain SDG 14. The Government of India (GOI) has undertaken 'Project Sagarmala' as a part of National Perspective Plan for the comprehensive development of India's coastline and maritime sector for the purpose of promoting blue economy. The SDG India Index Baseline Report, 2018 also discloses that the GOI has adopted certain steps to reach the targets under SDG 15. In particular, the National Environment Policy, 2006; National Agroforestry Policy, 2014 and Green Highways Policy, 2015 have been

launched from time to time in order to increase the total area covered under forest in India to at least 33 per cent which is presently about 22 per cent. Another index was also constructed in December, 2019 applying the same methodology as used in the SDG India Index Baseline Report, 2018. The results obtained on the basis of this index reveal that there has been a notable improvement in the status of India's progress towards achieving the targets set under the SDGs. The India's composite index score ascertained in December, 2019 has increased to 60 which was 57 in 2018. While analyzing the different components of this score it is found that the SDGs 6, 7 and 9 have made significant contribution towards enhancing the India's SDG composite score. It implies that the GOI has taken appropriate measures to ensure availability and sustainable management of water and sanitation as well as access to affordable, reliable, sustainable modern energy for all for improving its status in respect of achieving the SDGs associated with the sustainability of natural resources. Considering the index scores of the different states and UTs computed in December, 2019, it is observed that all the three states belonging to the 'Aspirant' category as per the SDG India Index Baseline Report, 2018, namely Assam, Bihar and Uttar Pradesh have found place in the category of 'Performer' and five states, namely Andhra Pradesh, Goa, Karnataka, Telangana and Sikkim which were placed in the Performer category

The UN General Assembly in its 70th session adopted on 25th September, 2015 the resolution entitled 'Transforming Our World'

in 2018 have been able to consolidate themselves in the 'Front Runner' category. So, there has a noticeable improvement in the performance of these states in respect of reaching the SDGs.

III. Lacuna in Natural Resource Accounting in India and Suggestions for its eradication

The Report of the Comptroller and Auditor General of India (CAG) on Audit of Preparedness for the implementation of SDGs (Report No. 8 of 2019) reveals that NITI Aayog which acts as nodal agency has adopted a good number of measures for the purposes of coordinating and supervising the implementation process of the 2030 Agenda. But no roadmap with defined milestones aligned with the targets under the SDGs to be reached in the years 2020, 2025 and 2030 has been designed. So, in order to make successful implementation of the SDGs, such roadmap should be prepared. Proper co-ordination should also be maintained amongst the concerned government agencies while designing

this roadmap. The CAG Report also discloses that the Ministry of Finance, GOI and the State Governments have not initiated any tangible move towards ascertaining the financial resources required for implementing the SDGs. Suitable measures should, therefore, be undertaken by both the Central and State Governments in order to integrate SDG related financial resources in national budgeting for implementing the targets associated with the SDGs. Further, the National Indicator Framework (NIF) for assessing the progress on implementation of SDGs has not been finalized. It is one of the greatest lacunas in the mechanism for monitoring and reporting the progress on implementation of SDGs. In order to make the system of NRA effective for achieving the SDGs in due course, the NIF should be finalized and implemented in toto. **MA**

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GREEN CONSUMERISM: A KEY TO SUSTAINABLE MANAGEMENT OF NATURAL RESOURCES

Abstract

The natural resources, by standing at the beginning of every supply chain play a significant part in functioning of businesses and are consumed for economic development purposes. But its consumption has grown largely in recent times. This article highlights these consumption patterns and discusses the stakeholder's role in improving sustainable consumption. It also includes steps to be taken to achieve sustainable consumption goals.



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Natural Resources set the stage for 'survival of life' on our planet and are also a part of the real wealth of nations. They form the natural capital out of which other capitals are formed. In societal aspects, they also provide employment and help

in uplifting the societies. Natural resources are one of the key determinants of economic growth, the others being, human capital, financial capital and technology. However, acknowledging the use of natural resources for any country also conveys that it is a double-edged sword.

As the usage rate of natural resources increases, it also shoots up their depletion rate. Depletion of natural resources can result in irreversible adverse changes. Hence, natural resources have to be managed effectively and sustainably and green consumerism can play a pivotal role in this process.

NATURAL RESOURCES: A GLIMPSE

It only takes a gaze around us to know what natural resources are and how much we humans are dependent on them. The room we live in, the book we read, the clothes we wear, the food we eat, do explain man's dependence upon nature. Natural resources can generally be defined as, resources that exist (on planet) independent of human actions. These are resources that are found in the environment and are formed without human intervention.

Natural resources are useful to man under conceivable technological, economic or social circumstances or as supplies drawn from the earth like food, clothing and building materials, fertilizers, metals, hydro and geothermal power. World Trade Organization (WTO) defines natural resources as, "*stocks of materials that exist in the natural environment that*

Even the first industrial revolution, which impacted many further developments, was possible only because of availability and accessibility of two natural resources – coal and iron

are both scarce and economically useful in production or consumption, either in their raw state or after a minimal amount of processing”.

Natural resources are the key for any business to function. In fact, they stand in the very beginning of any business’s supply chain. Even the first industrial revolution, which impacted many further developments, was possible only because of availability and accessibility of two natural resources – coal and iron. Water, another natural resource, has powered the new machines of that time and has been a mode of transportation of goods. Hence, along with ecological importance, natural resources have immense economic significance.

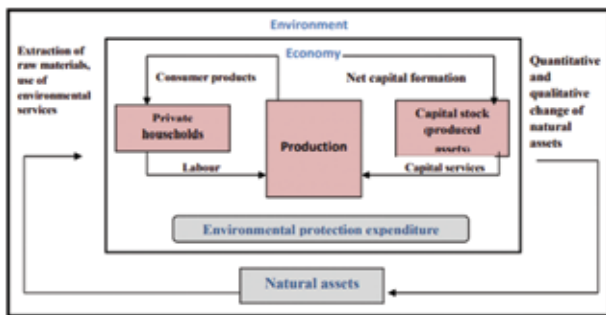


Figure 1: Interrelationship between environment and economy (Source: mospi.gov.in)

Natural Resources and Economic Growth: A Meta-Analysis

Economic growth over the years has come at the cost of environmental degradation. Since the Industrial Revolution, world economy has grown dramatically. But it has been powered by population growth and increasing consumption of natural resources. Experts agree that human business activities are harming the global environment.

While utilization of natural resources for multi-purposes is a natural process, today’s utilization rate is not normal. Even our country India, one of the fastest growing economies with GDP at \$2.6 trillion, has increased its material consumption six times, from 1.18 billion tonnes (BT) in 1970 to 7 BT in 2015. According to Draft National Resource Efficiency Policy (NREP), India extracts 1580 tonnes/ acre of natural resources against global extraction rate of 450 tonnes/ acre, which is thrice the global average. NREP also points that India’s natural resources material consumption is expected to increase further to provide for an increasing population, rapid urbanization and growing aspirations.

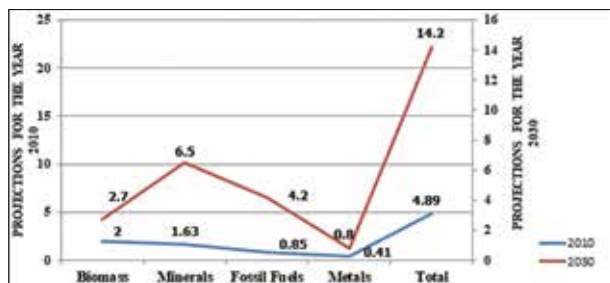


Figure 2: Projections of key natural resources consumption in India (in billion tonnes)(Source: TERI, 2019)

Managing Natural Resources: Why-and-Wherefore

Organization for Economic Co-operation and Development (OECD), in its 2018 report mentioned the wide range of adverse environmental consequences linked to material extraction such as climate change, acidification, cumulative energy demand, eutrophication, human toxicity, land use, ozone layer depletion, photochemical oxidation, and aquatic and terrestrial eco-toxicity. It also projects the current environmental consequences to grow twice to four-times by 2060. These findings are silently warning all the stakeholders to take necessary preventive steps and move towards the path of sustainability. Otherwise, it would be too late a damage to even go back and correct it. The three major reasons for taking action right now are: sustainability of earth, sustainability

The three major reasons for taking action right now are: sustainability of earth, sustainability of wildlife, sustainability of human health

of wildlife, sustainability of human health. The Bruntland Commission in its “Our Common Future” report defined sustainable development as, “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”.REMEMBER, THERE’S NO PLANET B.



Source: Environmental Activism Journals

SUSTAINABLE BUSINESS: ITS PROMINENCE

Business enterprises are leading creators of wealth, employment, trade and technology. Such important the business and natural resources being, and much more important the link between them both being, our focus should be on sustainability of both rather than prioritizing one between the both. The answer to this comes as “Sustainable Business”.

Sustainable business or Green business refers to doing business without negatively impacting the environment, community, or society as a whole.Green business embraces sustainable operating procedures, product and material

sourcing, labour practices, and shipping methods. Its goal is to eliminate any negative impact upon the environment, both at local and global scale.

“Understand that for markets to grow, and for your own future prospects to be successful, it makes sense to integrate, in your strategic thinking and operations, environmental, social and governance issues”

– **Georg Kell, former Executive Director, UN Global Compact.**

The benefits of sustainable business-activities are: increased productivity, reduced costs, improved consumer perception and brand value, mitigation of environmental and legal risks, better profits and financial results, competitive edge, growing market for sustainable goods, increased employee retention-rate and above all, cooperative action can drive change. A slight modification in the process of production, redesign of equipment, substituting poor quality material with better ones or other innovative approaches could greatly reduce pollution.

Business enterprises must check the consequences of their actions and also to protect environmental resources. Some initiatives that can be taken by business enterprises towards sustainability are:

- ⊙ A sincere commitment by the top management to cultivate, maintain and develop work culture throughout the organization for achieving sustainable development.
- ⊙ Developing clear-cut policies and programmes at administrative and technical levels for the purpose of pollution control.
- ⊙ Strictly adhering to the government’s environmental laws and regulations.
- ⊙ Sharing knowledge and encouraging green practices with all stakeholders.

The Case of Environmental Impasse, HBR:

Environmentalists disliked “**Vermillion Paper Company**” for its environmental insensitivity. Several international environmental groups had organized a campaign called **Vermillion Action** to inform the public about Vermillion’s record. In the 1970s, one of its own major stockholders sued the company for polluting a river the man liked to fish in. The image of the company suffered badly.

Few Best International Businesses Practices

- ⊙ **Patagonia**, a sustainable clothing brand uses solar energy and complies with strict standards in terms of production materials.
- ⊙ **Triodos Bank** believes in ethical banking. For example, instead of loaning money to the fossil sector, Triodos invests it in renewable energy.
- ⊙ **Ford Motors** in recent years, increased its usage of renewable materials in vehicles. It plans 100% renewable energy for all manufacturing plants globally by 2035.
- ⊙ **Dell** integrates alternative materials in products and packaging, those designed for end-of-life and recyclability, works on improving its energy efficiency and plans to reduce the energy intensity of their products by 80%.

ROLE OF GOVERNMENT IN SUSTAINABLE DEVELOPMENT

India needs to do the best possible within its domestic resources, keeping in mind the sustainable development imperatives. To name a few key initiatives taken by the Government of India are:

- ⊙ International Solar Alliance
- ⊙ UJALA Scheme (reduce the CO₂ emissions by 80 million tonnes per annum)

- ⊙ National Action Plan on Climate Change
- ⊙ National River Conservation Plan
- ⊙ Resource Efficiency Framework
- ⊙ Policy level focus on Zero Emission Vehicles
- ⊙ The National Afforestation Programme
- ⊙ Green Skill Development Programme

SUSTAINABLE CONSUMERISM: TOWARDS A SUSTAINABLE USE OF NATURAL RESOURCES

Though businesses are making efforts to move towards environment friendly practices, and governments are rolling out policies for environment conservation and sustainable development, in order to speed-up the action of effective management of natural resources, the true thrust has to come from consumer community.

Each one of us somehow belongs to the consumer group. Hence, if we shift towards being a **sustainable consumer or green consumer**, we can make a big leap towards sustainability of both the earth and economy. Green consumers are those who consider the impact of manufacturing processes and consumption of environmental resources while making purchases or participating in other market related activities and then makes their decisions accordingly.

Sustainable consumption requires consumers to intentionally make informed choices of goods and services. Consumers should be encouraged to refrain from purchasing goods and services that negatively affect their lives and those of future generations. They have a duty to be active participants in such efforts. The rights of consumers to safe and effective products and services go hand-in-hand with their responsibility to help preserve the planet.

The factors that shape the sustainable consumerism are: individual factors, values and personal norms, knowledge of the green products, trust in the products, price, product availability, reference groups, product attributes and

quality, brand image associated, and eco-labelling and certification.

According to numerous studies consumers are ready to buy sustainable and green products and services. Even in the developed nations, the retail prices for these products are a key concern for most consumers. The purchasing habits are shifting towards green products and services, but very slowly. In one recent survey 65% said they want to buy purpose-driven brands that advocate sustainability, yet only about 26% actually do so. Narrowing this “intention-action gap” is important for meeting sustainability goals.

The following practices can help the promotion of sustainable consumption:

- ⊙ Understanding consumer behavior in the target market.
- ⊙ Educating stakeholders about the importance of sustainable consumption.
- ⊙ Price-subsidies on sustainable products and services.
- ⊙ Higher taxation on environment degrading products.
- ⊙ Encouraging customers who purchase green products.
- ⊙ Awareness and advertisement campaigns.
- ⊙ Labelling the products as

environment friendly.

- ⊙ **Strengthening consumer protection laws** pertaining to green products.

CONCLUSION

Remember there is no vaccine for environmental degradation! Having explored the extensive role played by sustainable consumerism in effectively managing the natural resources, the need of the hour is its well-structured implementation. Acting in accordance with the Sustainable Development Goal #12: Responsible Consumption and Production can help us protect the natural resources. **MA**

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31st May, 2021

NOTIFICATION

Sub: Reschedule of the time table for Foundation, Intermediate and Final course of June, 2021 term of Examinations

In view of the present acute pandemic situation arising out of the spread of COVID-19, it is hereby notified for information of all concerned that the dates of conducting June, 2021 term of Examinations of the Institute are being rescheduled. The rescheduled time table for Foundation, Intermediate, and Final Course of June, 2021 Examinations will be announced soon.

Those candidates who have already applied will be entitled to appear in the rescheduled examination and the candidates who could not apply will be allowed to submit online Examination Application Form for the rescheduled examination soon.



CMA Kaushik Banerjee
Secretary

NATIONAL RESOURCE ACCOUNTING (NRA) LINKAGE WITH SUSTAINABLE DEVELOPMENT GOALS (SDGs): AN OVERVIEW

Abstract

The present study is intended to focus on the linkage of National Resource Accounting with Sustainable Development Goals, which can be used in identification of natural resource depletion and to undertake resource management and decision making, but currently it is under exploited in national SDG policy process making. NRA can be helpful in data compilation and policy analysis. The compiled natural resource data should be standardized, exhaustive, and comparable in time and space across different horizons.



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Introduction

Recent global initiatives like Agenda 2030 for sustainable development call for a much planned and integrated approach. The fundamental of SDGs depends on well planned resource management so there is urgent need to look beyond macroeconomic indicators like GDP and GDP per capita as a measure of country's sustainable development. NRA will be a great step toward this. Ignorance of such can leads to decline in per capita wealth. 'Grow now, clean up later' is not a sustainable path to be taken. In 1983, the United Nations Environment Programme has

started global initiative for development of environmental accounting. NRA does not itself create mechanism to reach SDGs but provide valuable lessons and practices for development and implementation of policies for SDGs at country level. NRA starts with Physical Accounting and monetary valuation of resources and ends with its integration with economic accounting. It encompasses element of eco-justice in which profit, people and environment are equally considered, though it is difficult to assign monetary values to environmental resources. Environmental accounting information disclosures lay micro foundation for macroeconomic measurement of "Green GDP". It is also

used to improve benchmark for proper measure of country's national product. NRA can be applied at micro as well as at macro level.

Link between NRA and SDGs

The 2030 Agenda for sustainable development was adopted by all United Nation Member states in 2015 with effect from 1st January 2016. The gist of the principles of universality- "Leave No One Behind" was built around 17 sustainable development goals (SDGs) and 169 targets and it serves as a basis for counties to decide upon their own priorities and frame their own policies. At global level, these goals and targets

are monitored and reviewed using a set of global indicators, as decided by United Nations Statistical Commission. The 17 SDGs are “SDG 1- no poverty; SDG 2- zero hunger; SDG 3- good health and well-being; SDG 4- quality education; SDG 5- gender equality; SDG 6- clean water and sanitation; SDG 7- affordable and clean energy; SDG 8- decent work and economic growth; SDG 9- industry, innovation and infrastructure; SDG 10- reduced inequalities; SDG 11- sustainable cities and communities; SDG 12- sustainable consumption and production; SDG 13- climate action; SDG 14- life below water; SDG 15- life on land; SDG 16- peace, justice and strong institutions and SDG 17- partnerships for the goal”. The interlinked nature of SDG called for an integrated approach on behalf of countries accounting system for better monitoring of progress towards achieving the SDGs. In India, at the central government level, NITI Aayog has been assigned the role of overseeing the implementation of SDGs in the country.

NRA is compilation of data within an accounting framework and includes its reporting and interpretation. According to The Organization of Economic Co-operation and Development (OECD)–“Natural resource accounting is an accounting system that deals with stocks and stock changes of natural assets, comprising biota (produced or wild), subsoil assets (proved reserves), water and land with their aquatic and terrestrial ecosystems. It is frequently used in the sense of physical accounting as distinguished from monetary (environmental) accounting.”

NRA is a dynamic stream. Although, there is no universal technique for NRA but most commonly used NRA approach includes -User cost approaches (under this capital consumption components are explicitly calculated and deducted from the standard stream of recorded income); and the depreciation approach (it emphasizes on actual natural resource depreciation). NRA provides insights into economic importance of natural resources in wealth creation, employment, and livelihood and poverty reduction. Many countries are also interested in ex ante analysis of possible effects arising due to different SDGs policy approach. Water account, a fundamental pillar of NRA, is prepared

Environmental accounting disclosures lay micro foundation for macroeconomic measurement of “Green GDP”

by many water scarce nations. It is a natural resource account for fresh water may include various demand and water usage information. At international level Eurostat is working toward development of water accounting system for natural water by experimenting in six countries.

For the attainment of 2030 agenda, NITI Aayog of India along with other government agencies and ministries are working in a coordinated manner but such efforts would only be effective when the information about the availability, usage, replacement rate, etc in the form of asset account is available for informed policy decision to ascertain sustainability of these resources. Tangible assets are destroyed in the name of economic development. SDGs 6, 7, 11, 13, 14 and 15 are particularly important in case of optimum utilization of resources. NRA has the potential to measure several SDG indicators especially those related to natural capital (SDG 6, 13, 14 and 15), sustainable production and consumption (SDG 2 and 12) energy (SDG 7) economic growth (SDG 8) and sustainable cities (SDG 11).

Objectives of NRA

- i. To aid in environmental policy formulation so as to maintain and restore natural resources.
- ii. To estimate probable loss of environmental dredging.
- iii. Establishing a connection between natural resources, economic development and environmental issues.
- iv. Providing purposeful raw estimate about status and value of natural resources along with estimate of expenditure incurred on environmental protection and management.
- v. Monitoring sustainable development goals by helping in combating climate change and

aiding in environment impact assessment.

Historical Evolution of NRA

The timeline for evolution of NRA is shown in the following table

Table 1: Historical Evolution of NRA

Year	Major milestones in NRA
1970s	Norway constituted first environmental accounts
1983-1987	World Commission on Environment and Development, also known as Brundtland Commission set up
1992	The UN Earth summit conducted in Rio de Janeiro
2003	SEEA-1993 issued
2005	UNCEEA issued
2012	The SEEA-(CF) adopted by UN
2013	The SEEA (EEA) adopted by UN
2017	UN launched National Capital Accounting and Valuation of Ecosystem Services in selected five countries including India on trial basis

Source: Authors' Compilation

The National account is based on the System of National Accounts (SNA), an internationally agreed standard set of recommendations and deals with the measurement of economic activity. But it was insufficient as it was based on neoclassical market theory, and its underlying key indicators were based on Keynesian macro model and not on long run growth model. Thus, a fresh approach was the demand of time. The then practiced conceptual framework provides the standardized methodology for implementation of NRA, and studying the environmental interactions are finalised by the System of Integrated Environmental and Economic Accounting (SEEA) under the guidance of UN. The UN Statistical Commission adopted the System of Environment-Economic Accounting (SEEA) in 2012 as first international standard regarding environmental-economic accounting and it broadens the traditional System of National

Accounts (SNA) which focuses mainly on economic indicators.

Later on, the System of Environmental and Economic Accounting Central framework (SEEA-CF) came into force. It is a multipurpose conceptual framework that elaborates the stock and changes in stock of environmental assets, interactions between the economy and environment, and provides the yardstick to compare and contrast source data and allows the development of aggregates, indicators and trends across a broad spectrum of environment and economic issues. As per to UN, SEEA Central Frameworks, an international statistical standard, measures the environment and its relationship with the economy in three major spheres- environmental flows, stocks of environmental assets and economic activity pertaining to the environment. It consists of comprehensive sets of table and accounts for informed decision making. There are three methodologies to value the resources such as, market price; basic producers' and purchasers' price and net present value for environmental assets as per the SEEA (CF).

Glimpses of Global NRA Practices

- ⊙ France has been developing several physical flow accounts and environmental protection, natural resource asset accounts and resource management expenditure accounts since 1980s.
- ⊙ Since 1990s, Canada has been producing annual environmental accounts.
- ⊙ Physical and monetary asset account for oil, gas and coal has been developed by Columbia since 1992.
- ⊙ Germany has mapped private as well as public sector natural resource consumption and prepares data on extraction, use, export and recycle of renewable and non-renewable resources per annum.
- ⊙ National Water Commission and Australian Bureau of Statistics have adopted water account.
- ⊙ China has made endeavor to compute an environmentally adjusted macroeconomic aggregate (Green GDP) by deducting the cost of environmental damages

from its GDP.

- ⊙ Mexico comes up with system of Economic and Ecological Accounts which cover mineral, soil, energy, water and land.
- ⊙ Netherlands has come up with National accounting Matrix that shows link between environmental physical flow accounts and flows account of System of national accounts.

Current Status of NRA in India

In India, compilation of environmental statistics has been in practice since 1997 by Central Statistics Office (CSO) under Ministry of Statistic and Programme Implementation (MoPSI). Since the year 2000, CSO has conducted more than 150 studies regarding formulation and implementation of natural accounting in India. An expert group was constituted by MoPSI on 4th August 2011, which prepared a framework on Green National Accounts in India as contemporary national accounts system were unsatisfactory basis for economic evaluation. For NRA implementation in India; an expert group was constituted in august 2011 by the MoPSI which reported in March 2013 titled "Green National Accounts in India-Framework". The report recommended that SEEA can serve the economic valuation purpose in India.

A working committee was formed in 2018 with members from CAG, Ministry of Environment, Forest and Climate Change (MoEFCC), MoPSI etc to frame a draft on NRA so as to enhance decision making quality but it came up with framework of asset account mainly for four major natural resources such as, land, water, mineral and energy, and forestry and wildlife resources. Government Accounting Standard Advisory Board (GASAB) also discussed about the tentative challenges and presented the concept note in 2020 for step wise implementation process of NRA in India through short, medium and long term goals. Short term goals (2019-20 to 2021-22) focuses on compilation of asset accounts on mineral and energy resources in states and also commencement and preparation of disclosure statement on revenues and expenditure concerned to NRA. Medium term goals (2022-23 to 2024-25) focus on preparation

of National Asset Accounts on water, land, mineral and energy resources, and forest resources and preparation of supply and use table in economic terms where as long term goal (2025-26 onwards) highlighted to prepare economic account and functional account and to work upon depletion adjusted economic aggregates.

Concluding Remarks

Till now, NRA has served more towards achieving SDG target and less attention is on development and monitoring strategies and policy tools thus a shift is required towards its strategic formulation. A more precise but systematic NRA System is required for fuller implementation of SDGs. Asset account, physical supply and use table (PSUT); economic account; material flow account; air emission account; solid waste account; environment protection and expenditure account; environmental taxes and subsidies account; condition account; ecosystem extent account; biodiversity account etc. are possible uses of NRA for estimating the SDGs indicators and targets. Green indicators like green national income, green GDP is needed to be calculated. Recognition should be given to organization which practices environmental accounting disclosures. **MA**

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VALUATION OF TOURISM RESOURCES IN CONTEXT OF NATURAL RESOURCE ACCOUNTING

Abstract

Most of the natural and environmental resources are not traded in market as they are nature's gift. Yet they are not at all "free". Valuation of nature based tourism resources can be done by following the methodologies described in natural resource accounting framework (which is a part of environmental economics, in a broader sense). This paper describes the different methods used to value natural/environmental resources relating to tourism.

Introduction

Natural resources are the invaluable gift of mother earth. Human civilization is enriched due to these resources. Some of them are marketable, rest are non-marketable like environmental resources. The four major natural resources are mineral and energy resources, water resources, forestry and wildlife resources and land resources. Again clean air, water, land are the examples of environmental resources. Although a subtle difference exists between natural resources and environmental resources, but often they are used interchangeably. Long-term economic development of a country depends upon the natural and environmental resources to a great extent. Although natural and environmental resources are free in nature but they are not at all "valueless". They are economic assets in spite of that they do not involve direct market transactions. So they need an accounting framework for their optimum, judicious and sustainable use. Proper allocation of resources requires appropriate economic valuation. This necessity generates the concept of Natural Resource Accounting (NRA). It is an accounting framework to compile data relating to natural resources. It acts as a linkage between environment and economy.

Tourism is defined as the temporary movement of people to destination(s) away from their usual or normal habitat and comprises the activities of the persons entered upon during their travelling and staying in those destinations, for not more than one consecutive year. The purpose may be leisure, business or others. There are different types of tourism, nature based tourism is one of them. Tourism has a deep rooted relationship with nature/environment. Quality environment attracts tourists. Environmental resource is one of the major factors for tourism development of a destination. Tourism depends on the environment at the destination(s). Tourism grows due to natural beauty and attractive climate. People prefer to enjoy the tranquillity, picturesque and pristine beauty



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of nature. But tourism development degrades environmental quality. It has negative impact on environment. Depletion and degradation of natural resources is an environmental issue. In this context environmental protection expenditure is necessary which can be considered in natural resource accounting. So valuation of tourism resources is a primary condition for considering this issue under natural resource accounting.

The purpose of this paper is to discuss the different methods used to value natural/environmental resources relating to tourism. In this paper natural and environmental resources have been used interchangeably from the view point of tourism products integrated in natural and environmental resources.

Valuation of Natural Resources as a part of Natural Resource Accounting

Valuation is an integral part of accounting. Valuation means assigning or determining the value. Attributes are to be converted in measurable monetary term for accounting

purpose. Valuation of natural resources is a topic of environmental economics. It refers to the process of tagging monetary values to environmental goods and services or natural resources. Natural resource accounting is often termed as environmental accounting or green accounting.

Natural resource accounting is an accounting framework to compile data relating to natural resources. It is an accounting tool for environmental impact assessment, usage and allocation of natural resources and natural resource management decision. It is associated with the achievement of sustainable

growth. Normally there is an inverse relationship between economic growth and environment. Cost of environmental degradation will make the fruit of economic growth bitter in long run. So an accounting framework for natural and environmental resources is utmost important.

Valuation of environmental resources is difficult due to their non-tradable characteristics or due to non existence of an active market. Most of the natural and environmental resources are not traded in market as they are nature’s gift. Non-market values are more difficult to measure than market values. In this

situation, willingness to pay (WTP) by consumers for consuming a particular natural resource is the most frequently used technique to value the natural resource. Alternatively, the amount paid by individuals to compensate for the loss of an environmental resource is used for valuing environmental resources. Economic value is not only what people actually pay, but what they are willing to pay. Their behaviour makes the base to understand the value of non-market goods. Following table shows the valuation methodologies associated with natural resources:

Table 1: Valuation methodologies of natural resources

As suggested by SEEA-CF (System of Environmental and Economic Accounting - Central Framework adopted by the UN in 2012. It is the latest internationally accepted framework for natural resource accounting across the world.)	Market Price
	Producer’s and Purchaser’s Price
	Net Present Value
Others	Market Valuation
	Maintenance Valuation
	Non-Market Valuation
	<ul style="list-style-type: none"> • Contingent Valuation Method (CVM) • Hedonic Prices Method (HPM) • Travel Cost Method (TCM) • Production Function Approach (PFA)

Source: Concept Paper on Natural Resource Accounting in India. Government Accounting Standards Advisory Board, July 2020.

Tourism Resources (Natural and Environmental) and its Valuation

We prefer a sea-view room in hotel or a hotel with great location (in context of natural beauty). The room rent or hotel price varies as per the view or location. So hotel price is a proxy for the impact of environmental resources (like higher price for sea view room). In tourism, economic value depends upon the environmental amenities. So valuation of natural and environmental resources used for tourism is necessary from economic viewpoint, otherwise distortion in resource usage and allocation is inevitable. As we do not have to pay (or we pay a minimum price) for accessing many environmental resources like hill, beach, water body or national park, they are not properly valued (or undervalued). The biggest problem of nature based tourism product is that natural and environmental resources used for

tourism are typically mixed goods and they are not exclusively used for tourism. They have multiple purposes. Not only tourists, but local people also consume them. They are common property. Environmental resources are non-traded, they don’t have market price, but their value is not zero. In a few cases “entry fee” is imposed, but determining the exact price is obviously difficult.

According to the theory of total economic valuation, the economic value of a natural resource may be assessed by taking into account its total economic value (TEV) consisting of its use value (UV) plus its non-use value (NUV) or passive use value (PUV). Thus,

$$TEV = UV + NUV$$

Or, $TEV = UV + PUV$

We can apply the above concept for valuing nature based tourism resources.

Tourism products based on nature/

environment have other non-tourism purposes. Water body located in a tourist destination can be used for boating by tourists as well as fishing by local people. So a natural site has both tourism and non-tourism value. According to Tisdell (2003),

$$TEV_{\text{Nature based tourism product}} = TTV + NTV$$

TTV = Total onsite value from tourism and outdoor recreation

NTV = Total non-tourism site value in a natural site.

In Table 1, we got different methodologies associated with non-market valuation. Now for valuing tourism product based on natural and environmental resources, those non-market valuation methods are discussed here. There are two approaches/methods for this. First one is stated preference method where people can tell what they value. They clearly state their preference for environmental amenities. It counts people’s responses to questions

regarding their willingness to pay for a hypothetical situation. This method considers both use value and non-use

value. Another method is revealed preference method which is based on observations. Under these two methods,

most widely techniques used for valuing nature based tourism resources are presented in the following table:

Table 2: Methods of monetary valuations of environmental resources

Approach	Technique	Type of value
Stated preference methods <i>Direct method</i>	Contingent Valuation Model (CVM)	Use and non-use value
	Choice Modelling (CM) <i>also known as choice experiments</i>	Use and non-use value
Revealed preference methods <i>Indirect method</i>	Travel Cost Method (TCM)	Use value and travel cost
	Hedonic Pricing Method (HPM)	Use value and changes in quality of environmental resources

The above four methods are the most relevant to the valuation of tourism resources (Stabler et al. 2010).

Indirect methods are considered as more reliable to value environmental goods (Mandic, 2017; Mburu, 2014; Palmquist, 2005). But they are not free from subjective influences (Tisdell, 2003).

Source: Mandic, A. (2017). Economic Valuation of Environmental Resources integrated in Tourism Product-Methodological Approaches.

1. *Travel Cost Method (TCM)*: Here the travel expense/cost is used as a proxy for price of visiting outdoor recreational sites. The travel costs (including entry fee, if required) incurred by the travellers are their willingness to pay (WTP) to consume natural resources at destinations. It represents the effective price for visiting the natural area. Another name of this method is 'recreation demand modelling approach'. It takes both use value and travel cost.

2. *Hedonic Pricing Method (HPM)*: It is an important method under revealed preference approach to measure the use value of non-market goods and services. HPM considers the changes in quality of environmental resources along with the use value. This method advocates that people value the characteristics of a good or the service it provides, not the good or service itself. So, price is the reflection of the value of a set of environmental characteristics, integrated in nature based tourism products. HPM values the nature based tourism resources on the basis of tourist's willingness to pay (WTP) for the tourism product as and when it associated environmental attributes / characteristics change.

3. *Contingent Valuation Method (CVM)*: It is a survey or questionnaire based direct method under stated preference approach and considers both use value and non-use value of a natural site tourist destination. Contingent value of a natural site means the economic

value contingent on its preservation. The value of an environmental resource is determined through the people's willingness to pay to retain that particular resource.

4. *Choice Modelling (CM)*: It is a relatively new method. CM considers environmental goods as a bundle of attributes that can be measured on different levels. Under this method, peoples are asked to reveal their preferences among alternative choices and state the most preferred one. It measures both use and non-use value.

Concluding Remarks

Valuation of tourism resources follows the non-market valuation methods of natural resource accounting. Valuation of nature based tourism resources is required as apparently natural and environmental resources are "free" as they are nature's gift but unplanned and excessive use of them lead to "costly" environmental degradation. Tourism products are tradable, but environmental resources are non-traded common property attributes. Revealed preference approach to value environmental resources integrated in tourism products does not consider the non use value, but stated preference approach considers both use and non-use value. Adoption of proper methodology to value natural and environmental resources as per the framework of natural resource accounting is required for sustainable tourism development. MA

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ENVIRONMENTAL REPORTING TOWARDS ACHIEVING SDGs 2030 – A STUDY ON AUTOMOBILE INDUSTRY IN INDIA

Abstract

Environmental reporting is a serious issue, especially for large corporate houses of India having vast and dynamic activities; thus impacting socio—economic and environmental setup of the country as a whole. The reporting of actions taken for ensuring global sustainability and impairment of societal wealth ensured through business actions is extremely important for sustainable societal welfare. Indian automobile sector reveals mixed performance in this vital aspect. Social license to operate for corporate should be directly linked with status of sustainability reporting.



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towards enabling sustainability in the world by maintaining a fine balance between social, economic and environmental faculties of the world. The SDGs were set up in the year 2015, each goal along with target under individual goals and indicators/indicator under each target has been defined in the year 2017. Global aim is to achieve these objectives as quickly and as efficiently as possible, especially within 2030. The current global environmental degradation and its outfall requires corporate to behave more sustainably. Different countries have varied rules and regulations for enabling corporate disclosures of sustainability issues. The problem lies in optional disclosure policies. Where mandatory transparent disclosure is a serious way out for corporate in fulfilling sustainability targets, in majority of the countries including India: sustainability related disclosures are not mandatory in nature. Three SDGs are extremely important now considering present global scenario, water conservation, energy conservation and bio-diversity protection. The global GRI Standards for sustainability reporting by corporate houses; also specify three standards for these three goals. In the Indian context automobile industry has significant role and obligation in fulfilling these goals, considering its volume and nature of activities involved with. The article here focused on understanding how far Six top automobile industries of India are following sustainability reporting issues concerning water conservation, energy conservation and bio-diversity protection and also how far they are active and serious in taking definite actions for water conservation, energy conservation and bio-diversity protection. The performance for Five years has been considered here, from 2013-14 to 2017-18. There is no study in the existing literatures regarding this.

