THE MANAGEMENT ACCOUNTANT

ISSN 0972-3528

August 2022 | VOL 57 | NO. 08 | Pages - 124 | ₹ 100

The Indian Securities Markets on the Cusp of Change

Journal of

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory Body under an Act of Parliament)

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- **THE INSTITUTE OF COST ACCOUNTANTS OF INDIA** (erstwhile The Institute of Cost and Works Accountants of India) was established in 1944 as a registered company under the Companies Act with the objects of promoting, regulating and developing the profession of Cost Accountancy.
- On 28 May 1959, the Institute was established by a special Act of Parliament, namely, the Cost and Works Accountants Act 1959 as a statutory professional body for the regulation of the profession of cost and management accountancy.
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Institute Motto

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तमसोमा ज्योतिर् गमय
मृत्योर्मामृतं गमय
ॐ शान्ति शान्ति शान्तिः

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

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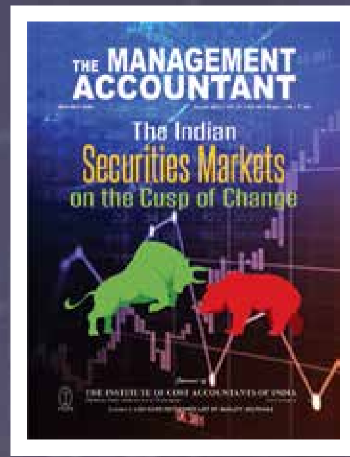
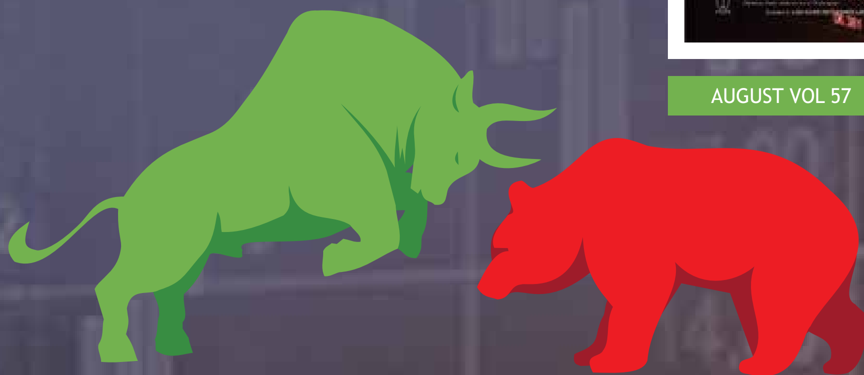


AUGUST VOL 57 NO.08 ₹100



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

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

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

Performance Speaks
SAP PRINT SOLUTIONS PVT. LTD.

PRINTED AT - SAP Print Solutions Pvt. Ltd. Plot No. 3, Sector II, The Vasai Taluka Industrial Co-op. Estate Ltd., Gauraipada, Vasai (East), Dist. Palghar - 401 208, India on behalf of The Institute of Cost Accountants of India, 12, Sudder Street, Kolkata - 700 016, P. S. New Market, West Bengal

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

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Tel: +91 33 2454-0086/0087/0184/0063

The Management Accountant technical data

Periodicity : Monthly
Language : English

Overall Size: - 26.5 cm x 19.6 cm

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

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

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The Management Accountant Journal is Enlisted in:
'UGC-CARE REFERENCE LIST OF QUALITY JOURNALS'

The Management Accountant Journal is Indexed and Listed at:

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

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EDITORIAL

The Indian Securities Markets – on the Cusp of Change

The Indian stock market has witnessed a colossal transformation ever since trading first started with the formation of the Bombay Stock Exchange (BSE) 147 years ago. Securities market plays a crucial role in promoting and sustaining the growth of an economy. It is an important and efficient channel to mobilize funds to enterprises, and provide an effective source of investment in the economy. It plays a vital role in mobilizing savings for investment in productive assets, with a view to enhancing a country's long-term growth prospects. It thus acts as a major catalyst in transforming the economy into a more efficient, innovative and competitive marketplace within the global arena.

The growth of capital markets will be helpful in raising the per-capita income of the individuals, decrease the levels of unemployment, and thus reduce the number of people who lie below the poverty line. With the increasing awareness in the people, they start investing in capital markets with long-term orientations, which would provide capital inflows to the sectors requiring financial assistance.

The Indian stock market is often interpreted as the NSE BSE market as the majority of the transactions take place there; though there are other smaller stock exchanges. Both the organizations have been instrumental in steering the Indian stock market towards the present position. It is the Securities and Exchange Board of India (SEBI) that monitors the functioning of the stock exchanges besides protecting the interests of investors in securities in the Indian stock market. The Indian stock market is counted as one of the world's best performing markets. The NSE today is the second fastest growing stock exchange in the world besides being the world's third largest Stock Exchange in terms of the number of trades in equities. The BSE, is the 11th largest stock exchange in the world besides being cited as the world's best performing shares market. The stature of BSE & NSE has elevated the position of the Indian stock market in the world map.

The securities and exchange board of India called SEBI is the regulatory authority established under the SEBI act 1992 and is a regulator for stock exchanges in India. SEBI has major and primary functions include protecting the investor interests, promoting and regulating the Indian securities markets. Recently, SEBI has notified a framework for the Social Stock Exchange (SSE) to provide social enterprises with an additional avenue to raise funds. The SSE is a novel concept in India and is meant to serve the private and non-profit sectors by channeling greater capital to them. The social enterprises will have to engage in a social activity out of 16 activities listed by the regulator. The eligible activities include eradicating hunger, poverty, malnutrition and inequality; among others.

For the past couple of years, there are two emerging trends visible in the Indian capital market-first, the sharp increase in the number of retail investors and the second is the increasing demand for sustainable finance. In line with these trends, there is an evolving market of rating companies that assess Environmental, Social, and Governance (ESG) risks and opportunities of investments, not only in India but also globally. Aligned with this global trend, SEBI has come up with suggestions to regulate ESG Rating Providers (ERPs). A KPMG report says that globally 85% of institutional investors are driving interest in ESG. There is a prediction that by 2025 one-third of the total global assets will consider ESG for direction. At least, 17 mutual funds based on ESG are already existing in the Indian market.

CMAs play crucial role in the Securities market arena; like - Conducting Internal and Concurrent Audit for depository operations under National Securities Depository Ltd (NSDL); Half-yearly Internal Audit of stock brokers/trading members/clearing members as prescribed by SEBI; Internal Audit for Credit Rating Agencies (CRAs). Security Exchange Board of India has considered the practicing Cost Accountants to carry out share reconciliation audit of issuer companies under the Regulation 76(1) of SEBI (D&P) Regulations, 2018. Further, CMAs have the right to Legal Representations under Clause 22C under Conditions for listing: Chapter IV of Listing of Securities.

This issue presents a good number of articles on the cover story *"The Indian Securities Markets - on the Cusp of Change"* written by distinguished experts. Further, we look forward to constructive feedback from our readers on the articles and overall development of the Journal. Please send your emails at *editor@icmai.in.* We thank all the contributors to this important issue and hope our readers will enjoy the articles.

THE MANAGEMENT ACCOUNTANT

PAPERS INVITED

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

Month	Theme	Subtopics
September 2022	Digital agility and Resilience through Enterprise Intelligence	⦿ Business Intelligence for SMEs ⦿ Navigating the Business Crosswinds with the Data driven Enterprise ⦿ Data-a core driver for Digital Economy ⦿ Data Architecture for the Digital-first Business ⦿ Cross-border data flows: its crucial role in socio-economic Sustainability of the Nation ⦿ Cloud Technologies: Essential in the domain of Enterprise Intelligence ⦿ Impact of COVID-19 pandemic on digital transformations globally ⦿ Trust, Ethics & Governance ⦿ Bridging the digital divide for an Inclusive Digital Economy
October 2022	Integrated Supply Chain Management	⦿ Supply Chain Risk, Resilience and Re-balancing ⦿ Lessons from Pandemic: Re-imagining Supply Chain ⦿ Challenges and Priorities in Supply Chain Management ⦿ Alternates & Innovative Strategies to Make Supply Chain more Agile & Flexible ⦿ Supply Chain Resilience at the apt cost and effort through visibility ⦿ Role of Logistics and Integrated Supply Chain towards Firm Competitiveness ⦿ Identifying logistics and Supply Challenges and Trade-offs associated with Global Operations ⦿ Resilient Supply Chain Management in a Disruptive World ⦿ Vocal for Local: To boost domestic Supply Chain ⦿ Climate-smart Supply Chain Planning
November 2022	Emerging trends in Telecom Industry in India	⦿ Evolution of Indian telecom infrastructure over the years ⦿ Overview on industry readiness of India for 5G ⦿ 'Broadband for all': Bridging the Digital Divide ⦿ The advent of 'Gati Shakti': Powering telecom infrastructure ⦿ Network Expansion and Investments ⦿ Aatmanirbharata in Telecom Manufacturing ⦿ Cost economics of active infrastructure sharing ⦿ Delivering densification – Streamlining the rollout of 5G networks in urban areas ⦿ Challenges plaguing the Indian telecom tower and infrastructure industry
December 2022	Future of Accounting Profession: Challenges & Opportunities	⦿ International Financial Reporting Standards(IFRS) and Corporate Governance ⦿ Green Accounting – A tool to quantify Environmental Sustainability ⦿ Accounting Information System (AIS): An Overview ⦿ Demystify the ESG landscape: Best Practices for ESG reporting, and the critical role for Finance Professionals ⦿ Changing role of New Gen Accountants in Rebuilding the global economy post Pandemic ⦿ Sustainability Accounting and Reporting ⦿ Digital Financial Reporting: The Way Forward ⦿ Rebooting of accounting skillsets to stay competitive in the digital age ⦿ Accounting for Cryptocurrencies

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 P. Raju Iyer
President
The Institute of Cost Accountants of India

"Freedom of mind is the real freedom. A person whose mind is not free though he may not be in chains, is a slave, not a free man. One whose mind is not free, though he may not be in prison, is a prisoner and not a free man. One whose mind is not free though alive, is no better than dead. Freedom of mind is the proof of one's existence."

- BR Ambedkar

My Dear Professional Colleagues,

As you are aware, 'Azadi ka Amrit Mahotsav' (AKAM) is being celebrated to commemorate the 75 glorious years of a progressive Independent India. The Institute of Cost Accountants of India compliments our Hon'ble Prime Minister for launching 'Har Ghar Tiranga' campaign under the aegis of AKAM, to encourage the citizens to hoist the National Flag of India in their homes. The programme is aimed at invoking a feeling of patriotism in the hearts of people and promoting a sense of respect for the symbols of Independence.

I request all members and students of the Institute to play an active role in promoting 'Har Ghar Tiranga' campaign and to hoist our National Flag at your office & homes during the Independence week from 13th to 15th August, 2022.

Meetings with dignitaries

I am happy inform you that I along with CMA Vijender Sharma, Vice President of the Institute and CMA B.B. Goyal, Former Addl Chief Advisor (Cost), MoF, GoI had an opportunity to meet Shri Rajnath Singh, Hon'ble Union Minister of Defence on 7th July, 2022 to handover and discuss Institute's representation along with the concept paper proposing to offer its flagship course "Certificate in Accounting Technician (CAT)" to the Agniveers & Retiring Defence Personnel.

On 12th July, 2022, I along with CMA (Dr.) K Ch A V S N Murthy, Council Member of the Institute, CMA K. Someswara Babu, Chairman, Hyderabad Chapter and CMA P Chandrasekhara Reddy, Immediate Past Chairman, Hyderabad Chapter of the Institute had a meeting with Smt. Neetu Prasad, IAS, Commissioner of Commercial Taxes, Telangana and submitted representation for inclusion of Cost Accountants for providing various professional services on taxation matters in the State of Telangana.

CMA (Dr.) K Ch A V S N Murthy, Council Member of the Institute along with CMA A. Vijay Kiran, Secretary, SIRC, CMA K. Someswara Babu, Chairman, Hyderabad Chapter and CMA P Chandrasekhara Reddy, Immediate Past Chairman, Hyderabad Chapter of the Institute had a meeting with Sri S.V. Kasi Visweswara Rao, Additional Commissioner (State Tax), Govt. of Telangana on 19th July, 2022 in Hyderabad.