The study has huge socio-economic and environmental significance considering the importance in fulfilling the sustainability goals by the Indian corporate houses. The companies found to perform poor on this issue should be named and shamed, if mandatory compliance cannot be implemented.

BACKGROUND

The United Nation's Millennium Development Goals which ended in the year 2015 is the precursor of the United Nation's Sustainable Development Goals (SDGs). Both the set of goals are targeted

COVER STORY

In order to attain the stated objectives, this study considers six automobile companies listed in NSE-NIFTY Index on 31st March, 2018 as a representative of Indian Automobile Industry. All the sample automobile companies along with their respective Market Capitalization on the date of March – 31, 2018 are shown in Table – 1.

Table – 1: List of Sample Automobile Companies

SL. NO.	Name of Companies	Abbreviations	Market Capitalization as on 31.3.2018 (Rs.) (In Crore)
1	Bajaj Auto Ltd.	BAL	78887.69
2	Eicher Motors Ltd.	EML	44468.58
3	Hero MotoCorp Ltd.	HMCL	70662.3
4	Mahindra & Mahindra Ltd.	MML	88050
5	Maruti Suzuki India Ltd.	MSIL	267706.83
6	Tata Motors Ltd.	TML	126665.65

Source: Compilation by the Researchers

Besides that, this study considers UN-stated three different Sustainability Development Goals 2030 which are related with environmental well-beings. This SDGs are –

- ⊙ **SDG – 6:** Ensure availability and sustainable management of water and sanitation for all.
- ⊙ **SDG – 7:** Ensure access to affordable, reliable, sustainable and modern energy for all.
- ⊙ **SDG – 15:** Protect, Restore and Promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss.

Basically, there is no strict rule applied by Government of India regarding environmental reporting. But the companies are used to prepare Corporate Social Responsibility (CSR) Report as per NVG guidelines which disclose how the corporates take different measures for protection of the environmental degradation. Several times it is seen that many corporate houses prepare Business Responsibility Report (BRR) along with Annual Report (AR) to show their initiatives for maintaining the environmental well-being. But concentrating on the International Arena, the researchers identified that Multinational Corporate Houses of different countries operating world-wide used to follow Sustainability Reporting (SR) Practices as per the Global Reporting Initiative Guidelines to disclose their initiatives to preservation of environmental resources. The main essence of GRI guidelines is that it states some specific parameters for the companies to follow while

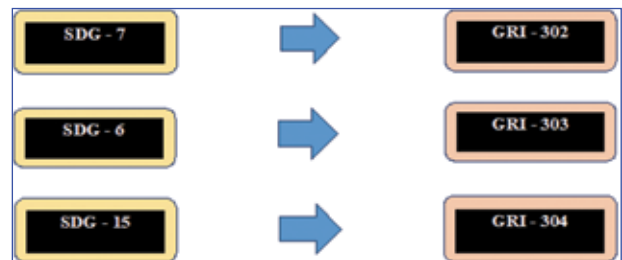
NVG guidelines focused on some principles.

Whether the Automobile Industry in India is willing to go for environmental reporting or not in order to achieve Environmental SDGs as mentioned above, this study considers three different environmental parameters as mentioned in globally accepted GRI guidelines. Those are –

- ⊙ **GRI – 302:** Utilization of Energy
- ⊙ **GRI – 303:** Water Treatment
- ⊙ **GRI – 304:** Biodiversity

This study also draws a matching between the three specific environmental parameters as per GRI Standards and three specific Sustainability Development Goals as mentioned in UN-stated SDGs 2030. It is shown in Chart – 1.

Chart – 1: Matching Between Sustainability Development Goals and GRI Standards



Source: Presentation by the Researchers

In which manner Indian Automobile Industry discloses its performance as to maintenance of Environmental upgradation, this study takes into consideration “**Content Analysis**” and “**Narrative Disclosure**” Methods. Narrative Disclosures in Corporate Annual Report or Sustainability Report consists of environmental information whereas Content Analysis is associated with studying and recording of available information without any pre intention of items to be searched in Corporate Annual Report. An un-weighted disclosure index has been used to measure the level of corporate narratives, each item in index of disclosure has been assigned a score of either 0 or 1. The scoring sheet has been prepared for these six sample companies for the year 2013-14, 2014-15, 2015-16, 2016-17 and 2017-18 and annual reports are studied thoroughly to score the level of disclosure. If an item is available in corporate annual report of a particular company, then the item is assigned a score of 1 or 0 otherwise. The row wise and column wise grand total of those score presents item wise, company wise and year wise disclosure level by the reporting companies. The grand total is divided by the total number of items and quotient is multiplied

The fact is that all the textual information included in Corporate Annual Reports, Business Responsibility Reports and Sustainability Reports constitute “Narrative Reporting”

by 100 to get the percentage of disclosure level of item wise, company wise and year wise by the reporting companies.

Basically there is no standard definition of narrative disclosures. The fact is that all the textual information included in Corporate Annual Reports, Business Responsibility Reports and Sustainability Reports constitute “Narrative Reporting”. Actually Narrative Reporting refers to such type of reporting where words and figures get equal importance. Due to absence of any standard, Corporate Narrative Disclosure widely varies from company to company and industry to industry. Parameter – wise narrative disclosures are shown in below:

Table – 2: Utilization of Energy (GRI – 302)

Utilization of Energy (GRI - 302)					
Companies	2017-18	2016-17	2015-16	2014-15	2013-14
BAL	1(BRR)	1(BRR)	1(BRR)	1(BRR)	1(BRR)
EML	1(BRR)	1(BRR)	1(BRR)	1(BRR)	1(BRR)
HMCL	1(BRR)	1(BRR)	1(BRR)	1(BRR)	1(BRR)
MML	0(SR)	0(SR)	0(SR)	1(SR)	1(SR)
MSIL	1(SR)	1(SR)	1(SR)	1(SR)	1(SR)
TML	1(SR)	1(SR)	1(SR)	1(SR)	1(SR)

Source: Presentation by the Researchers

Table – 2 represents that almost all the sample companies over the last five years took different measures for the purpose of utilization of energy and to do so, they have used to prepare BRR or SR.

Table – 3: Water Treatment (GRI – 303)

Water Treatment (GRI - 303)					
Companies	2017-18	2016-17	2015-16	2014-15	2013-14
BAL	1(BRR)	1(BRR)	1(BRR)	1(BRR)	1(BRR)
EML	1(BRR)	1(BRR)	1(BRR)	1(BRR)	1(BRR)
HMCL	1(BRR)	1(BRR)	1(BRR)	1(BRR)	1(BRR)
MML	1(SR)	1(SR)	1(SR)	1(SR)	1(SR)
MSIL	1(SR)	1(SR)	1(SR)	1(SR)	1(SR)
TML	1(SR)	1(SR)	1(SR)	1(SR)	1(SR)

Source: Presentation by the Researchers

Table – 3 exhibits that all the selected companies are absolutely interested for taking some water treatment measures to protect the environment as much as possible and they disclosed it with the help of SR or BRR.

Table – 4: Biodiversity (GRI – 304)

Biodiversity (GRI - 304)					
Companies	2017-18	2016-17	2015-16	2014-15	2013-14
BAL	0(BRR)	0(BRR)	0(BRR)	0(BRR)	0(BRR)
EML	0(BRR)	0(BRR)	0(BRR)	0(BRR)	0(BRR)
HMCL	0(BRR)	0(BRR)	0(BRR)	0(BRR)	0(BRR)
MML	0(SR)	0(SR)	0(SR)	0(SR)	1(SR)
MSIL	0(SR)	0(SR)	0(SR)	0(SR)	0(SR)
TML	1(SR)	1(SR)	1(SR)	1(SR)	1(SR)

Source: Presentation by the Researchers

Maintaining the ecological balance through protecting Biodiversity is a serious issue in front of every corporate house. But Table -4 reflects that each and every sample companies other than TML does not bother to show any concern regarding maintenance of such crucial item i.e. Biodiversity.

Item-wise narrative disclosures are shown in Table - 5.

Table – 5: Item-Wise Narrative Disclosure

SL. NO.	Item-wise Narrative Disclosure	2017-18(%)	2016-17(%)	2015-16(%)	2014-15(%)	2013-14(%)	AVERAGE (%)
1	Utilization of Energy (GRI - 302)	83.33	83.33	83.33	100	100	90
2	Water Treatment (GRI – 303)	100	100	100	100	100	100
3	Biodiversity (GRI - 304)	16.67	16.67	16.67	16.67	33.33	20

Source: Presentation by the Researchers

Table – 5 shows Item – wise disclosures which states that 83.33% sample automobile companies are willing to discharge their activities towards utilization of energy over selected last three years from 2015-16 to 2017-18 while all the companies performed same activity in 2014-15 and 2013-14. As to treatment of water, 100% sample companies have taken different measures over five years ranging from 2013-14 to 2017-18. But only around 20% sample companies performed their duties to maintain Biodiversity for the purpose of maintaining ecological balance of the environment. It shows like other parameters, sample companies are not interested to follow GRI – 304 Standard but they are quite aware of following other two standards i.e. GRI – 302 and GRI – 303 for the sake of environmental upgradation.

CONCLUSION

This study reveals that Indian Automobile Industry is quite aware of performing their duties for the sake of environmental protection. But as to maintenance of ecological balance, most of the companies showed their lack of interest. Now it can be concluded that Indian Automobile Industry would be able to attain the UN – stated Sustainability Development Goals regarding environmental protection and up gradation by 2030 if they will continuously perform their duties and report them as well with the help of appropriate environmental disclosures.

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AN INDIAN KNOT BETWEEN SUSTAINABLE DEVELOPMENT GOALS & ROOTS OF SUSTAINABILITY

Abstract

The Sustainable Development Goals (SDGs), were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. The need for sustainable development has been felt at the global platform. It is too late to feel the need. The holistic approach of sustainable development has been felt and efforts are on the path of continuity. The NITI Aayog published the Baseline Report of the Sustainable Development Goals (SDG) India Index, which exhaustively records the progress made by India's States and Union Territories towards implementing the 2030 SDG targets.

Most important noticeable focus must be on the process where root cause of sustainability is taken care of and it has been mandatory by wish and by law to make it 'Jan Aandolan'. Environmentalists to take the 'MASHAL of SUSTAINABILITY' running till the Global Goals are achieved in target time thereby supporting India and the world.



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Birthing of Sustainable Development Goals [SDGs]

Sustainable development goals generally known as Global goals have been recently introduced. The Sustainable Development Goals (SDGs), were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace

and prosperity by 2030.

The 17 SDGs are: (1) No Poverty, (2) Zero Hunger, (3) Good Health and Well-being, (4) Quality Education, (5) Gender Equality, (6) Clean Water and Sanitation, (7) Affordable and Clean Energy, (8) Decent Work and Economic Growth, (9) Industry, Innovation and Infrastructure, (10) Reducing Inequality, (11) Sustainable Consumption and Production, (13)

Climate Action, (14) Life Below Water, (15) Life On Land, (16) Peace, Justice, and Strong Institutions, (17) Partnerships for the Goals. (https://en.wikipedia.org/wiki/Sustainable_Development_Goals, n.d.)

The Sustainable Development Goals are interconnected—that is, the action in one area will affect outcomes in others, and the development must balance social, economic, and environmental

sustainability.(UNDP, n.d.). The need for sustainable development has been felt at the global platform. It is too late to feel the need. The holistic approach of sustainable development has been felt and efforts are on the path of continuity.

The countries at macro and micro level are 24/7 occupied in their livelihood and their money goal persuasion. Those who take care of the environment and natural resource conservation can be counted on tips.

This means that people are aware, but it has not become a common phenomenon. Why are we talking about this? Obvious, if it would have been taken care at the first footstep there would have been no such dire need for the so-called sustainable development.

“The 2030 Agenda and its 17 SDGs, adopted in 2015, provide a coherent, holistic framework for addressing these challenges and their interconnections. This requires member states to address the social, economic and environmental dimensions of sustainable development in a balanced manner. Their implementation must embody the principles of inclusiveness, integration and ‘leaving no one behind’.”— António Guterres, United Nations Secretary-General(United Nations In India, n.d.)

Various concepts like Green Gross Domestic Product, Natural Resource Accounting have become most relevant and weighted concepts to be in practice in the recent times, however these are difficult with practical limitations and assessment indicators.

Why had India opted for SDGs?

India has opted for SDG's, related schemes, programs, initiatives, their assessment and improvements are in process. We can visit NITI Aayog portal and get all updates.

“Just as our vision behind Agenda 2030 is lofty, our goals are comprehensive. It gives priority to the problems that have endured through the past decades. And it reflects our evolving understanding of the social, economic and environmental linkages that define our lives. The sustainable development of one-sixth of humanity will be of great consequence to the world and our beautiful planet.” – Narendra Modi, Prime Minister of India(United Nations In India, n.d.)

Various concepts like Green Gross Domestic Product, Natural Resource Accounting have become most relevant and weighted concepts to be in practice in the recent times

‘India as a nation is entrepreneurial and at the cusp of change. With India being the world’s youngest country, its youth needs to be engaged in early education and action to create and sustain a long-term momentum that can help the country see their targets through and drive SDGs action. Thus, there is need for a continuous series of action-oriented programmers to empower efforts of change-makers and create more meaningful impact. Our vision is to create an active community of changemakers committed to accelerate the positive change and innovation to achieve the SDG’s, supported by cross-sector collaborations’.(Edge, n.d.)

SDG India Index

India played a leading role in the construction of the United Nations Sustainable Development Agenda 2030 and much of the country’s National Development Agenda is reflected in the Sustainable Development Goals (SDGs). With 17 Goals, 169 Targets and 306 National indicators, the SDGs might be challenging to grasp and understand, besides, defining and measuring the success also poses a question.

Countries around the world have been considering how to implement and measure success against the goals, National Institute for Transforming India(NITI Aayog) has taken the lead by bringing out the SDG India Index – Baseline Report 2018 and showing how SDGs will be calculated in India. The NITI Aayog published the Baseline Report of the Sustainable Development Goals (SDG) India Index, which exhaustively records the progress made by India’s States and Union Territories towards implementing the 2030 SDG targets.

The SDG India Index tells us where a State/UT currently stands on each of the indicators considered and will present incremental change in subsequent versions.(<https://niti.gov.in/sdg-india-index>, n.d.)The SDG India Index 2018 reveals that the States of Kerala and Himachal Pradesh top the list of States and UTs for their aggregate performance towards the Sustainable Development Goals, 2030.(<https://niti.gov.in/sdg-india-index>, n.d.)

The Question of Natural Resource Accounting [NRA]

Taking account of present stock of natural resources and its stock movement is a great task with great difficulties. One of the particularly thorny problems relating to NRA is the valuation of resources in monetary terms. The way in which natural resources are priced is often the result of decisions based on subjective criteria. ([GASAB], 2020)

NRA is a new concept and is in the process of development, lot of efforts are required and efforts are going on. Would it be near approximation to the reality? Again, real power of the result of NRA must be evaluated, with lots of different views and facts. While commenting, some scholars are of the opinion that Green GDP is fake because depreciation in national income includes depreciation of natural resources as well, but till recently why was it not yet?

NRA is herculean task with lots of efforts. Time is running very swiftly; we are already far legging behind in catching sustainable development. In our opinion let the concept go on its progressive path, but in between there is need of heavy and priority focus on sustainability aspect which starts from its root level.

Sustainability question at the Root Level

Economic growth is the resultant factor of natural environment and environmental degradation is the resultant of economic growth. If economic growth must be of sustained nature, the required focus is to sustain natural environment.

These days all efforts are in the direction of reducing pollution[an economic waste], to save the economy

from natural degradation, it will not enrich the existing natural environment. To enrich or even to reach the quality of environment which was half a century in past, other focus and direction is the need of the hour. It has been felt and has been done in some areas. We are talking about the concept popularized by Michael Braungart 'Cradle to Cradle'[C₂C] design. It is basically concerned with basics of making.

"In this approach to design of systems, materials involved, and industrial/commercial process are seen as either technical or biological nutrients. Non-toxic, on-harmful, and synthetic materials that have no harmful effects on the natural environment fall under technical nutrients....Biological nutrients are materials that are organic in character. They can be disposed in any natural environment without harming the natural environment. These organic wastes also provide food for smaller life forms during decomposition"(R.N., 2015) Cotton Blossom India Private Limited, Tiruppur, is one of the Indian examples.

"Using less fuel or producing less waste today does not, unfortunately, erase the products of last year's less-efficient practices; nor does it make up for the increase in output that, efficiencies notwithstanding, must accompany a company's expansion...

The world is more unsustainable now than in 1972 in spite of the sustainability programs of firms worldwide. I have written in Sustainability by Design that what firms are doing is reducing unsustainability, but this is not the same as creating sustainability. (Ehrenfeld, 2014)

In India, extended producer responsibility[EPR] is in nascent stage and it really needs proper nurturing to pillar natural environment. It is needed from all parts of the society being government, producers, and consumers, simply to make it EPR wave in the economy. EPR is the responsibility made by a manufacturer to enable a reversal compilation process and reprocessing of end up of life, post-end user trash. The garbage creators such as product owners/makers are crucial to gather back the end-of-life trash caused through their company.

One of the particularly thorny problems relating to NRA is the valuation of resources in monetary terms

Notable Exemplary

1. **Green Tomato cars:** "When we launched in 2006, we were London's first hybrid car service – today, we are the capital's only sustainable private hire operator. Since 2020, we have been operating the largest zero-emission passenger fleet in Europe. As well as driving the greenest vehicles we double offset our unavoidable emissions. See our latest offsetting project here. We are ISO 14001 certified. That means we are as clean as can be in the office as well as on the road". (<https://www.greentomatocars.com/about/>, n.d.)
2. **Delhi Metro:** It is in the world first transportation system, certified by U.N., to gain carbon credits for greenhouse gas emission reduction. Delhi metro is credited to receive ISO 14001 in the world.
3. To put examples like: The **TransMilenio**, [<http://www.transmilenio.gov.co/>] in Columbia, it is Bus Rapid Transportation. **Nature air** is carbon-neutral airline in Costa Rica. We can add some more but the list is too small for the reason we expect a complete comprehensive list covering all sectors and areas, in the world and so in our country too. Presently in our country it is hardly few.

Conclusion and future insights: To achieve sustainable development goals is herculean task. It is worth appreciating India to have its early initiatives. In this pandemic era it has received a setback. This requires a massive effort along with the involvement of the mass people with the holistic approach. It has to have micro level management with macro monitors for successful implementation of the programmes and schemes. Most

important noticeable focus must be on the process where root cause of sustainability is taken care of and it has been mandatory by wish and by law to make it 'Jan Aandolan'. This could be made via bringing awareness of sustainability [what, why and how aspects of sustainability] among public. There are few people in each area of our country who take care of the root cause of sustainability and preserve the nature and enhance too. Such people need the support of public and government to take the 'MASHAL of SUSTAINABILITY' running till the Global Goals are achieved in target time thereby supporting India and the world. **MA**

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PERFORMANCE OF SELECTED NATURAL RESOURCES IN INDIA – A STUDY

Abstract

Natural resources are fundamental for the smooth working of the economy and human existence. The minerals like bauxite, Iron and Copper are shaping the basics in everyday life and other natural resources like water, air, soil and salt are exceptionally needed for people. In this manner, it is the obligation to save natural resources and to oversee minerals. The Natural Resource accounting is significant and it works with its handiness in insightful purposes, this will bring an association between natural resources, financial development and ecological issues, and carry this to the consideration of decision makers. In this paper, an attempt has been made to present the performance of various natural and environmental resources like Coal, Power, Petrol, Natural Gas, Minerals etc. in India.

INTRODUCTION

Natural resources accounting is an interaction of assessing the worth of natural assets exhaustion and ecological degradation because of financial exercises. In recent time, it turned into a significant ecological evaluation technique. The Natural Resources Accounting will be utilized for the accountability of natural resources, it also propose strategies to control ecological debasement due to over-misuse of natural resources.

OBJECTIVES OF THE STUDY

The study has been conducted based on the following objectives.

1. To know the geological reserves of coal.
2. To know the key indicators of petroleum industry.
3. To analyse the power generation of various resources.
4. To present the gross and net production of natural gas.
5. To analyse the exports of ores and minerals during the study period.

The Natural Resources Accounting will be utilized for the accountability of natural resources, it also propose strategies to control ecological debasement due to over-misuse of natural resources



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DATA ANALYSIS & INTERPRETATION

Table - 1
Inventory of Geological Reserves of Coal by Type

(Million Tonnes)

Type of Coal		2015-16	2016-17	2017-18	2018-19	2019-20
Coking						
Prime Coking	Proved	4614	4614	4649	4668	4668
	Indicated	699	699	664	645	645
	Infered	0	0	0	0	0
Medium Coking	Proved	13,389	13,501	13,914	14,876	14876
	Indicated	12,114	12,133	11,709	11,245	11,245
	Infered	1,879	1879	1879	1863	1863
Blendable / Semi Coking	Proved	482	519	519	519	519
	Indicated	1004	995	995	995	995
	Infered	222	193	193	193	193
Non coking	Proved	1,19,602	1,24,423	1,29,705	1,35,552	1,43,398
	Indicated	1,25,335	1,25,485	1,25,796	1,27,615	1,37,507
	Infered	29,462	30,706	28,996	28,325	28,112
Total	Proved	1,38,087	1,43,058	1,48,787	1,55,614	1,63,461
	Indicated	1,39,151	1,39,311	1,39,164	1,40,501	1,50,392
	Infered	31563	32,778	31,069	30,381	30,168
Total		3,08,802	3,15,147	3,19,020	3,26,496	3,44,021

Source : Office of the Coal Controller, Ministry of Coal

Table -2
Total Primary Supply of Coal and Lignite

(Million Tonnes)

Year	Fuel Type	Production	Imports	Exports	Net Imports	Opening Stock	Closing Stock	Stock Change	Total Primary Surplus
2015-16	Coal	639.23	203.95	1.58	202.37	59.39	65.36	-5.97	835.63
	Lignite	43.84	0.00	0.00	0.00	3.18	4.81	-1.63	42.21
	Total	638.07	203.95	1.58	202.37	62.57	70.17	-7.61	877.84
2016-17	Coal	657.87	190.95	1.77	189.18	65.36	75.95	-10.59	836.46
	Lignite	45.23	0.02	0.01	0.01	3.18	6.88	-3.71	41.54
	Total	703.10	190.97	1.78	189.19	68.54	82.84	-14.30	877.99
2017-18	Coal	675.40	208.25	1.50	206.75	75.95	62.04	13.92	896.06
	Lignite	46.64	0.01	0.00	0.01	6.88	7.21	-0.33	46.32
	Total	722.04	208.26	1.51	206.75	82.84	69.25	13.59	942.38
2018-19	Coal	728.72	235.24	1.31	233.93	62.04	57.64	4.39	967.04
	Lignite	44.28	0.02	0.08	-0.06	7.21	5.67	1.54	45.76
	Total	773.00	235.26	1.39	233.87	69.25	63.31	5.93	1012.80
2019-20	Coal	730.87	248.54	1.05	247.49	57.64	81.43	23.79	1002.15
	Lignite	42.10	0.05	0.93	-0.88	5.67	5.49	-0.18	41.04
	Total	772.97	248.59	1.98	246.61	63.31	86.92	23.61	1043.19

Source : Office of the Coal Controller, Ministry of Coal

Table - 3
Key Indicators of Petroleum Industry

Production	Unit	2015-16	2016-17	2017-18	2018-19	2019-20
Crude Oil	MMT	36.942	36.009	35.684	34.203	32.169
Natural Gas	BCM	32.249	31.897	32.649	32.873	31.184
Petroleum Products	MMT	231.923	243.551	254.405	262.361	262.944
CONSUMPTION						
Crude Oil	MMT	232.86	245.36	251.93	257.20	254.39
Natural Gas	BCM	52.52	55.70	59.17	60.80	64.14
Petroleum Products	MMT	184.67	194.60	206.17	213.22	214.13
RESERVES (Balance Recoverable As on 31st March)						
Crude Oil	MMT	621.28	604.10	594.49	618.95	603.36
Natural Gas	BCM	1227.50	1289.70	1339.57	1380.64	1371.89

Source: Ministry of Petroleum and Natural Gas

BCM : Billion Cubic Meters

MMT : Million Metric Tonnes

Table - 4
Annual Gross Generation of Power by Source and by Sector

(in GWH)

Year	Hydro	Thermal				Nuclear	RES	Total
		Coal	Gas	Diesel	Total			
2015-16	1,21,377	8,95,340	47,122	551	9,43,013	37,413	65,781	11,67,584
2016-17	1,22,378	9,44,022	49,093	401	9,93,516	37,916	81,548	12,35,358
2017-18	1,26,123	9,86,591	50,208	347	10,37,146	38,346	1,01,839	13,03,455
2018-19	1,34,894	10,22,265	49,834	215	10,72,314	37,813	1,26,759	13,71,776
2019-20	1,55,769	9,94,197	48,443	199	10,42,839	46,472	1,38,319	13,83,399

Source: central Electricity Authority

Table - 5
Domestic Production of Petroleum Products

(000 Tones)

Year	Light Distillates	Middle Distillates	Heavy Ends	Others	Total
2015-16	63,750	1,18,308	29,243	20,622	2,31,923
2016-17	67,865	1,22,985	30,112	22,589	2,43,551
2017-18	70,170	1,27,468	30,553	26,215	2,54,405
2018-19	70,612	1,30,787	31,460	29,503	2,62,361
2019-20	72,118	1,30,221	30,313	30,291	2,62,944

Source : Ministry of Petroleum and Natural Gas.

Note:

1. Light Distillates includes Liquified Petroleum Gas , Petrol and Naphtha.
2. Middle Distillates includes Kerosene, Aviation Turbine, High Speed Diesel Oil and Light Diesel Oil
3. Heavy Ends includes Fuel Oil, Lubricant, Petroleum Coke and Bitumen
4. Others include waxes, Sulphur, MTO, SBPS, Benzene, LABFS etc

Table - 6
Availability of Crude oil & Petroleum Products

(000 Tones)

Year	Crude Oil			Petroleum Products		
	Production	Net Imports	Gross Availability	Production	Net Imports	Gross Availability
2015-16	36,942	2,02,850	2,39,792	2,31,923	-31,083	2,00,840
2016-17	36,009	2,13,932	2,49,941	2,43,551	-29,226	2,14,325
2017-18	35,684	2,20,433	2,56,117	2,54,405	-31,372	2,23,533
2018-19	34,203	2,26,498	2,60,701	2,62,361	-27,747	2,34,614
2019-20	32,169	2,26,955	2,59,124	2,62,944	-21,898	2,41,046

Source : Ministry of Petroleum and Natural Gas

Table - 7
Gross & Net Production of Natural Gas

(Million Cubic Meteres)

Year	Gross Production	*Re Injectedd (Own Consumption)	Flared	Net Production
2015-16	32,249	5,828	1007	25,297
2016-17	31,897	5,857	976	24,992
2017-18	32,649	5,808	824	25,923
2018-19	32,873	6,015	726	26,039
2019-20	31,184	6,051	860	24,205

Source: Ministry of petroleum and Natural Gas

*Re injected= Internal use + Losses

Table - 8
Export of Ores & Minerals (including Re- Export)

(Value in 000)

Item	Unit	2017-18		2018-19		2019-20	
		Quantity	Value	Quantity	Value	Quantity	Value
Wollastonite	Tone	12,479	2,24,918	13,786	2,79,115	14,583	2,98,589
Zinc ores & conc	Tone	1,206	31,460	2,079	71,170	317	15,827
Zirconium ores & conc	Tone	308	31,131	89	4,470	1	78
Other minerals NES	Tone	16,70,511	22,98,247	38,17,139	55,38,148	36,43,830	4,58,7045

Source: DGCI & S,Kolkata/ Indian Bureau of Mines

INTERPRETATION

Table – 1

From the table 1, it has been observed that the reserves of the various types of coal increased every year during the study period. In prime coking, proved category of reserves were constant in the years 2015-16 and 2016-17. The inferred types of reserves zero in the study period. In medium coking category, proved reserves stood as 13,389 tones in the year 2015-16 and increased to 14876 tones during

the years 2018-19 and 2019-20. Indicated category reserves declined from 12,114 tones (2015-16) to 11,245 tones (2018-20). Inferred reserves stood at 1879 tons in the years 2016, 2017, 2018 then decreased to 1863 during the years 2018-19 and 2019-20. Under Bendable category type of coal the proved, indicated and inferred reserves stood as constant during the years 2016-17 to 2019-20 (i.e.519,995 and 193 tones respectively).Under non coking type of coal, proved category of reserves increased every year in the

study period. (1,19,602 tones in 2015-16, 1,43,398 in 2019-20), the same trend observed in indicated category also i.e the reserves stood as 1,25,335 in 2015-16 and increased to 1,37,507 in the year 2019-20. Inferred reserves fluctuated during the study period.

Table -2

The table 2 refers the supply of various coals during the study period. If we observe the production of both coal and lignite, it has been cleared that the production of coal increased every year

during the study period. The production of lignite increased in the first three years of the study, then after it has declined in 2018-19 and 2019-20. The imports of coal stood at 203.95 in the year 2015-16, and reached to 248.54 tones in the year 2019-20. Lignite coal imports started in the year 2016-17 and recorded as 0.05 tones in the year 2019-20. The exports of the coal increased in the first two years of the study, then after declined continuously in the following years.

Table – 3

The table 3 showing the production, consumption and reserves of petroleum industry during the study period (2015-16 to 2019-20), if we look at the production side crude oil and natural gas production decreased in the year 2019-20 compared to the production registered in the year 2015-16, whereas petroleum products production continuously increased every year during the study period. The consumption of crude oil, natural gas and petroleum products increased year to year in the reference period. The reserves were stood as 621.28 MMT in 2015-16 and declined to 594.49 in the year 2017-18.

Table -4

From the table 4, it is understood that the hydro power generation have shown growth in all the five years of study period. The thermal power generation using by coal stood as 8,95,340 GWH in the year 2015-16 and increased to 10,22,265 in the year 2018-19. The power generation using gas increased in the first three years and declined in the following years, whereas the power generation using diesel continuously declined in all the years of the study period. Both Nuclear and Renewable energy generation risen during the study period.

Table -5

The domestic production of light distillates has been on the rise during the study period. The production of Middle distillates and heavy ends declined in the year 2019-20. But the overall production increased in the study period.

Table -6

From the table 6, it is cleared that the production of crude oil decreased from 36,942 tonnes to 32,169 tonnes in the study period. The net imports of crude oil has been increased every year during the study period. Whereas the production of petroleum products have been increased every year in last 5 years. Net imports were stood at -31,083 in the year 2015-16 and decreases to -21,898 in the year 2019-20.

Table -7

From the table 7, it has been understood that the net production was 25,297 million cubic meteres in the year

2015-16. There was an increase in the net production in the year 2018-19. It is the result of decreased flares and increased gross production in the year 2018-19. Due to the increase of Re injected and flared value, the net production declined to 24,205 in the year 2019-20.

Table -8

If we observe the export of ores and minerals, the majority of exports belongs to other minerals during 2017-2020. Wollastonite exports increased every year in the study period. The exports of zinc ores & conc declined during the year 2019-20.

CONCLUSION

The entire world has now understood the significance of natural resources and the effects of natural debasement. The natural resources are the valuable gifts of nature to the human beings. But because of Financial eagerness, people were obliterating the assets and have confronted significant effects. A final conclusion is that in order to attain healthy relationship between society and its environment, timely provision should be made for the changes that human actions and competition over utilisation of resources may bring about in order to reduce potential conflicts. MA

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WHAT MONEY CANNOT BUY: DISILLUSIONMENT OF THE APPARENT LINK BETWEEN ENVIRONMENT AND NARROW ECONOMIC PROSPERITY

Abstract

This paper briefly outlines the need for natural resource accounting (NRA) which will enable us to integrate the information on interactions between environment and economy. Role of NRA to monitor and help achieve the sustainable development goals as part of Agenda 2030 from the perspective of Indian economy is explored next. But, does economic prosperity necessarily ensure sustainable development? This is a pertinent question delved into using Spearman's Rank Correlation, which yielded the finding that although there is a positive relation between GDP and sustainability, however, focusing merely on economic prosperity will not suffice. Special attention is imperative to achieve the goals set out for Agenda 2030, both on the regional as well as the national level.



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“If you really think the environment is less important than the economy, try holding your breath while you count your money”

-Dr. Guy R. McPherson

There are plenty of accomplishments that economists might boast about in their achievement in relation to measuring the magnitude of national-level economic activities. However, an unassailable fact which contributes to the blemishes of

economics, especially macroeconomics, is its unfinished business in giving due importance to indispensable stock of natural resources. Towards the end of realizing a reduction in its diffidence due to its rational ignorance of environmental assets, some major steps are being undertaken globally in modern times.

Natural Resource Accounting: The Missing Link between the Environment and the Economy

Natural Resource is a much wider

concept than the pure commercial-use resources. In fact, it encompasses the resources which contribute to production of goods and services tradable in markets, non-commercial resources such as water, air and life. On the other hand, an economy consists of production, consumption, transaction of commodities and services, allocation of scarce resources, to name a few. Thus, it includes the management of scarce resources. Precisely at this juncture, the imperative for incorporating the environmental resource management in

economic analysis becomes underlined since injudicious use of natural assets can lead to catastrophic consequences for the economy. Therefore, even if we consider the extreme scenario when there is no *intrinsic* interest in protecting the environment, even then the drive for economic prosperity still provides *derived* interest for environmental conservation.

The concept of Natural Resource Accounting (NRA) refers to the systematic method of estimating the magnitude of environmental degradation and depletion of natural resources which occur as a consequence of economic activities. Recent times have seen a surge in its relevance for assessing the environmental impact of various activities. This forms a bridge between the conventional domain of economics and the universal significance for conservation of environment.

Heterogeneous ways of NRA

While the use of NRA is certainly a blessing if it is properly incorporated in System of National Accounts (SNA), even within NRA, there is lack of uniformity about the appropriate method. Broadly, NRA can be bifurcated into “physical” and “monetary” accounts.

The former, i.e. “physical” method relies on the laws of energy and matter conservation. Moreover, Kneese et al. (1970) proposed to trace the flow of materials within the economy. On the other hand, the “monetary” approach was pioneered by Nordhaus and Tobin (1973). Their objective was improved methodology of SNA to achieve superior incorporation of economic welfare. These methods are said to “green” the SNA.

NRA as Helping Hand for achieving Sustainable Development: Indian Side of the Story

The willingness to achieve growth percolating to all walks of life, led the United Nations General Assembly to set out the 17 Sustainable Development Goals (SDGs) in September, 2015 with the motto “leaving no one behind”. It renders its name “2030 Agenda for Sustainable Development” because of the target year being 2030 for achieving the goalposts.

However, an unassailable fact which contributes to the blemishes of economics, especially macroeconomics, is its unfinished business in giving due importance to indispensable stock of natural resources

NITI Aayog, a think tank of the Government of India working on public policy issues, has responded positively to the proactive attitude of Government of India to reach the SDGs by 2030. It has constructed an SDG India Index (SDGII) which includes 13 goals out of total 17. Goals 12, 13 and 14 have been left out due to the lack of comparable data across States and Union Territories (UTs); SDG 17 is ignored due to the non-identification of indicators by the National Indicator Framework (NIF) for this goal. Overall, the SDGII constitutes 62 priority indicators to track the progress of States and UTs in terms of SDGs.

As part of its objective for reaching SDGs, India has taken significant steps to leverage NRA as a tool for attaining the former. Notably, the Government Accounting Standards Advisory Board (GASAB) on its 35th meeting has prepared a concept paper on “Natural Resource Accounting in India”. It intends to make progress in Environmental Impact Assessment, facilitate in achieving the SDGs in India, and mitigate climate change.

The imperative for incorporating the environmental resource management in economic analysis becomes underlined since injudicious use of natural assets can lead to catastrophic consequences for the economy

The paper conforms to the System of Environmental and Economic Accounting - Central Framework (SEEA - CF), which provides international standard for assessing environment and how it is intertwined with economic activities.

Dissected Analysis of India's Progress in SDGs: Two-Period Assessment of SDG India Index

In the previous section we mentioned about the concerted efforts of the Government of India and the NITI Aayog to ensure India comes out with flying colours concerning SDGs. A key step taken towards that end involves the investigation of progress made by individual States and UTs towards the 13 out of 17 SDGs. Further classification and nomenclature for the States and UTs based on their SDGII Score is also done. Those with score of perfect 100 (the maximum) are called “Achiever”, score within 65-99 being termed “Front Runner”, with 50-64 being known as “Performer”, and the rest, i.e. score less than 50 being “Aspirant”.

Here we guide our analysis by statistical evidence. In particular, we report the SDGII Scores for Indian States and UTs for 2018 (the baseline score) and 2019, as well as the national score. It is informational to mention that the national average for Indian score was 57 and 60 for the years 2018 and 2019, respectively. In Fig. 1 we present the SDGII Score in 2018 and 2019 for Indian States, while the same for the Union Territories is depicted in Fig. 2.¹

As manifested in Fig. 1, Kerala and Himachal Pradesh had the highest SDGII scores in 2018 with Uttar Pradesh being the last. However, in 2019, Kerala achieved 1 point increase to overtake Himachal Pradesh, which saw stagnation for that time period. On the brighter side, Uttar Pradesh made commendable progress leaving Bihar as the lowest performing state. Some facts raising concern is the slack in terms of having reduced score in 2019 as compared to 2018 for States such as

¹ In producing the Figures 1 and 2, we have made a simplification. For 2018, Jammu & Kashmir was classified as State and there was no separate index for Ladakh. However, in the 2019 ranking, Jammu & Kashmir, and Ladakh are presented separately and both are considered as UT.

Chhattisgarh, Rajasthan and Mizoram.

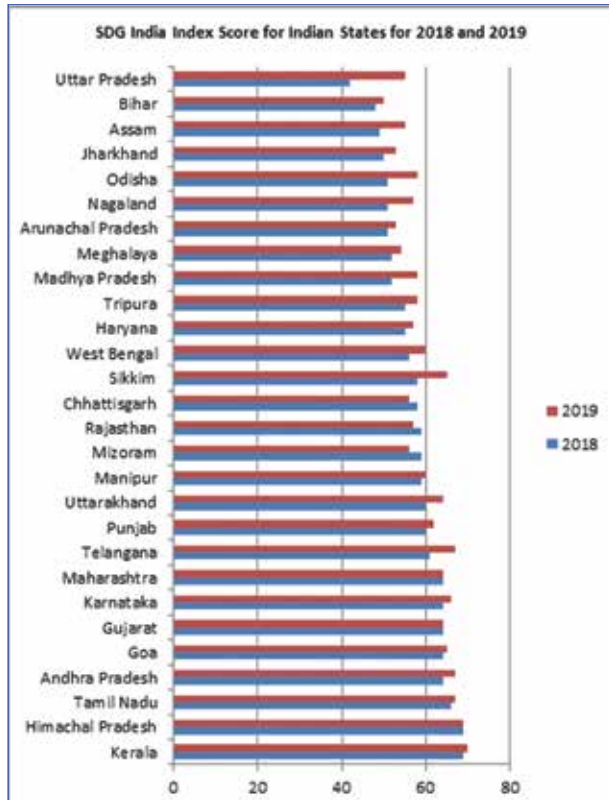


Figure 1: SDGII Score for Indian States for the years of 2018 and 2019

Source: NITI Aayog, SDG India Index Baseline 2018 and SDG Index 2019.

The same concern of deterioration in performance is evinced in Fig. 2 for UTs like Delhi, and Daman & Diu. Chandigarh has been the chart topper for both the years while Ladakh along with Jammu & Kashmir have been struggling at the bottom.

Overall, therefore, although the high-flying growth rate of India has been receiving applauds, still that seems far from being the panacea as far as sustainable development is concerned. Efforts have been persistent, however, from the Government and its decision-making authorities. We next turn our attention to the relationship, if any, between pure economic prosperity as measured by the State Gross Domestic Product (SGDP) and States' SDGII ranking.

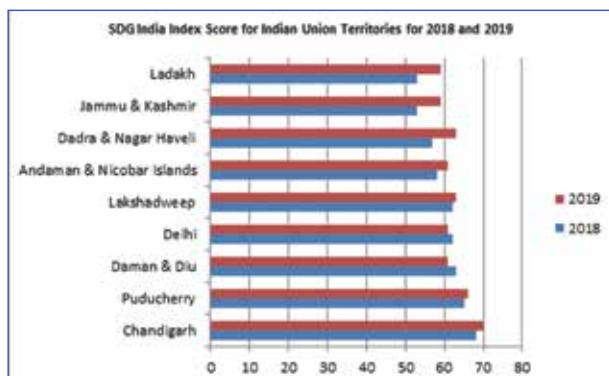


Figure 2: SDGII Score for Indian Union Territories for the years of 2018 and 2019

Source: NITI Aayog, SDG India Index Baseline 2018 and SDG Index 2019.

Is it Wise to Identify Economic Prosperity with Sustainability?

Having had a tour of the condition and performance of Indian States and UTs based on their SDGII, we study the existence of linkage, if any, between GDP of any State/UT and its progress in terms of sustainable development. To this end, we compute the Spearman's Rank Correlation Coefficient between SDGII ranking and GDP ordering. Precisely, we use data on per capita Net State Domestic Product (in Rs.). The breaking of the dilemma of choosing between Spearman's Rank Correlation Coefficient and Pearson's Product-moment Correlation is that the former allows for detection of correlation in the general case of monotonic relationship, whereas the latter furthermore constrains the relationship to be linear. In essence, the former is a nonparametric version of the latter measure.

Table 1 shows the number of observations, i.e. States/UTs used for the computation, the Spearman's correlation index and the p-value for statistical significance. We see that Spearman's rho is 0.6857 and the p-value is less than 0.01 which means there is moderately positive relation between SDGII and GDP for 2018, which is also statistically significant at 1% level of significance. However, as the Spearman's rank correlation can have values from -1 to +1, thus 0.6857 being far from +1 implies the insufficiency of high GDP for attaining SDGs in 2018.

Table 1: The Spearman's rank correlation coefficient between SDGII 2018 and GDP 2018-19

Number of Observations	33
Spearman's rho	0.6857
Test of H ₀ : SDGII 2018 and GDP 2018-19 are independent	
p-value	0.0000

Note: This leaves out Daman & Diu, Dadra & Nagar Haveli, and Lakshadweep due to unavailability of their GDP data, whereas Jammu & Kashmir and Ladakh are jointly considered since their GDP is not separately available for 2018-19.

We now conduct a similar sort of analysis with SDGII 2019 and the Per Capita Net State/UT GDP for 2019-20. As can be seen from Table 2, the estimates are statistically significant at 1% significance level. Moreover, the story is similar as of 2018 since the moderately positive relationship between SDGII and GDP persists in 2019 as well. This reiterates the positive but weak link between GDP and sustainable development.

Table 2: The Spearman's rank correlation coefficient between SDGII 2019 and GDP 2019-20

Number of Observations	31
------------------------	----

Spearman's rho	0.6369
Test of H_0 : SDGII 2019 and GDP 2019-20 are independent	
p-value	0.0001

Note: This leaves out Daman & Diu, Dadra & Nagar Haveli, Chandigarh, Andaman & Nicobar Islands, Ladakh and Lakshadweep due to unavailability of their GDP data, whereas Jammu & Kashmir is considered as an UT for 2019-20.

Conclusion

In this paper we investigated the method of NRA and the possible hindrances in its suitable use given the non-homogeneous ways of doing NRA. Given the relevance of NRA for achieving the goal of environmental asset conservation and efficient management of resources, the scope for using NRA for benefit of the global economy is virtually unbounded. A related concept, the Agenda 2030 which involves the 17 SDGs, points out the need for broader concept of sustainable development as opposed to narrow economic prosperity. Indian Government has taken substantial steps, including its recent concept paper on NRA to aid the fulfilment of SDGs. Furthermore, the Indian think-tank for public policy, namely NITI Aayog's persistent effort for reaching SDGs is apparent in its construction of SDGII to allow the analysis of progress towards SDGs at the disaggregated State/UT level.

In addition, we further dissected the relationship between SDG and economic welfare as measured by GDP of States and UTs. Our inquisition, guided by statistical methods and relevant data, led us to contribute to the debunking of myth

that economic growth necessarily results in sustainable development. While there is a positive relationship between the two, however, the interrelatedness is far from being perfect. Therefore, it emphasizes the need for specialised attention directed towards sustainable development in parallel to its pursuit of economic prosperity, howsoever narrowly defined. Thus, our study provides strong justification for the burgeoning concern for environmental conservation and natural resource management observed throughout the globe. **MA**

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CONSUMERISM AND SUSTAINABILITY: A BEHAVIOURAL ISSUE OR A FANCY MISNOMER?

Abstract

We as humans have spent the least time on earth (on percentage basis) but have ensured stamping our existence too hard on this planet, the ecosystem and most significantly, the coming generations. In the past few decades, we have blissfully developed a lifestyle that boasts of consumer-centric abundance and is so myopic in its outlook that it fails to recognize humans as a part of this planet and its ecosystem. Ironically, we do have a celebrated World Environment Day or an Earth Hour every year that is simply ritualistic and short-lived. With each passing day, we leave no stone unturned to be the sole living being on the planet only to forget that we can't live without the other elements of nature that make life possible. This paper is an attempt to understand Sustainability in the context of human behavior and its plausibility.



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INTRODUCTION

The Bruntland Commission (1983) defined sustainable development as that development which meets the needs of the present without compromising the ability of future generations to meet their own needs. Sustainability has been defined in numerous ways across its brand of users and their understanding of the concept. However, it is more about its application than about the definition from a perspective that is attached to it. It has to be applied into most aspects of life and daily practices. The most important factor is adapting to the concept in the context of local lifestyle and sensibilities. A working definition of sustainability needs to be extracted from the diverse range of definitions and concepts that exist

around this value system. Also, it is bound to change with a change in perspective – people, communities and businesses shall each have a different approach to the concept. It has to be instilled and driven into the culture of families, communities and organisations. It is about following a holistic approach about the concern that allows us to discern the cyclical nature of the issue.

In the past centuries, our growth has sadly been revolving around our businesses and with their sheer infatuation with numbers, we as a society have failed to see beyond what has a materialistic ring to it. A number of changes across sectors have been initiated in the form of Human Resource Accounting, Corporate Social Responsibility and Natural Resource Accounting to ensure pay-back to those elements which cannot fight for themselves but need to be taken care of. It is sad to note that all these ideas have failed to ensure sustainable development and that can be surely attributed to the absence of an all-inclusive approach towards growth and development as well as the definition of development. This pattern of growth and development also sabotaged sustainability and its existence further due to the fact that it missed fulfilling the parameters as outlined by the United Nations' General Assembly in 2005 where they identified the three pillars of sustainability as:

(a) Environmental Sustainability: It is about maintaining ecological integrity along with balance of all environmental systems as well as ensuring that the rate of consumption of natural resources is not allowed to exceed their natural rate of replenishment.

(b) Economic Sustainability: It aims to ensure existence

as well as access to resources that are needed by groups/communities to fulfill their basic needs. It also aims to ensure availability of livelihood.

(c) Social Sustainability: This part of the concept aims to ensure basic rights and necessities to all members of the community. These include labour and cultural rights.

RE-VISITING THE PAST

The concept of sustainability was a part of human existence in the psyche of people belonging to older civilisations of Egypt, India (and beyond). It was a habit that was practiced each day with equal vigour. Scarcity of resources in the readily usable form allowed us to lead lives that weren't revolving around the concept of unabashed consumerism. Recycling and reduction of waste was a part of household practices and hence recycling wastes was never really a problem. Even today, single-use plastic is by default recycled in most Indian homes. From earthen cookware (ensuring zero waste and recycling needed) to recycling of clothes to their last use, these were practices that ensured sustainable co-existence.

We have been paralysed by our need to be in-trend with the promise of an easy life. Earthen cookwares were a part of our (Indian) kitchens but were thrown out by cheaper, easy to clean and mechanised, long-lived alternatives of steel and aluminum. Today a number of brands are bringing them (earthen cookware) back to life only because we have finally found some evidence of the health issues arising out of such poor choices of cookware. These brands are now making the same cookware fancy and of course costlier than what our potters fetched for a more artistic and naturally made thing. We have therefore time-travelled back to the basics only after fuelling the growth and development of a number of industries like steel, utensils, cleaning agents and scrub-pad makers etc. The involved medical costs and loss of life in the process cannot be ignored. In this process, we have also managed to add to pollution, cause loss of livelihood and immeasurable creation of waste and plastic along with wastage of natural resources that were used in the associated processes.

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Similar changes in agricultural processes have made life difficult but we have failed to earmark those and resolve them because we have failed to appreciate the validity of the time-tried practices and have a purely number-driven formula for growth. When we replaced the animals in our farms with tractors, we did bring tractor production and allied processes to life, but we jeopardised sustainability by creating problems like burning of stubble and the associated air pollution, the complete discarding of alternative fuel of dung cakes which also put the stubble to used as well as the over-use of limited resources of petroleum and gas. This list of such failures is also endless because of our lop-sided development strategies.

All civilizations, however old, have showcased a penchant towards doing something different from those who existed before them. This has been the way of life because resources have been made accessible with each passing decade. Of course, we have moved beyond toiling towards assuring the basic needs of food, clothes and shelter (for a large part of the population) but as a society we have failed to define what lies beyond. Our propensity to always be secure and prepare for a better future has pushed us hard into materialism and those who could understand and apply it have thrown us into the hell-hole of consumerism, served as luxury.

CONSUMERISM AND MARKETING STRATEGIES: THE PENETRATORS

With consumerism being served as luxury, suddenly the good practice of carrying your water around became old-fashioned because a giant wanted to sell water and what we now have

are ocean floors lined with plastic. From carrying our own water bottles to packaged drinking water to figuring out alternative carriers of packaged drinking water: we seem to have lost the plot and hence our blown away in this whirlwind of fashionable changes that have failed to be sustainable.

Most deodorants in the market are actually laden with chemicals that block the sweat pores and hence you don't sweat. This is beyond any logical explanation because the body needs to sweat essentially but it has been marketed so beautifully that most of its users today often just pick it off a retail-outlet shelf as if it is a basic need. The can does come with a mandatory list of components but they are so beautifully masked under chemical names that a common user can never easily understand their nature and is so driven by the image of the product that he/she seldom worries about it. Our ideas of need are so skewed that we only want to imitate consumerism oriented lifestyle practices with a value system that does no good but to trumpet unabashed consumerism.

These products are excessively marketed only to milk the best population-based market (i.e. India) for these giants. Very often, under the same umbrella of one company, several products of similar use and category are fighting for our attention in the garb of the best marketing campaigns. These marketing strategies are actually gimmicks that ensure driving a number of such unnecessary purchases into our homes, lives and budgets. The revelation here is that we can no longer define our needs and the best advertising agency is dictating them. We end up using products just because a corporate giant could advertise them to be our need.

What has been blissfully erased out of our minds is that these resources are perishable and we shall run out of them one day and hence the use has to be graduated. Their use has been so well drilled into our psyche as our needs that the moment we think about rationalising their use, a sudden feeling of being-made-to-feel-poor descends upon us and we quickly brush it away to be catered to on some other day. Let us hope and pray to be alive to see that other day because at the current pace and in the

light of current circumstances, that seems the most impossible outcome. Meadows et al. (1972) studied the interaction of the different dimensions of population, industrialization, pollution, food production and non-renewable resource depletion to better approach the problem. They assumed the exponential growth of these variables vis-à-vis technology's linear ability to increase the resources and predicted an economic and social collapse to be the strongest ending scenario, if man failed to impose limits on growth.

We need to re-develop our lifestyles with a scientific but humane temperament which talks of symbiotic existence and not the purely parasitic one that we are blissfully and shamelessly trying to enjoy for the past decades only because an advertisement is telling us our value based on the larger-than-life experience they create on our screens. The change therefore has to start with every individual on an immediate basis because sustainability is not what others would do for you but what you can ensure for your children, if not beyond.

Garret Hardin (1968), an ecologist and philosopher, in his essay, 'The Tragedy of the Commons' outlined that if individuals focus on their individual interests, they are bound to end up against the interests of their communities and exhaust the planet's natural resources. He argued both free access and unlimited consumption to be the (problem) perpetrators. Ironically, Garret Hardin with his brilliant foresight and understanding argued the need of re-thinking the concept of sustainability with the help of the work of Wiesner and York. He quoted the scientists and re-iterated as: "If the great powers continue to look for solutions in the area of science and technology only, the

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result will be to worsen the situation." He elaborated this piece with utmost sensibility and concluded that such solutions are of no value/ long term impact as they require a change only in the techniques of natural sciences, demanding little or nothing in the way of changes in human values or ideas of morality. Sustainability is one such problem and hence cannot have a technical solution. It has a number of parameters that are implicitly involved in the situation. Issues like population, ownership and revenue fetching abilities of natural resources, their role, replenishment vs. depletion etc. are to be considered to solve this inescapable problem.

CONCLUSION

It is 2021 and we are still fighting such battles for co-existence everyday and in every part of the world only to give into the most consumer-centric attempts at the same: packaged water, packaged food and at this pace, may be packaged air in the immediate future. The cost of this development has been far too much and we seem to have time for everything but the essentials of survival. It is time that we resolve to truly identify our needs, re-define our luxuries and ensure the extension of our life-span

on earth. The next time you decide to discard an old lifestyle idea, do not brush off the thought only because that knowledge is not celebrated, recorded or scientifically proven. Such ways of life (passed on as family traditions and otherwise) have certainly passed the test of time, filtered through generations and lived-by many before us. Unless and until we accept that the nature needs continuous attention and respect, we shall forever continue this struggle to co-exist and nature, in all its might, shall forever have enough ways to control our very existence. MA

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CMA Subhash Kumar

Director (Finance) and
Chairman & Managing Director (Additional Charge)
Oil and Natural Gas Corporation Limited (ONGC)
New Delhi

Mr. Subhash Kumar has assumed the additional charge of the post of Chairman and Managing Director (CMD) of Oil and Natural Gas Corporation Limited (ONGC) with effect from 1st April 2021.

Mr. Kumar is an industry veteran with over 36 years of professional experience in diverse activities across the Exploration & Production (E&P)

value-chain. He joined ONGC in 1985 as a Finance and Accounts Officer. After initially working in Jammu and Dehradun, Mr. Kumar grew up along the hierarchy and served in different capacities in ONGC and the group companies.

Mr. Kumar served as the Chief Financial Officer (CFO) of Mansarovar Energy Colombia Limited, a 50:50 joint venture of ONGC Videsh and Sinopec of China - from September 2006 to March 2010. Also had a long stint at overseas arm ONGC Videsh from April 2010 to March 2015 where he successfully steered company's Business Development, Finance and Budget and Treasury Planning and Portfolio Management Groups. During his tenure with ONGC Videsh, Mr. Kumar was associated with key acquisitions and expansion of company's footprint from a single asset company in 2001 into a company with global presence. He played a key role in the evaluation and acquisition of several overseas assets. Mr. Kumar

joined back ONGC in July 2016 as the Chief Commercial and Head Treasury and he played a key role in evaluation, negotiation, and concluding outstanding issues pertaining to the organization. During 2017, Mr Subhash Kumar has also served a brief stint with Petronet LNG Limited as its Director (Finance). Mr. Subhash Kumar has also served as Director on the Board of ONGC Group Companies viz. Mangalore Refinery And Petrochemicals Limited, Hindustan Petroleum Corporation Limited, Petronet MHB Limited, ONGC Tripura Power Company and ONGC Petro Additions Limited.

Mr. Subhash Kumar has championed the issues relating to various JV's and group entities at Board level. He has successfully led transformation of all JV and Group Companies into a cohesive group, implemented entity-specific action plan, resulting in significant increase in their contribution to the ONGC Group. Shri Kumar was instrumental in setting

up Euro Medium Term Note (EMTN) Program of ONGC/ ONGC Videsh for US\$ 2 billion on 27th August, 2019 which was listed on Singapore Stock Exchange and subsequently on India International Exchange (India INX). ONGC priced its maiden offering of USD bonds amounting to US \$300 million at an attractive coupon of 3.375% per annum payable semi-annually which was the tightest coupon for 10 year or longer tenor offering from India ever achieved by any Indian Corporate

Mr. Kumar is a Fellow Member of Institute of Cost Accountants of India and Associate Member of ICSI. He is an alumni of Panjab University, Chandigarh, from where he obtained his Bachelor's and Master's degrees in Commerce with Gold Medal. As an avid sportsperson and fitness enthusiast, he is also a popular personality within ONGC employees, having served as an office bearer of ONGC's Officers' Association.

1. How would you describe your journey as Director (Finance) of Maharatna ONGC, the largest crude oil and natural gas Company in India? What has been one of the most challenging tasks for you till date?

- Eventful, exciting and challenging, to put it succinctly. At the same time, it's been an incredibly rewarding and humbling experience – I have unlearned and learnt a lot too in this journey. Today, ONGC is, by far, the most important E&P player in the country's energy arena – the Group too is a hugely significant energy entity given the scale and extent of its operational presence in the value-chain. Suffice to say, the role comes with huge responsibility. Ours is a capital-intensive business and even under the most optimal situations the risk-quotient is on the higher side. So managing its affairs during the pandemic has been a challenge of a lifetime – it's an unprecedented event that has put to test the most robust and comprehensive of plans and strategies, very often rendering most of them redundant and necessitating urgent real time recalibrations. It's difficult to sustain operations while navigating the serious logistical and supply-chain bottlenecks in the wake of the sudden disruption, and then we have to reconcile with the tragic loss of lives within the organization as well. Nothing prepares you for such an event, ever; however, despite the overwhelming chaos and anxiety of the times, ONGC Group, as a unit, have continued to successfully deliver our business mandate of sustaining critical supplies of oil and gas to the nation while adding value to the organization.

At the same time, this period has been a highly satisfying one too, as the Company has striven to contribute meaningfully to the society at large in this hour of crisis through contributions to PM Cares Fund and extensive CSR outreach initiatives. ONGC has been extending all possible support to those most in need of support in the community, especially around our operational areas.

In terms of manpower dynamics the period has been one of discovery. The organization rose as a unit to fight the scourge of virus and walls of hierarchy collapsed. Technology stepped in as an enabler leading to realization that even without meeting in person the business could be transacted with little impact on productivity.

2. What were the significant achievements of ONGC that deserve mention over the past couple of years?

- In a year during which our operations were massively hamstrung by the pandemic, managing to sustain standalone domestic hydrocarbon output just a few percentage points shy of last year's (FY'20) output is an impressive feat for the company. It was also a year in which we put the Bengal Basin on the production map of the country – making it the eighth, and the first such since the 80s, producing basin overall. In a development that pre-dates the digital working ecosystem that the pandemic ushered in, ONGC went 'paperless' across the organization with its Digitization, Integration and Standardization, by Harnessing Automation (DISHA) initiative, helping us cut down on

our carbon footprint while improving our productivity. Energy Strategy 2040, adopted for execution in 2019, ONGC's blueprint for evolution in tomorrow's energy landscape is another milestone that we have achieved in recent past and much of what it has espoused remains just as relevant, and probably even more so, in the post-pandemic scenario as the world looks towards a low carbon future.

3. In February 2021, ONGC announced that by May 2021, it would increase natural gas output from a KG basin block to 2.5-3 million standard cubic meters per day. How close are you to your goal?

- ONGC had plans to increase gas production from its U1 field in KG Basin by May 2021 by undertaking offshore subsea construction activities during fair weather season of 2021. However, due to spurt of COVID-19 infections in Europe during 2020-21, from where the bulk of subsea equipment were to be procured, manufacturing and supply chain disruptions occurred resulting in considerable delay in the arrival of subsea critical components necessary for bringing the field into production. The second wave of COVID-19 in India has also forced shutdowns in fabrication yards on multiple occasions in past 2-3 months. Hooking up of subsea hardware, earlier planned by end April 2021, has shifted to June 2021 due to the above reasons and the commissioning work of U1 field of KG-98/2 is now expected to be completed by July 2021 if there are no major disruptions in the planned activities. We expect natural gas output from KG basin to substantially increase once these activities

are completed.

4. ONGC has been an active participant in the National Gas Hydrate Programmes (NGHPs) and effective production of Gas Hydrate can turn India's fortunes in the future, by making the country "Aatmanirbhar" in the energy sector. How successful has it proved?

- ONGC, has been carrying out research on gas hydrates since early 90's prior to inception of NGHP in 1995. ONGC has contributed significantly in the planning and execution of NGHP-01 in 2006 and the entire execution of NGHP R&D Expedition 02 in 2015.

The results of NGHP-02 are encouraging and dispersed gas hydrates have been discovered in KG deep offshore areas. The success of NGHP-02 culminated in the formation of a dedicated Institute "Gas Hydrate Research & Technology Centre" (GHRTC) by ONGC at Panvel in 2016, with a multidisciplinary team of dedicated Scientists and Engineers to focus on Gas Hydrate Research for exploration and potential exploitation of gas. The team has identified various prospects in KG, Mahanadi and Kaveri offshore areas.

Exploitation of Gas from Gas Hydrates has remained a challenge world-wide till date, limited to pilot production testing for few days by Japan, China and USA. Commercial production from gas hydrates is yet to materialize globally but we have a much better understanding of the technology today and gas hydrates have the potential to produce gas in an environment friendly, cost effective and sustained manner.

So, while it may be too early to talk of commercial production, the potential of this technology is huge.

5. What are the key challenges faced by the company in terms of global competition, consumer behaviour and technological innovation? What steps have been taken to address these challenges?

- In our energy world, we have called this impending period of change the 'Transition' – not so much as impending as it is already current and happening. While most conversation tends to center on renewables, EVs and Digitalisation etc, it is broader than that in practice. Given the varying levels of development and the distinctive growth propensities for respective countries/ regions/economic blocs, more than oil and gas being stamped out I foresee a role for all forms of energy sources particularly in a country like India where the average energy consumption per capita is only one third the global average. Our energy needs are only going to expand at least for the next couple

of decades. Oil and gas will remain relevant as proven and stable energy sources for years to come – but as a business the industry will most certainly undergo changes to be in step with the times. Our operations will have to be more sustainable and resilient – not just from an energy intensity or carbon footprint standpoint, which of course are primary planks of this shift, but also will need to become much safer, more digitalized, more inclusive and diverse, socially responsive and equitable.

At ONGC, we do not look at it as a hurdle or challenge but as an opportunity to redefine ourselves and our business, a window for evolution per se and technology will play a decisive role in this transformation. For growth in our domestic upstream business and to cater to our growing domestic energy needs, we have continued to invest significant capital on a year on year basis while forging meaningful technology partnerships with both local and international players to unlock new areas or to realize greater value from existing assets. As a group we are balanced, present across the value-chain and well-hedged against cyclical volatility of markets – the acquisition of HPCL further consolidates our portfolio. Technology induction has also been stepped up in all facets of the organization – from remote monitoring of wells and dynamic gas blending or managed pressure drilling to paperless office and eliminating use of plastic at workplaces. As part of our strategic roadmap, ONGC has also targeted a renewable capacity of 10 GW by 2040.

6. ONGC has always ensured that it protects and cares for the environment. What more eco-friendly and cost-effective measures are you planning to make our Nation proud?

- A lot is going on actually on that front - we currently have 15 CDM (Clean Development Mechanism) projects which are UNFCCC certified that amasses in excess of 2 million CERs. Among these our Power Plant in Tripura (OTPC) is the largest CDM project in the country. Our solar-power capacity stands at 31 MW at the end of FY'21. As part of the Global Methane Initiative, ONGC has prevented the leakage of more than 20 MMSCM of methane gas since 2007 with an environmental benefit of approximately 300,000 CO2 ton equivalent. We also have implemented company-wide LED lighting in the company. In operations, we have gone ahead with installation of micro-turbines and dynamic gas blending technologies, affording us both cost savings and improved operational outcomes. On energy front, we have not been spoilt for choices as such ONGC implemented many technologies and work practices to gain more

from each molecule of energy. It is because of this reason that when in most oil and gas producing regions resorted to flaring of gas, ONGC in India had implemented world class gas flaring reduction project.

We also are on the way to implementing the country's first CO2 based EOR project at Gandhar in collaboration with IOC's Koyali Refinery. The Company is committed to leveraging technology and digital tools in order to stay ahead of the Industry. Building up further from the benefits of our paperless office ecosystem, ONGC is working on an ambitious organization wide transformative initiative which will create a 'Future Ready Organization' – with location agnostic shared service model for both support and field services thereby bringing more efficiencies and productivity.

7. Which reforms and regulations in emerging business environment do you think the government should take up on priority basis to achieve its 2022 clean energy target?

- From within the oil and gas business perspective, I think the Government should incentivize the production and consumption of gas. It is a cleaner fuel and one in which we have significant room for growth. From the merging trends it is clear that all sources of energy will coexist and flourish in India, gas is going to play a vital role in overall global transition from fossil fuels based energy to renewables. The Government already has announced a slew of measures focused on gas development in the country such as premium prices for gas developed in difficult areas, marketing freedom for new gas fields and incentives for higher recovery among others. But there is a need to urgently address the current unviable pricing regime for domestic gas (particularly from nomination fields, which still contribute the bulk of the country's gas supplies). This is must for a country trying to increase the contribution of gas in its energy basket from 6% to 15%. Production of natural gas in this country can be increased only if the producers are assured of remunerative prices. Good intentions and milestones need to be backed by enabling pricing reforms to help realise the intended objectives.

Also, we can set a mechanism of incentives for technologies like CCUS, the only clean technology capable of decarbonising major industrial sectors such as steel, cement, pulp and paper, refining and petrochemicals. ONGC, like I mentioned, is executing the country's first CO2 based EOR project at Gandhar.

8. Please share with us ONGC's role behind maintaining India's energy dominance in the coming decades?

- India, on account of its economic heft and a young population among other reasons, will assume centrestage in the global energy arena in the coming years. As per most projections, it will most likely be the hub of global energy demand growth in the next 2 decades with its oil demand doubling and gas consumption tripling. At a time when energy demand is either plateauing or tapering off in the erstwhile 'big' energy consuming economies, India's positive demand outlook is certainly cause for cheer in global energy investment circles. However, this growth in its stature must not come at the expense of India's own energy security concerns. That would entail higher domestic energy production as well as overall energy efficiency measures, in order to mitigate country's rising energy import bill. This is where ONGC plays a crucial role as the country's energy anchor. While the ongoing Energy transition is one of the key drivers of this strategic rethink, ONGC's Energy Strategy 2040 roadmap is also a clear acknowledgement of the company's capacities and appetite for overall growth in alignment with the country's energy priorities. Some of the key strategic goals of ONGC for the next 20 years are :

- ⊙ Increase group upstream volumes from 65 MMTOE to 110 MMTOE
- ⊙ Triple refining capacity from 35 MMTPA to 100 MMTPA and Petchem to 9.5 MMT from 3.8 MMT
- ⊙ Install Renewable Capacity of 10 GW
- ⊙ Venture fund corpus of ~\$1 billion in select frontier themes such as Clean energy, AI or Reservoir/field services technology etc.; a hedge against disruptions

9. Which innovative projects are there in your pipeline for the next 2 to 3 years to uphold excellence and retain the position of the biggest wealth creator concern of India?

- The future is a canvas of possibilities in the domain of energy. On the near term, focus is on maintaining sufficient supplies of oil and gas from its existing projects as the nation, and its economy, navigates its way through a debilitating crisis of resources and confidence in the wake of the pandemic, the Company also has a rich project pipeline geared to fuel the country's growth for years to come. As on date we have a project slate comprising 15 projects worth over Rs 60K Cr with envisaged lifetime energy supplies of 113 MMTOE. More recently, in view of the long-term prospects of gas in the energy infrastructure, a new wholly owned subsidiary Company for Gas & LNG business value chain is planned, subject to necessary approvals. The Company is

being formed with the focus on sourcing, marketing and trading of natural gas, LNG, Hydrogen enriched CNG(HCNG), Gas to Power business, bio-energy/bio-gas/bio methane/other bio fuels business. Also, the fortunes of our international business arm and our 100 percent subsidiary, ONGC Videsh Ltd, continues to grow in key energy hotspots across the globe such as Mozambique, Russia and Israel. Beyond E&P, our downstream investments in refining and Petchem (and Power) - HPCL, MRPL, OMPL, OPaL - further bolster our energy returns, ensuring maximum value extraction at each stage of the value-chain.

10. What emerging roadblocks (if any) are you facing in upstream activities? How do you deal with the same?

- Upstream companies of today face a trifecta of challenges – low price (or pronounced volatility), potential perils of energy transition and heightened safety (and sustainability) requirements. There is no short answer to this or probably even a long one that can be taken as a 'silver bullet' prescription. But upstream will have to reinvent strategies and business models in order to stay relevant for the longer haul because although the 'responsible and conscious energy consumer' reality is pretty much the preserve (and privilege) of the developed bloc of countries, climate change is universally real and we ideally should not second guess here. The way out – Technology and its judicious deployment. While oil and gas has always been a technology-forward sector in its operational aspect, aggressive adoption of technology across all facets of the business is likely to become a norm sooner than later with potentially remarkable results in productivity, safety and costs. Technology can be leveraged effectively to remarkably improve risk return trade off of this business as such induction of relevant technology to improve understanding of sub soil reservoirs is likely to be a targeted area of technology adoption. Costs and productivity become vitally important in a low-price era where companies struggle to protect their balance sheets. While findings costs for ONGC have come down noticeably in recent years, the same does not hold for our production costs because of a mature portfolio with legacy contracts. Cost control becomes critical while implementing complex and capital-heavy projects such as KG-DWN-98/2 deepwater project. Operationally, I believe we must lean towards leaner projects with quicker turnarounds and cashflow generation as big finds (reserves) may not always translate a projects within defined timelines as major projects also encounter major surprises requiring mid-course corrections, as even with most advanced technology you can

only reduce uncertainty but not eliminate it. Also along with lowering carbon emissions and costs, oil and gas companies will also have to aggressively pursue lowering of technical risk with better reservoir models, better visualization and more. The future undoubtedly has a place for oil and gas – but the dynamics of that narrative may be drastically different to the one we are used to.