MoU with Indian Statistical Institute, Kolkata

I feel elated to share that the Institute has entered into a path-breaking MoU with Indian Statistical Institute (ISI), Kolkata in July 2022. The objectives of this MoU are to carry out collaborative research missions in the area of Statistics, Economics, Computer Science, Cost Management etc., to exchange of academic knowledge, course materials, research publications and other academic and research inputs, to joint organisation of national and international seminars, conferences, workshops, training programs and other academic programs for practising professionals, teaching faculty, research scholars and students. I am confident that this MoU will be of immense importance in the field of empirical research and academic activities for the benefit of the society at large.

MoU with Madurai Kamaraj University, Madurai

I am pleased to inform you that the Institute has signed a MoU with Madurai Kamaraj University, Madurai on 25th July, 2022 during a workshop jointly organized by the Institute and MKU on Quality Enrichment & Mentoring on Accreditations and Rankings for Educational Administrators

- (Principal, Deputy/Vice Principal, IQAC–CIQA Directors, Co-ordinators) at Madurai Kamaraj University, Madurai. Hon'ble Vice Chancellor Dr. J Kumar of MKU inaugurated the workshop and highlighted the importance of skill and quality enhancement in HEIs. The MoU was signed by me and the Registrar of MKU Dr.M.Sivakumar during the inaugural function in the presence of Vice Chancellor of Mother Teresa University, Council Members, Regional Council Members of the Institute.

Eminent speakers for the technical sessions were Dr. Vaidehi Vijayakumar, Vice Chancellor of Mother Teresa University, CMA Chittaranjan Chattopadhyay, Council Member, CMA (Dr.) K Ch A V S N Murthy, Council Member, CMA Vijay Kiran Agastya, Secretary SIRC, Dr. Sundari and CMA Rakesh Shankar Ravisankar, Member of IAASB. The workshop ended with the certificate distribution to the participants during the valedictory function by me and CMA (Dr.) S. Kumararajan, Chairman, Madurai Chapter of the Institute.

Golden Jubilee Celebration of Trivandrum Chapter

I am happy to inform that the Trivandrum Chapter of the Institute celebrated its Golden Jubilee on 24th July 2022 at Trivandrum under the chairmanship of CMA Hari Prasad R. The function was inaugurated by me along with CMA Vijender Sharma, Vice President, CMA N. P. Sukumaran, Former President, CMA H Padmanabhan, Council member and CMA Sankar P. Paniker, Chairman SIRC of the Institute. CMA Chittaranjan Chattopadhyay, Council Member, CMA (Dr.) K Ch A V S N Murthy, Council Member, SIRC office bearers & fellow office bearers of Trivandrum Chapter also participated in the celebrations. The occasion also witnessed a nostalgic video presentation of Trivandrum chapter's past 50 years memories and achievements. Trivandrum Chapter honored its senior members for their significant contribution and services, honored faculties, Council Members and felicitated members & families for their achievement in the field of academics, sports, profession (which includes Guinness World record) and also intermediate & final qualified students. Vote of thanks was delivered by CMA Pranav Jayan, Secretary Trivandrum Chapter. The cultural program performed by our students added more colours to the celebrations. I congratulate the Trivandrum Chapter on successful celebration of its Golden Jubilee and extend my best wishes for all its future endeavors.

Inauguration of Sathavahana Chapter and Warangal Chapter

I am happy to inform you that the Institute has inaugurated its Sathavahana Chapter and Warangal Chapter on 2nd August, 2022. Shri Navin Mittal, IAS, Commissioner, Collegiate Education & Technical Education, Government of Telangana was the Chief Guest. During his address, he emphasised the need for optimally harnessing the enormous career opportunities for professional cost and management accountants in various domains of finance and accounting in this era of digital economy.

Shri R.V. Karnan IAS, Collector & District Magistrate, Karimnagar District and Dr. K.Rama Krishna, Principal, SRR Government Art and Science College graced the inauguration event of Sathavahana Chapter. The inauguration event was attended by me, CMA (Dr.) K Ch A V S N Murthy, Council Member, Dr. Achalapathi K. V., Director, AAT Board of the Institute, CMA K. Someswara Babu, Chairman of Hyderabad Chapter, CMA P Chandrasekhara Reddy, Immediate Past Chairman, Hyderabad Chapter of the Institute.

The Sathavahana Chapter and Warangal Chapter also organised the members meet on this occasion which was attended by members, students of the Institute and commerce lecturers. I congratulate CMA RVSRK Prasad, Chairman Sathavahana Chapter, CMA K V Kishan Rao, Chairman Warangal Chapter and other office bearers of both the Chapters and convey my best wishes to their members and students for all their future endeavours.

BW CFO World Finance 40 Under 40 Awards 2021

I am glad to inform you that I attended the Jury meeting of BW CFO World Finance 40 Under 40 Awards 2021 under the Chairmanship of Shri Sethurathnam Ravi, Chairman, TFCI, Former Chairman, Bombay Stock Exchange as one of Jury member on 21st July, 2022. Nominations from CFOs of top companies from different industries were evaluated in a very transparent manner considering their job description, key achievement highlights in previous and current role, challenges faced at job and solutions implemented and how they envision their career developing in the near future. I appreciate and congratulate BW Businessworld for recognizing the significant role of CFOs in form of these prestigious awards which is an excellent step to motivate the Finance professionals.

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

BANKING, FINANCIAL SERVICES AND INSURANCE BOARD

The BFSI Board and BFSI department continued to carry out various activities and initiatives during the month of July 2022 under the proactive and dynamic leadership of CMA Chittaranjan Chattopadhyay, Chairman of the BFSI Board. The summary of such activities and initiatives are as follows –

- **Meeting with dignitaries**
    a. CMA Chittaranjan Chattopadhyay, Chairman,

BFSIB met Shri Partha Pratim Sengupta, MD & CEO, IOB and Ms. S. Srimathy, Executive Director, Indian Overseas Bank on 21st July, 2022 at the Head Office of the bank in Chennai and discussed issued related to role of CMAs in the banking sector.

b. CMA Chittaranjan Chattopadhyay, Chairman, BFSIB met Shri R. N. Singh, Secretary Railway Board, Ministry of Railways on 6th July, 2022 and discussed on Infrastructure Financing and Banking. He also met Shri Rabindra N Mishra, Executive Director (Finance, Commercial & PPP), Ministry of Railways (Railway Board) and discussed various issues on infrastructure financing in railways.

⊙ July dedicated as 'Banking Month'

a. Webinars: A webinar was held by BFSIB on 6th July, 2022 on the topic of ' Infrastructure Financing: A Panacea for Development of New India' where Shri C M Khurana, Former Chief General Manager, Oriental Bank of Commerce was the speaker. Another webinar was held by BFSIB on 23rd July, 2022 on the topic of 'Settlement of International Trade in INR' where Shri Vikas Babu Chittiprolu, DGM, Union Bank was the Chief Guest & Speaker and CMA Nijay Gupta, Forex Expert was the Guest of Honour & Speaker.

b. Blended Programme: The BFSI Board organized the National Banking Symposium on 29th July, 2022 on the topic of 'Bank Nationalization and beyond' at Kolkata. Shri D. N. Ghosh, Former Chairman, SBI and first Chairman of ICRA Ltd. was the Chief Guest and Shri Chandra Sekhar Ghosh, Founder, MD & CEO, Bandhan Bank and Shri Soma Sankara Prasad, MD & CEO, UCO Bank participated in fire side chat event which was moderated by Shri Tamal Bandyopadhyay, Renowned Business Columnist. I had the pleasure to attend the programme along with my council colleagues CMA Chittaranjan Chattopadhyay, Chairman BFSIB and CMA Biswarup Basu, Immediate Past President. Former Presidents CMA Amal Kumar Das, CMA Harijiban Banerjee and CMA Mahesh Shah graced the occasion along with participants from various banks and members of the Institute. The programme was also streamed live on the official YouTube platform of the Institute in addition to a packed house who were spellbound with the event.

⊙ Certificate Course on General Insurance in association with National Insurance Academy (NIA):

The 2nd batch admissions of the course have already started for the members and students. I call upon all finance professionals to avail the opportunity of enrolling in the course for skill development and capacity building in the Insurance Sector. BFSIB and NIA are developing the modalities of the Level-2 of the certificate course and I am sure that it will also be very popular. Those interested may kindly fill up the Expression of Interest Form available online.

Like all other courses of the Institute, I am sure members and students who will take up the three certificate courses on Banking will greatly benefit towards their skill development and knowledge enhancement.

⊙ Banking Courses

The 7th batch of Certificate Course on Concurrent Audit of Banks started on 16th July, 2022. Shri Dipankar Guha, Head, Baroda Apex Academy was the Chief Guest for the inaugural session. I urge all interested to take the admission for all the three courses being offered and get benefitted by knowledge enhancement.

⊙ Certificate Course on Investment Management in association with NISM

The Batch No. 8 of Level-I admission has started along with Batch No. 4 of Level-II and Batch No. 3 of Level-III respectively. I call upon all interested to take admission and reap the benefits of joining the courses.

⊙ Representation letters for inclusion of CMAs

As a continuous effort for further development of the profession in the BFSI sector, BFSIB has represented to various authorities and employers for inclusion of CMAs in the sector. I am happy to announce that CMAs are now included for conducting concurrent audit of Jankalyan Sahakari Bank Ltd.

⊙ Sale of Aide Memoire on Infrastructure Financing

The handbook released by BFSIB, titled 'Aide Memoire on Infrastructure Financing' for benefit of all stakeholders has been very well accepted by stakeholders. The members, students and others can grab their copies through online purchase via the link https://eicmai.in/booksale_bfsi/Home.aspx. I congratulate CMA Chittaranjan Chattopadhyay for this initiative of BFSIB.

⊙ Release of the 10th issue and 2nd Annual Issue of BFSI Chronicle

BFSI Board released the 10th issue and 2nd Annual Issue of the BFSI Chronicle. It has very interesting articles in various aspects in BFSI and covers all the three verticals of

Banking, Financial Services and Insurance. The chronicle is being sent to all the top management of the BFSI sector stakeholders for brand building of the Institute. Members and students can also download their copy via the link https://icmai.in/upload/BI/BFSI_10th_Edition_July_2022.pdf available at the BFSI portal on the Institute's website.

BOARD OF ADVANCED STUDIES & RESEARCH

Industry Recognition of DISSA and DFA Course

I am pleased to inform you that The Jute Corporation of India Ltd. (A Government of India Enterprise) has recognized 'DISSA' & 'Diploma in Forensic Audit' Qualifications offered by the Board of Advanced Studies & Research of the Institute; previously Konkan Railway Corporation Ltd. (a Central PSU) has also recognized the DISSA course.

I urge all practicing members of the Institute to take initiatives for recognition of the DISSA and DFA course launched by the Board of Advanced Studies & Research with their respective clients to be considered as an additional qualification required for applying to the Internal Audit tendering process.

I must congratulate CMA Debasish Mitra, Chairman, Board of Advanced Studies & Research and the staff members of the directorate for conducting these valuable courses for the professional enrichment of the members and students. I wish every success to all the participants of these courses for their future endeavours.

CONTINUING EDUCATION PROGRAMME COMMITTEE

I am glad to share that the 6th batch of Online Mandatory Capacity Building Training (e-MCBT) was successfully concluded on 29th July 2022. We received an overwhelming response from the participants appreciating the efforts of the CPD Directorate for their support and coordination. I appreciate CMA Biswarup Basu, Immediate Past President and Chairman, CEP Committee for his sincere commitment towards the growth and development of the profession.

The CEP Committee organised a programme on "Changing Times-Role of CMAs" held at Kolkata. During the month, around Fifty webinars and programmes were organised by the different committees of the Institute, Regional Councils and Chapters of the Institute on the topics of professional relevance and importance like GST Complexity in Power Sector; Faceless Assessment-GST; Management Accounting; Cost Audit from Auditee Perspective; Proposed Cost Auditing Standards; Task Management System, Recent Changes under GST - 47th Council, Conference on Future of Accounting Profession: Challenges and Opportunities, Valuation of Inventories AS-2, SAP - Costing and Profitability Analysis under SAP & Reporting Formats, Maintenance of cost records & cost audit, Journey towards $5TN Economy: Indian Capital Markets@75 and so on. I am sure our members are immensely benefited from the deliberations in the sessions.

DIRECTORATE OF CAT

CAT Examination: July 2022 Term

The result of CAT Course Part- I Examination-July 2022 was declared after the examination was successfully concluded on 24th July, 2022. I would like to congratulate all the students who have passed the examination. I would like to inform that passing the CAT examination makes them eligible to take direct admission in the Intermediate Course of the Institute. I congratulate team CAT for successfully conducting the examination.