11. What one piece of advice would you give to the young CMA professionals?

- I think the times we are in now calls ever more for an integrated approach based on a holistic view of things or information at our disposal – so the young professionals should never lose sight of the 'big picture' – 'why' we do what we do. As CMA professionals every insight or calculation on costs must eventually aid management decision making in a way that eventually helps the organization or business to create value and thus serve its stakeholders. While it may not always be practicable in every aspect of your job, keeping an eye on the larger picture does lend a sense of purpose and ambition to what we do.

12. It is praiseworthy how ONGC has been on the forefront of combating the pandemic since its inception in 2020. What are the various ways our Institute can integrate with your organization to support this noble cause?

- Thank you –given scale of the pandemic, there is no other way but to pitch in and do all that we can to support the fellow Indians and the government in this grave and trying period. Most of our efforts during the pandemic has been steered by our CSR team and local administration units – ranging from providing food and medical kits to providing cold-chain logistical support among others. We have been given responsibility of partnering for setting up oxygen plants and also procuring oxygen concentrators on behalf of GoI. I am happy the Institute is keen on partnering, – the more we collaborate and team up the more we can reach and impact on the ground. On areas where and how we can possibly team up, you are always welcome to discuss this with my team at ONGC. ONGC deems itself lucky to have been associated with efforts to improve supply of oxygen supply within country through number of PSA plants in various parts of country through its group entities. ONGC has also been chosen to source one lac oxygen concentrators on behalf of PM Cares Fund through an approach which not only improves our capacity to fight future waves effectively but also helps build domestic business capacity.



DIGITAL TRANSFORMATION - INTERNET OF BEHAVIOUR FOR FRAMING BUSINESS STRATEGIES AND VALUE CREATION



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Introduction

The manner of living daily life by mankind is progressively being influenced and impacted by digital devices and applications across geographical regions. In 1960s came the systems for interconnected network of computing devices. Powered by telecom broadband such networks started transcending sovereign boundaries. In no time Internet became a household name. Since then, systems for communication, broadcasting written and illustrated information, as well as ways means for exploring the cyberspace are continuing to be revolutionised by internet. P2P email communication crossing thousands of miles became

a matter of seconds after the email system was invented in Massachusetts Institute of Technology. The revolution started gaining accelerated impetus when personal computers started donning every individual's desk.

Till around 2007 none could think that human life will so radically be changed by smart phones. Steve Ballmer, the CEO of Apple, was also proved wrong in demand projection for smart phones and share of Apple in that. Rest is history, but unending and would continue to remain open for thousands of more footprints of innovative digital transformations. Machinery and electronic devices are more and more being digitally programmed, integrated through smart devices, and linked to digital platforms. Accelerated use of mobile applications and internet of things (IoTs) for multivarious purposes/chores of life are digitally influencing peoples' behaviour, impacting lifestyle with both positive and negative effects. The author has covered many aspects of all these in his earlier twenty-one articles¹ under this monthly Column. The last one being treasure and wealth from digital dusts and smart dusts.

Scientists, engineers, and business strategists did not stop at 'innovating' and marketing digital devices making people to buy. They also attained technical supremacies for making people to use, email, brows, conduct financial and eCommerce transactions and avail of aggregators' services like that of Ola and Swiggy. They started enquiring into the '8Ws&H' of all such usages. Their objectives are to understand and appreciate Who, What, When, Which, Why, Where, Whom, Whether and How of utilising such smart computing devices

Image Source: <https://www.squareoneresources.com/blog/the-internet-of-behaviours-job-an-introduction-256052/>

by various users,

Their purpose is to figure out whether any pattern and trend have emerged out of the footprints and digital dusts² they have left on the storage space, aka cloud-based data warehouses. Data analysts, supported by clinical psychologists, also try to appreciate whether emotional intelligence of users drives usage and has any role to play behind such trend and pattern. Scientists have christened these exercises as the study of 'Internet of Behaviour' or IoB by applications of digital technologies.

Objective

This article will try to find motives behind digital scientists and data analysts studying psychosomatic and psycho-social features in the behaviour of internet users with the help of digital tools like Big Data Analytics, Artificial Intelligence and Machine Learning. This will be done keeping in view how results from such studies can be used/exploited for further ensuring effectiveness and financial success of digital transformation of operations and business management. The objective is to appreciate how such IoB is emerging as important inputs for framing effective business strategies and designing solutions for pervasive value creation. Viewpoints of research scholars will be considered to understand whether addiction for internet can be equated with IoB.

This paper will also briefly state how IoB as a technology can expose business entities to various types of risks which may not always be possible to be predicted and pre-empted despite adopting best of proactive risk management measures. This would lead to the secondary objective of reflecting on the spookier side of IoB where cyber criminals are hacking powerful databases of business entities for publishing in dark web and extracting illegitimate financial gains.

Behaviour, IOB and Emotional Intelligence

Behaviour and Digital Transformation

Oxford Dictionary has defined the word Behaviour or Behavior as "The way in which one acts or conducts oneself, especially towards others." Merriam Webster Dictionary has provided the following literal expansions of the word behaviour:

- ⊙ "Anything that an organism does involving action and response to stimulation."
- ⊙ "The response of an individual, group, or species to its environment."

In the context of this article the above two expansions are important since while using internet for browsing one does not always behave in a particular or pre-decided manner. This is because the browsing tools provided by Google, Yahoo, Firefox, etc. throw alongside the searched object/link many other information, links, clues, alluring/stimulating options, and suggestions with or without relevance to context of the user. All these drives some internet users, popularly christened as netizens, to either drift away from her/his original objective of browsing, and/or end up visiting other or more websites and objects which may or may not be relevant for what she/he was originally looking for. At times such additional inputs from the browser prove to be helpful.

Readers might have observed from such throw-ups by the browsers that as if the browsing tool has read their or have taken cues from the earlier searches performed for throwing up additional inputs. This has been established by the author in his immediate previous article on digital dusts and smart dusts². It is, therefore, evident that those browsing tools are supported by backend cognitive tools which analyses the browsing behaviour of users to figure out what all can influence, allure, stimulate and appeal to them.

Such kind of experiences, that the web browser is trying to drive, occurs quite frequently when one browses for shopping through internet from of eCommerce players or availing of services like of airlines, digital wallets, etc. There can be many more similar types of instances readers might have experienced. Many a times an internet user gets a sense of her/his own heuristic(s) for internet browsing. Parents and guardians might have observed some not so desirable patterns of browsing by their children and wards. Another simple example is current versions of Apple phones providing on every Sunday morning an App-wise summary analysis of the user's time spent in a week. It does mean at backend a software works for storing and analysing the user's habit. Extending this logic, any eCommerce player can also use cognitive tools for studying the product reviewing and shopping behaviour of netizens who visit their sites

IOB and Digital Transformation

Mining of literature suggests that as per popular belief IoB was first ideated by Dr. Gote Nyman, Professor of Psychology of the University of Helsinki in 2012. Although Data analysis for business management purposes started soon after introduction of ERP, drawing out behavioural patterns of customers from data was ideated by Prof. Nyman³. He described the possibility of acquiring voluminous data revealing stakeholders' use and behaviour as they interact with the IoT. He is of the view that, "Computationally, it is almost impossible to detect and reveal individually relevant behaviors and their personal meaningsIn order to manage this computational challenge ingenious data mining systems are created for intelligent business, marketing, political, and other purposes in order to 'dig out' the underlying behaviors like purchasing patterns, voting, preferences, eating, driving and numerous other habits.



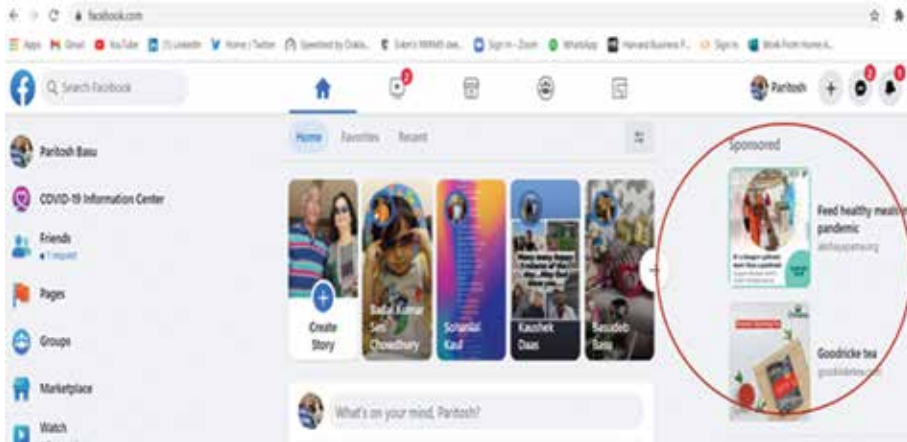
Source: <https://gbksoft.com/blog/internet-of-behaviors/#:~:text=The%20collection%20of%20usage%20data,who%20can%20benefit%20from%20it>

Therefore, the technical definition of Internet of Behaviours⁴ is “*The collection and use of data to drive behaviours is called the Internet of Behavior (IoB). As organizations improve not only the amount of data they capture, but also how they combine data from different sources and use that data, the IoB will continue to affect how organizations interact with people.*” According to Gartner IoB would be one of nine top technological trends of 2021. Its official position is *The Internet of Behavior collects the digital dust of people’s lives from a variety of sources, and public or private organizations can use this information to influence behavior.*”

Digital scientists have made IoB as a technology capable of combining and processing data drawn from many sources including of customers, general citizens, etc. originally collected by government agencies, social media operators, etc. for many purposes including tracking of location. They use advanced cognitive tools for processing this data which can reveal individual behaviour of each user and her/his need. One should not be surprised if it ultimately comes out that various government planning and controlling authorities have used data from various sources for appreciating citizens behaviours and service needs before deciding and implementing strategies

for management of Covid-19 Pandemic.

Readers might have observed that selective product and service-related advertisements pop up on their smartphone or laptop screen alongside the content of the social media they are browsing through. Such advertisements vary according to the time of the day. Geographic region, features of the season, celebration period of the year, etc. At times, those advertised products are found to be relevant and befitting the mood, need and choice of the user. The present author has seen such advertisements while using Facebook and LinkedIn.



Source: Author’s Facebook screen around mid-day hours while writing this article.

On the right hand side of the above screenshot two sponsored advertisements have been circled in. One of those is from www.akshaypatra.org advising for feeding healthy meal in this pandemic, and the second one is from Goodricke for Darjeeling Tea. These pop ups for advertisement change at intervals of about five minutes. These suo moto pop ups are unique examples of digital transformation of business functions by application of IoB technology.

This technology helps business entities achieving success by personalisation of operations and tracking behaviour of customers. Thus, benefits of IoB from the perspective of a business entity can be summarised in the following graphic. It is a no brainer to figure out from the following graphic that one of the capabilities of IoB as a technology is mixing and matching of data, collected from different sources which are generated by different IoTs, and applications. Objective is to conduct psychosomatic analyses to assess behaviour of netizens.

Benefits of Internet of Behaviour



Source: <https://gbksoft.com/blog/internet-of-behaviors/#:~:text=The%20collection%20of%20usage%20data,who%20can%20benefit%20from%20it>

Emotional Intelligence and Digital Transformation

Emotional intelligence also plays an important role in pattern formations for IoB. Oxford Dictionary define emotional intelligence as “*the capacity to be aware of, control, and express one’s emotions, and to handle interpersonal relationships judiciously and empathetically. emotional intelligence is the key to both personal and professional success.*” One needs to know what emotion means to better appreciate this definition. Again, the same Dictionary defines the noun emotion as “*a strong feeling deriving from one’s circumstances, mood, or relationships with others.*”

The author is inclined to accept the above definitions in the context of this article, particularly keeping in view that while using internet, the context of interpersonal relationship comes into play. Albeit there is no interaction with a human being, the browsing tool itself behaves like an artificially intelligent person and interacts with the netizen. Hence, there is a need for the netizen to know about his capacity to control and discreetly express emotions while instructing the browsing tool to search and present the objects she/he is looking for without being allured by what extra items the browser throws up.

Internet based social media platforms like Facebook and Twitter in all probability deploy AI and ML based tools. Analysis performed by those tools can help identification of emotions and thus emotional intelligence embedded in narratives and media posted by users. This ultimately helps them to establish the opinion of the user on the issues being dealt in those narratives. Based on such diagnostic analyses they decide to initiate actions about the account if that crosses the peripheries defined in their governing principles and terms of use by the netizen in their platform. Whether those conclusions are right or wrong is not the point in question. The author wants to convey that such a process can be termed as digital transformation of governance, risk identification and mitigation management. This is another example of using IoB for business risk management.

Those who have browsed the website of ‘Ferns N Petals’ for sending flowers, gifts, etc. to greet and wish friends and loved ones, and commemorate special occasions, might have observed that the website continuously throwing advice and offers. In most cases those are for combos like flowers with cakes, chocolates, toys, etc. A visitor who just wanted to send a flower bouquet ends up being a bit emotionally exploited and ends up sending some other item along with flowers. So is most likely the experience for many others while visiting eCommece websites for other goods and services. This is another example of using IoB for meeting business objectives.

Ethical Dimension of IoB

Users do not have any reason to believe that IoB as a technology will always be used in an ethical manner. David Cearley⁴, Distinguished VP Analyst of Gartner has reminded all that, “*IOB is about using data to change behaviour. IOB has ethical and societal implications depending on the goals and outcomes of individual uses.*” Business organisations may not always use the netizens’ data, extracted from their own databases, for the same business. For example, Amazon used the customers’ data gathered from eCommece business while campaigning for launch and driving users to subscribe their OTT business Amazon Prime. However, they might have not solicited customers’ permission to do so. However, more research is required to establish this quoted example.

IoB as a technology can be powered by data from multiple sources without the knowledge of web users. Business entities and even government agencies can gather netizens’ internet use related data from multiple sources. They can purposefully mix and match those data by collation and consolidation and then analyse for drawing inferences. Their ultimate objective is to draw cues for influencing and driving netizens’ behaviour while they use browsing tools for visting website of any commercial organisation. One should not be surprised if it is established that IoBs are used by sovereign nations for fighting cyberwarfare. More on all these needs to be examined through further empirical research of business practices

Internet Addiction and IoB

Albeit the objective of this article is not to deal with internet addiction, it will be useful to briefly cover addiction and differentiate this phenomenon from what IoB as a technology wants to study and achieve. The author believes that there is no scope for equating IoB in letter and spirit with internet addiction. People centricity is at the core of IoB but not people’s addiction. The later occurs when a user cannot control emotional intelligence and get swayed by one after the other pop ups thrown by the browsing tool. Consequentially in a short course of time, she/he loses power of self-control and cannot resist from visiting those websites forgetting what the priority for life is in her/his ‘To do list’.

Martha Shaw and Donald W. Black has opined in their seminal research work⁵ that “*Internet addiction is characterized by excessive or poorly controlled preoccupations, urges or behaviours regarding computer use and internet access that lead to impairment or distress. associated with dimensionally measured depression and indicators of social isolation. Psychiatric co-morbidity is common, particularly mood, anxiety, impulse control and substance use disorders. Aetiology is unknown, but probably involves psychological, neurobiological and cultural factors.*”

Several research works⁶ have corroborated that emotional intelligence and IoB are inversely associated. “*Researchers have proved that individuals with high emotional intelligence levels are less likely to be addicted to the Internet (Beranuy, Oberst, Carbonell, & Chamarro, 2009; Hamissi, Babaie, Hosseini, & Babaie, 2013; Parker, Taylor, Eastabrook, Schell, & Wood, 2008). Emotional intelligence is also related to one’s personality, social relationships, and life satisfaction.*”

Readers would also agree that it would be far too stretching of imagination to equate IoB with internet addiction. Moreover, such addictions mostly occur for certain categories of browsing like for specific type of posts in social media, pornographic contents, etc. Netizens in general is not expected to suffer from psychological comorbidity yet their browsing behaviour can reveal certain interesting pattern to make meaning out of and facilitate the process for business strategy formulation. For example, mass buying behaviour and product browsing/ reviewing data can prompt an entity about what quantum of demand for a type of product is likely to emerge and what level of inventory to be built up.

IoB and Business Risks

It may not be right to assume that IoB as a technology is devoid of any risks. The very nature of the technology dealing with huge volume of data drawn from different sources exposes it to the inherent risks of breaching data privacy, security, and

safety related risks. Moreover, such data remains vulnerable even if kept secured at the buyer entity's end if the original source is weak in securing from hacking risks. These risks have more been elucidated in the following section.

The next set of risks may arise from improper selection of data masses and inappropriate mixing and matching of data. Again, inadequate, or wrong application of tools for analytics of unstructured data may end up providing wrong results leading to erroneous inferences and strategy formulations. Wrong strategy when converted to actions may boomerang with unwanted results and financial losses. The next group of avoidable risks is depending on old/irrelevant data and inferences drawn there from while taking decisions for future.

There can be exposures to legal and governance related risks. Business entities before sourcing data from different sources under a commercial arrangement may not always be in a position to examine the terms and conditions of those entities agreed with users/visitors of their websites, the data in respect of whom have been obtained. This can ultimately lead the former towards the risks of legal litigations. Introduction of governance policies and SOPs related to data management, processing and information security is one of the most critical imperatives for every organisation using IoB. This should be done simultaneously with introduction of Audit 4.0⁷ befitting the requirements for ensuring risk-free success from digital transformation in this Industry 4.0 era.

Risk Exposures to Cybercrime and DarkWeb

Footprints and browsing history over a long period of time can indicate the behavioural pattern and trend of browsing a particular website, group of websites by one or group of netizens. Even the choice of eCommerce player for buying monthly rations, say out of Amazon, Flipkart, Natur's Basket, etc., by itself is also a matter of IoB. Analyses of these can indicate customers' preference which can further be analysed in terms of geographical region, total value of contents in each shopping cart at exit point, etc.

Research study of this author indicates that IoB is a leeway from IoT because the later are being used for gathering more data for specific purposes. Digital technologies, aided by behavioural psychologists, are more and more focussing on browsing behaviour and choices of netizens on various matters. This is because business entities are more and more driving them to create opportunities for sales, monitoring developments and behaviour of customers. All these are haunting grounds for cybercriminals to spawn malware for not only industrial/commercial espionage but also extraction of ransoms and usage of extracted out data with ulterior motives.

Huge volume of such data stored in data warehouses either in private or public cloud are the target zones for cybercriminals. The recent case in point is the reported data breach of forty-five lakh passengers of Air India⁸ related to name, date of birth, ticket information and credit card. All these were hacked out by an attack on the data base of SITA, the Geneva based passenger system operator. In addition to loss of privacy, individual customers may be exposed to huge financial risks.

Another most recent example is leaked data in respect of customers for eighteen core orders of popular pizza brand Dominos India which are available on search engines created by hackers in darkweb.⁹ Such leaked data contains data related to phone numbers, email address, credit card and payment details.

In a research report on relationship between IoB and

cybercrime Gartner's top strategic prediction¹⁰ for 2020 and beyond was that "By 2023, individual activities will be tracked digitally by IoB to influence benefit and service eligibility for 40% of people worldwide". This means people are highly exposed to cybercrime as the integration of behaviour data can give cybercriminals access to sensitive data that reveals consumer behaviour patterns."

Web browser providers since then have substantially augmented design parameters related to security features to provide more privacy and safety. Readers will recall that all security tools like that of McAfee, Norton, etc. also provide on-line real-time testing of each website being browsed and block if the tool detects any threatening feature.

Conclusion

Internet of Behaviour is one of the most sophisticated technological developments in Industry 4.0 era. It can provide enormous benefits to business entities and government agencies for service delivery. The author wants to reiterate that technologies do not have emotion, ethics, morality, and spirit for equitable judgement. However, technologists have all these human qualities and humanity should be of the first and foremost priority. It is, therefore, a critical imperative for all digital scientists and technologists to design solutions after consciously being aware of and driven by all those qualities. Their utmost efforts should be to ensure that common users of internet are not exposed to any type risks and exploited for meeting profiteering motives of business organisations.

Criminals and crimes were there, are there and will continue to be there as long as human civilisation would survive. They will continue to look for and exploit vulnerabilities of mankind. Efforts of all should be to reduce exposures to cybercriminals and cybermilitants as much as possible. This article will meet a bit of success if general readers also find it useful to become more responsible netizens and exercise more cautions while using internets and browsing cyberspace. **MA**

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Note: All these websites have been accessed during the first three weeks of May 2021.

CORPORATE INSOLVENCY AND PERSONAL GUARANTEE – SUPREME COURT SETTLES THE ISSUE OF JURISPRUDENCE

Abstract

The Central Government Notification No.4126 dated 15.11.2019 providing for insertion of a new category of persons - “ Personal Guarantors to the Corporate Debtors ” (under clause (e) of Section 2 of IBC) against whom the Creditors could initiate proceedings under IBC was subjected to judicial scrutiny on the petition filed by the affected bigwigs of Corporate Houses. Hon’ble Supreme Court examined the issue in the light of Section 126, 128, 129 & 133 of The Indian Contract Act 1872 and Section 2 and 60 of IBC and affirmed the validity and legality of the said Notification. It has thus settled the issue of jurisprudence and paved the way for the Banks/FIs to initiate action against the Corporate Debtors and also their Personal Guarantors simultaneously or even later before NCLT to help take a comprehensive view so as to enhance the value of underlying assets for all the stake-holders leading to improved efficiency and recovery rate.



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INTRODUCTION

Insolvency and Bankruptcy Code 2016 has been a landmark financial reform undertaken by the Government and brought into effect from December 2016. Since it is a new Law, it is still evolving and based on the experience, the code has been amended many times during the last four years. The main objectives of the IBC were the following:

1. To consolidate and amend the laws relating to reorganisation and insolvency resolution of corporate persons, partnership firms and individuals in a time

bound manner

2. To maximise the value of assets of such persons
3. To promote entrepreneurship, availability of credit and balance the interests of all the stakeholders
4. To establish an Insolvency and Bankruptcy Board of India

The Code initially applied to the debtors who were Corporate Debtors, Partnership Firms and Individuals. The Government vide its Notification No.4126 (E) Dated 15.11.2019, in exercise of powers conferred on it by Sub-section 3 of Section 1 of the IBC 2016, amended Section 2 (e) to include “Personal Guarantor to the Corporate Debtors” in addition to the other entities to which the Code will apply. This amendment was made effective from 1st December, 2019.

Consequent to this amendment, State Bank of India invoked the personal guarantees and initiated proceedings under IBC against Anil Ambani sometime during June 2020, for recovery of its dues of more than Rs. 1,200 crores lent to his Companies viz., Reliance Communication, Reliance Infrastructure..... from the personal assets of Anil Ambani as he had extended his personal guarantee for these corporate loans. Anil Ambani challenged the initiation of such proceedings and also the legality and validity of the amendment to IBC vide GoI Notification dated 15.11.2019 by filing a petition before the Hon’ble High Court of Mumbai.

It was followed by many Corporate Debtors filing similar

petitions in different High Courts in the year 2020. Since the issue had implications across geographies throughout the country, the Government of India requested the Hon'ble Supreme Court to transfer all the 75 petitions pending in different High Courts to Supreme Court for a comprehensive examination and uniform application throughout the country. While agreeing to transfer all the petitions from different High Courts, the Hon'ble Supreme Court stayed the insolvency proceedings against the Personal Guarantors in October 2020.

ISSUES ON HAND

The petitioners had challenged the legality and validity of the Government Notification dated 15.11.2019 mainly on the following two grounds:

- i) Once the NCLT (the Adjudicating Authority under IBC) approved the Resolution Plan in respect of a Corporate Debtor, it amounted to extinction of all outstanding claims against the Debtor. Consequently the liabilities of the guarantor which are co-extensive with those of the Principal Debtors would also be extinguished
- ii) The Government did not have powers to bring in IBC provisions selectively to the Personal Guarantors of the Corporate Debtors, as singling out of the Personal Guarantors is violative of their Right to Equality

EXAMINING THE ISSUES

It would be necessary to examine the legal provisions in this regards. A Contract of Guarantee is defined by Section 126 of the Indian Contract Act 1872 as –

“A contract to perform the promise or discharge the liability of a third person, in case of his default”.

It is thus clear that the surety or the guarantor becomes liable to pay the lender in the event of the principal debtor making a default in repayment. This is subject to an exception as provided under Section 133 of the Contract Act –

While agreeing to transfer all the petitions from different High Courts, the Hon'ble Supreme Court stayed the insolvency proceedings against the Personal Guarantors in October 2020

“Any variance made without the surety's consent, in the terms of the contract between the principal debtor and the creditor, discharges the surety as to the transactions subsequent to the variance”.

Section 133 of the Indian Contract Act read with its Section 129 provides for the guarantee being a continuing guarantee. The case on hand has got a direct relevance to Section 128, as it provides for the liability of the surety being co-extensive with that of the principal debtor, unless it is otherwise provided by the contract.

The burden of payment would fall on the guarantor in the event of default by the Principal Debtor (Sec 126 of The Contract Act). The release or discharge of the principal borrower of a debt by operation of any law or due to liquidation or insolvency proceedings does not ipso facto absolve the surety or the guarantor of his liability which arises out of an independent contract. It was therefore, held that approval of the resolution plan relating to the Corporate Debtor will not operate as estoppel so as to discharge the liabilities of the Personal Guarantor to the Corporate Debtor. It is therefore, evident that if the debtor fails to repay the debt to the creditor, the burden to pay the debt would fall on the surety/guarantor whose liability is co-extensive with that of the principal creditor. The Hon'ble Supreme Court held the view that there was an intrinsic connection between the principal debtor and its personal guarantor. It is for this reason that the corporate debtors and their personal guarantors should be dealt by a common forum – National Company Law Tribunal, the Adjudicating Authority and through the same adjudicatory process. It would help NCLT to consider

the whole picture about the nature of the Assets of the Corporate Debtor or that of the Personal Guarantor either during the Corporate Insolvency Resolution Process or even later.

Section 60 of IBC provides that the Bankruptcy proceedings of a Corporate Debtor and its Personal Guarantor to be held before a common forum – NCLT. The Adjudicating Authority for a Personal Guarantor, therefore, would be NCLT, if a parallel resolution process is pending in respect of a Corporate Debtor for whom the guarantee is given. The creditors thus have a legal right to initiate insolvency proceedings against the personal guarantor before NCLT if the Corporate Debtor fails to pay the dues of the creditors. These contentions are supported by the provisions contained in Section 60(1) and (2) of IBC as under:

Section 60(1) of IBC: Adjudicating Authority for the Corporate Persons:

“Adjudication Authority in relation to the insolvency resolution and liquidation for the Corporate Persons including Corporate Debtors and Personal Guarantors to Corporate Debtors shall be National Company Law Tribunal having Territorial Jurisdiction over the place where the Registered Office of the Corporate Person is located”.

Section 60(2) of IBC:

“Without prejudice to sub-section (1) and notwithstanding anything to the contrary, contained in this Code (IBC) where a Corporate Insolvency Resolution Process or Liquidation Proceedings of a Corporate Debtor is pending before National Company Law Tribunal, an application relating to the insolvency resolution or liquidation or bankruptcy of a Corporate Guarantor or a Personal Guarantor as the case may be of such Corporate Debtor shall be filed before such NCLT”.

IMPLICATION OF THE JUDGMENT

The judgement of the Hon'ble Supreme Court upholding the validity and legality of the said Notification dated 15.11.2019 will pave the way for Banks and Financial Institutions to initiate the proceedings against the Corporate Debtors and Personal

Guarantors to the Corporate Debtors under this Code and to recover the amount from Personal Guarantors to the Corporate Debtors despite the debt of the Corporate Debtors being resolved in accordance with the Resolution Plan. Thus even if the loan to the Corporate Debtor is restructured or settled or written off, the liability against the Personal Guarantor will continue.

This would facilitate the Committee of Creditors to formulate realistic plan, keeping in mind the prospects of realising some portion of the creditors' dues from the personal assets of the guarantors.

As regards second contention of the Petitioners that singling out the Personal Guarantor to the Corporate Debtor being violative of the Right to Equality, it lacked merit since there arose no case of breach of right to equality amongst the similarly placed persons. It has to be borne in mind that a contract of guarantee is by nature a fall back option available to the Creditor in the event of default or non-payment by the Principal Debtor. The Creditor has a right to exercise this fall back option

at its discretion to invoke the personal guarantee and initiate proceedings against the surety/guarantor, in the event of default or non-payment of its dues by the principal debtor.

It is in this backdrop that the Hon'ble Supreme Court upheld the validity and legality of the Notification dated 15.11.2019 issued by the Central Bank, which inserted - "Personal Guarantor to the Corporate Debtors" under Clause (e) of Section 2 of IBC effective 1.12.2019.

CONCLUSION

The ruling by the Hon'ble Supreme Court will enable the Banks and Financial Institutions to proceed against the promoters in their capacity as Personal Guarantors of the defaulting Corporate Debtors. The Creditors will now be better placed to recover the balance amount of unpaid/unrecovered debt from the Personal Guarantors after conclusion of the Corporate Insolvency Resolution Process, by filing personal bankruptcy against the promoters who have extended their personal guarantee to their corporate debt. Another

bye-product of this verdict of the Hon'ble Supreme Court is likely to be an emergence of the better credit culture in the country. It will therefore, lead to corporate debtors coming forward and developing a cooperative attitude for voluntary resolution of their corporate debt through "Out of Court Settlements" or "One Time Settlements". Such developments will bring about more efficiency in the loan recovery process leading to improvement in the rate of recovery of the Corporate Debts in default. The short time taken by the Apex Court in delivering its verdict is quite appreciable as it will settle the issue of jurisprudence finally on simultaneous initiation of proceedings for Corporate Insolvency Resolution Process against the Principal Debtor and its Personal Guarantors. **MA**

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VALUATION IN THE REGIME OF COMPANIES ACT, 2013

Abstract

With the introduction of section 247 in the Companies Act, 2013, the role and the practice of valuation have increased to a great extent and it has come under the regulatory framework. The registered valuer has been defined in the act. With the formation of RVO, Standards have been framed to bring uniformity and consistency in the valuation process. The IBBI under the Ministry of Corporate Affairs has introduced a bill essential for quality valuation practices in India. The valuation job is now a highly skilled profession in our country which requires specialized education & training, competency and skill desired in the valuation process but it also requires expert knowledge on various statutory rules, regulations, standard practices and procedures in valuation.



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Introduction:

Value is a measure of the benefit provided by a good or service which is generally measured relative to the units of currency. The essential characteristics in valuating an item of goods or services must have to command the value in the elements of its utility, availability and most importantly its transferability.

The origin of valuation can be traced back to the assessment of land compensation at the time of acquisition of land under the Land Acquisition Act, 1894 which was repealed and replaced by the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013. The very idea of the said act is to determine the amount of compensation to be payable to the owner of the land under the law of acquisition.

At present, the valuation encircles within its orbit the following various other contexts such as (a) Sale or Mortgage (b) Rent fixation (c) Levy of charges (d) Municipal taxes (e)

Levy of stamp duty for transfer of property (f) Auction of property (g) Court fees (h) Loss of recovery on insurance (i) Preparation of financial statements (j) Wealth tax calculation (k) Gift tax (l) capital gains (m) Amalgamation, Absorption & Reconstruction etc. The methods and techniques of valuation vary from asset to asset as well as from purpose to purpose; but the core principles remain the same.

There is always a question whether the valuation is an art or science. While valuing an assets / properties, a valuer needs not only a theoretical knowledge on the assets but it also requires a practical and in-depth knowledge of influential factors and critical analysis of the same. It requires a detailed study and knowledge on the assets in particular, the application of mathematical and statistical tools, methods and application of costing & pricing and market evaluation, technical evaluation of the assets/property etc. Hence, the valuation process is now more of an application of science rather than that of art.

Different kinds of value:

- 1. Market value:** the estimated amount which the property can be exchanged for between the buyer and the seller,
- 2. Fair value:** the amount by which an owner can fairly be compensated,
- 3. Liquidation or Forced Sale Value:** the amount which can be obtained under open market condition,
- 4. Special Value:** when the property is having a specialized character and its utility is restricted or property is of special character,
- 5. Potential Value:** when property is having inherent character and due to its inherent quality that creates condition for its particular value,
- 6. Salvage Value / Residual Value:** It means the estimated re-sale value of the asset after the same has reached its useful life.

7. **Replacement value:** It means the cost of replacement of a portion of the asset at current market rates having equivalent benefits.
8. **Existing Use value:** It is value which the property is still having while in application and it maintains the same service which is productive and economically desirable,
9. **Rateable value:** It is the value which is used for tax calculation purposes,
10. **Investment value:** It refers to the value of property which the investors have specified for investment purpose,
11. **Insurable value:** It means the value of property used as per terms of insurance purposes
12. **Deprival Value:** It is a special utility value which the present owner is deprived of due to its disposal,
13. **Book Value:** It is the value which is entered in the books of accounts of an organization,
14. **Collateral Value:** It refers to the value at which a creditor is willing to loan upon the subject property offered for repayment ,
15. **Sentimental Value:** It is value which the sentiment motivates the seller or the buyer in a particular transaction,
16. **Scrap value:** It means that the worth of the individual component of the asset when it is no longer usable;
17. **Reversionary Value:** It is calculated on the present worth of the property on completion of lease contract and when the property reverts back,
18. **Going concern Value:** It means the value of an established business and the business will continue and the enterprise will be able to carry on its operational activities,

Importance of Valuation

The fair price of land, building, shares, businesses, Intellectual property, Goodwill, Plant & Machineries, factories etc are important to both the

The essential characteristics in valuating an item of goods or services must have to command the value in the elements of its utility, availability and most importantly its transferability

individual and the Business Group. Valuation plays a vital role in portfolio management, mergers & acquisition analysis and in business growth too. A valuation is instrumental in achieving the objectives and it is an effective management tool. The following are the several reasons why the valuations are essential and important:

1. **Providing a Baseline:** It provides a baseline and also works as a health metric for a business that serves to measure its blood pressure;
2. **Prepare a chart for the future:** It helps to determine the ways to improve the business and indicate the needs for gradation or any improvement plan;
3. **Identify the gaps:** It helps to identify the Key Performance Indicators (KPI) and that finally helps to take the necessary steps against the non- performing assets;
4. **Measure of Performance and Strategic Plan:** Regular evaluation of performance indicators in tandem with the strategic business plan works as a component of any significant decision making process;
5. **Create and Improve Accountability:** It helps to create and improve accountability ;
6. **Valuation is a benchmark:** Baseline data help to decide the benchmark against any peers;
7. **Provides a perspective price:** It provides a starting point for price and helps to decide whether it is worth to sell or purchase;
8. **Gateway to Capital:** For borrowing capital for acquisition, the lender will be

interested to know the leverages. Valuation is the first step while borrowing capital;

9. **Estate Plan:** Once, the business value is assessed, it is easier to make a future plan for the family;

In fact, the valuation serves many purposes and goes well beyond what someone would pay for the business or for the property. Determining value is a pre-requisite for intelligent decision making purposes.