Further, team CAT, having heard the students who faced genuine issues in home-based online examination, conducted CAT Course Part- I Supplementary Examination on 29th July, 2022 and declared result on 31st July, 2022. I would like to place on records the thoughtfulness of team CAT under the leadership of my Council colleague CMA H. Padmanabhan, Chairman-CAT.

CAT Course for Defence Personnel:

I am utterly pleased to share with you about the Institute's endeavour to have CAT course rolled out for the Agniveers & retiring Defence personnel of Indian Army, Navy, and Air Force. A high-level delegation comprising myself, CMA Vijender Sharma, Vice President and CMA B.B.Goyal, Advisor, ICMAI MARF met Shri Rajnath Singh, Hon'ble Union Defence Minister and-upon insinuation of Hon'ble Defence Minister- with Agniveer Training Team lead by Lt. Gen. Anil Puri, AVSM, SM, VSM, Additional Secretary, Department of Military Affairs and other senior officials of the Ministry of Defence (MoD) on 7th July, 2022. We handed over an intent letter of the Institute alongwith a Concept Note to the Hon'ble Minister as well as to Lt. Gen. Puri. A copy of this letter was also sent to the Principal Secretary to Prime Minister (PM) with a request to bring our noble intentions mentioned in the proposal to the notice of Hon'ble PM. I would further like to share with you that the Hon'ble Defence Minister was very happy with the proposal we submitted. The response of the Agniveer team was overwhelming too, based on which we have had meeting with the officials of the Directorate of Training, Directorate General Resettlement (DGR), Department of Ex-Servicemen Welfare, Ministry of Defence on 14th July, 2022 to take up the proposal further. Presentation on CAT Course was also made on 28th July, 2022 before the senior officials of the Ministry of Defence to provide them complete information about the course. I can't divulge more details about the said Meeting at this point in time as the discussions are at a very nascent stage. However, I am hopeful that I would share some good news with you in this regard in my future communiques.

- **CAT Competency Level - Part II Assessment Tests (Old Syllabus)**

Though the new syllabus of CAT Course is in place since July 2021 and based on it the classes for the CAT Course Part II were recently conducted online by the CAT Directorate, for the benefit of the older students, CAT Directorate conducted CAT Course Assessment Tests for CAT Competency Level Part II in the month of July 2022.

INTERNAL AUDITING AND ASSURANCE STANDARDS BOARD (IAASB)

I am pleased to inform that IAASB jointly with Nashik – Ojhar Chapter of the Institute organized a Seminar on Internal Auditing on 3rd July, 2022 at Nashik. Technical sessions were held on the topics 'Internal Audit in ERP Environment' and 'Internal Audit – Capacity Building Performance Reporting'. The Seminar was followed by the members meet organized by the Chapter. I along with my Council Colleagues, CMA Chittaranjan Chattopahyay, CMA Neeraj D. Joshi, and CMA Amit A. Apte, Former President of the Institute participated in the Seminar.

On 11th July 2022, the Hyderabad Chapter in association with IAASB organized a Seminar on "Internal Audit- Role in Risk Management" at Hyderabad. The event was attended by me along with CMA (Dr.) K Ch A V S N Murthy, Council member, CMA Vijay Kiran Agastya, Secretary SIRC. CMA (Dr.) V Gopalan, Member IAASB, CMA Rakesh Shankar Ravisankar, Member IAASB and CMA P. Naresh Kumar were the resource persons. The Hyderabad chapter also celebrated its Formation Day in the evening of 11th July in the august presence of Former Chairmen of the Chapter and Former Presidents of the Institute from the region were honored by presenting the mementos. I congratulate CMA K. Someswara Babu, Chairman of Hyderabad Chapter and his team for successful conduct of both the events.

INTERNATIONAL AFFAIRS COMMITTEE

- **Conference by SAFA PAIB Committee in Trivandrum**

I am happy to inform that the Institute has successfully hosted the Conference on the theme "Future of Accounting Profession: Challenges and Opportunities" organized by the SAFA Committee on Professional Accountants in Business (PAIB) under the Chairmanship of CMA H. Padmanabhan on 23rd July, 2022 at Trivandrum, Kerala through hybrid mode.

Shri Georgee Ninan, Managing Director, Travancore Titanium Products Limited graced the occasion as the Chief Guest. Welcome address was delivered by CMA Hari Prasad R, Chairman Trivandrum Chapter of the Institute followed by the address of CMA H Padmanabhan, Chairman SAFA PAIB Committee & Council Member of the Institute. I addressed the participants along with CMA Vijender Sharma, Vice President of the Institute, CA. Nihar Jambusaria, Vice President SAFA, Mr. H M Hennayake Bandara, President SAFA (Virtually), my Council Colleagues CMA Neeraj D. Joshi and CMA Niranjan Mishra. The highlight of the inaugural session was the Keynote address delivered by CMA Yogesh Gupta, IPS, Additional Director General of Police, Kerala. He enlightened the gathering on The Future of Accounting: Impact of Digital Transformation. Inaugural session ended with Vote of Thanks by CMA Sankar P. Panicker, Chairman, SIRC of the Institute.

Eminent Speakers from SAFA member bodies participated in the Panel Discussion on "Future of Accounting Profession: Challenges and Opportunities". The session was chaired by CMA P S M Hameed, Former GM BHEL & Former Chairman, SIRC of the Institute and CMA B B Goyal, Former Addl Chief Advisor (Cost), MoF, GoI was the Moderator. Panellists were CA. Ranjeet Agarwal, Member, SAFA PAIB Committee, CA. Nihar Jambusaria, Vice President SAFA, CMA Debasish Mitra, Council Member, CMA Chittaranjan Chattopadhyay, Council Member, CMA (Dr.) K Ch A V S N Murthy, Council Member, CMA Sankar P. Panicker, Chairman, SIRC of the Institute. CMA Vijay Kiran Agastya, Secretary SIRC, CMA Rajesh Sai Iyer, Treasurer SIRC, CMA Pranav Jayan, Secretary Trivandrum Chapter and other members of the Managing Committee of Trivandrum Chapter also participated in the Conference. I convey my sincere thanks to the Trivandrum Chapter for providing all the support for the successful conduct of the event. There was an overwhelming participation at the program and sessions by eminent speakers were well appreciated.

- **SAFA Foundation Day Conference in New Delhi**

South Asian Federation of Accountants (SAFA) is celebrating its 39th Foundation Day on 22nd August, 2022 and it gives me immense pleasure to inform that the Institute is hosting the celebrations by organising SAFA Foundation Day Conference on 22nd August 2022 at The LaLit, New Delhi. Further details shall be shared in due course. I request all to block the date and participate in large numbers.

MEMBERSHIP DEPARTMENT

I am happy to welcome and congratulate all the new 111 Associate members who were granted new membership and 33 existing Associate members who were upgraded to Fellowship during the month of July 2022.

A gentle reminder to members who are yet to pay membership fees upto 2022-23, that membership fees for the current financial year have fallen due on 1st April 2022 and are required to be paid latest by 30th September 2022. I call upon members to check their due / payment status and pay fees accordingly by online mode at their convenience via the members' online system by logging in through the link https://eicmai.in/MMS/Login.aspx?mode=EU.

Clarifications in any membership matter, if any, may be sought for by email quoting membership number at membership@icmai.in

PROFESSIONAL DEVELOPMENT COMMITTEE

I am pleased to inform you that PD Directorate submitted representations to various organizations for inclusion of Cost Accountants for providing professional services. On Institute's representation, ECGC Limited has considered Cost Accountants Firms for appointment as GST Consultants and Maharashtra Natural Gas Limited considered Cost Accountants Firms for appointment as Internal Auditors.

Please visit the PD Portal for Tenders/EOIs during the month of July 2022, where services of the Cost Accountants are required in Chas Municipal Corporation, Jammu And Kashmir State Power Development Corporation, Department of Excise and Taxation Government of Punjab, Surat Smart City Development Ltd, ONGC Videsh Ltd, Hindustan Steel Works Construction Limited, ECGC Limited, The Odisha State Police Housing and Welfare Corporation Limited, Maharashtra Natural Gas Limited, Uttar Pradesh Jal Nigam (Urban), Maulana Abul Kalam Azad University of Technology, Assam Petro-chemicals Limited, Bureau of Indian Standards, Southern Regional office, Armoured Vehicles Nigam Limited, Chhattisgarh State Cooperative Marketing Federation Limited, Central Mine Planning And Design Institute Limited, Sahibganj Municipal Council, Western Coalfields Limited (WCL), Bharat Coking Coal Limited (BCCL),Jute Corporation of India Limited (JCI), etc.,

Further, Professional Development Committee in association with PHD Chamber of Commerce and Industry organised a programme on "GST Conclave-Evolution and Challenges-5 year of GST".

TASK FORCE ON MSME & START-UP

The Task Force on MSME and Start-up and Nashik-Ojhar Chapter of the Institute jointly in collaboration with Laghu Udyog Bharti, Nashik had conducted a half-a-day seminar on "MSMEs and Operational Issues" on 3rd July 2022 at Nashik. CMA Suvarna Kute, member of Nasik-Ojhar Chapter welcomed all the dignitaries and attendees and also elaborated the details of the seminar theme. I delivered the Presidential Address. CMA Chittaranjan Chattopadhyay, Chairman of the Task Force on MSME & Start-Up addressed the members present and congratulated the Chapter for organizing such a seminar in collaboration with Laghu Udyog Bharti, Nasik on very a relevant topic for sensitizing MSME entrepreneurs and handed over two coveted publications of the Institute titled "Aide Memoire on Micro Small and Medium Sector Enterprises (including restructuring of MSME Credit)" and "Aide Memoire on Infrastructure Financing" to the President and Secretary of Laghu Udyog Bharti, Nasik.

TAX RESEARCH DEPARTMENT

The Tax Research Department celebrated the GST Day on 1st July, 2022 by organising a grand Webint on the theme 'GST in India – Poised to deliver sustainable growth'. This was also the theme for observance of GST month throughout the month of July, 2022. The webint of 1st July was graced by Shri Pradeep Gooptu, Ex-Resident Editor, Business Standard. Other eminent dignitaries who graced the occasion was CMA M S Mani, Partner – Deloitte India Tax Practice, CMA Amit Sarker, Partner – Indirect Tax Practice, Deloittee Haskins & Sells LLP, CMA Rahul Ranavirkar, Managing Director, Acuris Advisors Pvt, Ltd and CMA Mrityunjay Acahrjee, General Manager – Finance, Numaligarh Refinery Ltd – Guwahati.

On 6th of July, 2022, Shri Sushil Kumar Modi, Hon'ble Member of Parliament, Rajya Sabha graced the seminar on observance of GST day at Scope Complex, New Delhi. The 115th Tax Bulletin and 'Guide Book for GST Professionals' was release at the hands of Shri Sushil Kumar Modi. This physical seminar also had an insightful deliberation from CMA Sanjali Dias, Senior Vice – President, GSTN, CMA B M Gupta and CMA Navneet Jain, Practicing Cost Accountants. CMA B B Goyal, Former Addl. Chief Advisor (Cost), MoF, GoI was the moderator for the session. CMA Chandra Wadhwa, Former President, graced the occasion as Special Guest.

The Hyderabad chapter conducted a program to celebrate GST Day on the Theme - "Recent Changes in GST and Cost Accountants Role in GST" on 1st July 2022 at Hyderabad and this program was graced by Smt. Neetu Kumari Prasad, IAS, Commissioner of Commercial Taxes, Government of Telangana as Chief Guest and Smt. K. Haritha, Additional Commissioner, Commercial Taxes, Government of Telangana, CMA Nookala Jagannath, State - Head Indirect Taxes, Reliance Group as speakers and CMA (Dr.) K.Ch.A.V.S.N Murthy as Special Invitee. Pune Chapter also organized Two Days GST Day Celebration Conference on 2nd & 3rd July 2022 at Pune on the theme "Understanding the litigations in GST". Further, Sambalpur Chapter also organized 2 days Seminar on 8th and 9th of July 2022 at Sambalpur on topic "Transformed Energy Scenario, Role of Finance Professionals." CMA Mallikarjun Gupta and Mr. Manoj Kumar Agarwal were the speakers on Session dedicated to GST. Further, GST Course for Colleges and Universities was conducted and exams were also successfully held at R.C. College in Bangalore. All the Taxation courses are being conducted seamlessly. The 116th Tax Bulletin has been released. Taxation Portal is being updated time to time with latest amendments and changes in Direct and Indirect Tax.