Regulatory Issues:

In the earlier laws, there was no laid down procedures and provisions for conducting the valuation. The valuation of Shares, Assets, Net worth of the companies and inventories etc were carried out by the Chartered Accountants or such other professionals as prescribed by the other laws i.e Income Tax Act, 1961, Foreign Exchange Management Act, 1999 etc.

1. With the introduction of Section 247 of Chapter XVII of the Companies Act, 2013, Valuation by Registered Valuers (Notified Date: 18.10.2017) is mandatory. It reads as follows:

“Where a valuation is required to be made in respect of any property, stocks, shares, debentures, securities or goodwill or any other asset or net worth of a company or its liabilities under the provisions of this Act, it shall be valued by a person having such qualifications and experience and registered as a valuer in such manner and on such terms and conditions as may be prescribed and appointed by the audit committee or in its absence, by the Board of Directors of that company”.

2. The Ministry of Corporate Affairs introduced the Companies (Registered Valuers and Valuation) Rules, 2017 (“**Rules**”) wherein the Registered Valuers criteria is fixed ;
3. The Companies (Registered Valuers and Valuation) Rules,

2017 provide the establishment of Insolvency and Bankruptcy Board of India and which issued the Insolvency and Bankruptcy Code, 2016. Hence forth, the IBBI is the “registering authority” and it is responsible for holding examinations and issue certifications to the qualified “registered valuer”.

4. Section 247(2) of the Companies Act, 2013, the registered valuer is required to do the following activities while performing the valuation of assets:
 - a. Exercise due diligence during performing the responsibilities as a valuer;
 - b. Perform the valuation job in accordance with the rules & regulations in practice;
 - c. The valuer should not undertake any valuation job wherein he/she does have any direct or indirect interest in the property under valuation at any time during or after the valuation.
 - d. Framing an independent opinion on the value of the assets and to certify the true and fair value on the same;
5. The Companies (Registered Valuers and Valuation) Rule 16 provides that while performing the valuation, the valuer should keep in mind the following:
 - i. The Valuation Standards as notified by the Central Government or any other Appropriate Authority assigned by the Central Government from time to time;
 - ii. In the absence of any Valuation Standards, a valuer shall make the valuations as per the following principles :
 - ⊙ An internationally accepted valuation methodology/ technique;
 - ⊙ Valuation standards adopted by any valuation professional organizations in the country;
 - ⊙ Valuation standards specified by the following authorities:
 - (a) Reserve Bank of India;
 - (b) Securities & Exchange Board of India or;
 - (c) Any other statutory regulatory body as approved by the Central Government in the country.
6. The Central Government is empowered to notify the methods / techniques / rules etc by which assets of the companies must be valued under the Companies Act.
7. It is notified that after January 31st 2019, the existing practice of valuation has been discontinued under the Companies Act, 2013 and revised rules of valuation will be effective after the said date and valuation must be conducted by a registered valuer.
8. Rule 11U, 11UA, 11UAA and 11UB under the Income Tax Rules, 1962 which cover meaning and determination of fair market valuation of various assets including equity shares and other securities. For example, Income Tax Rule 11UA deals with Valuation of unquoted equity shares. As per Clause (b) of Sub-Rule 2 of Rule 11UA earlier merchant banker and

Chartered Accountant were allowed to do valuation of unquoted equity shares under Discounted Free Cash Flow method but vide *Notification No. 23/2018 dated 24th May, 2018* it is provided that now only merchant bankers can do valuation of unquoted equity shares under Discounted Free Cash Flow method and Chartered Accountants are no more allowed to do the same.

9. **Companies Act, 2013:** Registered Valuer Concept is required as per the new Companies Act 2013 for the valuation of different assets of the company like property, stocks, shares, debentures, securities, goodwill or any other asset.
10. **ICAI Valuation Standards:** Valuation Standards have been issued by the Institute of Chartered Accountants of India in order to set up the Concepts, Principles and Procedures which are generally accepted internationally having regard to legal framework and practices in India. These Valuation Standards will be effective till the same are notified by the Central Government under Rule 18 of the Companies (Registered Valuers and Valuation) Rules, 2017. Such Valuation Standards are as follows:

“

1. ICAI Valuation Standards 101	Definitions
2. ICAI Valuation Standards 102	Valuation Bases
3. ICAI Valuation Standards 103	Valuation Approaches and Methods
4. ICAI Valuation Standards 201	Scope of Work, Analyses and Evaluation
5. ICAI Valuation Standards 202	Reporting and Documentation
6. ICAI Valuation Standards 301	Business Valuation
7. ICAI Valuation Standards 302	Intangible Assets
8. ICAI Valuation Standards 303	Financial Instruments

The standards play to regulate the valuation profession at national, regional and global levels. It helps to promote professional ethics, integrity, impartiality and trust in valuer activities. ”

11. Under the Foreign Exchange Management Act, 1999, the Pricing and Valuation Guidelines are monitored and governed, the Foreign Exchange Management (Transfer or Issue of Security by a Person resident Outside India) Regulations, 2017 and RBI notification & regulations issued and updated from time to time. The valuation shall be certified by the following :
 - i. Chartered Accountants ;
 - ii. SEBI registered Category- I Merchant Bankers where the shares or capital instruments are not listed in the recognized stock exchange in India;
 - iii. In order to fulfill the eligibility criteria as per the RV Rules, the partnership firms and the

companies providing the valuation services require restructuring of their constitution. A partnership firm or a company which is a subsidiary, joint venture or associates of another company or a firm, is not eligible to be a registered valuer.

Skill required for valuation:

1. A person, who aspires to be a registered valuer, is required to possess certain qualifications and experience, skill & expertise in valuation work, membership of a recognized valuers organizations / institutes etc and further to qualify himself /herself registered as a valuer with IBBI. The Registered Valuers and Valuation Rules set out in detail the eligibility criteria, educational qualifications (degree), experience and procedure for registration of a valuer.

The RV Rules establish the foundation of setting up the Registered Valuers Organization (RVO). A RVO is a self-regulated organization (similar to ICAI and ICMAI etc) for imparting educational courses / training and conducting professional examinations for the persons who aspire to become a registered valuer.

2. A sound educational qualification with mathematical skill that helps the valuer to be expert in analyst job i.e.
 - a. Capable to do strategic Analysis i.e. industry analysis, competitive analysis and assess the potential competency etc;
 - b. Financial and Accounting analysis;
 - c. Cost, expenses and Revenue analysis;
 - d. Assets, liabilities ,equity & security analysis;
 - e. Valuation theory, concept and Implementation analysis;
 - f. Credit and distress

assessment;

- g. Management communication analysis;
3. Sound knowledge on the following laws :
 - a. Mergers & Acquisitions,
 - b. Various Corporate Laws of the country,
 - c. Corporate financial laws,
 - d. Standards in valuations ,
 - e. Tax laws of the country;
 - f. Legal procedure;
 - g. Economy of the country ;
4. Ability to connect with the people to get the desired result;
5. Writing, reporting and presentation Skill;
6. The following skill will be in addition to the above:
 - a. Strong in Excel skill;
 - b. Strong understanding on the assets/ properties under valuation ;
 - c. Strong understanding on the accounting and related areas;
 - d. A logical framework for problem solving;
 - e. Attention on the huge data;
 - f. Understanding to build forecast;
7. Maintaining Transparency & Governance practice during the process,

Statutory Requirements:

- a. The following sections of the Companies Act needs attention of the valuers :
 1. Section 62(1)(c) : While valuing further Issue of Shares, the same assignment can be made by either SEBI registered category-I Merchant Banker or Chartered Accountants with 10 year of experience, till Registered Valuers provisions are notified by the MCA);
 2. Section 192(2) : While valuing the assets which are in arrangement of

Non-Cash transactions that involves Directors of the company;

3. Section 230(2)(c)(v) : In case of valuation of Shares, Property & Assets of the company under a Scheme of Corporate Debt Restructuring;
 4. Section 230(3) : Disclose the valuation report of the shares and the properties to the Tribunal under a Scheme of Compromise/ Arrangement ;
 5. Section 232(2)(d) : A copy of Valuation Report by an Expert may be required at the time of SWAP ratio of shares under a Scheme of Compromise/Arrangement;
 6. Section 232(3)(h) : Under a Scheme of Compromise/Arrangement, A valuation may be needed by the Tribunal for an exit company of the shareholders of the transferor company and where the transferor company is a listed company and the transferee company is an unlisted company,
 7. Section 236(2): Valuation of equity Shares held by Minority Shareholders;
 8. Section 260(2)(c) : For preparing Valuation report in respect of Shares and Assets to arrive at the Reserve Price for Company Administrator.
 9. Section 281(1)(a) : The Company Liquidator needs the nature, details including locations and value of the Assets of the company for submission of report;
 10. Section 305(2): Valuation of assets in the Declaration of solvency in case of proposal to wind up voluntarily
- b. Some tricky issues which are relevant to the valuers :
1. Ind.AS vs. India GAAP;

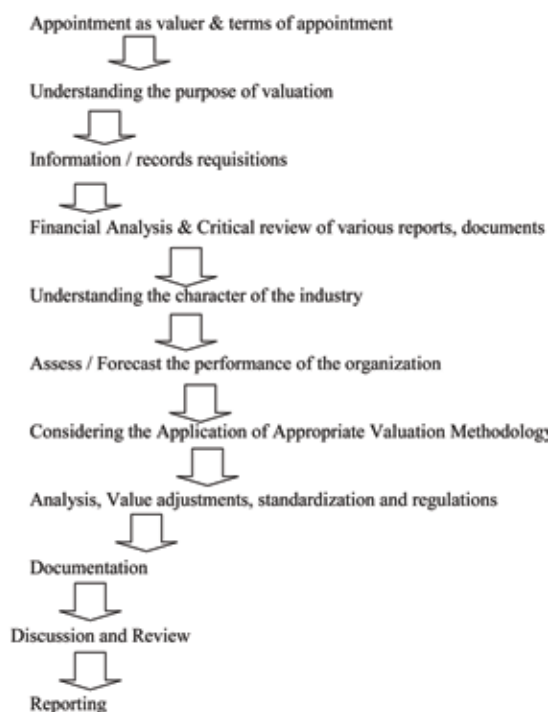
2. Cash vs. Mercantile system or Accrual System;
3. Notional tax vs. Actual tax;
4. Identification and treatment of Tangible assets;
5. Operating lease and Financial lease;
6. Treatment of losses;
7. Treatment of tax benefits ;

VALUATION METHODS & TECHNIQUES:

- I. Before adopting methods of valuation, the valuers' first need to decide the concept in the Valuation Approach, the same are follows:
 - a. Asset Approach
 - b. Income Approach
 - c. Market Approach
- II. The following points are important while undertaking the Valuation task:
 - a. Study the nature of the Business activities and the background history of the Enterprise since its inception;
 - b. Economic conditions of the country in general with reference to the specific industry in particular;
 - c. Find the Book Value of the stock and the financial condition of the enterprise as per audited report;
 - d. Earning Capacity of the enterprise and EPS;
 - e. Dividend-Paying Capacity of the enterprise for the last five years or more;
 - f. Goodwill or other Intangible value of the assets;
 - g. Stock turnover ratio and the Size of the block of stock to be valued;
 - h. Debtors turnover;
 - i. Market prices of stock of the enterprise ;
 - j. Contingent Liabilities or other substantial legal issues pending within India and abroad and its impact on the business enterprise;
 - k. Nature of Instruments in hand and nature of transactions contemplated by parties;
 - l. Cash and bank ;
 - m. Projected cash flow of the enterprise;
 - n. Any other related issues which may have influence on the business enterprise;
- III. Registered Valuer shall make valuation of any asset in accordance with any one or more of the following methods.
 - a. Net Asset Value Method (NAV)
 - b. Market Price Method
 - c. Yield Method
 - d. Discounted Cash Flow Method (DCF)
 - e. Comparable Companies Multiples Method (CCM)
 - f. Comparable Transaction Multiples Method (CTM)
 - g. Price of Recent Investment Method (PORI)

- h. Sum of the parts Valuation Method (SOTP)
- i. Liquidation Value
- j. Weighted Average Method
- k. Any other method accepted or notified by RBI, SEBI or Income Tax Authorities
- l. Any other method that valuer may deem fit provided adequate justification for use of such method (and not any of the above methods) is provided,

- IV. Registered Valuer shall make valuation of any asset as on the Valuation date and in accordance with applicable standards, if any stipulated for this purpose.
- V. A Flow chart presentation will help in understanding this valuation process:



REPORT WRITING

The Valuation report writing is of utmost importance. A high degree of credibility is required while drafting the valuation reports. Unless the same is well written, the credibility of all the efforts may be useless which may invite a question.

While writing report, the valuers should disclose the Caveats, limitations and disclaimers to the extent possible. The valuers cannot disclaim their liability by using caveats in their report. They will be held liable for the assumptions and decisions pertaining to valuation exercise.

The report must flow in a logical and sensible manner which can be easily followed by the reader and the client. An effective logical sequence for the report is to begin with the following:

- a. The very purpose of the report and the intending users of the report;
- b. Identify the client – the company, Partnership firm, one of the shareholders, an estate and the court

While writing report, the valuers should disclose the Caveats, limitations and disclaimers to the extent possible

- c. The Appointing Authority ;
- d. A broad overview of the assets and the company ;
- e. Standard of value and how it is defined ;
- f. An effective Report must contain the following :
 - 1. Every page must be numbered;
 - 2. Tables, charts and graphs as required;
 - 3. Sources of information and data must be indentified;
 - 4. Methodology adopted;
 - 5. Experts involved;
 - 6. Mathematical errors and inconsistency should be avoided;
 - 7. Avoid statement that cannot be quantified;
 - 8. Avoid any biasness;
 - 9. Brevity, clarity and lucidity should be maintained in the

report writing;

- g. Exercise due diligence ;
- h. Valuation date;
- i. Conclusion;

CONCLUSION:

It is now out of question that valuations serve many purposes and it is not confined to merely what someone is paying. Valuation helps to see the inner-workings of business activities that put the decision making authority in a more competitive position that helps to strengthen and to increase the value as well as the overall performance of the business enterprise. Hence, the work of valuation should be taken with utmost care and caution. At present, valuation is an emerging profession in India. So far as Income Tax Act, Companies Act, SEBI Laws etc are concerned, valuation plays a crucial role in the critical transactions like fund raising, Mergers & Acquisitions, Sales Transactions etc. It is of utmost necessity and importance to regulate the valuation profession by reviewing the regulatory environment, valuer training and compliance with standards etc. **MA**

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CONTROLLING COST IN TIME OF COVID-19

Abstract

Abnormal Circumstances like natural calamity, epidemic situation warrants organizations to take counter measures like resorting to cost accounting techniques, Zero based budgeting, innovation in production planning to remain afloat. This article discusses methodologies that may be adopted to overcome challenging period.



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The ongoing COVID-19 pandemic situation has been a challenging time for the companies and their employees. The greatest concern of the companies during this global pandemic has been to understand the risks to their businesses and to control the dramatic revenue loss.

Most of the companies are experiencing a significant revenue loss.

Realizing the potential magnitude of the pandemic, most management of companies have reacted rapidly by taking various counter measures for maintaining short term liquidity of the company like by resorting to reduction in overheads including rationalizing workforce temporarily or permanently.

Knee jerk reactions towards challenges thrown by natural calamities may provide some short term ease but in the long term, it may turn out to be counter productive & may result in new challenges like loss of trained manpower, employee morale & motivation, therefore structural and sustainable measures are required to

overcome the economic challenges, maintaining solvency when sales are declining, various tools of cost accounting can help companies stay afloat in such economy meltdown.

The financial crisis of 2008-09 has shown that the companies implementing cost controlling programs have emerged as strong and profitable.

#Human Resource Management:- Manufacturing companies normally keep floating manpower to adjust to level of economic activity while retaining the Skilled permanent manpower. During periods of natural calamities like COVID 19 which affects not only whole nation but also global economy, managing spending on human resource need to be managed. Temporary reduction in salaries & perquisites like transport allowances, leave travel allowances based on salary structures of the company, setting off lockdown days against paid leaves of the employees which not only cost of leave encashment but also ensure availability of employees when economic activities

restart or look upwards. Management should lead by example by resorting to voluntary cuts before asking employees to express their solidarity.

#Eliminate Non-Essential Spending:- There is always a room for improvement when it comes to expenses/overheads. An effective way of reducing cost is analyzing all expenses using ABC analysis and challenging all expenses on the principle of Zero-based budgeting.

#Identify & implement cost effective processes:- Identify the cost incurrence which can be reduced/eliminate by alternate way of performing of activities. For example, consider video conferencing instead of travel by executives, planning effective travel by availing apex fares, reduction in travel entitlements like five star to three star accommodations, economy class instead of business class, lowering car entitlement for local travel etc.

Adoption of work from home culture depending upon nature of business

processes which can reduce the payment of conveyance/transport allowance of staffs working from home. This way companies can save cost on energy, utility and other related costs.

Company may reduce number of shifts ,number of days of production as per supply which not only reduces cost of operations but at the same time productivity levels are not compromised. The related overheads like transportation, canteen expenses etc. also get reduced.

#Develop the in-house competencies: –Companies outsource lots of routine work to outside agencies to help Finance/HR/Legal managers to manage the statutory compliance & documentations, repairs & maintenance work etc. Companies can promote in house competence for replacing outside agencies for reducing cost.

#Reduce Procurement Cost: –Procurement cost form a major part of the manufacturing industry. Procurement Cost comprises the purchase price, import duties, transport, handling, and other costs directly attributable to the purchase of goods and services. The calamity like COVID 19 is changing the way companies do business. This is an opportunity to modernize procedures and to adopt “new normal” by adopting the digital transformation. Digital transformation can help reduce procurement costs through improved vendor selection and negotiating tactics. Procurement Team must have good understanding of all the components of product and services they intend to procure from the vendors. There are often opportunities to remove non-value-add components of a product or service. It happens when buyer and supplier have different perspective on the value of product or service. The procurement staffs negotiate with the vendor for supplying customized product or service at a reduced cost as per the requirement of the organization instead of standard supply of vendor.

Further all the purchases of Goods and Services comprise Goods & Service Tax (GST) which is subsequently recoverable by the entities from the taxing authorities on completion of compliance. Businesses need to be more active in regular Input Tax Credit (ITC) reconciliation so as to take advantage of ITC and control ITC leakage for better working capital. The ITC which is not received in GSTR 2B will be the waste for the business instead of working capital.

#Reduce the Cost of Contracts: – As this global pandemic impacts many industries, this may be a good time to renegotiate reduced fees or better pricing with multiple suppliers and contractors or chose new contractors that provide the best value for money.

Procurement Team must work closely with contractors while

preparing contracts and focus on desired outcome otherwise it can lead to inadequate results. For example, contractor may be paid, instead of the number of hours of service provided (Input KPI), per ton service (output KPI).

#Inventory Management:– Companies may relook their inventory management by adjusting maximum & minimum levels, resorting to Just in time inventory techniques & soon.

Diversification to utilize surplus capacities: –Calamity pandemic like COVID-19 enforced a total or partial lockdown around the country which reduced demand for many products but at the same time resulted in demands for new products such as ventilators, personal protective equipment, Oxy-meters, gloves, face shields, masks, and sanitizers etc. Some of the manufacturing companies such as Ford, Toyota and Tesla turn their production system for the manufacturing of ventilators. Apparel industry quickly adjusted their manufacturing to produce personal protective equipment, gloves & masks.

Following are the some of the leading manufacturing companies before and during COVID-19

Companies	Industry	Before COVID-19 manufacturing	During COVID-19 manufacturing
Ford	Automobile manufacturing	Vehicles	Respirator and ventilators
Tesla	Automobile manufacturing	PV Cells and vehicles	Ventilators
Airbus	Aircraft manufacturing	Aircraft	Ventilators
Zara	Fashion	Apparel	Surgical masks
Bacardi	Alcohol	Rum	Hand Sanitizers
Gucci	Apparel	Clothing	Masks
Indian Ordnance Factory	Defence	Defence equipment	Ventilators

Conclusion

Companies will require formulating a structured policy to mitigate the impact of calamity/pandemic by focusing on cost & management accounting for cost effectiveness by immediately constituting Cross Functional Team for ensuring optimal use of resources, digitization and quickly resorting to diversification of products which the company can produce economically without much investment. **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 as it is prepared by extracting memorable events from the various issues of The Management Accountant journal; which is currently impossible due to the extension of Lockdown in West Bengal to fight against pandemic COVID-19. Hope to publish the same in the forthcoming issues.

CP (COST-PROFIT) ANALYSIS OF UNLEVERED AND HIGH LEVERED COMPANIES IN INDIA - A SELECT STUDY



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Introduction

Those companies which are efficient enough in boosting sales, their performance are affected by large number of factors which may control and gear up the positive outcomes of increasing sales also. These factors are cost, output, market segment, competitor, investors, loan lenders and May of such. Among these factors, cost associated with the production of goods and services and the cost associated with procurement of over all capital in order to meet the long term requirements constitutes primary crucial factor which effects the profit, sales and ultimately solvency position of the companies. The behavior of various costs incurred either in the process of production or in procurement of funds definitely differs for the levered and unlevered companies. Thus, an attempt is made to find out the cost behavior on the performance and solvency position of those companies which are unlevered as a one group under study and those companies which are highly levered as another group of companies.

Need for Study: In the present era, many companies which are performing well and good are also falling under the category of either bankruptcy or suffering losses. There are many reasons for these and Debt is one among, which is a crucial factor having its impact on the overall performance. There is a need to prove or disprove this statement and compare among two different groups, one with no or zero long term debt and another group of companies which are highly levered.

Scope of the study: The scope of the study is confined to the five year study period ranging from year 2015-16 to

Abstract

Profitability of any sector is governed by many factors. Among various factors, cost has its direct impact on profitability. If it is not assessed, monitored and controlled, then it will result in to the repercussions, though sales are favorable. Cost above the line effects not only manufacturing and operating efficiency but also the returns on the total capital invested. In the present study, an attempt is made to analyze the impact of direct, operating and non operating cost on profitability position of the selected levered and unlevered companies. In the second stage, an attempt is made to find solvency position of these two groups of companies'. The Companies were selected on the basis of Zero debt equity ratio and High debt equity ratio. Major findings suggest, difference exists between levered and unlevered groups. The leverage affects manufacturing, none operating cost to the highest and operating efficiency to the least and than a directly impacts on overall solvency position.

2019-20. Total of six companies are taken in to consideration for the purpose of analysis.

Objectives of the study:

1. To identify the impact of cost on profitability of levered and unlevered companies.
2. To study the impact of cost behavior on the solvency position of the selected two different classes of companies.

Research Methodology:

1. **Source of Data:** The study is based on the secondary

source of data. Publishes financial statements of the selected companies are taken in to consideration for the purpose of analysis.

2. **Tools and Techniques used:** Statistical tools like simple averages, correlation, financial ratios are used for the purpose of analysis.
3. **Sampling method:** Simple random sampling is used in order to select the companies. Two companies listed under the category of zero debt or debt free and the two companies from the High levered category are selected.

Data Analysis and Interpretation

For the purpose of analysis total 4 companies are selected of which two companies, viz., Hindustan Unilever Ltd and Castrol Indian Ltd are Debt free or contain Zero long term debt. Whereas remaining two companies' viz., Bombay dyeing & manufacturing company and Kesoram Industries Ltd are highly levered. The study is bifurcated in three heads. At a very first stage, an attempt is made to identify the impact of direct cost, operating cost and non operating cost on the profitability of selected two different groups of companies. At a second stage, the impact of overall cost on returns of shareholders and debt lenders is assessed. Finally, an attempt is made to identify whether there exist any difference between the solvency positions of these two groups viz., unlevered and levered companies.

Table—1

Direct Expenses to Sales ratio

YEAR	Un Levered Companies		High Levered Companies	
	HUL	CIL	BDMCL	KRL
2016	0.42	0.47	0.52	0.40
2017	0.41	0.45	0.51	0.36
2018	0.38	0.45	0.38	0.31
2019	0.35	0.39	0.28	0.27
2020	0.30	0.39	0.49	0.11

Source: Compiled from the Annual Report of Companies

Direct expenses include cost of material, excise, service tax, and other levies. It can be observed from table 1, column 2 that, the direct expenses to sales ratio of Hindustan Unilever Ltd. is showing a decreasing trend. The reason was observed and identified from financial statements of the company. In the year 2016 sales were 32,929 Cr. and it was increased to 38,273 Cr. whereas direct expenses are decreased from 13697 Cr. to 11572 Cr. The sales were increased by 16.2 percent and direct expenses were decreased by 15.5 percent. It is clear that, the sales and direct expenses are negatively correlated for Hindustan Unilever Ltd.

Castrol India Ltd's direct expenses to sales ratio are showing a decrease over study period. It was 0.47 in 2016 and it is decreased to 0.39 by 2020. Financial statement reveals that direct expenses of Castrol India Ltd are showing a continuous decrease. It was 1825.9 Cr. in 2016 and decreased to 1173.9 Cr.

The above analysis reveals that, unlevered companies are in a position to control and set up a proper balance between direct cost and sales by way of economies of scale, economies

Cost associated with procurement of over all capital in order to meet the long term requirements constitutes primary crucial factor which effects the profit, sales and ultimately solvency position of the companies

of scope and many other reasons.

Table 1, column 3 reveals that direct expenses to sales ratio of Bombay dyeing are showing a decreasing trend. The reason from financial statement reveals that, company is attempting to boost up the sales. The sales were attempting to increase, in fact were increased in 2018 and 19 also but by 2020 again they are decreased. From year 2016 to 2020, sales were dropped by 3.3 percent (1,904.05 Cr. to 1,840.95 Cr.). The direct expenses of Bombay dyeing stood under control. It was 997.29 Cr. in 2016 and decreased to 910.98 Cr. by 2020. The sales were decreasing and cost of material consumed is increasing. It signifies that the company is not able to set up the balance between sales and direct cost.

The Direct expenses to sales ratio of Kesoram Industries Ltd. are showing a continuous decrease. Direct expenses were 40 percent of sales in 2016. By 2020 ratio dropped to 11 percent. It appears to be a healthy sign but financial statement of Kesoram Industries Ltd. reveals that from year 2016 to 2020, sales were decreased by 48.8 percent. This is an unhealthy sign for company. For this period direct expenses were also decreased by 86.5 percent. Decrease in direct expenses is because of decrease in the cost of material consumed which is not a healthy sign for a company. It is an outcome of decrease in the production.

Table—2

Operating Expenses to Sales Ratio

YEAR	Un Levered Companies		High Levered Companies	
	HUL	CIL	BDMCL	KRL
2016	0.30	0.22	0.37	0.63
2017	0.30	0.23	0.32	0.56
2018	0.32	0.24	0.36	0.66
2019	0.32	0.25	0.20	0.64
2020	0.30	0.31	0.30	0.80

Source: Compiled from the Annual Report of Companies

Operating expense includes employee's benefits expenses, office and administrative expenses, sales and distribution expenses and advertisement expenses. HUL's proportion of operating expenses to sales stood approximately same during the five year period of study. Sales were increased by 16.2 percent where as operating expenses were also increased by 13.8 percent. The proportion increase in sales is greater than the proportion increase in direct expenses. Hence it can be said that, the Hindustan Unilever Ltd is efficient enough in managing the operating cost.

The proportion of operating expenses to sales of CIL is showing an increasing trend. However the ratio is increased only by 1 percent every year. Only in the last year it was

increased by 5 percent. On the other hand sales of Castrol India stood approximately constant for the first four year of study period. i.e., from 2016 to 2019. There is not much volatility between operating expense and sales of Castrol India Ltd.

Bombay dyeing, being highly levered company, its sales shown an increase over the first four year. It stood at 1,904.05 Cr, 1,944.76 Cr, 2,612.99 Cr and 4,192.31 Cr. from 2016 to 2019 respectively. The operating expenses also showed an increasing trend during this period. It was 700.45 Cr, 615.14 Cr, 935.92 Cr and 826.26 Cr respectively. In the year 2020, sales were dropped to 1,840.95 Cr and operating expenses also decreased to 549.51 Cr. it is observed that, both sales and operating expenses are complimenting each other.

Kesoram a high levered company shows a greater increase in the operating expense to sales ratio. The ratio stood at 0.63 in 2016 which was raised to 0.80 by 2020. Financial statement of the company reveals that the sales were continuously decreasing over the study period and by the year 2020; sales were decreased to 48.9 percent whereas operating expenses were decreased by 35.1 percent. The operating efficiency of the company cannot be judged blindly here, because there are certain items like selling and distribution expenses, promotion expenses etc which are directly connected to the sales and both are positively correlated to each other.

Table—3

Non Operating Expenses to Sales Ratio

YEAR	Un Levered Companies		High Levered Companies	
	HUL	CIL	BDMCL	KRL
2016	0.01	0.01	0.17	0.18
2017	0.01	0.01	0.21	0.10
2018	0.01	0.01	0.17	0.15
2019	0.01	0.02	0.12	0.15
2020	0.03	0.03	0.32	0.17

Source: Compiled from the Annual Report of Companies

Non operating expenses include the financial cost, which consists of transaction cost and the interest paid on the debt borrowed. For the Unlevered companies the ratio is 1, 2 and 3 percent and for the high levered companies it is in two digits. Fir Bombay dyeing ratio is showing an increasing trend. It was 0.17 in 2016 and increased to 0.32 by 2020. For Kesoram ratio is however showing a decrease as a trend but financial cost of Kesoram constitutes 18 percent of sales in 2016, which is a large proportion. The ratio stood at 0.17 by 2020.

Table—4

Net Profit to Sales Ratio

YEAR	Un Levered Companies		High Levered Companies	
	HUL	CIL	BDMCL	KRL
2016	0.13	0.17	-0.04	0.03
2017	0.13	0.18	-0.08	- 0.04
2018	0.15	0.18	0.01	-0.13
2019	0.16	0.21	0.29	- 0.07
2020	0.18	0.19	0.18	- 0.21

Source: Compiled from the Annual Report of Companies

It is clear from the table 4 that, the Net profit ratio stood positive and showing an increasing trend during the study period for both the unlevered companies. Whereas for high levered companies, the net profit to sales ratio is showing a negative figure. It is an overall impact which was resulted from the direct cost and financial cost proportion as observed from table one and table 3.

Table—5
Solvency Ratio

YEAR	Un Levered Companies		High Levered Companies	
	HUL	CIL	BDMCL	KRL
2016	0.67	0.56	- 0.02	0.04
2017	0.68	0.78	- 0.04	-0.01
2018	0.66	0.83	0.02	-0.07
2019	0.79	1.07	0.25	-0.03
2020	0.84	0.71	0.08	-0.13

Source: Compiled from the Annual Report of Companies

Solvency ratio studies the relationship between Net cash flow (Net Income+ Depreciation and amortization Items) to total liabilities (Long term and short term). Thumb rule says, ratio above 20 is to be considered as satisfactory. It is observed from the above table that, solvency ratio of both the unlevered companies is showing an increasing trend, whereas for BDMC the ratio stood at -2,-4 for 2016, 17 respectively. The ratio stood at 2, 25 and 8 percent for the rest of years. For KRL Company, the ratio stood negative from year 2017 to 2020. It clearly reveals that both the levered companies' solvency position is in critical state.

Findings

1. Setting up proper balance and control between direct expenses to sales is primary gimmick which a company has to operate cautiously. As it will have the impact on overall profitability and sustainability. Unlevered companies one or another way are able to control and set up the proper balance between direct expenses to sales. The sales and direct expenses of Hindustan Unilever Ltd is negatively correlated which is a healthy sign. The sales were increased by 16.2 percent and direct expenses were decreased by 15.5 percent.
2. Castrol India Ltd. was succeeded in maintaining the sale approximately constant for 2016, 17 18 and 19. However the sales were decreased in 2020. For this period company's direct cost were decreased to 35.7 percent by the year 2020. Decrease in direct cost is an outcome of decrease in the cost of material every year, the major reason might be, and the production is decreasing. At this critical condition also, the company is able to maintain their sales approximately constant. This would have not been the case if the company was levered or high levered.
3. Bombay dyeing, a high levered company's sales found to be decreasing over the study period where as cost of material consumed was found to be increasing. Increase in cost of material consumed in the process of production can be an outcome of either high prices of

- material or even the poor impression of the company.
4. Kesoram Industries Ltd's sales were decreased by 48.8 percent from year 2016 to 2020. Whereas direct expenses were also decreased by 86.5 percent. Decrease in direct expenses is because of decrease in the cost of material consumed which is not a healthy sign for a company. It is an outcome of decrease in the production.
 5. Above points clearly reveals that the unlevered companies are step ahead in enjoying the economies of scale, scope and market benefits and the same is not been utilized by the levered companies.
 6. Analysis from table 2 reveals that the operating efficiency has least to do with the leverage. For HUL and Bombay dyeing, it was found that operating cost is complimenting sales and it is to be noted that HUL is an unlevered and Bombay dyeing is highly levered. Whereas KRL being high levered, it can be seen that operating expense to sales ratio is increased from 0.63 to 0.80. The reason cannot be inefficiency in managing operating cost. This is because, it is found that cost of material consumed for production of KRL's is showing a continuous decrease, this may be because of decrease in production. Production being decreasing, there are certain items under the category of operating expenses, which are in the nature of fixed and has to be beard by the company. Ultimately operating efficiency has least to do with the leverage.
 7. Unlevered companies like HUL stood at 1 percent of sales from 2016 to 2019 and for 2020 it is 2 percent. For CIL, the financial cost stood at 1 percent for 2016, 17 and 18. And the 2 and 3 percent for 19 and 20 respectively. The proportion is so less because the company is not under obligation to discharge the interest on debt. On the other hand for the levered companies like BDMC the ratio is increased from 0.17 to 0.32 and for KRL it was 0.18 in 2016 and it stood at 0.17 by 2020.
 8. The Net profit ratio for both the unlevered companies stood at 13, 17 percent respectively in the year 2016. It is however increasing at a slow rate for both these companies. The ratio stood at 18, 19 percent respectively by 2020 for both these companies. However, this was not the case with the levered companies. BDMC has suffered a net loss in so16, 17 which is 4, 8 percent of sales respectively. KRL's Net profit ratio was 3 percent of sales in 2016. Later on it has suffered a loss which constitutes 4, 13, 7 and 21 percent of sales for the next continuing years.

9. Solvency ratio of both unlevered companies stood above 50 percent during the entire study period where as the ratio stood negative many times for the unlevered companies and is not in a position to reach the cutoff of 20 percent by both the companies.

Conclusion

Form the analysis it was identified that, companies levered claims less benefits from market in terms of either supplier, in enjoying economies of scale and scope when compared with the un-levered companies which has a direct impact on the Direct cost as studied and analyzed from table 1 supporting the financial statements data of the concerned companies. At a later stage, it was observed that operating efficiency has least to do with leverage. It is the efficiency of the management to control and manage the operating expenses if is identified that, the sales of KSL a high levered company were decreased by 48.9 percent in 2020 and the operating expenses were decreased by 35.1 percent when compared with the year 2016. Whereas for an unlevered company CIL the sales were decreased by 22.4 percent and operating expenses were increased by 9.9 percent in the year 2020 when compared with the year 2016. Further it is a known fact that non operating expenses include financial cost. For the unlevered companies the ratio stood below 3 percent and ranging between 10 to 32 percent for levered companies which will have its direct impact on the net profit and the net profit ratio of unlevered company is satisfactory as it is showing an increasing trend for both the companies as shown in the table 4 and the unlevered company has suffered net losses in many years during the study period. At last the leverage has its impact on the overall solvency position of the company. Both the levered companies are solvent as revealed by table 5 and levered company's solvency position is in a dangerous state.

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4. *Official website of Bombay dyeing & manufacturing company*
5. *Official website of Kesoram Industries*



OBITUARY

The Institute and its members and employees deeply mourn the sad and untimely demise of CMA Suhash Guha, who left for heavenly abode on 8th May, 2021.

He was the Deputy Director, Directorate of Studies and also served the Finance Department and was Convener of Tender Committee of the Institute.

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

WHISTLE BLOWING POLICY: A REVERED TOOL FOR CORPORATE GOVERNANCE

Abstract

In the era of intense competition, financial gain supersedes ethics and customs; whistle blowing has turned out to be a matter of utmost importance to ensure good corporate governance. In this article Whistleblowing policy implemented by twenty nine countries have been included. In India parliament has approved The Whistleblowers Protection Act, 2014 but the same is yet to be implemented. In the interim, Whistleblowers are stirred to make a complaint about corporate frauds and malpractices under the Companies Act, 2013 and the SEBI legislations. However, Whistleblowers security against any retaliation still remains an illusion in India.

Introduction

“The world will not be destroyed by those who do evil, but by those who watch them without doing anything.”

— *Albert Einstein*

Whistleblowing is a form of prosocial behaviour (Dozier and Miceli (1985)). Based on underlying theory of prosocial behaviour, it seems that Whistleblowing policy is a new term but an old concept in India. In Ramayana (Indian epic), Vibhishanawas the character who sided with all that was good and virtuous. Studies conducted on Whistleblowing across the globe highlighted that merely legal endorsement of Whistleblowing policy remains ineffective in promoting Whistleblowing. In modern era financial motives pave the way over all morals, ethics, customs and traditions. Compliance and transparency in the functioning of corporate sector is increasingly important as corporate fraud is a major issue across the world. Whistle-blowing by employees plays a major role in exposing corporate fraud. Therefore, there is a need to enact Whistleblowing laws and overcome social stigma to persuade the employees to report any wrong doing without any fear of reprisals. As anticorruption, fraud and money-laundering are required to be curbed at all levels in the country.

Review of Literature

Cross country analysis of Whistleblowing policy has been highlighted by Schmidt (2003) study has compared Whistleblowing regulatory framework of US, UK and Germany and suggested statutory approach that augment accounting standards enforcement in Germany and Europe. Hassinket. al. (2007) analysed Whistleblowing policies and code of conduct and code of ethics. Dorasamy and Pillay (2011) explored obstacles for the effective implementation of



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Whistleblowing strategy in public sector of South Africa in order to promote anti-corruption practices. Study empirically affirms that legislative measures are not sufficient to provide adequate protection to encourage Whistleblowers. Dworkin (2007) made a comparison of the Sarbanes-Oxley Act, Whistleblowing provisions with Whistleblowing statutes of other states. Recommendations of the study include significantly rewarding Whistleblowers that come forward with valuable information. It has been suggested to form incentive reward fund. Rachagan and Kuppasamy (2013) article highlighted that Malaysia tries to achieve high standards of corporate governance values, Whistleblowing

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as a vital tool that additionally helps to enhance corporate governance. According to the study of Vadera et. al. (2009) there is a difference between Whistleblowers from observers of wrong doing but not reporting the same. Loyens and Vandekerckhove(2018) highlighted the role of internal as well as external agencies for dealing with issues related to Whistleblowing. Apestegui et. al. (2007) investigated leniency programs which provide protection to cartelists if they blow whistle to inform wrong doing by each other in cartel. Beimet. al. (2014) model represents that Whistleblowing is more informative and Whistleblower presence can lead to compliance at lower level but upto acceptable point. As beyond acceptable point blowing whistle can reduce compliance and therefore proved to be less productive.

A focussed research was conducted by Near and Miceli (1995) on identification of the conditions that enhances the effectiveness of Whistleblowing. Butler et. al. (2017) conducted experiment to find out the monetary benefits and social tolerance influence the decision to blow the whistle upto what extent. Experimental outcomes suggested that firstly financial benefits significantly augment the probability of Whistleblowing and do not substantially eliminate non-monetary motivations triggered by hopes of social opinion; secondly the possibility of social opinion decreases (increases) Whistleblowing. Ting (2008) developed the model which helps to assess policies by capturing benefits to the employees who might be willing to disclose policy pertinent information, but the possibility of retaliation from their immediate superior's increases. Heyes and Kapur (2008) focussed their study towards the responsiveness of regulators for Whistleblower tip-offs and the imposition of penalties for wrong doers.

International Regulations on Whistleblowing Mechanism

International regulations related to Whistleblowing mechanism has been included in the paper to explore the global scenario.

Table1: Whistleblowing Provisions across the Countries of the World

Name of the Country	Provisions related to Whistleblowing
Albania	Any employee or group of employees can make a complaint to the State Labour Inspectorate in case of any abuse of law done by the employer.
Argentina	Law 27, 401 was enacted on 1 st march 2018 for determining the criminal liability for corruption offenses committed by private legal entities. This law persuades support of companies in the prevention and investigation of corruption.
Australia	State and federal statutes in Australia provide protection to Whistleblowers. Major federal Whistleblower laws in Australia are the Public Interest (a) Disclosure Act 2013 (Cth); (b) Fair Work (Registered Organizations) Act 2009 and (c) Corporations Act 2001 (Cth). State, territory and other legislation such as the Work Health and Safety Act 2011 also provide protection to whistle-blowers.

Belgium	In Belgium, recommendation 01/2006 addresses the issues specific to Whistleblowing.
Brazil	United Nations Convention Against Corruption enacted by Decree 5.687/2006 has been signed by Brazil. Additionally, national Strategy to Combat Corruption and Money Laundering (ENCCLA) has addressed the issue of whistle-blowers in Act n. 4 of 2016. In 2018 law 13.608 was enacted to receive whistle-blower reports and granting the possibility of rewards and maintaining the anonymous identity of the whistle-blowers.
Bulgaria	In Bulgaria applicability of Whistleblowing provisions are limited to public sector only.
Canada	In Canada Whistleblowers have been given protections against retaliation due to applicability of the following: Criminal Code; Canada Labour Code; Competition Act; Canadian Environmental Protection Act and Canadian Human Rights Act.
China	In China, article 41 of the constitution stipulated reporting of wrong doing in public sector as a Fundamental right.
Colombia	In Colombia Law 1010, 2006 special regulation on work place harassment is there in existence includes obligations and prohibitions.
Czech Republic	In the Czech Republic, Whistleblowing regulations are fragmented and not defined properly. Legal framework for Whistleblowing has been created in July 2015 by the Governmental Decree No. 145/2015 Coll.
Denmark	As per Sections 75a and 75b of the Danish Financial Business Act, it is mandatory for the financial sector to implement a whistleblower scheme.
Finland	In Finland no separate body has been set up for curbing corruption. Reporting of corrupt practices has to be done to police, a Parliamentary ombudsman, an industrial safety authority or a state auditor's office depending on the nature of the case.
France	In France, The Sapin II Act of 8 November 2016, supplemented by a decree of April 2017 are there for Whistleblowers.
Georgia	The Law of Georgia on Conflict of Interest and Corruption in Public Service provides protection to Whistleblowers.
Hungary	In Hungary Act CLXV, 2013 regulated Whistleblowing processes.
Italy	In Italy public sector is ruled by Law no. 190/2012 and private sector by Law no. 179/2017 to regulate Whistleblowing processes.

Japan	In Japan, the Whistleblower Protection Act, 2006 regulate Whistleblowing processes.
Latvia	In Latvia on 11th October, 2018 law on Whistleblowing was enacted came into force with effect from 1st May, 2019
Luxembourg	In Luxembourg, Act was enacted on 13 February 2011 to curb corruption offenses.
Mexico	In Mexico, the Federal Labour Law provides protection to Whistleblower employees.
Netherlands	In Netherlands, the Whistleblowers Authority Act has been enacted on 1 st July, 2016 to assure that any retaliation with the Whistleblower would be investigated vigilantly.
New Zealand	In New Zealand The Protected Disclosures Act, 2000 and the Privacy Act 1993 provides protection to Whistleblowers
Norway	In Norway, the Norwegian Working Environment Act (WEA), chapter 2A, came into force on 1 st July, 2017 provides protection to Whistleblowers.
Peru	Legislation provides protection to Whistleblowers
Serbia	In Serbia legislation enacted in the year 2014 provides protection to Whistleblowers.
Slovakia	In Slovakia Act No. 307/2014 Coll. on Certain Measures Relating to Reporting of Anti-Social Activity and on Amendments and Supplements to Certain Laws enacted on 1 st January, 2015 provides protection to Whistleblowers.
Sweden	In Sweden Whistleblowing Act enacted on 1 st January 2017 provides protection to Whistleblowers.
US	The Whistleblower Protection Act of 1989, a federal law provides protection to whistleblowers for providing information about malpractices and frauds to the government.
United Kingdom	In United Kingdom whistle-blowers are offered protections under both statute and common law. In 1999, the Public Interest Disclosure Act (PIDA) came into force, adding provisions into the Employment Rights Act, 1996 that protected whistle-blowers against dismissal and discrimination.

Source: Compiled by author

India

The Whistleblowers Protection Act, 2014 primarily enacted to govern public sector. Under this Act Whistleblowers have been provided with protection to hide their identity and if it would be disclosed negligently then penalty would be imposed on default (imprisonment up to three years and a fine up to INR 50,000). SEBI Regulations, 2015 make it obligatory for listed companies to devise an effective whistle-blower process also they are required to provide proper disclosure in their annual reports and website. Section 206-229 of the

Companies Act, 2013 deals with Whistleblowing with respect to inquiry, inspection and investigation. Whistleblowers who lost their lives in India:

Satyendra Dubey: Murdered in 2003 after he exposed corruption in NHAI.

Manjunath Shanmugam: Murdered in 2005 after exposing the sale of adulterated fuel at two petrol pumps in LakhimpurKheri, UP

Lalit Mehta: Murdered in 2008 for exposing corruption in the National Rural Employment Guarantee Act (NREGA) scheme in Palamu District, Jharkhand.

Satish Shetty: Killed in 2010 for exposing large land scam.

Niyamat Ansari: Murdered in 2011 for exposing fund embezzlement in MGNREGA scheme in his village Jerua, Jharkhand.

Narendra Kumar: Murdered in 2012 by a tractor carrying illegally mined stones.

Nandi Singh: Murdered in 2012 for exposing irregularities in the public distribution system.

Shimbu Ram Bishnoi: Killed in 2013 for demanding information on MGNREGA and other welfare schemes in Jodhpur under the RTI Act.

BhupendraVira: Shot dead in 2016 for using the RTI Act to prove that his land in Mumbai was being unlawfully encroached upon.

Nanjibhai Sondarva: Murdered in March 2018 for filing RTI query on the construction of a road in his village in Rajkot, Gujarat.

Poipynhun Majaw: Killed in March 2018 for investigating possible corruption in the Jaintia Hills District Council.

Recommendations and Conclusion

Numerous companies across the world adopted Whistleblower policy propelling with a major declaration, after that let the framework blur discreetly out of sight. So there is a need to implement the Whistleblower policy effectively by undertaking following recommendations:

To ensure effective implementation of Whistleblower policy outside stakeholders plays vital role as social acceptance is required for the success of every policy, programs and strategies.

In order to motivate the employees to report the unethical activities, proper rewards must be given commensurate with the value of information of wrong doing provided by them.

To ensure that whatever Whistleblowing programs and policies have been undertaken by the company must have support from the top management. As Whistleblower policy require not only implementation but also cuddling from top management. So it is the responsibility of the top management to institutionalize the policy.

To ensure effective implementation of Whistleblowing policy is to revisit and update the policy according to the changes in other laws and the dynamic environment.

To ensure effective participation of employees in reporting wrong doing requires training where to make them aware of unethical behaviour of any person, anti retaliation policies

Whistleblowers are the rarest of the rare people of the society who report illicit activities after undertaking a risk of their lives

of the company, the material abuse and corrupt practices. Employees must be educated about disasters which may lead to corporate collapse.

Communication process plays a vital role for the success of any policy and serves as the foundation for all good governance workplace practices. Effective bottomup communication helps in prompt actions against wrong doers and unethical practices.

In order to institutionalise Whistleblower policy in corporate sector there is a need for implementation of Whistleblowing regulations to all the companies uniformly.

Whistleblowers are the rarest of the rare people of the society who report illicit activities after undertaking a risk of their lives. In India not only there is a need for increasing awareness among people to report illegitimate activities but to improve social acceptability and all around support to Whistleblowers. In comparison to developed countries India is still lagging behind in effective implementation of Whistleblowing policy. Retaliation is the major reason for fear in the minds of people for not reporting any illegal activity. The enactment of the Whistleblowers Protection Act, 2014 for the first time in India was stride to provide legal framework to the procedure of Whistleblowing and protection to Whistleblowers but not yet operationalised. In spite of many suspicions and potential negative implications of Whistleblowing, effective implementation the Whistleblowers Protection Act, 2014 can drastically change the governance of publicly funded corporate sector in India. **MA**

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OBITUARY

CMA Manik Ratan Chakraborty
(1940 – 2021) Membership No – 2496

Though it is heartbreaking to bid you goodbye forever but you will always remain with us, like a handprint on our hearts. CMA Manik Ratan Chakraborty was a man of sincerity, dedication, honesty and hard work towards the profession will be an emblem to look upon. May you be our guiding light in need.

We pray that the almighty give you eternal rest and peace.

ROLE OF CSR IN ADDRESSING HUMAN DEVELOPMENT INDICES INEQUALITIES

Abstract

Aggressive, result oriented, comprehensive, co-operative and co-ordinated approach is needed on part of companies in their CSR activities to have an impact on the stakeholders living in the region where the industries are operating. While companies are spending huge amounts in areas of their own interest, there is very little co-ordination and co-operation among the companies spending on CSR activities. There is duplication of CSR activities which in turn reduces the chance to take up high impact CSR activities.



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The need of the hour is to create a synergistic effect by having a non-competitive, no one-upmanship approach among CSR spenders so that the total budget that they are collectively spending is put to proper use and gives maximum benefits to the society.

Methodology: This is a conceptual paper which is based discussions with CSR Managers of cement companies, banks and educational institutions in Kalyana Karnataka (KK) Region, which is being pursued as part of PhD Research Work, and on data available online from government websites is used.

Paper Objective: To create awareness and build opinion among various practitioners, stakeholders and thinkers about the need of synergistic CSR activities, by studying if CSR activities are addressing a major issue like HDI inequality reduction, in the study region.

Scope of the Research Paper: This study has considered the CSR activities of some cement companies, banks and educational institutions in geographical area of Kalyana Karnataka Region (formerly known as Hyderabad Karnataka Region) covering 3 of the 6 districts viz., Bidar, Kalaburagi and Yadagir. The objective is to study if these CSR activities are addressing problems which can reduce the HDI gap of the region in comparison to developed parts of the state.

Introduction: CSR as a mandatory activity for companies was introduced by The Companies Act 2013. The Rules under the Act also specify the areas of priority for companies to spend their CSR amount.

Being a developing country, having a fast growing population

A cursory glance at the Human Development Index parameters will reveal opportunities for the CSR activities needed in the region

of over 1.3 billion, India is striving to ensure economic growth and development while at the same time trying to ensure that the inequality among its population does not go out of control.

There are regional imbalances as well as Rural – Urban inequalities. The government does take steps to address these inequalities. It is however not possible to tackle many problems simultaneously for the government. These problems in our society provide service opportunities for corporate sector to address the issues and contribute to social development while also contributing to economic growth and development.

Regional backwardness is a fact in various parts of India. One such area, which is recognized as one of the most backward in the nation is the Kalyana Karnataka Region [1].

Though bestowed with natural resources and rivers the utilization of these is not effective. Some major cement and steel manufacturing companies operate in the region. However the benefits of these industries are enjoyed mostly by non-local population. Be it direct employment or indirect employment, it is mostly the non locals who have shown more enterprise to get these jobs. But CSR provides an opportunity for these companies to contribute back to the society from which they derive their resources to function.

A cursory glance at the Human Development Index parameters will reveal opportunities for the CSR activities needed in the region.

HDI composes of three broad parameters viz., Health measured by Average Life Expectancy, Education measured by Adult Literacy Rate, and Income is measured by Per Capita Income. The Human Development Index of the national level is taken as the bench mark and though the HDI of Karnataka is above the national average, the KK Region is considered to have HDI at less than national average. This was the primary reason why the Central Government introduced Article 371(J) to provide special provisions for development of the region. The extra effort of the government to address the regional imbalance through creation of HKRDB (Hyderabad Karnataka Regional Development Board) is visible.

Table 1 : Literacy Levels in KK Region 2011 Census:

National Average:	74.04 %
State Literacy Level:	75.36%
Bellary	67.43%
Bidar	70.51%
Kalaburagi	64.85%
Koppal	68.09%
Raichur	59.56%
Yadagir	51.83%
KK Average	64.45%

Table 2 : Income Level in KK Region (2016-17) – Economic Survey 2018-19 [2]

National Income Level:	103870
State Income Level:	161922
Bellary	134150
Bidar	85713
Kalaburagi	83619
Koppal	82787
Raichur	90530
Yadagir	81845
KK Average	95887

Table 3 : Life Expectancy at Birth [3]

	1991	2001	2011
National Avg Life Expectancy:	60.3	64.3	67.9
State Average Life Expectancy:	62.1	65.8	68.8
Bellary	62.8	66.1	NA
Bidar	61.0	63.3	NA
Kalaburagi	59.5	62.9	NA
Koppal	60.0	63.2	NA
Raichur	60.0	63.9	NA
Yadagir	59.5	62.9	NA

Though the government has created social and economic infrastructure it is not sufficient and is plagued by bottlenecks and administrative delays in decision making.

CSR expenditure over the years given in Table 4 indicates the potential for CSR Activities to play a role in the HDI improvement [4].

Table 4 : CSR Expenditures in INDIA

Focus Area	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Education	2,589.42	4,052.15	4,491.74	4,478.88
Health Care	1,847.74	2,563.73	2,481.94	2,127.07
Livelihood Enhancement Projects	280.17	393.38	515.47	654.04

Review of Literature:

Richard J. Estes observes ‘World social development has arrived at a critical turning point. Economically advanced nations have made significant progress toward meeting the basic needs of their populations; however, the majority of

developing countries have not. Problems of rapid population growth, failing economies, famine, environmental devastation, majority-minority group conflicts, increasing militarization, among others, are pushing many developing nations toward the brink of social chaos'. Desire to addressing these problems could help in identifying focus areas and provide CSR ideas. [5]

In their research paper Arpana Singh, & Tanuja Kaushik have found that there has been a traditional inclination among companies to take up education related CSR Activities, but the same needs to be increased [6].

In their article on CSR in Higher Education Dr. Sampada Gulavani, Dr. Nitin Nayak & Dr. Madhumita Nayak stress on need for collaborations between government, educational institutions and corporate to accelerate educational reform and bring about the desired social development [7].

Dr Subash Pawar in his article highlights that there is ample potential for the corporate sector to address the missing gaps in the education system. There are opportunities for Indian companies to restructure the education system at all levels, i.e., elementary secondary and higher education. He points out that the considerable resources and pool of experience that the corporations possess can go a long way in the effective implementation of the statutory right to education [8].

In his article CSR- KEY ISSUES AND CHALLENGES IN INDIA, Parveen Maan, proposes that Corporate Social Responsibility is the duty of everyone i.e. business corporations, governments, individuals because the income is earned only from the society and therefore it should be given back; the wealth is meant for use by self and the public; the basic motive behind all types of business is to quench the hunger of the mankind as a whole; the fundamental objective of all business is only to help people. However he has also observed that NGO's and Government agencies usually possess a narrow outlook towards the CSR initiatives of companies, often defining CSR initiatives more as donor-driven. As a result, corporate find it hard to decide whether they should participate in such activities at all in medium and long run [9].

In their paper titled 'Aligning CSR activities of Health Care Sector to Developmental Needs of India', Desai, Preeti S; Chandawarkar, Meena R. propose that corporations must use their expertise of their business to meet the developmental needs of the country. The noted 'Since no one can understand the health care needs of the country better than Health Care organizations it becomes necessary for them to undertake such CSR activities which address the development needs of the country', this can be generalized for many other industries [10].

In the article 'Employment Opportunities for Marginalised Sections via CSR', Dhavaleshwar, stresses that it is high time for the companies to provide technical skills for the marginalized sections so as to enable them to integrate in the national mainstream and help promote inclusive development in the country [11].

The Institute of Company Secretaries of India in their 2015 Report on CSR titled 'CSR An Engine for Inclusive Growth' mention that 'Boosting profits is no longer the sole business performance indicator for the corporates and they have to play the role of responsible corporate citizens as they owe a duty

towards the society, where they operate and draw resources from it and as such they are part of society'. Further the report concludes that 'In the long run, those organizations or group of persons who do not exercise power in a way which society considers responsible, will tend to lose it' [12].

Opportunities for CSR: CSR can play a significant role in improving education, health and income level in some parts of the region. Social and economic infrastructure development can play a catalytic role in improvement of HDI.

Role of CSR in Education: The Economic Survey of Karnataka 2015-16 proposed Sahabghatva Scheme. This scheme has been designed to improve the infrastructure in colleges through Corporate Social Responsibility (CSR) and other funds by establishing linkages between Educational Institutions, Industries and IT/BT Companies. [2]

Schooling: The government schools are providing basic education. There is need for up gradation of schools, providing toilets especially for girls and teaching aids in many schools. CSR funds can help in making these schools as model schools.

Communication Skill in English: The need for English as a means of communication is essential for employment in the formal service sector. Several talented youth who do not get proper education of English are not able to get opportunities which they could easily discharge if they had command over English. The corporate have engaged services of rural graduates in providing Spoken English and English Communication Skills in villages, but the number of such graduates employed for these programs is miniscule. The results are visible wherever these have been practiced. However the uncovered areas are much more.

Computer Literacy: Another gap often found even among the educated persons is the lack of ability to use computers at work place. The cost of original software is a major hurdle in providing learning opportunities. CSR and NGO's can help the rural youth learn the computer skills.-

Scholarships: The government scholarships address the financial needs of certain section of the society. There are several families with low income who are not eligible for scholarships, and the first victims of the financial problems of such families are the girl children of such families.

Sponsoring Smart Class and modernization: Several private schools which operate in the region operate with shoestring budget find it almost impossible to invest in modern teaching aids. The students, understanding of concepts with the aid of IT enabled visual tools would be greatly enhanced. Companies can identify schools which would utilize such resources properly and sponsor standardized kits.

Graduates Finishing Schools: The industry is better equipped to assess the knowledge and skill requirement of fresh graduates for employment than schools. They can plan the programs to bridge the gap between what industry needs and what the students' possess.

Skill Development Initiatives and Job Oriented Training Institutes: A step ahead than graduates' finishing schools, the industry can interact with educational institutions to develop industry relevant skills among students during their college days. A well planned approach by coordinating efforts of various companies will help arrange needed man power, financial and physical resources.

Role of CSR in Health: CSR amount is being spent on health care and improvement of health care facilities. Some areas are covered by present activities and in some areas more can be done.

Creation and maintenance of health care and related infrastructure: Hospitals or clinics and Pathological Labs run by the corporate are benefiting many rural persons in the area. Similarly the assistance given to Primary Health Centers, ambulances provided, donation of equipments has improved the quality of medical services offered.

Women's Health: The stress on rural sanitation, construction of toilets has not only made rural places more clean and hygienic, the health of the women folk has benefitted a lot. The unearthly hours at which women attend natures call and had to wait for such odd hours has changed in most places. Distribution of sanitary napkins, education on healthy food habits, screening camps for various preventive diseases has also contributed to improved health and life expectancy among women.

Children and Youth Health, Recreation and Sports: CSR to support recreation, sport and physical activity at village level is visible. Low cost kits and sports equipments are being provided to villages and rural schools, which have helped them to spend their spare time usefully and constructively. Banks in the region and a couple of cement companies have helped in providing volley ball, throw ball kits, carrom board, chess sets, cricket set, football and exercise equipments. Sponsoring talented sportspersons has also started in the region.

While this is welcome, it would be more useful if the companies could

pool their resources and provide basic infrastructure for play ground. A level play ground with marked boundaries for various games and standard sized courts would certainly lift the standards of the rural sports oriented children. There are instances where same materials are given by different organizations to same village.

Screening for preventive diseases and early detection camps: Basic health check-up camps, heart, BP, Sugar Test among other tests are being organized occasionally. The frequency and reach must increase. If the companies can pool their resources, they can provide mobile clinics along with basic pathological services round the year covering large population instead of just working in the vicinity where such camps are frequent.

AIDS awareness and prevention drives: The late 1990's saw a spurt in AIDS cases and AIDS awareness was to be taken to the masses. The potential AIDS contacting population was identified, and those professions falling under greater chances of contracting AIDS were taught about spread and precautions to prevent spread of AIDS. Cement companies in Kalaburagi district have dedicated clinics, cells and counseling centers for fighting AIDS. These centers have to be rebranded and made more dynamic to focus on multiple health needs of targeted beneficiaries, as AIDS has acquired a taboo status in society and nobody desires to visit the place for other information as it would potentially harm his/her reputation.

Improving oral hygiene through educational institutes: Toothpaste manufacturers in association with dental colleges have been doing this exercise for long time. But if these can be co-ordinated well and done by excluding the purpose to promote their brands, with, say Anti Tobacco Day, Anti Drugs Day etc it would be more effective.

Ambulance Services: Some companies have their ambulance services which they allow general public to utilize. But the vast size of the HK region and sparse density of hospitals in

semi urban and rural areas necessitates greater numbers of ambulances. If joint contributions can be made a good fleet of ambulances can be strategically located to get treatment to the patients in the golden hour/s period.

Food and accommodation for attendants of admitted patients: Kalaburagi, for instance, has several Dharamshalas (free or highly subsidized food and accommodation centre) which are no longer properly maintained and scarcely used. Constructed by various communities, most of these are very old and were meant to cater to travelers belonging to their own communities. If corporate can be roped in along with local businessmen, financial burden of accompanying relatives/family members of hospitalized patients can be reduced.

Counseling and De-addiction Centers: Many social evils can be reduced and both the addicts as well as the family members may need counseling and many drug addicts may need de-addiction or rehabilitation programs. This is once again which only one organization can take up, hence a collective effort where the companies join hand with leading psychiatric institutions such as NIMHANS etc can run such centers round the year.

Role of CSR in Employment Generation and Increasing Income: CSR spending is visible in construction of roads, providing technological support to farm and industries, environmental protection, sustainable development efforts and water conservation. These activities have both direct and indirect impact on the economic indicators in the area.

Marketing support for agriculture: The several corporate having campuses and quarters run co-operative stores to meet the basic needs of their staff. These co-operatives could act as a direct purchaser from agriculture producers as well as act as liaison agent to exchange farm produce across their various plants. This can benefit both farmers as well as the co-operatives financially, while also benefitting customers by way of making available good quality products at better prices.

Joint CSR activities can also be considered for creating storage facilities – both dry and cold storage – cold transportation, which can potentially increase farmers income significantly as well stabilize prices during non-season times.

Assisting Technology induction in farming: While government is doing its own bit, the companies, banks and educational institutes employ experts to maintain their landscaped gardens, for field work etc. These experts in horticulture, floriculture etc are not needed to be on their duty all days, and their expertise could be useful to the rural community. Similarly engineers who work in technology domain are well placed to understand the technological needs and creative utility of technology they use for agriculture purposes. Helping farmers in selecting good place for digging wells, building small ponds scientifically, helping in control of soil erosion etc are many areas of opportunities where staff of the corporate can share knowledge and skills to improve the lives of agriculturists.

Support Sustainable Development by assisting farmers in horticulture plantation and commercial plantations: While the companies get credit for environmental protection and helping reduce their carbon emission, the Farmers get expert help as well as better income through horticulture and commercial plantation.

Training for Ancillary Units: The level of technology used in ancillary units cannot be regularly updated like in the larger companies. The managers of large companies are usually better exposed and informed about technological developments. This knowledge can be shared by arranging training for ancillary units.

R and D for Ancillary Units: The ancillary units can be helped in their R and D activities by the major companies, especially those ancillary units which are their suppliers. This would create a win-win situation for both.

Assistance in IPR matters to ancillary units and innovators:

Obtaining Patent for invention, avoiding violation of patent rights, and similarly other IPR's especially Trade Marks, Designs, Copy Right are not easy for small firms. The big companies can create cells which can guide small companies in these matters. While departments like MSME are working on it, the practical aspects and knowledge of commercial exploitation of IPR are better understood by legal and management professionals, whom large organizations usually employ.

Financial assistance for self employment, support and encouragement for artisans, support to self help groups (SHG), support to women SHGs: Well targeted and planned CSR activities which also involves proper training and mentoring can certainly impact rural economy. It is lack of leadership in co-operatives and SHG's which is not dynamic, and hence such initiatives have not realized their potential. Professionals from industry, banking, academics if they can co-ordinate and guide such efforts, viable models can be created in larger numbers.

Role of CSR in some other areas which can be very useful: CSR can help in creation and maintenance of economic as well as social infrastructure. Some activities have potential to give rewards very fast. Some areas which provide opportunities for joint efforts are:

Environmental Protection and Sustainable Development:

Traffic Awareness and Safety Awareness through Company's Safety Department:

Clean Water and Water Treatment Plants

Water Recycling and Water Harvesting

Supporting Community Natural Farming and Inputs Production

Waste Management and Green Initiatives

Findings:

- The Companies are serious about the CSR Activities but there is no effort among the companies to take up CSR Activities jointly

or to co-ordinate them.

- Many activities are duplicated by firms due to lack of co-ordination.
- Same places are getting benefits of CSR Activities. Proximity to cement plants has benefitted some villages while others remain uncovered.
- Big projects are not taken up due to budget constraints, and also because focus is on legal compliance, especially among banks.
- The Cement Cluster CSR Meet is conducted to share information and experiences among the Cement Companies, which may in future take up joint CSR Activities.

Suggestions:

- Companies have to come together and plan efforts which would avoid duplication of efforts as well as create possibilities of creating synergistic effect in CSR Activities.
- CSR activities must be targeted to most needy and not just to areas which are in close vicinity of the firms and convenient to visit.
- Big or Major CSR projects requiring round the year and major investment can be taken up jointly in association with government.
- The Government Departments must involve academicians in the Annual CSR Meetings where CSR Studies and Suggestions can be taken up,

Conclusion: The areas of CSR Activities are very broad. The CSR Budget when compared to the Government Budget is miniscule. But it is the desire to put its Human Resources and Physical Resources to socially gainful activities, apart from financial resources, that can make CSR really meaningful. The very philosophy of CSR should be CSR for Social Transformation and not merely CSR for Legal Compliance. The companies ought to remember that it owes its very existence to the society and hence it

is imperative for the companies to sustain the society through all activities, directly or indirectly, and with greater purpose while implementing its CSR Activities. **MA**

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- ⊙ DIC and MSME officials working in Kalaburagi

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Discussions with employees who are part of CSR Team or associated with CSR Activities of following firms:

- ⊙ ACC, Wadi
- ⊙ UltraTech Cement, Malkhed
- ⊙ Vasvadatta Cements, Sedam
- ⊙ Shree Cements, Kodla
- ⊙ SBI, Kalaburagi & Sedam
- ⊙ Axis Bank, Kalaburagi & Shahpur
- ⊙ HDFC Bank, Kalaburagi & Yadgir
- ⊙ KBS Local Area Bank, Aland
- ⊙ Karnataka Grameena Bank, Kalaburagi
- ⊙ Vivekanand Foundations, Kalaburagi
- ⊙ Shetty Institute of Technology, Kalaburagi
- ⊙ Jajee Foundation, Kalaburagi
- ⊙ PMKK Kalaburagi Branch

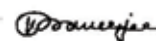
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26th May, 2021

NOTIFICATION

Sub.: Renaming of 'Banking, Financial Services & Insurance Committee' to 'Banking, Financial Services & Insurance Board'.

In view of the decision taken in the 329th Meeting of Council of the Institute held on 22nd March and 23rd March, 2021, it is hereby notified that the name of 'Banking, Financial Services & Insurance Committee' of the Institute has been changed to 'Banking, Financial Services & Insurance Board'.



(CMA Kaushik Banerjee)
Secretary

ARE UNEMPLOYED YOUTHS READY TO BECOME ATMANIRBHAR?

Abstract

The call for Atmanirbhar Bharat is not meant to promote protectionism or isolationism by erecting trade barriers but it seeks to make the Indian economy robust in the long run by scaling up manufacturing, accelerating infrastructure development, attracting investment and promoting consumption led growth. For this to happen in reality, the youth have to come forward and upscale themselves to take up the challenge. The present study tries to assess how ready the unemployed youths are to become self-reliant through a survey among unemployed youth. The findings show that self-reliance can be a boost for the Indian economy and can solve unemployment problems. With adequate amount of loan, subsidies and tax relief from the government, the unemployed youth would concentrate on satisfaction of basic demands of the population.



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Introduction

Atmanirbhar Bharat is not merely a word but it is a mantra and has captured people's imaginations. 'Self-reliance' is a progression of make in India. The call for Atmanirbhar Bharat is not meant to promote protectionism or isolationism by erecting trade barriers but it seeks to make the Indian economy robust in the long run by scaling up manufacturing, accelerating infrastructure development, attracting investment and promoting consumption led growth.

In the midst of corona-virus pandemic, Indians led by their visionary Prime Minister have resolved to become self-reliant, which focuses on the objectives that would serve to resurrect the Indian economy through fiscal measures and make the economy self-reliant. The

The call for self-reliance has raised a spirit of nationalism among the masses and urged the country to go vocal for local

five pillars on which the model is sought to be built are: 1. Economy; 2. Infrastructure; 3. Technology driven system; 4. Vibrant demography; and 5. Demand. For making the unemployed youth self reliant, India needs to forge ahead by harnessing her human resources and technological capabilities with the pivotal role assumed by the youth. They need to be resilient in terms of employment skill and should be able to emotionally tide over any kind of situation or disruption that might arise in the future.