ICMAI REGISTERED VALUERS ORGANISATION (RVO)

I am pleased to inform that ICMAI RVO has successfully organized "50 Hrs training programs" of 24th Online Batch Securities or Financial Assets ,17th Online Batch Land and Building, 15th Online Batch Plant & Machinery, 17th Online Mandatory COP Program, and "Professional Development Programs" of Professional Opportunities for Valuation Professionals, Workshop on Valuation, Workshop Enhancing Competency of Registered Valuers, Master Class Practical Aspects of Revised International Valuation Standards, Master Class Understanding Valuation Perspectives 3 Days Focused Learning Program, Master Class -Insights into the Valuation Black Box, Master Class Intricacies of Valuation, and Online Certificate Course on Valuation.

⦿ Publications of ICMAI RVO

In its endeavour to promote profession, knowledge sharing and sensitisation of the environment, ICMAI RVO published various publications namely "Technical Guidance Note - Impact of Covid-19 on Valuation", "Technical Guidance Note- Creation, Maintenance", and "Retention of Valuation Working papers", "Model Question Papers For Securities or Financial Assets" , "Guidance Note - How to Read Valuation Report" , "Work Book for Securities or Financial Assets" , "Frequently Asked Questions on Valuation", "The Compact Book of Valuation", "Compendium of Perspective Papers", "Compendium of Articles" ,"Automated Valuation Models" and "The Valuation Professional (Monthly Journal)", "Weekly Newsletter", "monthly e- Journal which are hosted on its website.

INSOLVENCY PROFESSIONAL AGENCY (IPA) OF THE INSTITUTE

Insolvency Professional Agency of Institute of Cost Accountants of India, in its endeavour to promote profession development and sharpen the skills of the professionals have constantly been conducting various professional & orientation programs across country and publishing various publications and books for the benefit of stakeholders at large. Towards that, IPA ICAI has undertaken several initiatives, as enumerated below, during the month of July 2022.

A three-day Master Class on Liquidation was conducted by our eminent faculties on 1st July – 3rd July 2022, wherein the timelines and the challenges were discussed with professional member participants at length. The program brought out a number of takeaways for the benefit of participants. An online workshop on Mediation within India's Insolvency Framework was conducted on 9th July 2022. A two-day Learning Session on Committee of Creditors: An Institution Public faith was conducted by our eminent faculties on 16th July 2022 – 17th July 2022 wherein the participants were highly benefitted. In our perseverance to sensitize the IPs about their role under IBC, one day Workshop on Challenges Faced by RPs in Implementation and approval of Resolution Plan was conducted on 22nd July 2022, wherein the role and the challenges during both these important processes under IBC were discussed with professional member participants at length. Similarly, an online workshop on a very important topic of Workshop on Treatment of Contingent Liabilities under IBC was conducted on 29th July 2022. The interactive session and exchange of views on the subject, during the workshop, was the highlight of the program.

In its endeavour to promote profession, knowledge sharing and sensitisation of the environment, IPA ICAI published Au-Courant (Daily Newsletter), weekly IBC Dossier and monthly e- Journal which are hosted on its website.

ICMAI Management Accounting Research Foundation (ICMAI MARF)

I am pleased to inform that I along with CMA Biswarup Basu, Immediate Past President, CMA J.K. Budhiraja, CEO, ICMAIMARF and CMA (Dr.) D.P. Nandy, Senior Director (Studies, Training & Placement) of the Institute had a meeting on 14th July 2022 with Shri Atul Prakash, Principal Director, Regional Training Institute, Kolkata, IA&AD, C&AG and other senior officers of RTI, Kolkata and signed an MoU as Chairman, ICMAI Management Accounting Research Foundation (ICMAI MARF) with RTI, Kolkata, to facilitate each other in course design, exchange & providing experts for seminars; workshops and other assistance for conducting training programmes on mutually decided areas, conducting joint research activities & studies on audit related issues, case studies, performance evaluation and efficiency study to enhance professional expertise.

I wish prosperity and happiness to members, students and their families on the occasion of Raksha Bandhan, Independence Day, Parsi New Year's Day, Janmashtami and pray for the success in all of their endeavours.

Stay safe and healthy!

With warm regards,

CMA P. Raju Iyer

August 2, 2022

CHAIRMAN'S COMMUNIQUÉ

Journal & Publications Committee
The Institute of Cost Accountants of India

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

Dear Members,

I take this opportunity to thank all the Members and Stakeholders for their continued support to the activities of the Institute, despite numerous challenges posed by the COVID-19 pandemic. The war in Ukraine, Inflation surge in all its dimensions, has produced alarming cascading effects to a world economy already battered by COVID-19 and climate change, with particularly dramatic impacts on developing countries. Our Institute has been committed to work relentlessly during these challenging times. I sincerely believe that with collective & organised efforts of all stakeholders of the Institute, we will take the profession to greater heights of glory and success.

Directorate of Journal & Publications of the Institute in August 2022 issue of the Management Accountant has dedicated pages to "The Indian Securities Markets – on the Cusp of Change" which covers pertinent topics like *Managing risks and responding to crises in Indian Securities Markets, Equity Market Structure: What's next?, Issuance of Green Bonds to attain Carbon Neutrality, Indian Commodity Markets in the changing context, Financial intermediaries: special emphasis to mutual funds, hedge funds and pension funds* etc. We shall continue to track the developments and appraise our readers in future issues and we also hope that readers will find all the articles in this issue very informative and interesting.

The Institute published *Knowledge Pack and Souvenir NCC-2022* which have exclusive articles and papers related to the theme (Self- Reliance through Enlightenment) of the 60th National Cost Convention (NCC) 2022 organised by the Institute on 27th & 28th May, 2022 at Atal Bihari Vajpayee Auditorium, Babasaheb Bhimrao Ambedkar Central University, Lucknow.

Links below for reference of the readers:

https://icmai.in/NCC-2022/docs/Knowledge_Pack.pdf

https://icmai.in/NCC-2022/docs/Souvenir.pdf

I acknowledge that the Journal and Publications Department is inspired and committed, on behalf of the Institute to put in efforts to contribute positively in this field. It is needless to mention that The Management Accountant, already enlisted in the prestigious "UGC-CARE Reference List of Quality Journals", has made significant progress in its design and quality and recently has received accolades for the same from all quarters and members of the Institute.

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

At the end, I would like to reproduce a famous quote by former President of India, Late Dr. A. P. J. Abdul Kalam - ***"Confidence and Hard work is the best medicine to kill the disease called failure. It will make you successful person."***

I wish prosperity and happiness to members, students and their family. Be safe and healthy!

Also before 15th arrives, wish you all a very Happy Independence Day. May the spirit of independence be imbued in us, in our mind, body and soul. Let self-sufficiency be the watchword for us.

With warm regards,

CMA (Dr.) K Ch A V S N Murthy
August 2, 2022

CMA Syllabus 2022

CMA Course Structure

FOUNDATION COURSE **[TOTAL MARKS: 400]**

PAPER 1: FUNDAMENTALS OF BUSINESS LAWS AND BUSINESS COMMUNICATION (FBLC)
PAPER 2: FUNDAMENTALS OF FINANCIAL AND COST ACCOUNTING (FFCA)
PAPER 3: FUNDAMENTALS OF BUSINESS MATHEMATICS AND STATISTICS (FBMS)
PAPER 4: FUNDAMENTALS OF BUSINESS ECONOMICS AND MANAGEMENT (FBEM)

INTERMEDIATE COURSE **[TOTAL MARKS: 800]**

GROUP-I

PAPER 5: BUSINESS LAWS AND ETHICS (BLE)
PAPER 6: FINANCIAL ACCOUNTING (FA)
PAPER 7: DIRECT AND INDIRECT TAXATION (DITX)
PAPER 8: COST ACCOUNTING (CA)

GROUP-II

PAPER 9: OPERATIONS MANAGEMENT AND STRATEGIC MANAGEMENT (OMSM)
PAPER 10: CORPORATE ACCOUNTING AND AUDITING (CAA)
PAPER 11: FINANCIAL MANAGEMENT AND BUSINESS DATA ANALYTICS (FMDA)
PAPER 12: MANAGEMENT ACCOUNTING (MA)

FINAL COURSE **[TOTAL MARKS: 800]**

GROUP-III

PAPER 13: CORPORATE AND ECONOMIC LAWS (CEL)
PAPER 14: STRATEGIC FINANCIAL MANAGEMENT (SFM)
PAPER 15: DIRECT TAX LAWS AND INTERNATIONAL TAXATION (DIT)
PAPER 16: STRATEGIC COST MANAGEMENT (SCM)

GROUP-IV

PAPER 17: COST AND MANAGEMENT AUDIT (CMAD)
PAPER 18: CORPORATE FINANCIAL REPORTING (CFR)
PAPER 19: INDIRECT TAX LAWS AND PRACTICE (ITLP)

ELECTIVES

PAPER 20A: STRATEGIC PERFORMANCE MANAGEMENT AND BUSINESS VALUATION (SPMBV)
PAPER 20B: RISK MANAGEMENT IN BANKING AND INSURANCE (RMBI)
PAPER 20C: ENTREPRENEURSHIP AND START UP (ENTS)

Note: Students will be required to select any one of three Elective Papers (20A/20B/20C) at the time of enrolment for the Final Course

- ***CMA Syllabus - 2022 shall be effective from June 2023 term of examinations and onwards***
- *Students taking enrollments in the Final Course have to give one time option about choice of "Elective Paper"*
- *Syllabus 2016 shall be continued till December 2023 Exam term*
- *Old students seeking conversion into Syllabus 2022 shall be given one time option to be exercised at least 6 months prior to the examination for necessary verification and approval*
- *Once their request for conversion is accepted, old students have to purchase necessary Study Materials under Syllabus 2022 at prescribed prices*

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THE HINDU

PRESENT

2nd CMA NATIONAL ONLINE BUSINESS QUIZ 2022

An Initiative of

DIRECTORATE OF STUDIES AND BOARD OF ADVANCED STUDIES & RESEARCH

LEVEL 1

Individual Quizzing. Participants to take 25 questions online within 30 min.

LEVEL 2

Time bound MCQ questions for the selected candidates of the 1st round. Candidates from 4 zones (East, West, North, South) will be shortlisted for Level 3

LEVEL 3

Final Quiz will be LIVE streamed between the shortlisted candidates

REGISTER NOW

TERMS & CONDITIONS

- *There is no Registration Fee to join this Online Business Quiz Contest.*
- *Anyone interested in the Business domain is free to participate.*
- *Participants will have to answer 25 questions within 30 mins time.*
- *4 points will be awarded for each correct answer.*
- *1 negative point will be awarded for each wrong answer.*
- *Joint E-Certificate of The Institute of Cost Accountants of India & The Hindu Group for all the participants clearing 1st Round of Quiz.*
- *Attractive Prizes for the Finalists.*
- *Management reserves the rights to change/ modify/ alter these terms and conditions at any time.*

REGISTRATION LINK

https://forms.thehindu.co.in/icmai-quiz2022/

The registration link shall remain open till 15th August 2022

E-mail: **advstudies@icmai.in**

Toll Free: **1800110910 / 18003450092**

(Mon. to Sat. from 09:30 A.M. to 6.00 P.M.)

Behind every successful business decision, there is always a CMA

ICMAI Management Accounting Research Foundation

Promoted by

The Institute of Cost Accountants of India

Kind Attention: CMAs & Executives of CPSEs and SLPEs

ICMAI MARF is conducting Residential Management Development Programs (MDPs) as per details below:

Date of MDP	Subject/ Topic	Venue
23-26 August, 2022	Advance Tax, TDS & Tax Planning	Puri
6-9 September, 2022	GST – E-Invoicing, Returns & Audit	Goa
27-30 September, 22	Risk Based Internal Audit for Effective Management Control	Kodaikanal
11-14 October, 2022	GST – E-Invoicing, Returns & Audit	Udaipur
15-18 November, 22	Budgeting, Forecasting & Cost Management	Puri
6-9 December, 2022	Contracts and Their Management	Goa
10-13 January, 2023	Strategic Cost Management for Organizational Growth	Tirupati
7-10 February 2023	Indian Accounting Standards (Ind AS)	Siliguri
21-24 February, 2023	Project Management – Costs & Financing	Hyderabad
14-17 March, 2023	Indian Accounting Standards (Ind AS)	Gangtok/ Darjeeling

For details on Residential MDPs, please refer to MARF website: www.icmaimarf.in or Contact Shri S.P. Sharma, Mob. 9810976695; email: mdp@icmaimarf.in

ICMAI MARF has also been authorized to conduct Training Program & Workshops for executives of Central Public Sector Enterprises (CPSEs) and State Level Public Enterprise (SLPEs) under RDC Scheme of DPE. Training Cost for the following Programs will be paid by DPE under RDC Scheme for the EXECUTIVES of CPSEs & SLPEs:

S. No.	Name of Training programme / Workshop	Duration (Days), Venue & Dates
1.	Training Program on IFRS / Ind-AS in CPSEs	**5 days [Online]** **12-16 September 2022**
2.	Workshop on Contract Management / Safeguards to be taken in tendering, procurement and contracting	**2 days (Offline) at** "CMA Bhawan", 3, Institutional Area, Lodhi Road, New Delhi-110003 **17-18 October, 2022**
3.	Workshop on GST – Registration; E- Invoicing; Returns; TDS & TCS under GST and Advance Ruling under GST	**2 days** **14-15 November, 2022** **Venue: Same as per S. No. 2 above**

Note: CPSEs and SLPEs may submit nominations of their executives through an **ONLINE PORTAL** developed by DPE i.e., **'Online Training Nomination System (OTNS)" - http://dpedbt.gov.in/otns/**. CMAs and professionals working in CPSEs and SLPEs are requested to take the benefit of the above scheme.

(A Govt of West Bengal Enterprise)

The
West Bengal Power
Development Corporation
Limited (WBPDCL)
Campus Recruitment Drive
at Kolkata

'ASSISTANT MANAGER (F&A) - PROBATIONER'

20 Vacancies

For Qualified CMAs

Important Information

- **Eligibility Criteria -** Qualified CMA from the Institute of Cost Accountants of India
- **Job Description -** Assistant Manager (F&A)
- **CTC -** Rs. 10,50,000/- per annum (Approx) + LTC, Medical Facility, Variable Incentive as per rules.
- **No. of Vacancies -** 20
- **Reservation Criteria -** UR - 07, UR(EC) - 02, SC - 02, SC(EC) - 01, ST - 02, OBC(A) - 02, OBC(A) (EC) - 01, OBC(B) - 01, UR(PWD) - 01, SC(PWD) - 01
- **Age Limit -** Minimum qualifying age is 18 years and upper age limit 32 years as on 01.08.2022. For reserved category as per rules.
- **Place of Posting -** Initial place of posting shall be in different Power Plants of WBPDCL situated within West Bengal and its Coal Mines spread across Jharkhand & West Bengal

Mode of selection will be Written Examination at The Institute of Cost Accountants of India, CMA Bhawan, 12 Sudder Street, Kolkata - 700016 on 27th August, 2022 and subsequent personal interview at Corporate Office, Kolkata to be intimated later on. Duration of Written Examination 2 hrs from 11.00 AM to 1.00 PM

Link for Application (Last Date - August 15, 2022)
https://docs.google.com/forms/d/e/1FAIpQLSdeC4Wrejll9cilBfXVVF2zwU_1hw3sk8nRPYwRe8AZQg7AxQ/viewform

CMA SUMMER CAMPUS PLACEMENT - 2022

The Institute of Cost Accountants of India
Statutory Body under an Act of Parliament
www.icmai.in

Members in Industry & Placement Committee

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Behind every successful business decision, there is always a CMA

Activities undertaken by BFSI Board in the Banking Month (July 2022)

A) Blended Programme

Banking Symposium on the topic of "Bank Nationalization and Beyond"

The Banking, Financial Services and Insurance Board of the Institute of Cost Accountants of India observed July 2022 as the Banking Month and hence organized on 29th July, a National Banking Symposium on "Bank Nationalization And Beyond" at Hotel Hindustan International. The event was streamed live through Institute's official YouTube channel for all its stakeholders worldwide.

The program was graced by **Shri D.N.Ghosh, former Chairman of State Bank of India and the Founder and first Chairman of ICRA** as the chief guest. **Sri Chandra Shekhar Ghosh, the Founder, MD and CEO of Bandhan Bank** and **Shri Soma Sankara Prasad MD and CEO of UCO Bank** were also present and participated in a fire side chat.

Shri Tamal Bandyopadhyay, an award winning business columnist and author, was the moderator of the talk show.

CMA P. Raju Iyer, President, ICAI, welcomed the guests and expressed his thrill for organizing the symposium on such a pertinent topic. He mentioned the importance of cost management accountants in the banking industry and provided a sequential illustration as how economy is powered by management professionals.

CMA Biswarup Basu, Immediate Past President, ICAI, addressed the august presence and congratulated ICAI, for the symposium. He said the banking system is the powerhouse of any economy and the rise and fall of the economy largely depends on the health of its financial sector. One of the major objectives of nationalization of banks was the expansion of banking into rural areas to ensure financial inclusion. People's confidence was very low in banking which was a major obstacle in the expansion of banking in India. Nationalization of banks changed the fate of rural areas. Banks started coming out of cities and opening branches in villages and towns. Nationalization has shifted banking from class banking to mass banking and has also strengthened the green revolution. Its aim was to make the country self-reliant in food security. Despite critical conditions and turbulence in the Indian economy, the public sector banks have been successful in meeting the mandate with the support from the government and the RBI. CMA Basu applauded the private and public sector banks for their performance in time of crisis including the Covid-19 pandemic

CMA Chittaranjan Chattopadhyay, Chairman, BFSIB, in his address, welcomed the dignitaries and said with Nationalisation, Banks have moved from regulated times to an unregulated era with easing controls on interest rates, autonomy etc. Banks have to survive in today's world of intense competition. Every bank is deeply concerned with their bottom line. Technology, products, services being the same, cost optimization is the only way to protect their margins. The world is moving towards the only panacea for profit conservation. CMAs are well trained in Costing and have hands on experience to assist the banks in their war against cost escalation in every product, service, transaction they offer. CMAs can excel as CEOs, CFOs, CCOs in any organization with their costing, audit and management skills coming to the fore. The future of banking revolves around Technology and every bank shall be upgrading their technologies with Block chain, Artificial intelligence and machine learning. But, the cutting edge is going to be ultimately cost optimization.

Shri DN Ghosh in a conversation with Tamal Bandyopadhyay, took the audience down the memory lane and shared many untold stories relating to nationalization which enthralled the audience.

This session was followed by a fireside chat with two top bankers of Eastern India, Shri C S Ghosh, Founder, MD & CEO, Bandhan Bank and Soma Sankara Prassd, MD & CEO, UCO Bank.

Shri S.S.Prasad while talking about whether the objectives of nationalization has been achieved, opined that one of the objectives of nationalization was to ensure that the entire population in India has access to banking. They have succeeded as Jan Dhan account has been launched and greater penetration has been reached which is a great success after nationalization. As the 2nd objective he pointed that the public sector banks have played a major role in providing credit to all the sections be it SMEs or agriculture, which was limited of a few section of the society before nationalization. The 3rd objective he identified is easy, transparent and cheap banking services which are also achieved by PS Banks. When asked about how do public sector banks manage between making profits and providing affordable banking services, he mentioned the hidden social costs, which are taken care of by the public sector banks while ignored by the rest. He accepted that capital has been infused by the Govt, but also mentioned the big picture as to how much the public sector banks have contributed by way of tax, dividends and profits over the past 50 years for social upliftment. Shri Prasad, said that Govt will not privatize all the banks as by that they would lose control over such a key and strategic sector but at the same time he also stressed on the importance of the private banks. In candid discussion Mr Prasad also raised relevant issues such as poor pay package of public sector bank chiefs, their relatively shorter tenure vis-à-vis their private peers , inability to reward their employees for performance etc.

Shri C S Ghosh talked about the scopes of private banks and said that private banks like Bandhan banks are trying to reach the rural population, specially the agriculture sectors and provide them with access to financial services and capital. He also mentioned that the private banks while making greater profits, also contribute to the society from the profits by giving greater returns to the depositors and also on the ESG issues. He however deplored that step motherly treatment is being meted out to the private banks while opening government accounts with them. While talking about the extra charges by private banks, he said that by this the private banks are trying to educate the customers to transact and use the digital mode more and more. Shri Ghosh talked about the cyber-crimes and the security measures which the customers need to take and also said that without the checks and balances the banks cannot survive. He stressed on cost accountants' requirement in the banking industry due to their cost assessment skills and trainings.

After a satisfying and elaborate question answer session, the program was wrapped up by vote of thanks by CMA Chittaranjan Chattopadhyay, Chairman, BFSIB.

An Evening on Bank Nationalisation and Beyond: CMA Chittaranjan Chattopadhyay, Chairman, Banking, Financial Services and Insurance Board (BFSIB) felicitating award winning author and columnist, Shri Tamal Bandyopadhyay with Shri Dhruba Narayan Ghosh, Former Chairman of State Bank of India, Founder and First Chairman of ICRA, being seated on stage.

Shri Chandra Shekhar Ghosh, Founder, MD and CEO of Bandhan Bank being presented with a plaque by CMA P. Raju Iyer, President, while Shri Tamal Bandyopadhyay, award winning author and columnist and Shri Soma Sankara Prasad, MD and CEO of UCO Bank applaud.

Shri Soma Sankara Prasad, MD and CEO of UCO Bank being greeted by CMA Biswarup Basu, Immediate Past President

(L to R) Shri Chandra Shekhar Ghosh, Founder, MD and CEO of Bandhan Bank, CMA P.Raju Iyer, President and Shri Tamal Bandyopadhyay, award winning author and columnist.

Shri Tamal Bandyopadhyay, award winning author and columnist being awarded by Past President

(L to R) Shri Chandra Shekhar Ghosh, Founder, MD and CEO of Bandhan Bank, CMA Amal Kumar Das,Past President, CMA P.Raju Iyer, President, Shri Tamal Bandyopadhyay, award winning author and columnist, CMA Harijiban Banerjee, Past President, Shri Soma Sankara Prasad, MD and CEO of UCO Bank and CMA Biswarup Basu, Immediate Past President.

An Evening on Bank Nationalisation and Beyond: Shri Tamal Bandyopadhyay, award winning author and columnist having a fireside chat with Shri Dhruba Narayan Ghosh, Former Chairman of State Bank of India, Founder and First Chairman of ICRA.

An Evening on Bank Nationalisation and Beyond: Shri Dhruba Narayan Ghosh, Former Chairman of State Bank of India, Founder and First Chairman of ICRA gracefully accepting a bouquet from CMA P. Raju Iyer, President.

An Evening on Bank Nationalisation and Beyond : CMA Avijit Goswami, Former Council Member, CMA Biswarup Basu, Immediate Past President, CMA Amal Kumar Das , Past President, CMA P.Raju Iyer, President, Shri Dhruba Narayan Ghosh, Former Chairman of State Bank of India, Founder and First Chairman of ICRA, Shri Chandra Shekhar Ghosh, Founder, MD and CEO of Bandhan Bank, Shri Soma Sankara Prasad, MD and CEO of UCO Bank, CMA Harijiban Banerjee, Past President, CMA Chittaranjan Chattopadhyay, Chairman,BFSIB, CMA Mahesh Shah, Past President. (L to R)

Lighting of the Lamp: CMA Amal Kumar Das, Past President, CMA P. Raju Iyer, President, Shri Dhruba Narayan Ghosh, Former Chairman of State Bank of India, Founder and First Chairman of ICRA, Shri Chandra Shekhar Ghosh, Founder, MD and CEO of Bandhan Bank , CMA Harijiban Banerjee, Past President, Shri Soma Sankara Prasad, MD and CEO of UCO Bank and CMA Chittaranjan Chattopadhyay, Chairman, BFSIB (L to R)

B) Webinars

1. INFRASTRUCTURE FINANCING - A PANACEA FOR DEVELOPMENT OF NEW INDIA

ICAI observed July 2022 as the Banking Month and the celebrations were the initiative of the Banking, Financial Services and Insurance Board (BFSIB). The first webinar was on the topic “Infrastructure Financing- A Panacea for Development of New India”. Shri C.M.Khurana, former Chief General Manager Oriental Bank Of Commerce was the esteemed panellist. Shri Syamal Ghosh Ray, consultant BFSIB, Shri B.Rajkumar, advisor, BFSIB and Shri CMA Chittaranjan Chattopadhyay, chairman BFSIB, also graced the occasion and addressed the august presence.

CMA Chittaranjan Chattopadhyay, welcomed the esteemed presence and expressed his gratitude to the panelist for their time and valuable insight.

Shri Syamal Ghosh Ray expressed his delight for such an interesting topic and said that the Indian government has a huge plan for infrastructure development and India’s infrastructure investment program is considered to be one of the largest in the world and therefore to keep in tune with this ambitious plan of achieving a 10 trillion economy, this year the finance minister has allocated a huge amount of budget for infrastructure investment and infrastructure expansion.