There are voluminous ways through

which the youth can contribute to national development. Harnessing the demographic dividends will depend upon the employability of the working age population, their education, vocational training and skills besides appropriate policies on land and labor backed by good governance. India will gain from her demographic opportunities only if policies and programs are aligned to the demographic shift.

The call for self-reliance has raised a spirit of nationalism among the masses and urged the country to go vocal for local. The government has also launched a portal through which employers can access the job market and tag skilled workers. The basic driving force thus is the process of skilling, re-skilling and up-skilling labor to suit the demands of the job market. The actions that the youth take today might revolutionize the nation in a short span of time.

Review of Literature

Juhanis et al (2020) observed that for encouraging enthusiasm among students for entrepreneurship, their creativity has to be developed constantly. Institutions can help to inculcate students' interest and creative idea. The PPP models with adequate support from the government can also do wonders. Khaustova et al (2019) observed that with the introduction of social entrepreneurship, society becomes a determining factor for further development through the actions of subjects. The active population has to be incorporated into productive labor and they must have command over the latest technology, methods, work and means of life.

Saha et al (2020) conveyed that some components of the regional innovation strategy include powerful mechanisms that encourage innovative thinking through leadership and governance. The aim is to promote industrial competitiveness, enhance regional knowledge production, attracting institutional innovation through field teaching and learning entrepreneurial spirit, and create ecosystems through internationalization of SMEs. Wujung (2019) found that measures aimed at boosting the rate of industrialization in the country should be adopted because when industrial progress occurs, there are many opportunities for local entrepreneurs engaged in productive activities to meet the needs of growing industries. A relevant policy through careful study of the requirements of market-place population is necessary.

Objectives of the study

Atmanirbhar Bharat is one of the hot topics in India today. Many dignitaries have given prime importance to this issue. The study tries to assess how ready the unemployed youths are to become self-reliant. The study mainly focuses on how the five pillars of Atmanirbhar that can encourage, promote and help or can de-motivate, create barriers and increase financial risk of the unemployed. The present paper makes an honest attempt to assess various issues through surveys conducted on sample of young unemployed youths about their perspectives on the subject.

Data and Methodology

For the purpose of study, a close ended questionnaire was designed by the researchers. It contained questions related to readiness of the unemployed youth to become self-reliant. The

questions have been categorized as economy, infrastructure, system, demography and demand. The representative sample contained 60 unemployed youth residing in Bengal in the age bracket of 20 to 30 years and they were chosen through purposive sampling technique. The respondents were personally interviewed and their responses were tabulated in excel. The data so obtained were summarized and meaningful inferences are drawn.

Findings from the Survey

General Questions

What would you prefer to do for livelihood?	Job: 28.3% Business: 18.3% Both : 53.4%
According to you, which factor will drive an unemployed youth to become self-reliant rather than hunting for jobs?	Independency of work: 27.3% Necessity for livelihood: 28.4% High growth rate: 19.3% Diversification of work: 18.2% Others: 6.8%
According to you, which factor will de-motivate an unemployed youth to become self-reliant?	Societal limitations: 16.9% Fear of failure: 22.3% Lack of knowledge: 19.2% Too much work load: 5.4% Too much of financial risk: 14.6% Uncertainty of market: 10.7% Political pressure: 6.9% Harmful big corps: 4%
Do you think that the Government is reducing its responsibilities of providing job by promoting Atmanirbhar?	Yes: 70% No: 30%
Do you think the youth have enough employment opportunities in India?	Yes: 43.3% No: 56.7%
Do you think it is possible for every person who thinks of becoming self-reliant to come up with a Unique Startup Plan?	Yes: 31.7% No: 68.3%
Do you think that unemployed youth will go for family business rather than new start up?	Yes: 63.3% No: 31.7%

The sample consists of young unemployed youths and 53.4% of the sample wishes to do business besides a job to

earn their livelihood. It is found that becoming self-reliant is a necessity today for 28.4% and another 27.3% attribute it to independence at work. Fear of failure and lack of knowledge are the primary reasons for de-motivation against being self-reliant. The survey show that 70% youth think the government is reducing its responsibility by promoting self-reliant. 56.7% of the sample said that there are not adequate employment opportunities in the country while 68.3% think that it is not possible for every person to come up with a unique startup plan. It is also observed that 63.3% preferred family business over new startups.

Economy

Do you think that being self-reliant can reduce the unemployment crisis?	Yes: 73.3% No: 26.7%
Do you think loan, subsidies and tax reliefs from the government will encourage unemployed youth to become self-reliant?	Yes: 68.3% No: 36.7%
Do you think unemployed youth will move to production of basic needs like farming, horticulture and fisheries to become self-reliant?	Yes: 70% No: 30%
Do you think that innovative startups can bring FDI to their business?	Yes: 73.3% No: 26.7%

The survey showed that 73.3% unemployed youth thinks unemployment crisis can be reduced by Atmanirbhar or self-reliant schemes. It has been found that 68.3% of the sample think that subsidies and tax relief from the government will encourage unemployed youth to become self-reliant. 70% of the sample feels that production of goods for basic needs would enhance due to new startups and 73.3% agreed that innovative startups can bring FDI to businesses.

Infrastructure

Do you think India has that kind of infrastructure that can make Atmanirbhar schemes successful?	Yes: 45% No: 55%
Do you think that lack of training can hinder the process of becoming self-reliant?	Yes: 80% No: 20%
Do you think that entrepreneurship universities will bring confidence among the unemployed youth to become self-reliant?	Yes: 81.7% No: 18.3%

Lack of infrastructure and lack of training can become reasons for unsuccessful Atmanirbhar schemes as opined by 55% and 80% of the sample respectively. However, setting up of entrepreneurship universities might be the solution as suggested by 81.7% of the sample.

System

Do you think that working on contractual basis will benefit the youth?	Yes: 41.7% No: 58.3%
Do you think that complex government policies discourage the youth from availing sanctions?	Yes: 76.7% No: 23.3%
Do you think too many rules and regulations adversely affects entrepreneur's success?	Yes: 80% No: 20%

Harms from contractual basis of work system were acknowledged by the 58.3% of the sample. 76.7% blamed complex government policies and 80% opined too many rules and regulations as the major cause of discouragement to entrepreneur's success in India.

Demography and Demand

Do you think diversification in Indian demography is helpful for new startups?	Yes: 68.3% No: 31.7%
Do you think that unemployed youths can become self-reliant if the system creates good demand for modern and innovative work?	Yes: 68.3% No: 31.7%
According to you, on what basis does the Indian market offer jobs to the youth?	Qualification: 33% Experience: 53.8% Others: 13.2%
Do you think self-reliance will make the demand and supply function more efficient?	Yes: 81.7% No: 18.3%

68.3% agreed that diversification in Indian demography is helpful for new startups. 81.7% also feel that the initiative would evenly balance the demand-supply chains. For this to happen, the system has to take an active role as opined by 68.3% respondents.

Family business till date is the best avenue for the youth as they site that their lack of personal knowledge, proper training, infrastructure and finances are hindrances

Conclusion

The findings show that self-reliance can be a boost for the Indian economy and can solve unemployment problems. With adequate amount of loan, subsidies and tax relief from the government, the unemployed youth would concentrate on production as per the basic demands of the population

and the process might also attract FDI. There is a perception among the unemployed that the government is avoiding its responsibilities of job creation through promotion of Atmanirbhar schemes. Few respondents are aware of new startups or having new ideas regarding skill development. Family business till date is the best avenue for the youth as they cite that their lack of personal knowledge, proper training, infrastructure and finances are hindrances. Under these circumstances, the government has to come forward with detailed plans, start skill development programs, ease the procedure of procurement of finance and taxation, and above all support the youth at the grass-root level during their

startups. **MA**

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Research Bulletin, Vol. 47 Nos. II July 2021 (ISSN 2230 9241)

Call for Research Papers/Articles

We invite you to contribute research paper/article for "Research Bulletin", a peer-reviewed Quarterly Journal of The Institute of Cost Accountants of India. The aim of this bulletin is to share innovative achievements and practical experiences from diverse domains of management, from researchers, practitioners, academicians and professionals. This bulletin is dedicated to publish high quality research papers providing meaningful insights into the management content both in Indian as well as global context.

Guidelines to submit full Paper

- Soft Copy of the full paper should be submitted in double space, 12 font size, Times New Roman, keeping a margin of 1 inch in four sides, MS Word (.doc) format.
- Each paper should be preferably within 5000 words including all.
- An abstract of not more than 150 words should be attached.
- The cover page should contain the title of the paper, author's name, designation, official address, contact phone numbers, e-mail address.

Papers are invited on the following topics, but not limited to:

- ⊙ Capital Markets in India
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- ⊙ Cyber Forensics
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- ⊙ IT Audit in Banking Sector
- ⊙ MSME
- ⊙ Insurance Amendment Bill: Need of the hour
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- ⊙ Corporate Governance
- ⊙ Aatmanirbhar Bharat: Towards Self Reliant India
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NEWS FROM THE INSTITUTE



A Virtual CEP was organised by EIRC under the initiative of Seminar & Workshop Committee on 4th May, 2021 on the following topics, “Indian Custom Law and CGST Act 2017-- Relevance of HSN Code - Advance Ruling on GST- Faceless Assessment for Custom- Processes and Issues;- GST Valuation Rules & Recent Case laws on Custom Valuation.” CMA Timir Baran Chatterjee, Chairman -BCCI (Indirect Tax Committee)&CS Anindita Chatterjee, Company Secretary were the Guest Speakers. CMA Arundhati Basu, Vice Chairperson, EIRC and Chairperson, Seminar & Workshop Committee welcomed the members & expressed her sincere thanks to the guest speakers for their kind presence. The programme was very lively and participants conveyed their utmost satisfaction and highly appreciated the programme. EIRC organized a Virtual CEP on “Finance Act 2021-22 – In depth Analysis of Amendments in Direct Tax” on 15th May, 2021 under the initiative of Seminar & Workshop Committee. Shri Vivek Jalan, Chairperson, Ease of Doing Business Committee- The Bengal Chamber of Commerce was the Guest Speaker. CMA Ashis Banerjee, Chairman, EIRC-ICAI welcomed the members. There was an overwhelming response and all the participants had actively participated in the Q&A session. A Virtual Student Meet for December 2020 Term Intermediate Passed Students was organized on 27th April, 2021 by ICAI - EIRC under the initiative of Student Facilities & Training Committee of ICAI-EIRC. CMA Arundhati Basu, Vice Chairperson, EIRC and Chairperson, Student Facilities & Training Committee welcomed & addressed the students regarding the objective of Practical Training Course and how to apply for the same. She also explained regarding different forms that need to be submitted while joining the practical training. Another Virtual Student Meet for December 2020 Final one Group Passed Students was organized on 30th April, 2021 by ICAI - EIRC under the initiative of Student Facilities & Training Committee of ICAI-EIRC. CMA Arundhati Basu, Vice Chairperson, EIRC and Chairperson, Student Facilities & Training Committee welcomed & addressed the students regarding the training programmes. On 6th May, 2021 a Virtual Faculty Meet for 200th session Faculty was organized by ICAI - EIRC under the initiative of Student Facilities & Training Committee of ICAI-EIRC. CMA Arundhati Basu, Vice Chairperson, EIRC and Chairperson, Student Facilities & Training Committee welcomed the faculties. CMA Ashis Banerjee, Chairman, ICAI-EIRC had also graced the occasion. A Virtual Discussion Meet on how to face interview for Inter & Final passed students was organised by ICAI - EIRC under the initiative of Student Facilities & Training Committee of ICAI-EIRC on 7th May, 2021. CMA Arundhati Basu, Vice Chairperson, EIRC and Chairperson, Student Facilities & Training Committee welcomed the Students. CMA Ashis Banerjee, Chairman, ICAI-EIRC & CMA Avijit Goswami Former CCM-ICAI had also graced the occasion. CMA Avijit Goswami Former CCM-ICAI addressed the CMA Qualified on the various aspects and opportunities available for them within and outside India. Virtual Student Meet on 12th May, 2021 for December 2020 Foundation Passed Students was organized on 12th May, 2021 by ICAI - EIRC under the

initiative of Student Facilities & Training Committee of ICAI-EIRC. CMA Arundhati Basu, Vice Chairperson, EIRC and Chairperson, Student Facilities & Training Committee welcomed & addressed the students regarding the objective of undergoing the practical training and its benefits. Another Virtual Students Meet for Inter Grp-I & Grp-II Passed 2020 was organized by ICAI - EIRC under the initiative of Student Facilities & Training Committee of ICAI-EIRC on 18th May, 2021. CMA Arundhati Basu, Vice Chairperson, EIRC and Chairperson, Student Facilities & Training Committee welcomed & addressed the students about the training facilities available for the Intermediate Students. She also discussed regarding the placement opportunities.

Virtual CEP on 4th May ,2021 organised by ICAI-EIRC



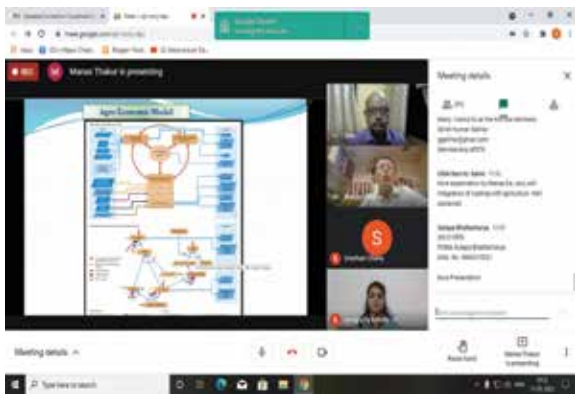
Virtual Faculty Meet on 6th May 2021 (200th session Faculty)



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA RAJPUR CHAPTER

At the outset CMA S.N. Das, Secretary of Rajpur Chapter extended a warm welcome to all the participants at the webinar held on 15th May 2021 and specially Shri Vinod Kumar Gaur, CMD, National Seeds Corporation, Dr. Biswajit Ghosh, D.Sc (Engg), Vice Chancellor, Neotia University and CMA Manas Kr. Thakur, Former President of ICAI for joining the webinar as Chief Guest and speakers respectively. To clarify about selection of topic of the seminar, he mentioned that the concept of sustainability came up in 1980s when UN General Assembly realized that there was a heavy deterioration of the human environment and natural resources and decided to establish the Brundtland Commission named after the former Prime Minister of Norway who headed the commission. Shri Vinod Kumar Gaur, CMD, National Seeds Corporation was then invited to address the participants from his huge experience in the field of agriculture. He started with the saga of development made in the field of agriculture in our country

thanks to government policy that “everything can wait but agriculture cannot”. Dr. Biswajit Ghosh started his delivery with the explanation of the term sustainability in agriculture and stated that it means an integral system of plant, animal production practices having a site-specific application towards food supply, environment protection, and economic viability of farming and enhance quality of life of society as a whole. CMA Manas Thakur asked opinion from Dr. Ghosh about the concept of SMART VILLAGE towards sustainable agriculture. Dr. Ghosh informed that it is a good idea and already is in the thinking of the policy makers but it is very difficult and distant to implement. CMA P.K. Misra, former Chairman, EIRC, ICAI entered in the discussion at this moment and advocated strongly for smart village concept. CMA Manas Kr. Thakur took up to explain the cost factors in sustainability of agriculture and stated the strategic cost impact on sustainability of agriculture in details. The meeting ended with vote of thanks by Rajpur Chapter to the participants and speakers to make the seminar a grand success.



CMA Harkesh Tara, Chairman, NIRC of ICAI-CMA met CMA P.K. Aggarwal Chief Advisor Cost – Ministry of Finance (GOI) on 26.03.2021.



CMA Harkesh Tara, Chairman, NIRC of ICAI-CMA met CMA A.K. Pal Ji, Advisor – Ministry of Finance (GOI) on 08.03.2021 along with CMA Manish Kandpal, Secretary, CMA Santosh Pant, Treasurer – NIRC of ICAI.

NORTHERN INDIA REGIONAL COUNCIL



CMA Harkesh Tara, Chairman, NIRC of ICAI-CMA met CMA I.P. Singh, Additional Chief Advisor Cost Ministry of Finance (GOI) on 26.03.2021.

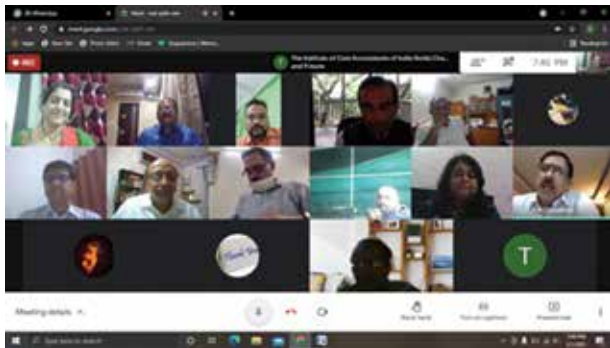


CMA Harkesh Tara, Chairman, NIRC of ICAI-CMA met CMA Ajoy Choudhary Ji, Director Finance – REC Ltd. on 12.02.2021 along with CMA Santosh Pant, Treasurer – NIRC of ICAI.



CMA Harkesh Tara, Chairman NIRC of ICAI-CMA met Shri Rajesh Verma Ji, IAS, Secretary Ministry of Corporate Affairs (GOI) along with CMA Manish Kandpal, Secretary & CMA Santosh Pant, Treasurer NIRC of ICAI

**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
NOIDA CHAPTER**



The Chapter organized a Panel Discussion in virtual mode on the 1st May, 2021. The topic of discussion was “Role of Cost and Management Accountants in this pandemic for finding opportunities in business for growth of the economy”. The program started with welcome address by Chairperson Noida Chapter CMA Swati Chaturvedi. She welcomed the Chief Guest CMA Anil Choudhary- Former CMD SAIL and galaxy of esteemed panelists which included CMA Swapan Kumar Bhattacharya- Head Finance of BHEL, CMA Rajesh Kumar Dwivedi- Head Finance- Haridwar unit of BHEL, CMA Vinod Kumar Agarwal- Head Commercial and Accounts- HGIEL Jaipur, CMA M.K. Mittal- Former Director Finance NHPC Ltd. , CMA Sanjeev Kumar- CMD BPA Advisory Ltd. and CMA SK Bhatt-Former Chairman NIRC of ICAI-CMA. The moderators of the program CMA Subhash Satyam- Deputy Manager F&A in ICSIL and CMA Rubi Mishra- Treasurer Noida Chapter put forward questions to the panelists which were taken up by them in detail. The deliberations included the current situation of the pandemic and it’s effect on the Indian economy. The chief Guest CMA Anil Choudhary emphasized on the importance of pricing of vaccines to be kept affordable for the general public. The virtual program was attended by large number of CMAs from all over India who later applauded

the speakers for their valuable suggestions and informative deliberations. The program concluded with a vote of thanks by Chairperson, CMA Swati Chaturvedi to the chief guest, all panelists and participants.

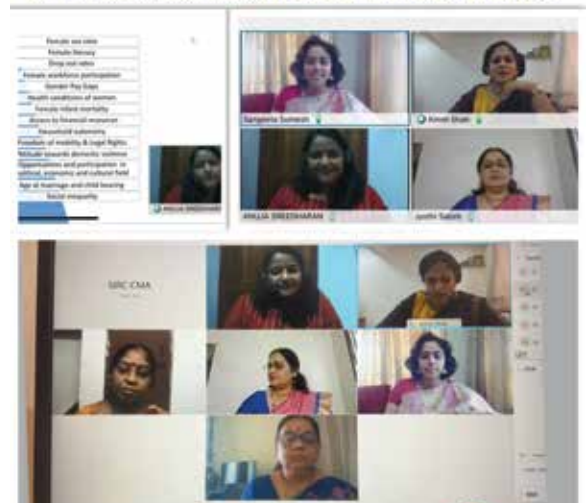
SOUTHERN INDIA REGIONAL COUNCIL

On the eve of ‘International Women’s Day Celebrations’, SIRC organised a webinar on the Topic ‘Celebrating Womanhood’ on 8th March, 2021. During the Webinar, Ms. Sangeeta Shankaran Sumesh, The Gain Enabler, CEO – Gaintastic Business Coach addressed on “Get High – Coach Yourself for High Performance”, Dr. Anuja Sreedharan, Associate Professor, Ramaiah College of Law, Bengaluru spoke on “Women in Society – Reflections Amidst Pandemic” and Smt. Meera Sankaran, Vocalist and Teacher (Carnatic Music) made a lecture on “Music in Women’s World” which was well received by the participants. Around 100 Members attended this Event. On 27-03-2021, PD Webinar on ‘Enterprise Risk Management’ was organized and Shri K.B.S. Manian, Group Chief Risk Officer & Head – Internal Audit, Apollo Hospitals Group was the speaker of the event. On 30-03-2021, a PD Webinar on ‘Costing in Service Industries’ and Shri S. Manoharan & Shri V.S. Narayanan, Sr. DGM – Finance & Accounts, Construction Division, L & T Limited was the speaker of the event.

**PD WEBINAR ON 'ENTERPRISE RISK MANAGEMENT'
On TODAY, 27th MARCH, 2021, 11 AM TO 1.30 PM BY
SIRC OF ICAI**



**ICAI - SIRC *The Celebration of Womanhood* on the Occasion
of *The International Women's Day 2021* on Monday, 8th March**



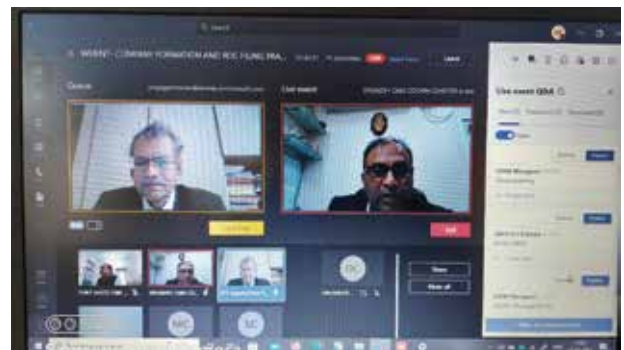
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA HYDERABAD CHAPTER

The chapter on 10.04.2021 organized a programme on “Overview of ESOPs and Demystifying e-invoicing in GST”. An ESOP is a kind of employee benefit plan, similar in some ways to a profit-sharing plan. CS A Sekar has clearly explained about types of ESOPs, Concept of ESOP, underlying benefits of ESOP, Possible benefits and disadvantages of ESOP, ESOP documentation etc. The second session was taken by CMA B. Mallikarjuna Gupta on “Demystifying e-invoicing in GST”. He emphasized the Benefits of e-invoice, Legal Provisions, Technical Aspects, supplies of which IRN has to be issued, technical Aspects of IRN, Implementation – Steps, GePP - GST e-Invoice preparing and printing tool etc. The Chapter on 18.04.2021 organized a programme on “Recent Amendments in companies Act, 2013”. CMA Dr. P.V.S. Jagan Mohan Rao garu, Past President - SAFA and Past President – ICSI was invited as the Chief guest for this programme. CA Divya Abhishek made a nice presentation regarding the said topic. She explained in detail the key amendments of Companies Act 2013, Companies (Accounts) Second Amendment Rules Dt April 1.2021, Amendment to Schedule III Dt March 24, 2021, companies (Audit & Auditors) as well as Second Amendment Rules Dt April 1, 2021. The inaugural Function of ‘Skill Enhancement course in GST’ was scheduled on 22nd April, 2021 for Bhavan’s Vivekananda College students. We are organizing this training programme for final year B. Com students. CMA M. Venkateshwarlu, Chairman-HCCA, CMA B. Mallikarjuna Gupta -Resource Person, Ms.Apoorva Jayasimha - Resource Person participated virtually in the inaugural session. The Chapter on 25.04.2021 organized a programme on “GeM Portal - A game changer for the MSMEs”. For MSMEs, GeM has become a game-changer. Sri Ravi Varma B, Business Felicitor, Gem – Telangana State has explained the key advantages for buyers and sellers, procurement options, Vendor assessment by QCI, Registration process etc.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA COCHIN CHAPTER

The Chapter conducted various programmes at Cochin Chapter of ICAI. The details of the programmes are given below. A Webinar on Company Formation and ROC Filing – Practical Orientation and Nidhi Companies – Law & Rules was organized on 22-3-2021. The Managing Committee of Cochin Chapter conducted a webinar on Company Formation and ROC Filing – Practical Orientation and Nidhi Companies – Law & Rules on 22nd March, 2021. Welcome Address given by CMA Suresh Kumar K. P., Chairman, ICAI Cochin Chapter. Introduction of Speaker was CMA Sankar P. Panicker., Member, SIRC of ICAI, Chennai. The Chief Guest of the programme was, Shri. G.C. Yadav, Registrar of Companies, Kerala and Lakshadweep. The speakers of the programme were CMA (Dr.) P.V.S. Jagan Mohan Rao, Past President, SAFA (Talk on Nidhi Companies Law & Rules), CS. Rajavolu Venkata Ramana, Treasurer, SIRC of ICSI, Chennai (Company Formation and ROC Filing & Practical Orientation. Vote of thanks was given by CMA Lajeesh K. L, Secretary, ICAI Cochin Chapter. The Chapter conducted

Career Guidance Programme for HSS, Koothattukulam on 28th March 2021 through the online platform of Google meet. The resource person of the programme was Mr.Vijesh M. V. Asst. Superintendent, Cochin Chapter of ICAI. The Chapter conducted Career Guidance Programme for Cochin College, Mattanchery, Kochi on 30th& 31 March 2021 through the online platform of Google meet. The session was handled by CMA K M Babu, Member & Faculty Member of the chapter.



WESTERN INDIA REGIONAL COUNCIL

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA AHMEDABAD CHAPTER



A felicitation program of Mrs. Alpa A Dagli was organized on 31st March 2021. Mrs. Alpa A Dagli retired on 31st March '21 and she was felicitated by bouquet and a Letter of Appreciation. CMA Ashwin Dalwadi-CCM, CMA Ashish Bhavsar-RCM-Secretary, WIRC and Managing Committee members of Ahmedabad Chapter were present in the program. A Book "Pharmaceuticals Pricing – The Drugs [Prices Control] Order 2013, A Practical Approach" written by CMA Vivek Agrawal was inaugurated on 3rd April '21 by the CCM-CMA Ashwin Dalwadi, RCM-Secretary, WIRC CMA Ashish Bhavsar and Managing Committee members of Ahmedabad. Before inauguration, CMA Haren Bhatt-Chairman of Chapter welcomed Author CMA Vivek Agrawal, his family members, CCM-CMA Ashwin Dalwadi, RCM-Secretary, WIRC CMA Ashish Bhavsar, Managing Committee Members and Members. A joint venture of Ahmedabad Municipal Corporation and the Chapter organized a Covid Vaccination Camp at Orient Club, Ellisbridge, Ahmedabad on 9th April 2021 for the benefit of the members, students and their families of Ahmedabad Chapter of Cost Accountants. Members, students and their families participated enthusiastically in the Vaccination Camp.



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA PIMPRI CHINCHWAD AKURDI CHAPTER

The Chapter conducted webinar on 'Strategy of CMAs for revival of MSMEs (Post COVID-19)' on 17th April 2021 through Google Digital platform. CMA Sagar Malpure, Member of the Managing Committee of the Chapter welcomed all the participants and introduced the speaker CMA Amar Kakaria, Investment Banker and CMA Mandar Zalkikar, Debt. Syndication Specialist. CMA Mandar Zalkikar in his speech started with categorization of SMEs and MSMEs. CMA Amar Kakaria explained that CMAs must have Focus on Revenue Maximisation, Cost Reduction is Mandatory, Employee Management, Receivable and Payable Management. CMAs have a great role to play by capitalising on their financial domain expertise, legal acumen and business knowledge. The program ended with vote of thanks. The Chapter conducted a webinar on 'Boiler and Turbine Performance Analysis' on 24th April 2021 through Google Digital platform. CMA Pradeep Deshpande, Secretary of the Chapter welcomed all the participants and introduced the speaker CMA Dhananjay Kumar Vatsyayan, Vice-Chairman & PD Committee Chairman of the chapter. The session was well interactive. CMA Bala Ventaka Subramonyam gave his feedback after the session. The seminar was attended by Members in practice, Professionals, Members from industries and Students in large numbers. CMA Ashish Deshmukh, Past Chairman of PCA Chapter gave the vote of thanks. The Chapter conducted webinar on 'Role of CMAs in NBFC and Financial Services Sector' on 8th May 2021 through Google Digital platform. CMA Mandar Jadhav, Member of the Managing Committee of PCA

Chapter has welcomed all the participants and introduced the speaker CMA Daidyanathan Iyer, Practicing Cost Accountant. CMA Daidyanathan Iyer in speech started with definition of Non-Banking Financial Company (NBFC) which is registered under the Companies Act engaged in the business loans and advances, acquisition of shares/stocks/bonds/debentures/securities by Government or Local Authority or other marketable securities of a like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of agriculture activity, industrial activity, purchase or sale of any goods (other than securities) or providing any services and sale/ purchase/ construction of immovable property. The program ended with vote of thanks. The Chapter conducted a webinar on 'Human Productivity' on 15th May 2021 through Google Digital platform. CMA Sagar Malpure, Managing Committee of the Chapter welcomed all the participants and introduced the speaker CMA Ashish Deshmukh, Practicing Cost Accountant and Past Chairman of the chapter. CMA Ashish Deshmukh in his speech said that the Human Productivity is ensured by MBO (Management by Objectives). The webinar ended with vote of thanks. The Chapter conducted webinar on 'Discussion on Developing Cost and Management Consultancy and Implementation of ABCM in MSME units' on 22nd May 2021 through Google Digital platform. CMA Jayant Hampiholi, Chairman of the Chapter welcomed all the participants and speaker CMA Baswaraj Mule. CMA Pradeep Deshpande, Secretary of PCA Chapter has introduced the speaker CMA Baswaraj Mule. He focused on Challenges for Management Consultancy, Preparation for Practicing CMA etc. CMA Dhananjay Kumar Vatsyayan gave the vote of thanks.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA NAVI MUMBAI CHAPTER

The Chapter conducted a Webinar CEP programme on "Introduction to SAP S4 / HANA" on 16th May 2021 through Google Meet app. The speaker for this event was Mr. Jayesh Maru Project Manager – TCS and he was welcomed by CMA Sirish Vasant Mohite, Chairman of the Chapter. CMA Vivek Bhalerao PD Chairman of the Chapter welcomed the participants and initiated the programme. The participants consisted of Cost Accountants in Employment as well as in Practice and it was a very good interactive session which benefited professionals working in Organisation having SAP as well as practising Members who got a very good insight on how to do consultancy/ audit in SAP environment

The presentation & the interactive workshop came to an end with the Vice - Chairman of the Chapter CMA Vaidyanathan Iyer highlighting the discussion during the session along with the Vote of Thanks



Name of The Article	Name of Author/s	Volume	Issue	Issue No.	Page No.	DOI Numbers
LEVIES, TAXES, AND DUTIES ON TELECOM SERVICES: THE EXISTING POLICY IN INDIA OBLITERATES THE SECTOR	CMA (Dr.) D. Selvaraj	Vol.56	May-21	5	23-26	10.33516/maj.v56i5.23-26p
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DIRECT TAXES

- ⊙ **Notification No. 41 dated 3rd May 2021:** In the Income-tax Rules, 1962, after rule 11UC, the following rule shall be inserted, namely:

“11UD Thresholds for the purposes of significant economic presence. — (1) For the purposes of clause (a) of Explanation 2A to clause (i) of sub-section (1) of section 9, the amount of aggregate of payments arising from transaction or transactions in respect of any goods, services or property carried out by a nonresident with any person in India, including provision of download of data or software in India during the previous year, shall be two crore rupees;

(2) For the purposes of clause (b) of Explanation 2A to clause (i) of sub-section (1) of section 9, the number of users with whom systematic and continuous business activities are solicited or who are engaged in interaction shall be three lakhs. ”

- ⊙ **Notification No. 42 dated 4th May 2021:** In the Income-tax Rules, 1962 (hereinafter referred to as the principal rules), in rule 114AAB,

(1) after sub-rule (2), the following sub-rules shall be inserted, namely:—

“(2A) The provisions of section 139A shall not apply to a non-resident, being an eligible foreign investor, who has made transaction only in a capital asset referred to in clause (viiab) of section 47 which are listed on a recognised stock exchange located in any International Financial Services Centre and the consideration on transfer of such capital asset is paid or payable in foreign currency, if the following conditions are fulfilled, namely:—

(i) the eligible foreign investor does not earn any income in India, other than the income from transfer of a capital asset referred to in clause (viiab) of section 47;

(ii) the eligible foreign investor furnishes the following details and documents to the stock broker through which the transaction is made namely:— (a) name, e-mail id, contact number; (b) address in the country or specified territory outside India of which he is a resident; (c) a declaration that he is a resident of a country or specified territory outside India; and (d) Tax Identification Number in the country or specified territory of his residence and in case no such number is available, then a unique number on the basis of which the non-resident is identified by the Government of that country or the specified territory of which he claims to be a resident.

- ⊙ **Notification No. 43 dated 4th May 2021:** In exercise of powers conferred by sub-clause (iv) of clause (c) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 (43of 1961) (hereinafter referred to as the “Act”), the Central Government hereby specifies the pension fund, namely, the Caisse de dépôt et placement du Québec, (hereinafter referred to as “the assessee”) as the specified person for the purposes of the said clause in respect of the eligible investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 (hereinafter referred to as “said investments”) subject to the fulfillment of the conditions.

- ⊙ **Notification No. 44 dated 4th May 2021:** In exercise of powers conferred by sub-clause (iv) of clause (c) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961(43 of 1961) (hereinafter referred to as the “Act”),

the Central Government hereby specifies the pension fund, namely, the CDPQ Infrastructures Asia III Inc., (hereinafter referred to as “the assessee”) as the specified person for the purposes of the said clause in respect of the eligible investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 (hereinafter referred to as “said investments”) subject to the fulfillment of the conditions.

- ⊙ **Notification No. 45 dated 4th May 2021:** In exercise of powers conferred by sub-clause (iv) of clause (c) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961(43 of 1961) (hereinafter referred to as the “Act”), the Central Government hereby specifies the pension fund, namely, the Ivanhoe Logistics India Inc., (hereinafter referred to as “the assessee”) as the specified person for the purposes of the said clause in respect of the eligible investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 (hereinafter referred to as “said investments”) subject to the fulfillment of the condition.

- ⊙ **Notification No. 46 dated 4th May 2021:** In exercise of powers conferred by sub-clause (iv) of clause (c) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 (hereinafter referred to as the “Act”), the Central Government hereby specifies the pension fund, namely, the CDPQ Fixed Income XI Inc., (hereinafter referred to as “the assessee”) as the specified person for the purposes of the said clause in respect of the eligible investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 (hereinafter referred to as “said investments”) subject to the fulfillment of the conditions.