Shri C.M.Khurana made a presentation and mentioned that infrastructure development is the backbone of Indian economy; it is enabler of the rapid holistic development. when we are developing infrastructure it is not merely adding to GDP by the quantum of the infrastructure created but it leads to both forward and backward linkages which in turn lead to further developments which become an enabler for rapid holistic development. He gave an exhaustive list (from roads and bridges to railways, metros, oil and gas liquefied natural gas and storage facilities, data centres which are linked to the strength of our country, battery storage, solid waste management water treatment plants, telecommunication and telecom services etc.) to be included as infrastructure in the definition of infrastructure as per the latest guidelines from the Ministry. He gave illustrations and explained the linkage between development of infrastructure sectors and economy as a whole. He gave three illustrations to show how integral infrastructure is to the entire economy as a whole and we can not think of having economic development without having proper development of infrastructure. Shri Khurana highlighted that the moment metro projects are started it automatically gives more business opportunities to civil construction and civil construction automatically leads to more demand for cement, steel and labour also and so cement steel and employment all the three will be benefited through construction activities and construction activity is invariably linked to our infrastructure activity. GDP growth ultimately is dependent upon the goods and services produced and infrastructure is becoming a facilitator for that. He said that infrastructure projects are capital intensive and require huge finance infusion which gave birth to the PPP model. Earlier banks used to finance only working capital facilities but they gradually shifted to term loans up to five years then went up to10 years for large projects but 20 years or 30 years were not envisaged at any point of time. Though due to long gestation period each project requires three to five years for the construction and after the construction the project requires a lifetime of 20 to 30 years because less than 20 to 30 years the project will not be viable or profitable to provide the required returns to the private developer or provide the required kind of supports to the government also. So each is planned and envisaged for a long period of 20 to 30 years. Banks are one of the most important contributors to the funding of an infrastructure project. Infrastructure project financing is different from corporate financing as it is not based on balance sheet of the company rather than on particular projects. The size of financing is determined specifically based on the project while in the case of corporate financing, it is flexible and can be done on year-to-year basis. He touched upon the concept of SPV and gave the overview of the financing across banking and NBFCs.

Due to the recent flexible rules and regulations , Mr Khurana said that new entrants can also come forward and become developers so that infrastructure can develop in a big way. Overseas investors in his opinion are more interested in brownfield projects rather than greenfield projects and that is why the concept of monetization has come into existence. Due to the current guidelines , AAA bonds can only be funded and since new companies may not get triple A rating for bonds, pension funds and insurance funds are not still coming forward in a big way to finance the infrastructure. The funding for infrastructure is done by three ways namely the central government, the state government and 21% by the private players in the PPP model. He sounded hopeful when he said that the funding for the 21% will be partly through the capital brought in by the private developer and primarily through the debt provided by the lenders. So this shows that hope and opportunities are available to banks as lenders. Certain projects became NPA or they became stalled partly because the skills available at that point of time with the banks for lending were not that robust and they were not able to assess or foresee certain risks in the projects. Therefore the proper assessment of the project becomes matter of utmost importance. To avoid this the recent guidelines of RBI have put the onus of risk and sensitivity analysis, appraising technical, financial feasibility and bankability of the projects on the banks and the lenders i.e. the banks should have the requisite expertise for the same. He also mentioned the role of securitization process which is very much relevant in infrastructure funding. Shri Khurana said that the book "Aide Memoire in Infrastructure Financing" published by ICAI is in fact an enabler for each one of us to understand the nuances and the basics of funding so that we become equipped and prepared to take up this challenges in infrastructure financing. He also said that the CMAs are in the best position to judge the cost overrun and cost assessment and stressed on the role of ICAI in producing professionals well equipped to handle all these things in a proper manner.

CMA Arup Sankar Bagchi, Senior Director, HoD, BFSIB, gave the vote of thanks and expressed his gratitude to the esteemed speaker for such an insightful webinar.

Shri C M Khurana, Former CGM and CFO of Oriental Bank of Commerce deliberating in the first webinar of the Banking Month on the topic of "Infrastructure Financing- A Panacea for Development of New India"

2. SETTLEMENT OF INTERNATIONAL TRADE IN INR

The Banking, Financial Services and Insurance Board of The Institute of Cost Accountants of India observed July 2022 as the Banking month, hence organized on 23rd July a webinar on "Settlement of International Trade in INR". The event was streamed live through Institute's official Youtube channel for all its stakeholders worldwide. **Sri Vikas Babu Chittiprolu,** DGM, Union Bank of India and **CMA Nijay Gupta**, Forex Expert and Core Faculty of the BFSI courses graced as the chief guest and speaker in the program. CMA Chittaranjan Chattopadhyay, Chairman, BFSIB, Shri Syamal Ghosh Ray, Retired General Manager, Union Bank of India & Consultant of BFSIB and Shri B. Rajkumar, former Deputy Chief Executive, Indian Banks' Association & Advisor of BFSIB graced the occasion and addressed the august presence. **CMA Chittaranjan Chattopadhyay**, welcomed the esteemed presence and expressed his gratitude to the panellists for their time and valuable insight. **Shri Syamal Ghosh Ray** in his opening address welcomed the speakers and expressed his interest to hear from the eminent speakers about the RBI Circular and the reason of INR depreciation in a row. **Shri B.Rajkumar** delivered a special address and welcomed the eminent speakers. He touched upon the RBI circular for settlement of international trade in INR and requested the esteemed speakers for in depth analysis. **CMA Nijay Gupta** made a PPT to illustrate the nitty gritty of international trade settlement. In an example he explained the international trade settlement in INR where he said that now the countries trading with India will have to open a rupee account without funding it whereas earlier rupee was funded by selling the dollars by the overseas bank and this bank will have to sell the dollars to buy the rupees from this bank and credit the buyer's account. i.e. an Indian oil refining company importing from a Russian company pays in INR in the Vostro account in an Indian Bank which is opened by the Russian bank with RBI permission without funding it. An exporter on the other hand exporting to Russian company, the settlement will be made as the Russian bank will instruct the Indian bank with Vostro account to pay the Indian exporter in INR. So by this the RBI has made the international trade settlement much simpler. Previously the banks didn't earn anything and have no investment opportunity for the surpluses lying in that account. It remained idle but here this bank has been given the permission as per the circular, and the bank will have option to invest in money market instruments like government securities or they can invest money with permissions granted under FEMA, for the various projects or advance for exports. By this even if the rupee depreciated by 7% in last 4 or 5 months we are not losing anything. In a nutshell Indian importers importing through this mechanism shall make payments in INR which shall be credited to the special Vostro account of the corresponding bank by a partner country. Indian exporters undertaking export thru this mechanism shall be paid in INR from the balances in the designated special Vostro account of the correspondent bank of the partner company. The balance in special Vostro account can be used for investment in Govt securities subject to FEMA provisions and restrictions. The bank from a partner country will approach an AD Bank in India for opening a special INR Vostro account. The AD Bank will seek approval from RBI. He said that the rupee is guided by purchasing power parity and it takes care of the depreciation. So if depreciation in our country is higher as compared to the depreciation of a dollar for example in U.S so obviously the differential has to be adjusted to the buyer according to the purchasing power parity and rupee need to be depreciated. So from 75 INR has gone to 80 rupees because of the inflation difference. CMA Gupta, gave credit to RBI for the fact that exporters in India are getting advance payments from foreign countries due to the latest mechanism of trade settlement.

Sri Vikas Babu Chittiprolu, made a PPT wherein he explained and refreshed some concepts like direct / indirect quote, hard/soft currency, ISO etc. he pointed out few prerequisites for global supremacy. They are – 1) the technology and military supremacy, 2) the importance of the country in global value or supply chain, 3) satellite supremacy, 4) the currency acceptability. He explained how the trade is happening currently with an example and also mentioned that how it can be changed with the current circular. He explained the usage of excess capital in the Vostro account. He said that the Indian government had promoted bilateral Invoicing and settlement in local currency since 2012 in order to provide deeper current account linkages between the trading partners. The key features of the proposal are to facilitate the settlement of payment in home currency on a bilateral basis, to promote the use of participant's currencies in transaction between their respective countries, to promote cooperation among the participants and close relationship among the banking systems in two countries,exporters or sellers of each currency shall denominate the export contracts and invoice in their home currency thereby eliminating exchanges. So that they can be very competitive in the market. ACU mechanism is already existing since 1985 and still it is going from USD move to euro now it has moved to JPY. It was a success story in initial years but has lost its charm now. Settlement in INR was not allowed except for exports in Nepal and Bhutan which are allowed to settle transactions. With this circular we are opening up the settlement of trade also in INR. This is the new thing that is happening we are just opening up the settlement side. Invoicing is always there even in 2012 the government of India in its circular said that we can have invoicing also and settlement in INR but RBI has not come out with circular they have common circular right now and as already informed that this is the right timing for that to happen. The banks of a partner country may approach an AD bank in India for opening a special Vostro account. The AD bank will seek approval from RBI with details of the arrangement so this is not a completely opening it is being monitored by RBI in the initial phases. Possibly in future when things are in order and we have got proper systems and procedures in place it may be opened up completely but as of now it is being regulated so we have to take compulsory permission from RBI before we open an account in banks from countries where FATF has called for counter measures. Sri Vikas Babu said that the circular actually helps in the long run goal of internationalization of INR. At the end he pointed out certain issues like how long can a foreign bank invest in G-sec or T-Bills etc. which needs to be addressed by RBI.

CMA Dibbendu Roy, Addl. Director and Dy. Secretary, BFSIB, gave the vote of thanks to the guest speakers for their exhaustive presentations and Chairman of BFSIB, Shri Syamal Ghosh Ray, Consultant, BFSIB, Shri B.Rajkumar, Advisor of BFSIB for their addresses.

Shri Vikas Babu Chittiprolu, DGM, Union Bank deliberating on the Webinar on the topic of "Settlement of International Trade in INR" for the Banking Month held on 23rd July, 2022

CMA Nijay Gupta, Forex Expert deliberating on the Webinar on the topic of "Settlement of International Trade in INR" for the Banking Month held on 23rd July, 2022

Inauguration of Sathavahana Chapter and Warangal Chapter by Shri Navin Mittal, IAS, Commissioner, Collegiate Education & Technical Education, Government of Telangana on 2nd August, 2022

Seminar by IAASB & Task Force on MSME & Start-up in association with Nasik - Ojhar Chapter held on 3rd July 2022 at Nashik

CMA (Dr.) K Ch A V S N Murthy, Chairman, Task Force on Agri Cost Management & Journal and Publications Committee, ICAI along with other dignitaries met Prof. Nageshwar Rao, Vice Chancellor, IGNOU on 20th July 2022 at IGNOU, Delhi

Glimpses of SAFA PAIB Committee Conference on 23rd July, 2022 at Trivandrum, Kerala

CMA P. Raju Iyer, President along with CMA Vijender Sharma, Vice President of the Institute and CMA B.B. Goyal, Former Addl Chief Advisor (Cost), MoF, GoI extending greetings to Shri Rajnath Singh, Hon'ble Union Minister of Defence, GoI on 7th July, 2022

CMA P. Raju Iyer, President along with CMA Vijender Sharma, Vice President of the Institute and CMA B.B. Goyal, Former Addl Chief Advisor (Cost), MoF, GoI extending greetings to Lt. Gen Anil Puri, Additional Secretary, Dept. of Military Affairs, Ministry of Defence, GoI on 7th July, 2022

Shri Atul Prakash, Principal Director, Regional Training Institute (RTI), Kolkata IA&AD (CAG) welcoming CMA P. Raju Iyer, President, ICAI and Chairman, ICMAI MARF in an MOU signing Ceremony on 14th July, 2022 for conducting collaborated Training Programs by RTI & MARF, others seen in picture are CMA Biswarup Basu, Immediate Past President, ICAI and CMA J.K. Budhiraja, CEO, ICMAI MARF and other dignitaries

CMA P. Raju Iyer, President, ICAI and Chairman, ICMAI MARF and Shri Atul Prakash, Principal Director, Regional Training Institute, Kolkata IA&A Department exchanging MOU signed on 14th July, 2022 for training and research collaboration with each other

Glimpses of Observance of GST Day 2022 : GST in India - Poised to deliver Sustainable Growth on 06 July 2022 at Scope Complex, New Delhi

CMA P. Raju Iyer, President along with CMA (Dr.) K Ch A V S N Murthy, Council Member of the Institute, CMA K. Someswara Babu, Chairman, Hyderabad Chapter and CMA P Chandrasekhara Reddy, Immediate Past Chairman, Hyderabad Chapter of the Institute had a meeting with Smt. Neetu Prasad, IAS, Commissioner of Commercial Taxes, Telangana and submitted representation for inclusion of Cost Accountants for providing various professional services on taxation matters in the State of Telangana

MoU signing ceremony on academic and research collaboration with Indian Statistical Institute (ISI), Kolkata

Continuing Education Programme Committee organised a programme on 'Changing Times - Role of CMAs' on 7th July 2022 at Kolkata wherein CMA Asim Kumar Mukhopadhyay, CEO & MD, TML Smart City Mobility Solution Ltd. was the Chief Guest and Keynote speaker.

CMA (Dr.) K Ch A V S N Murthy, Council Member of the Institute along with CMA A. Vijay Kiran, Secretary, SIRC, CMA K. Someswara Babu, Chairman, Hyderabad Chapter and CMA P Chandrasekhara Reddy, Immediate Past Chairman, Hyderabad Chapter of the Institute had a meeting with Sri S.V. Kasi Visweswara Rao, Additional Commissioner (State Tax), Govt. of Telangana on 19th July, 2022 in Hyderabad.

CMA Chittaranjan Chattopadhyay, Chairman, BFSI Board of the Institute extending greetings to Mrs. S. Srimathy, Executive Director of Indian Overseas Bank.

CMA Chittaranjan Chattopadhyay, Chairman, BFSIB met Shri R.N. Singh, Secretary Railway Board, Ministry of Railways and handed over a copy of Aide Memoire on Infrastructure Financing followed by discussion on Infrastructure Financing and Banking

CMA Chittaranjan Chattopadhyay, Chairman, BFSIB met Shri Rabindra N Mishra, Executive Director Finance (Commercial & PPP), Ministry of Railways (Railway Board) and handed over the book on Aide Memoire on Infrastructure Financing followed by discussion on various issues of Infrastructure Financing in Railways

CHANGING EQUITY MARKET STRUCTURE IN INDIA: RISE OF RETAIL SHAREHOLDERS

Abstract

"India, with its young workforce and with strong fundamentals is taking its steps from being a developing economy to a developed economy. This changes in economy is getting reflected in movement of Indian Equity Markets i.e. rising retail equity holders. India's middle class is rising as a strong force in Indian Equity markets since last few years. This increasing participation by retail shareholders in stock market of India seems to be the biggest change observed in structure of Indian Equity Markets in recent years. Earlier selling by foreign institutional Investors (FII) used to decide the direction of market. Now a days the outflows of FII is countered by inflow by Domestic Institutional Investors and retailers. This rising participation by retailers, the various reasons behind this rise, the correlation of this change with India's economic growth and the further impact of this change on Indian Equity Markets is discussed in this article."

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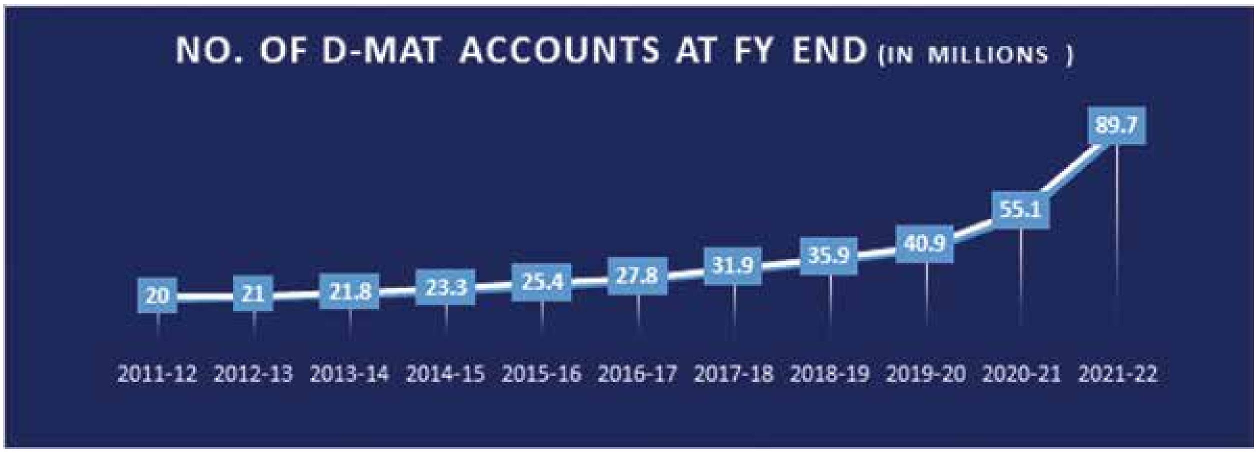
With Sensex around 60,000 mark, India's Market Cap to GDP ratio touched to 116 per cent [1].Indian equity markets have given return of more than two times since the Covid crash of 2020. After their peak in Oct 2021, there was a sharp correction in equity markets all over the world mainly caused by inflation fears and Russia – Ukraine war. Foreign Institutional Investors (FII) have withdrawn a huge amount of more than Rs. 4.1 Lakh Crores from Indian equity markets from April 2021 till 17th June 2022 [2]. In spite of that Indian equity markets have not fallen much compared to other markets in the world like NASDAQ in USA and European Markets. This selling by FII is more than the 2008 global financial crisis, during which period, Nifty 50 index fell by more than 60 per cent. This time it fell only by around 20 per cent. One of the major reasons for this outperformance compared to past and compared to other countries is increasing involvement of retail shareholders in Indian equity market. This claim of increasing number of participation by retails in market can be explained by two data points as discussed hereunder.

NUMBER OF D-MAT ACCOUNTS OPENED

The number of D-Mat Accounts opened as at the end of FY 2021-22 was 89.7 million, which is a sharp jump from 55.1 million at the end of FY 2020-21. The year-end number of D-Mat accounts is presented in Figure 1 below for explaining the depth of participation in equity markets by retail shareholders. There were barely 20 million D-Mat accounts at the end of FY 2011-12 which rose to almost 90 million at end of FY 2021-22.

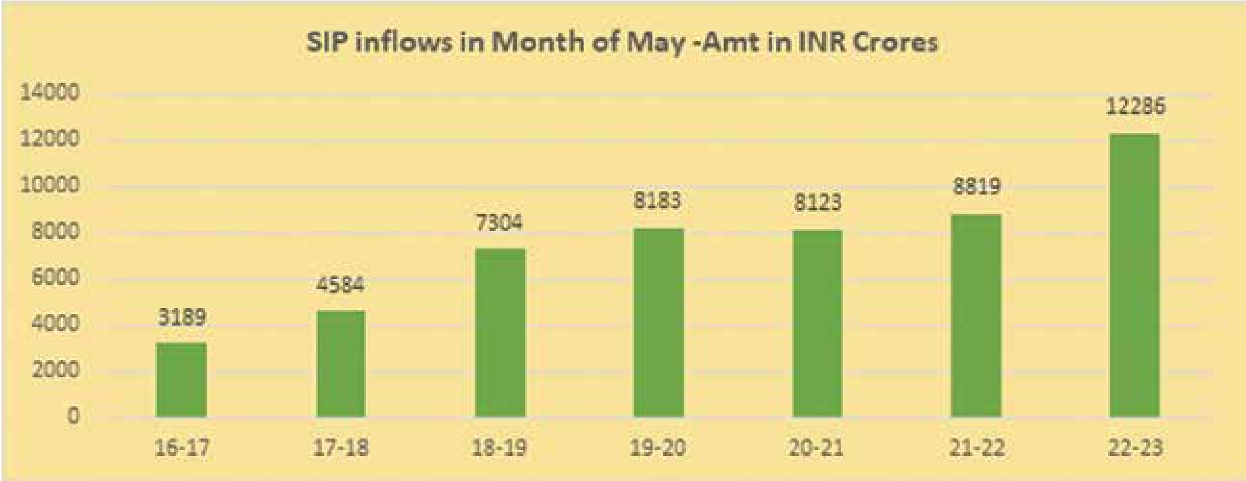
FIGURE 1 . TOTAL NO. OF D-MAT ACCOUNTS [3]



INCREASING AMOUNT OF SIP INFLOWS

Lot of retail investors participate in Equity markets with the route of SIP (Systematic investment Plan) in Mutual funds. Thus, Monthly SIP inflows to Mutual funds is a good indicator of growing participation of common investors in equity Market. If we observe the date at Figure 2 below, we can see SIP inflows for the month of May for each year since FY 2016-17; in six years the monthly SIP of Rs. 3189 Cr reached Rs. 12,286 Crores. That is CAGR of 25.2 per cent over a period of six years.

FIGURE 2 - MONTHLY SIP INFLOWS FOR MONTH OF MAY [4]



This increased participation of retailers in Indian equity markets seem to be the turning factor in India's growth story and is appearing to be the biggest structural change in equity markets. In them succeeding paras light is thrown on the reasons for the changing investing preferences of retailers from traditional assets like real estate, Bank FD, Gold to financial assets like stocks, mutual funds, ETF, etc. Further, the impact of this change on India's equity markets in future is also discussed.

REASONS FOR INCREASED RETAIL PARTICIPATION IN EQUITIES IN INDIA

1. Ease of investing

Till early 2000s there were no smartphones, or easily accessible markets on mobile; people used to look at daily newspapers for tracking the value of their stock. Internet infrastructure was not as developed as it is today. If people wanted to buy or sell shares they used to call the broker and tell him what to buy or what to sell and the quantity. The broker used to influence their decisions too. Basically, the process of investing/trading in shares was tedious. Now a days, technology is way better, there are lot of good brokers available who provide user-friendly apps. One can buy or sell within a fraction of seconds using their smart phone via these platforms. You can place order for specific price even after closing of markets. This user friendliness has facilitated the penetration of participation in equity markets among the common investors.

2. Financial Awareness

The Indian economy has developed slowly but steadily after independence. Financial awareness has increased over these years due to increased spending and increased surplus which led to overall economic growth. Because of increased financial awareness preference of people is increasing in favour of owning financial assets like stocks, mutual funds, etc. People in India mostly invest in common assets like Bank FD, gold, real estate, etc. As an economy transforms itself from developing to developed status, the percentage of wealth held by the population in financial assets increases and wealth percentage in physical assets relatively decreases over the years. One point to consider here is that, now a days mobility of employees for their careers is indispensable and it becomes easier for owner who gets transferred to another job location within a few years to control financial assets rather than traditional assets (like farmland and real estate). If we compare ourselves with two biggest economies in world, we can understand that, there is a lot of catching up to be done on the front of financial awareness and further shift towards owning stocks by common people. Fifty five per cent of US households participate in stock market; this percentage reached 65 per cent before Great Recession of 2008.Now, it is stable around the same for a few years [5]. As per a website [6], 13 per cent of Chinese population is participating in stock market, but in the case of India this percentage of participation is far less. As we can see from the Figure 1 ,the number of D-Mat accounts opened at the end of FY 2021-22 were 89.7 million which constitutes to around 6 -7 per cent of the total population of India. And many of these accounts are not participating actively in the stock market. Thus the actual number of people who invested in stock market should be less than the percentage of D-Mat accounts of total population. Considering the huge population of India there is a lot of scope for further penetration in the stock market.

3. Better Returns

Long term returns generated by Nifty 50 are around 14 per cent per annum, which is way better than the returns given by any other asset class let alone Bank FD returns. As financial awareness has spread, considerable people know that over a long term, returns offered by equities are higher than that of other asset classes.

4. Reduced Risk Aversion

Risk taking capacity in India has gone up with financial literacy. A generation ago equity markets were considered as "Satta Bazar" (gambling). Now working in equity market is considered as a matter to be proud of. Indians are now ready to take more risk for more returns.

5. Wealth Creation Mindset

India historically known as "Sone Ki Chiriya" got exploited for around 200 years by Western powers. Substantial portion of Indian wealth was transferred to other nations especially England, and the period of prolonged colonization made Indians poorer. It took almost four generations for people in India to start believing in dream of becoming wealthy. People want to be wealthy now; there was a presumption in Indian society that, the rich people are evil or not good and being wealthy is a crime of some sort. Now this perception is changing. Also, now a days, the young generation mostly does not have dependents/relatives who need to be supported financially. This has resulted in more disposable income in their hands, which they can invest. Globalization and increased connectivity to capitalist economies has changed the perception among Indians regarding wealth and money. Now, more people want to be rich and India provides them opportunity to act on their goal. Stock market seems to be one good option as there is no barrier here be it a caste, religion, rich or poor, gender, etc. These factors are also driving the growth of retailers in equity market.