- ⊙ **Notification No. 47 dated 6th May 2021:** The Central Board of Direct Taxes, in exercise of its powers under section 35CCC of the Income-tax Act,1961 (43 of 1961) read with Rules 6AAD and 6AAE of the Income-tax Rules,1962 and in partial modification of the Notification No. 14/2015 dated 16.02.2015, issued vide F.No. 203/31/2014-ITA.II, hereby specifies that Sl.No.7 and Sl.No.8 of said Notification shall be read as below:

7	Assessment Year(s) for which the agricultural extension project is being notified (not exceeding three years).	From date of formal issue of Notification No.14/2015 (i.e.) 16.02.2015 till A.Y. 2017-18.	
8	Total expenses likely to be incurred for the agricultural extension project (other than cost of land or building)	Assessment Year	Sanctioned expenditure (Amount in Rs.)
		2015-16	8,53,00,000*
		2016-17	8,53,00,000
		2017-18	8,53,00,000
		*However, as project has been accorded approval from subsequent date in the F.Y. 2014-15, i.e., A.Y. 2015-16, the sanctioned expenditure for the relevant period is to be allowed w.e.f. 16.02.2015	

STATUTORY UPDATES

- ⊙ **Notification No. 48 dated 6th May 2021:** The Central Board of Direct Taxes, in exercise of its powers under section 35CCC of the Income-tax Act, 1961 (43 of 1961) read with Rules 6AAD and 6AAE of the Income-tax Rules, 1962 and in partial modification of the Notification No. 15/2015 dated 16.02.2015, issued vide F.No. 203/30/2014-ITA.II, hereby specifies that Sl.No.7 and Sl.No.8 of said Notification shall be read as below:

7	Assessment Year(s) for which the agricultural extension project is being notified (not exceeding three years).	From date of formal issue of Notification No.15/2015 (i.e.) 16.02.2015 till A.Y 2017-18.	
8	Total expenses likely to be incurred for the agricultural extension project (other than cost of land or building).	Assessment Year	Sanctioned expenditure (Amount in Rs.)
		2015-16	2,07,00,000*
		2016-17	2,07,00,000
		2017-18	2,07,00,000
		*However, as project has been accorded approval from subsequent date in the F.Y. 2014-15, i.e., A.Y. 2015-16, the sanctioned expenditure for the relevant period is to be allowed w.e.f. 16.02.2015.	

- ⊙ **Notification No. 49 dated 6th May 2021:** The Central Board of Direct Taxes, in exercise of its powers under section 35CCC of the Income-tax Act, 1961 (43 of 1961) read with Rules 6AAD and 6AAE of the Income-tax Rules, 1962 and in partial modification of the Notification No. 16/2015 dated 16.02.2015, issued vide F.No. 203/29/2014-ITA.II, hereby specifies that Sl.No.7 and Sl.No.8 of said Notification shall be read as below:

7	Assessment Year(s) for which the agricultural extension project is being notified (not exceeding three years)	From date of formal issue of Notification No.16/2015 (i.e.) 16.02.2015 till A.Y. 2017-18.	
8	Total expenses likely to be incurred for the agricultural extension project (other than cost of land or building)	Assessment Year	Sanctioned expenditure (Amount in Rs.)
		2015-16	10,82,00,000*
		2016-17	10,82,00,000
		2017-18	10,82,00,000
		*However, as project has been accorded approval from subsequent date in the F.Y. 2014-15, i.e., A.Y. 2015-16, the sanctioned expenditure for the relevant period is to be allowed w.e.f. 16.02.2015.	

- ⊙ **Notification No. 50 dated 5th May 2021:** In the Income-tax Rules, 1962, in rule 2B, after sub-rule (1), the following sub-rules shall be inserted:

“(1A) For the assessment year beginning on the 1st day of April, 2021, where the individual referred to in sub-rule (1) avails any cash allowance from his employer in lieu of any

travel concession or assistance, the amount exempted under the second proviso to clause (5) of section 10 shall be the amount, not exceeding thirty-six thousand rupees per person, for the individual and the member of his family, or one-third of the specified expenditure, whichever is less, subject to fulfilment of the following conditions, namely:-

(i) the individual has exercised an option to avail exemption under the second proviso of clause (5) of section 10, in lieu of the exemption under clause (5) of section 10 in respect of one unutilised journey during the block of four calendar years commencing from the calendar year 2018;

(ii) the payment in respect of the specified expenditure is made by the individual or any member of his family to a registered person during the specified period;

(iii) the payment in respect of the specified expenditure is made by an account payee cheque drawn on a bank or account payee bank draft, or use of electronic clearing system through a bank account or through such other electronic mode as prescribed under rule 6ABBA; and

(iv) the individual obtains a tax invoice in respect of specified expenditure from the registered person referred in clause (ii).

- ⊙ **Notification No. 51 dated 5th May 2021:** In exercise of the powers conferred by sub-clause (vi) of clause (b) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 (43 of 1961) (hereinafter referred to as the “Act”), the Central Government hereby specifies the sovereign wealth fund, namely, the Bricklayers Investment Pte. Ltd., (hereinafter referred to as “the assessee”) as the specified person for the purposes of the said clause in respect of the investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 (hereinafter referred to as “said investments”) subject to the fulfilment of the conditions.

- ⊙ **Notification No. 52 dated 5th May 2021:** In exercise of the powers conferred by sub-clause (vi) of clause (b) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 (43 of 1961) (hereinafter referred to as the “Act”), the Central Government hereby specifies the sovereign wealth fund, namely, the Anahera Investment Pte. Ltd., (hereinafter referred to as “the assessee”) as the specified person for the purposes of the said clause in respect of the investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 (hereinafter referred to as “said investments”) subject to the fulfilment of the conditions.

- ⊙ **Notification No. 53 dated 5th May 2021:** In exercise of the powers conferred by sub-clause (vi) of clause (b) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 (43 of 1961) (hereinafter referred to as the “Act”), the Central Government hereby specifies the sovereign wealth fund, namely, the Dagenham Investment Pte. Ltd., (hereinafter referred to as “the assessee”) as the specified person for the purposes of the said clause in respect of the investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 (hereinafter referred to as “said investments”) subject to the fulfilment of the conditions.

- ⊙ **Notification No. 54 dated 5th May 2021:** In exercise of the powers conferred by sub-clause (vi) of clause (b) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 (43 of 1961) (hereinafter referred to as the “Act”), the Central Government hereby specifies the sovereign wealth fund, namely, the Stretford Investment Pte. Ltd., (hereinafter referred to as “the assessee”) as the specified person for

the purposes of the said clause in respect of the investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 (hereinafter referred to as “said investments”) subject to the fulfilment of the conditions.

- ⊙ **Notification No. 55 dated 5th May 2021:** In exercise of the powers conferred by sub-clause (vi) of clause (b) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 (43 of 1961) (hereinafter referred to as the “Act”), the Central Government hereby specifies the sovereign wealth fund, namely, the Chiswick Investment Pte. Ltd., (hereinafter referred to as “the assessee”) as the specified person for the purposes of the said clause in respect of the investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 (hereinafter referred to as “said investments”) subject to the fulfilment of the conditions.
- ⊙ **Notification No. 56 dated 7th May 2021:** The Central Government, in exercise of powers conferred by clause (iii) of Proviso to Section 269ST of the Income-tax Act, 1961, hereby specifies Hospitals, Dispensaries, Nursing Homes, Covid Care Centres or similar other medical facilities providing Covid treatment to patients for the purpose of Section 269ST of the Income-tax Act, 1961 for payment received in cash during 01.04.2021 to 31.05.2021, on obtaining the PAN or AADHAAR of the patient and the payee and the relationship between the patient and the payee by such Hospitals, Dispensaries, Nursing Homes, Covid Care Centres or similar other medical facilities.
- ⊙ **Notification No. 57 dated 10th May 2021:** In the notification of the Government of India, in the Ministry of Finance, (Department of Revenue), (Central Board of Direct Taxes) No. 54/2021 in F.No. 370142/46/2020-TPL, dated the 5th May, 2021, published vide number S.O. 1762(E) dated the 5th May, 2021 in the Gazette of India, Extraordinary, Part-II, Section 3, Sub-section (ii), at page 1, in paragraph 1, in line 3 - for “Stretford Investment Pte. Ltd.” read “Stretford End Investment Pte. Ltd.”
- ⊙ **Notification No. 58 dated 10th May 2021:** In the notification of the Government of India, in the Ministry of Finance, (Department of Revenue), (Central Board of Direct Taxes) No. 35/2021 in F.No. 370142/38/2020-TPL, dated the 22nd April, 2021, published vide number S.O. 1673(E) dated the 22nd April, 2021 in the Gazette of India, Extraordinary, Part-II, Section 3, Sub-section (ii), at page 1, in paragraph 1, in line 3 and 4 - for “Canada Pension Plan Investment Board Private Holdings (4) Inc.” read “CPP Investment Board Private Holdings (4) Inc.”
- ⊙ **Notification No. 59 dated 10th May 2021:** In the Notification of the Government of India, Ministry of Finance, Department of Revenue, Central Board of Direct Taxes, published on 7th May, 2021, vide S.O. 1803(E), in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (ii), “payee” is to be read as “payer”.
- ⊙ **Notification No. 60 dated 11th May 2021:** In exercise of the powers conferred by sub-section (1) of section 280A of the Income-tax Act, 1961 (43 of 1961) and section 84 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 (22 of 2015), the Central Government, in consultation with the Chief Justice of the Gauhati High Court, hereby designates the Court of Munsiff No. 3-cum-Judicial Magistrate, First Class, Kamrup (M), Guwahati as the Special Court for the States of Assam, Nagaland, Mizoram and Arunachal Pradesh for the purposes of section 84 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.
- ⊙ **Notification No. 61 dated 11th May 2021:** In exercise of the powers conferred by sub-section (1) of section 280A of the Income-tax Act, 1961 (43 of 1961) and section 84 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 (22 of 2015), the Central Government, in consultation with the Chief Justice of the High Court of Tripura, hereby designates the Court of the Additional Chief Judicial Magistrate, West Tripura as the Special Court for the State of Tripura for the purposes of section 84 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.
- ⊙ **Notification No. 62 dated 13th May 2021:** In exercise of the powers conferred by sub-clause (vi) of clause (b) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 (43 of 1961) (hereinafter referred to as the “Act”), the Central Government hereby specifies the sovereign wealth fund, namely, the CDC Group Plc., (hereinafter referred to as “the assessee”) as the specified person for the purposes of the said clause in respect of the investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 (hereinafter referred to as “said investments”) subject to the fulfilment of the conditions.
- ⊙ **Notification No. 63 dated 13th May 2021:** In exercise of powers conferred by sub-clause (vi) of clause (b) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 (43 of 1961) (hereinafter referred to as the “Act”), the Central Government hereby specifies the sovereign wealth fund, namely, the Ministry of Economy and Finance (of the Republic of Korea), (hereinafter referred to as “the assessee”) as the specified person for the purposes of the said clause in respect of the investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 (hereinafter referred to as “said investments”) subject to the fulfilment of the conditions.
- ⊙ **Notification No. 64 dated 13th May 2021:** In exercise of powers conferred by sub-clause (iv) of clause (c) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 (43 of 1961) (hereinafter referred to as the “Act”), the Central Government hereby specifies the pension fund, namely, the Public Sector Pension Investment Board, (hereinafter referred to as “the assessee”) as the specified person for the purposes of the said clause in respect of the eligible investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 (hereinafter referred to as “said investments”) subject to the fulfilment of the conditions.
- ⊙ **Notification No. 65 dated 13th May 2021:** In exercise of powers conferred by sub-clause (iv) of clause (c) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 (43 of 1961) (hereinafter referred to as the “Act”), the Central Government hereby specifies the pension fund, namely, the Government Employees Superannuation Board, (hereinafter referred to as “the assessee”) as the specified person for the purposes of the said clause in respect of the eligible investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 (hereinafter referred to as “said investments”) subject to the fulfilment of the conditions.
- ⊙ **Notification No. 66 dated 13th May 2021:** In exercise of powers conferred by sub-clause (iv) of clause (c) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 (43 of 1961) (hereinafter referred to as the “Act”),

the Central Government hereby specifies the pension fund, namely, the OMERS Administration Corporation, (hereinafter referred to as “the assessee”) as the specified person for the purposes of the said clause in respect of the eligible investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 (hereinafter referred to as “said investments”) subject to the fulfillment of the conditions.

- ⊙ **Notification No. 67 dated 17th May 2021:** In exercise of the powers conferred by sub-clause (iv) of clause (c) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 (43 of 1961) (hereinafter referred to as the “Act”), the Central Government hereby specifies the pension fund, namely, the Indo-Infra Inc., (hereinafter referred to as “the assessee”) as the specified person for the purposes of the said clause in respect of the eligible investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 (hereinafter referred to as “said investments”) subject to the fulfillment of the conditions.

- ⊙ **Notification No. 68 dated 24th May 2021:** In exercise of the powers conferred by section 50B read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the following rules further to amend the Income-tax Rules, 1962:

In the Income-tax Rules, 1962, after rule 11UAD, the following rule shall be inserted, namely: “11UAE. Computation of Fair Market Value of Capital Assets for the purposes of section 50B of the Income-tax Act.

(1) For the purpose of clause (ii) of sub-section (2) of section 50B, the fair market value of the capital assets shall be the FMV1 determined under sub-rule (2) or FMV2 determined under sub-rule (3), whichever is higher.

(2) The FMV1 shall be the fair market value of the capital assets transferred by way of slump sale determined in accordance with the formula

$$A+B+C+D - L,$$

where, A= book value of all the assets (other than jewellery, artistic work, shares, securities and immovable property) as appearing in the books of accounts of the undertaking or the division transferred by way of slump sale as reduced by the following amount which relate to such undertaking or the division, — (i) any amount of income-tax paid, if any, less the amount of income-tax refund claimed, if any; and (ii) any amount shown as asset including the unamortised amount of deferred expenditure which does not represent the value of any asset

B = the price which the jewellery and artistic work would fetch if sold in the open market on the basis of the valuation report obtained from a registered valuer;

C = fair market value of shares and securities as determined in the manner provided in sub-rule (1) of rule 11UA;

D = the value adopted or assessed or assessable by any authority of the Government for the purpose of payment of stamp duty in respect of the immovable property;

L= book value of liabilities as appearing in the books of accounts of the undertaking or the division transferred by way of slump sale subject to conditions

(3) FMV2 shall be the fair market value of the consideration received or accruing as a result of transfer by way of slump sale determined in accordance with the formula

$$E+F+G+H, \text{ where,}$$

E = value of the monetary consideration received or accruing

as a result of the transfer;

F = fair market value of non-monetary consideration received or accruing as a result of the transfer represented by property referred to in sub-rule (1) of rule 11UA determined in the manner provided in sub-rule (1) of rule 11UA for the property covered in that sub-rule;

G = the price which the non-monetary consideration received or accruing as a result of the transfer represented by property, other than immovable property, which is not referred to in sub-rule (1) of rule 11UA would fetch if sold in the open market on the basis of the valuation report obtained from a registered valuer, in respect of property;

H = the value adopted or assessed or assessable by any authority of the Government for the purpose of payment of stamp duty in respect of the immovable property in case the non-monetary consideration received or accruing as a result of the transfer is represented by the immovable property.

(4) The fair market value of the capital assets under sub-rule (2) and sub-rule (3) shall be determined on the date of slump sale and for this purpose valuation date referred to in rule 11UA shall also mean the date of slump sale.

- ⊙ **Circular No 9 dated 20th May 2021:** Extension of time limits of certain compliances to provide relief to taxpayers in view of the severe pandemic:

1. The due date of furnishing of Return of Income for the Assessment Year 2021-22, which is 31st July 2021 under sub-section (1) of section 139 of the Act, is extended to 30th September 2021
2. The due date of furnishing of Report of Audit under any provision of the Act for the Previous Year 2020-21, which is 30th September 2021, is extended to 31 st October 2021
3. The due date of furnishing of Return of Income for the Assessment Year 2021-22, which is 30th November 2021 under sub-section (1) of section 139 of the Act, is extended to 31st December 2021
4. The due date of furnishing of Return of Income for the Assessment Year 2021-22, which is 31st October 2021 under SUB-section (1) of section 139 of the Act, is extended to 30th November 2021
5. The due date of furnishing of belated/revised Return of Income for the Assessment Year 2021-22, which is 31st December 2021 under sub-section (4)/sub-section (5) of section 139 of the Act, is extended to 31st January 2022
6. The Certificate of Tax Deducted at Source in Form No 16, required to be furnished to the employee by 15th June 2021 under Rule 31 of the Rules, may be furnished on or before 15th July 2021
7. The TDS/TCS Book Adjustment Statement in Form No 24G for the month of May 2021, required to be furnished on or before 15th June 2021 under Rule 30 and Rule 37CA of the Rules, may be furnished on or before 30th June 2021 ;
8. The Statement of Deduction of Tax from contributions paid by the trustees of an approved superannuation fund for the Financial Year 2020-21, required to be sent on or before 31 st May 2021 under Rule 33 of the Rules, may be sent on or before 30th June 2021
9. The Statement of Deduction of Tax for the last quarter of the Financial Year 2020-21, required to be furnished on or before 31 st May 2021 under Rule 31A of the Rules, may be furnished on or before 30th June 2021

- ⊙ **Circular No 10 dated 25th May 2021:** The Central Board

of Direct Taxes has issued Circular No. 8 of 2021 on 30th April 2021 providing various relaxations till 31st May 2021 including extending time for filing the appeals before CIT (Appeals). At the same time, the Hon'ble Supreme Court vide order dated 29th April 2021 in Suo Motu Writ Petition (Civil) NO.3 of 2020 restored the order dated 23rd March, 2020 and in continuation of the order dated 8th March, 2021 directed that the period(s) of limitation, as prescribed under any General or Special Laws in respect of all judicial or quasi-judicial proceedings, whether condonable or not, shall stand extended till further orders.

INDIRECT TAXES

GST

- Notification No. 08/2021 Central Tax dated 1st May 2021:** 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) read with section 148 of the said Act, the Government, on the recommendations of the Council, hereby makes the following further amendments in notification. In the said notification, in the first paragraph, in the first proviso, in the Table after S. No. 3, the following shall be inserted, namely:

4	Taxpayers having an aggregate turnover of more than rupees 5 crores in the preceding financial year	9 per cent for the first 15 days from the due date and 18 per cent thereafter	March, 2021, April, 2021
5	Taxpayers having an aggregate turnover of up to rupees 5 crores in the preceding financial year who are liable to furnish the return as specified under sub-section (1) of section 39	Nil for the first 15 days from the due date, 9 per cent for the next 15 days, and 18 per cent thereafter	March, 2021, April, 2021
6	Taxpayers having an aggregate turnover of up to rupees 5 crores in the preceding financial year who are liable to furnish the return as specified under proviso to sub-section (1) of section 39	Nil for the first 15 days from the due date, 9 per cent for the next 15 days, and 18 per cent thereafter	March, 2021, April, 2021
7	Taxpayers who are liable to furnish the return as specified under sub-section (2) of section 39	Nil for the first 15 days from the due date, 9 per cent for the next 15 days, and 18 per cent thereafter	Quarter ending March, 2021

- Notification No. 09/2021 Central Tax dated 1st May 2021:** 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 amendments in the notification. In the said notification, after the seventh 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 period as specified in column (4) of the Table given below, for the tax period as specified in the corresponding entry in column (3) of the said Table, 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.

Sl No.	Class of registered persons	Tax period	Period for which late fee waived
1.	Taxpayers having an aggregate turnover of more than rupees 5 crores in the preceding financial year	March, 2021 and April, 2021	Fifteen days from the due date of furnishing return
2.	Taxpayers having an aggregate turnover of up to rupees 5 crores in the preceding financial year who are liable to furnish the return as specified under sub-section (1) of section 39	March, 2021 and April, 2021	Thirty days from the due date of furnishing return
3	Taxpayers having an aggregate turnover of up to rupees 5 crores in the preceding financial year who are liable to furnish the return as specified under proviso to subsection (1) of section 39	January-March, 2021	Thirty days from the due date of furnishing return

- Notification No. 10/2021 Central Tax dated 1st May 2021:** 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. In the said notification, in the third paragraph, after the first proviso, the following proviso shall be inserted, namely:

“Provided further 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 31st March, 2021, upto the 31st day of May, 2021.”
- Notification No. 11/2021 Central Tax dated 1st May 2021:** In exercise of the powers conferred by section 168 of the Central Goods and Services Tax Act, 2017 (12 of 2017) and sub-rule (3) of rule 45 of the Central Goods and Services Tax Rules, 2017, the Commissioner, with the approval of the Board, hereby extends the time period upto the 31st day of May, 2021, for furnishing the declaration in FORM GST ITC-04, in respect of goods dispatched to a job worker or received from a job worker, during the period from 1st January, 2021 to 31st March, 2021.
- Notification No. 12/2021 Central Tax dated 1st May 2021:** In exercise of the powers conferred by the second proviso to subsection (1) of section 37 read with section 168 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Commissioner, on the recommendations of the Council, hereby makes the following amendment in the notification. In the said notification, after the proviso, the following proviso shall be inserted, namely:

“Provided further that the time limit for furnishing the details of outward supplies in FORM GSTR-1 of the said rules for the registered persons required to furnish return under sub-section (1) of section 39 of the said Act, for the tax period April, 2021, shall be extended till the twenty-sixth day of the month succeeding the said tax period.”
- Notification No. 13/2021 Central Tax dated 1st May 2021:** In the Central Goods and Services Tax Rules, 2017: (i) in sub-rule (4) of rule 36, after the first proviso, the following proviso shall be inserted, namely:

“Provided further that such condition shall apply cumulatively for the period April and May, 2021 and the return in FORM

GSTR-3B for the tax period May, 2021 shall be furnished with the cumulative adjustment of input tax credit for the said months in accordance with the condition above.”

(ii) in sub-rule (2) of rule 59, the following proviso shall be inserted, namely:

“Provided that a registered person may furnish such details, for the month of April, 2021, using IFF from the 1st day of May, 2021 till the 28th day of May, 2021.”

⊙ **Notification No. 14/2021 Central Tax dated 1st May 2021:**

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 parts of 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 15th day of April, 2021 to the 30th day of May, 2021, 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 31st day of May, 2021.

Provided that where, any time limit for completion of any action, by any authority or by any person, specified in, or prescribed or notified under rule 9 of the Central Goods and Services Tax Rules, 2017, falls during the period from the 1st day of May, 2021 to the 31st day of May, 2021, and where completion of such action has not been made within such time, then, the time limit for completion of such action, shall be extended upto the 15th day of June, 2021.

(ii) in cases where a notice has been issued for rejection of refund claim, in full or in part and where the time limit for issuance of order in terms of the provisions of subsection (5), read with sub-section (7) of section 54 of the said Act falls during the period from the 15th day of April, 2021 to the 30th day of May, 2021, in such cases the time limit for issuance of the said order shall be extended to fifteen days after the receipt of reply to the notice from the registered person or the 31st day of May, 2021, whichever is later.

⊙ **Notification No. 15/2021 Central Tax dated 18th May 2021:** Seeks to make fourth amendment (2021) to CGST Rules, 2017.

⊙ **Circular No. 148/04/2021-GST dated 18th May 2021:** Seeks to prescribe Standard Operating Procedure (SOP) for implementation of the provision of extension of time limit to apply for revocation of cancellation of registration under section 30 of the CGST Act, 2017 and rule 23 of the CGST Rules, 2017.

CUSTOMS

⊙ **Notification No. 30/2021-Customs dated 1st May 2021:** In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby 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 Customs Tariff Act, 1975 (51 of 1975) specified in column (2) of the said Table, when imported into

India, from so much of the integrated tax leviable thereon under sub-section (7) of section 3 of the said Customs Tariff Act, read with section 5 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), as is in excess of the amount calculated at the rate specified in the corresponding entry in column (4) of the said Table. This notification shall remain in force upto and inclusive of the 30th June, 2021.

Chapter, heading, sub-heading or tariff item	Description	IGST Rate
9804	Oxygen concentrator, imported for personal use	12%

⊙ **Ad hoc Exemption Order No. 04/2021-Customs dated 3rd May 2021:** Seeks to exempt IGST on imports of specified COVID-19 relief material donated from abroad, up to 30th June, 2021.

⊙ **Notification No. 31/2021-Customs dated 31st May 2021:** 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 makes the following amendments in the notification of the Government of India, in the Ministry of Finance (Department of Revenue), No. 28/2021-Customs, dated the 24th April, 2021.

In the said notification,

(a) in the Table, after S.No. 18 and the entries relating thereto, the following S.No. and entries shall be inserted, namely:-

“19	29 or 30	Amphotericin B.”;
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(b) in paragraph 2, for the figures, letters and word “31st July, 2021”, the figures, letters and word “31st August, 2021” shall be substituted.

⊙ **Notification No. 32/2021-Customs dated 31st May 2021:** Seeks to exempt IGST on imports of specified COVID-19 relief material subject to specified conditions, up to 31st August, 2021.

⊙ **Ad hoc Exemption Order No. 05/2021-Customs dated 31st May 2021:** Seeks to amend Ad hoc Exemption Order No. 4/2021-Customs dated the 3rd May, 2021, to extend the exemption from IGST on imports of specified COVID-19 relief material donated from abroad, up to 31st August, 2021.

⊙ **Circular No. 09/2021-Customs dated 8th May 2021:** Restoring the facility under Circular No. 17/2020 dated 03.04.2020 namely, ‘Measure to facilitate trade during the lockdown period- section 143AA of the Customs Act, 1962’.

⊙ **Circular No. 10/2021-Customs dated 17th May 2021:** Changes introduced through the Customs (Import of Goods at Concessional Rate of Duty) Amendment Rules, 2021.

⊙ **Circular No. 11/2021-Customs dated 24th May 2021:** Extension of validity of AEO Certification III [Circular No. 11/2021-Customs dated 24.05.2021.

Sources: Incometax.gov.in, cbic.gov.in



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory body under an Act of Parliament)

Advisory for Renewal of Certificate of Practice For 2021-22

The members of the Institute holding Certificate of Practice (CoP) having validity up to 31st March, 2021 are requested to comply with the following guidelines for renewal of their Certificate of Practice:

1. The following changes consequent to amendment of the Cost and Works Accountants Regulations, 1959 vide Notification dated 4th February, 2011 published in the Gazette of India may be noted:
 - a. The validity of a Certificate of Practice (CoP) is for the period 1st April to 31st March every year unless it is cancelled under the provisions of the Cost and Works Accountants Act and Regulations, 1959 as amended.
 - b. The Certificate of Practice issued shall automatically be renewed subject to submission of prescribed Form M-3 (duly filled in) and payment of renewal fee* and annual membership fee*.
 - c. From the year 2011-12 onwards, letter for renewal Certificate of Practice is not being issued. However, the members concerned may download the renewal status from the Institute's website www.icmai.in.
Link: <https://eicmai.in/MMS/Login.aspx?mode=EU>
2. It may please be noted that under Section 6 of the Cost and Works Accountants Act, 1959, **both the Annual Membership Fee* and Fee for Renewal of Certificate of Practice*** falls due on 1st April each year.
3. Special attention is invited to the fact that the validity of a Certificate of Practice expires on **31st March** each year unless it is renewed on or before the date of expiry in terms of the amended Regulation 10 of the Cost and Works Accountants Regulations, 1959. Hence, a member shall be required to renew his certificate of Practice within **31st March** every year.
4. **If the Certificate of Practice of a member is not renewed within 31st March, 2021, his/her status of CoP from 1st April 2021 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 2021-22 renewed within **30th June, 2021**. If application for renewal of Certificate of Practice is made after 30th June, 2021, the member's Certificate of Practice for 2021-22 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.
Link: <https://eicmai.in/external/PublicPages/WebsiteDisplay/PractitionersForms.aspx>
7. The Institute has introduced a scheme of Continuing Education Programme (CEP) and the same is mandatory in accordance with provision to sub-regulation (1) of Regulation 10 of the Cost and Works Accountants Regulations, 1959, as amended, whereby no Certificate of Practice and renewal thereof shall be issued unless a member has undergone minimum number of hours of such training. The detailed guidelines in this connection are available on Institute's website www.icmai.in.

Link:

https://eicmai.in/external/PublicPages/WebsiteDisplay/docs/CEP_Guidelines_280520.pdf

8. For renewal and application of new CoP issued on and from 1st February, 2019, please refer to Notification F. No. CWA/21/2019 dated 1st February, 2019 and subsequent corrigendum dated 8th March, 2019.

Link: <https://icmai.in/icmai/news/5435.php>). Accordingly new CoP holders on and from 1st February, 2019 are required to comply with Mandatory Capacity Building Training (MCBT) requirement for renewal of CoP for the FY 2021-22.

9. Other relevant issues for Renewal of Certificate of Practice are as follows:

- a. Application for renewal of Certificate of Practice upto 31st March, 2022 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 2021-22 along with other requirements as indicated above immediately so as to reach the Institute's Office at Kolkata well in advance to enable the Institute to issue the renewal of Certificate by 31st March, 2021.

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)

PRESS NOTE

Cabinet approves Memorandum of Understandings (MoUs) entered into by the Institute of Cost Accountants of India (ICAI) with four Foreign Professional Accountancy Bodies/Organisations

The Union Cabinet, chaired by the Hon'ble Prime Minister Shri Narendra Modi has granted ex-post facto approval to the Memorandum of Understandings (MoUs) entered into by the Institute of Cost Accountants of India (ICAI) with four Foreign Professional Accountancy Bodies/Organisations namely, the Institute of Public Accountants (IPA), Australia, Chartered Institute for Securities and Investment, UK (CISI), Chartered Institute of Public Finance and Accountancy (CIPFA), UK, the Institute of Certified Management Accountants of Sri Lanka.

The various MoUs seek to facilitate mutual recognition of qualifications and range of collaborative activities for exchange of knowledge, experience sharing and technical cooperation by way of participation in annual conferences/training programmes/workshops, seminars and joint research projects etc., relevant to their jurisdiction.

About the Institute:

The Institute of Cost Accountants of India (erstwhile The Institute of Cost and Works Accountants of India) was first formed in **1944** as a registered company under the Companies Act with the objects of promoting, regulating and developing the profession of Cost Accountancy. On **28th 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. The Institute is under the administrative control of the **Ministry of Corporate Affairs, Government of India.**

The Institute is headquartered in Kolkata having four Regional Councils at Kolkata, Delhi, Mumbai and Chennai, 110 Chapters in India and 11 overseas Centres. The Institute is the 2nd largest Cost & Management Accounting body in the World and the largest in Asia, having approximately 5,00,000 students and 85,000 qualified CMAs either in practice or in employment all over the globe. The Institute is a founder member of International Federation of Accountants (IFAC), Confederation of Asian and Pacific Accountants (CAPA) and South Asian Federation of Accountants (SAFA). The Institute is also a member of International Valuation Standards Council (IVSC), UK and International Integrated Reporting Council (IIRC), UK.

NOTIFICATION

Ref. No. G/128/06/2021

Kolkata, the 1st June, 2021

In exercise of powers conferred by Regulation 146A of the Cost and Works Accountants Regulations, 1959, the Council of the Institute of Cost Accountants of India at its 331st Meeting held on 30th and 31st May, 2021, has given the following relaxations in view of acute pandemic situation arising out of outbreak of COVID-19. The relaxations shall come into force with immediate effect.

1. Annual General Meeting of the Chapter for the year 2021.

The due date of holding of Annual General meeting of the Chapter under Clause 18(1) of the Chapters Bye-Laws, 2019 as amended stands extended to 31st July, 2021 in respect of Annual General Meeting for the year 2021 which was due to be conducted by 31st May, 2021.

2. Adoption of Annual Accounts of the Chapter for the financial year 2020-21.

The due date of consideration and adoption of annual accounts of the Chapter under Clause 18(1)(ii) of the Chapters Bye-Laws, 2019 as amended stands extended to 31st July, 2021, in respect of annual accounts for the financial year 2020-21 which were due to be adopted by 31st May, 2021.

3. Forwarding of Annual Accounts of the Chapter to the Council & Regional Council concerned for the financial year 2020-21.

The due date of "16th May" specified in Clause 26(5) of the Chapters Bye-Laws, 2019 as amended stands extended to "16th July, 2021" in respect of annual accounts for the financial year 2020-21.

4. Election of office bearers of the Chapter for the year 2021-22.

Attention is drawn to Clause 12(1) of the Chapters Bye-Laws, 2019 as amended which states as follows:

"Every Managing Committee of a Chapter at its first meeting to be held on the same day and immediately after the Annual General Meeting shall elect from among the elected members a Chairman, a Vice-Chairman, a Secretary and a Treasurer thereof for not exceeding one year tenure, and so often as any of these offices becomes vacant, the Managing Committee of the Chapter shall elect another person from among its members to hold that office for remaining tenure only."

It is clarified that pursuant to extension granted under Clause 18(1) of the Chapters Bye-Laws, 2019 as amended, the Annual General Meeting of the Chapter can be held by 31st July, 2021. Consequently, the date of election of the office bearers of the Chapter for the year 2021-22 automatically stands extended up to 31st July, 2021, which shall be held in accordance with Clause 12(1) of the Chapters Bye-Laws, 2019 as amended.

5. Office bearers of the Chapter for the year 2020-21.

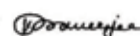
Attention is drawn to Clause 14 of the Chapters Bye-Laws, 2019 as amended which states as follows:

"Term of Office— The Chairman, Vice-Chairman, Secretary and Treasurer shall hold office for a period of one year from the conclusion of the Annual General Meeting of the Chapter, which shall in no case extend beyond 31st July... .."

The due date referred to in Clause 14 of the Chapters Bye-Laws, 2019 as amended stands extended to 31st July, 2021 in respect of office bearers of the Chapter who hold office till 31st May, 2021.

6. Procedure for conducting the Annual General Meeting for the year 2021.

On account of acute pandemic situation arising out of outbreak of COVID-, the Annual General Meeting for the year 2021 under Clause 18 of the Chapters Bye-Laws, 2019 as amended can be conducted through video conferencing or any other electronic mode subject to the condition that due notice for Annual General Meeting should be issued through email or any other electronic mode and the requisite quorum should be present through video conferencing or any other electronic mode. It is clarified that the notice of meeting can be issued through email or any other electronic mode and the quorum can be present through video conferencing or any other electronic mode pursuant to Clause 20 & 21 of the Chapters Bye-laws, 2019 as amended.



**CMA Kaushik Banerjee
Secretary**

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
- ⊙ Thalassaemia
- ⊙ Neurological Diseases
- ⊙ Flue Blown acquired Immune Deficiency Syndrome
- ⊙ Multiple sclerosis
- ⊙ Tuberculosis / Bronchopneumonia/ Pleurisy
- ⊙ Permanent disablement
- ⊙ Any other disease that may be considered by the Board of Trustees to be critical in nature.

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