6. Push Towards Digitization

If we observe keenly at the figures of D-mat accounts opened since FY 2016-17 given in Figure 1 we may see that the number of D-mat accounts increased manifold after demonetization in India. That may be because massive digitalization happened during and after that time. Same is the position with 4G network. After the roll out of 4G network, access to YouTube, websites, markets have become easier which further penetrated at the time of Covid 19 pandemic. This push towards digitalization has drawn more common people towards the stock market.

WAY FORWARD

India is a developing country; it is on the track to become a developed nation by 2050. One of the main reasons to believe in India's growth story is our demographic dividend which we are enjoying and will keep enjoying it till a couple of decades to come. At the same time other developed countries in the world are slowly getting older w.r.t their median population age. The work force (age 18 to 65) is reducing for them, Population is actually peaking and slowing down, which will further impact the economic growth and consumption of these countries. The same thing will happen in India also but we are yet to enjoy the glorious years of development, benefits of which are already tasted by developed world, since last many decades, possibly more than a century also.

By 2050, India will be the most populated country in the World. In July 2020, as per an estimate 1.33 Billion people were living in India, out of which almost 48 per cent were woman. In 2019, the female labor force participation rate in India was merely 21.18 per cent [7]. This low participation rate is because of patriarchal norms, lack of skills, etc. The woman workforce will increase in future as gender equality will improve in India. Thus the earning female workforce will prefer the stock market for investment. Also, India has a large youth population with a median age of 28.7 years (compared to 38.5 years old in the United States). More than one-quarter (26.3 per cent) of India's population is younger than 15 years .Thus, India is very young country and ready to reap the benefits of having young labor force.[8] Thus the best is yet to come for the Indian stock market.

Equity markets in India should keep outperforming the other world markets in the long run. In the long run, equity markets are indicators of the status of the economy of a country. The population participating in equity markets will keep going up in India as India keeps developing. For capital markets to develop sustainably we need a strong regulatory framework which India has in the form of SEBI. SEBI (Securities and Exchanges Board of India) should take measures to safeguard the interests of retailers and it seems to be doing the work flawlessly. If a safety net for retailers is there, then growth in equity markets

This increased participation of retailers in Indian equity markets seem to be the turning factor in India's growth story and is appearing to be the biggest structural change in equity markets

will be healthy and sustainable. Of course, there will be corrections, bearish trends in markets, but long term future for next 2-3 decades seems to be in the favor of India. Recently there was a news that the Central Board of Trustees of PF, the apex decision making body of the EPFO is considering to raise the equity investment cap for EPFO from the present 15 per cent to 25 per cent ,to make up for falling return from EPFO asset allocation. EPFO gets Rs. 2.3 trillion annually from its 6.5 million active subscribers. [9] Thus if this proposal to raise equity allocation to 25 per cent gets implemented there will be an additional flow of Rs. 1900 Crores on monthly basis in Indian stocks. Thus from above mentioned facts and figures, we can say that increased retail participation in equity market in India is the biggest structural change observed during last few years and this change is one of the indications that India is taking the step from developing country to developed country in the coming decades and we can surely hope that the future belongs to India. MA

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AT THE HELM

Our heartiest congratulations to CMA Sanjoy Kr. Paul, Member of the Institute and an Engineering Graduate, for being elevated to the post of Executive Director & Head of Internal Audit function in SAIL in the month of June 2022.

Shri Paul, joined SAIL in the year 1986 and worked in various SAIL Plants/Units in major domains which includes Operations, Services, Cost Management, Project management, Vigilance and Internal Auditing. Based on his long experience in different business areas in SAIL, he has been assigned the responsibility of Chief Audit Executive and designated as Chief General Manager I/c (Internal Audit) from August '21 in Corporate cadre. Presently he is working as Executive Director, Internal Audit in the Corporate Office of Steel Authority of India Limited (SAIL), New Delhi.

We wish CMA Sanjoy Kumar Paul, the very best for all his future endeavours.

INCHING CLOSER TO THE AGENDA 2030: IMPACT INVESTMENT AND POTENTIAL OF SOCIAL STOCK EXCHANGE IN INDIA

Abstract

The concept of impact investment has gained significant momentum in India in the past decade. The article seeks to analyse the existing green investment options available in India, and its scope against the backdrop of the importance of the Sustainable Development Goals (SDGs). The proposed Social Stock Exchange in India is considered to be a low hanging fruit and can bring in multi-dimensional opportunities, for the conscious investors to have a safe haven to invest in, as well as for the social organisations, a platform for showcasing the impact they make in the world to raise investors. The article also explores the constructive role a CMA can play in making the Social Stock Exchange "a successful business decision" by India Inc.

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INTRODUCTION

The United Nations formulated the Sustainable Development Goals (SDGs) which officially came into force on 01st January, 2016. The SDGs, which were universally applicable to all the countries, superseded the Millennium Development Goals which focused on developing countries only. The SDGs are referred to as the 'roadmap for humanity'. They articulate the world's most crucial sustainability issues, the scope of which includes environmental, social, governance plus economic development, which therefore can be seen as an "ESG+" policy framework and lay down 17 Goals and 169 targets for sustainable development to be achieved by the year 2030 ("the Agenda 2030"). The success of each country in attaining these goals will be determined by its ability and willingness to mobilise its available resources and direct it towards sustainability.

Source: www.un.org

The commitment of the Government of India to the Agenda 2030 is evidenced from many of its flagship programmes brought in the with the involvement of State Governments, including Swachh Bharat, Make in India, Skill India and Digital India. These programmes are few initiatives that touch the core of SDGs and are well-thought-out pathways towards achieving SDGs.

However, substantial investment will be required at a global level, in trillions of dollars, to achieve SDGs in both developed and developing countries. NITI Aayog, the organisation entrusted with overseeing the adoption and monitoring of SDGs in India, reports that India needs to funnel approximately 13 per cent of its GDP into social causes - the current average is about 7 per cent - to achieve its SDG commitments by 2030. The Covid-19 pandemic and its heavy impact on the key areas targeted under Agenda 2030 has made it further challenging for our country to stick to these commitments.

THE GROUND REALITY IN INDIA

A huge population of India has suffered from various economic and social issues for centuries altogether, including poverty, unemployment, population pressure, low per capita income, wealth inequality, dependency of huge population on agriculture, basic life amenities, healthcare, illiteracy etc. The Covid-19 has worsened the situation pushing millions into further distress. It is a tragic irony that in spite of this grave reality, the immediate cause of concern should be of environmental factors.

We live in a world that is 1.2°C warmer than the 19th century and our country witnessed a temperature which was the highest on the records of India Meteorological Department for the month of March 2022 ever since it started collecting data in 1901. Approximately 30 per cent of India's land area is degraded, resulting in a loss of 2.5 per cent economic output annually (as concluded by a 2018 study by The Energy and Resource Institute, Delhi). This hits harder when we realise that nearly half of our population depends directly on agriculture and forest resources for survival. More than 75 per cent of the cities in India suffer from poor air quality. Only 37 per cent of India's urban municipal solid waste is treated. The quality of food and water is at an all-time low. These are merely glimpses into the grim state of affairs that unfortunately; most people are blissfully ignorant about. With the globe moving more towards materialism and an exploding "middle class" in India, the need to be aware of the decisions we make and their impact on the planet are crucial at this juncture.

Our country is making desperate attempts to revive the situation. At the COP26 (UN Climate Change Conference) held in Glasgow in November 2021, India has taken an ambitious pledge (the 'Panchamrita') to produce 500 GW of energy from renewable sources to reduce its carbon intensity to 45 per cent by 2030 and also a net zero commitment for 2070.

The Council on Energy, Environment and Water (CEEW), reports that the Net Zero Goal by 2070 would need more than 10 trillion $ investment to decarbonise India's power, industrial and transport sectors, and that India would face an investment crunch of around 3.5 trillion $ to meet this commitment. It has to be kept in mind that this investment is solely towards the environmental causes and a rapidly developing country like India cannot compromise on the other expenses and investments needed to keep the country running. Depending solely on the Governments for financing all these causes could be suicidal for our country. In fact, India has slipped three positions from ranking 117 in 2019 to 121 in 2022 in the Global Index of SDGs. With only 8 years to go for achieving the goals in Agenda 2030, State finances crushed out by COVID 19 and increasing Government debts, it is important to explore, identify and massively promote other sources of fund-raising towards sustainable development.

EXISTING GREEN FINANCE SCENARIO IN INDIA

The current green options available in the Indian financial system are:

1. **Green Lending**

   This refers to loans given by banks for financing projects with a positive environmental impact. The RBI issued a notification "Corporate Social Responsibility, Sustainable Development and Nonfinancial Reporting – Role of Banks" in December 2007 stating the importance of global warming and climate change. The regulator also encouraged banks to realign their goals with sustainability in mind. In 2015, RBI included the renewable energy sector under its Priority Lending Scheme (PLS). All these had led to banks attempting to reduce their lending to carbon-intensive sectors and redirecting such funds to greener entities. Out of the total outstanding bank credit to the power generation sector as of March 2020, 7.9 per cent was to the non-conventional energy sector. However, the banks need to gain momentum to keep up with the demands of green funding to ensure that more persons are encouraged to choose greener initiatives as opposed to the conventional non-environment friendly methods of doing business. RBI has taken the right step in this connection by becoming a member of the Central Banks and Supervisors Network for Greening the Financial System (NGFS), which is a 'group of central banks and supervisors willing to share best practices and contribute to the development of environment and climate risk management in the financial sector, while mobilising mainstream finance to support the transition towards a sustainable economy'. This may, in due course, lead to the Indian banks following the steps of some of their counterparts in Spain and Australia, who promised to phase out lending to coal-powered plants and mining industry by 2030.

2. Green Bonds

These are financial instruments similar to ordinary bonds, with the only difference that the money raised through them are used to fund projects which have a positive impact on environment and climate change. India issued its first green bond in 2015, but the instrument has gained wide popularity recently and $6.11 billion worth of these bonds were issued in 2021 and it is projected to set a new record in 2022. They also have a strong appeal to foreign investors due to its valuation and growth aspects. In May 2017, SEBI formalised the issuance of green bonds by including the same under the purview of SEBI (Issue and Listing of Debt Securities) Regulations, 2008, and now in the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021. However, being in a very nascent stage in India the country needs to work on regulating its high borrowing cost, governance issues and risk aspects in order to enable these bonds to grow to their full potential.

3. ESG Investing

This is a term used for investments made in entities that value sustainability as much as profitability. Such investors stay away from stocks that do not meet certain standards of environmental, social or corporate governance. Impact investing has gained popularity in recent years, which can be identified from major mutual fund players introducing ESG funds. Lack of awareness, quality data, standard measurement system, track record etc. are some of the factors that need to be addressed in order to popularise this method of investment as opposed to the traditional profit-driven incentive. The latest initiative by SEBI to regulate ESG Rating Providers (ERPs) is in the right direction, as ESG rating as it exists now, is highly unregulated without any uniform methodologies and once new regulations are in place, it will help investors understand the value of their wealth in terms of ESG standards. Also, with effect from the F.Y 2022-23, SEBI has made it mandatory for the top 1000 companies based on market capitalisation to include Business Responsibility and Sustainability Report (BRSR) in place of the erstwhile Business Responsibility Report, as part of its non-financial disclosures.

4. Corporate Social Responsibly (CSR)

India undertook one of the world's largest experiments by introducing mandatory CSR for certain classes of companies under the Companies Act, 2013. Reports all over show that this was a very positive move towards achieving the SDGs through public-private-partnerships in India. CSR funding has grown annually at the rate of 15 per cent during the past 7 years and is projected to touch 19 per cent by 2026. It shows a growth rate higher than that of our economy. With the expected rise in profits of companies and also an expected increase in the rise of companies falling within its ambit, it is safe to say that the CSR funding will grow exponentially beyond its projections both in absolute terms as well as in terms of total private funding.

It can be identified throughout this article that there is a need to mobilise private funds towards sustainable investment and with a growing segment of middle class, rich, high net worth and ultra-high net worth individuals, identifying such private funds should not be a herculean task. However, the impact investment market faces a considerable challenge. Its nascent stage in itself acts as a barrier, as there is lack of awareness as well as comparative performance data or track record for people to watch it grow. Also, the regulators are yet to catch up with this new segment, giving rise to governance hiccups. Lack of an authentic device or methodology to measure the value of investment in sustainability terms as well as impact of such investments is also a hindrance. On top of all these, green initiatives take relatively more time than other conventional methods to show results and would require long-term investment to actually feel the progress. This could lead to a maturity mismatch between these investments and investors with a short-term interest.

SOCIAL STOCK EXCHANGE (SSE)

Amidst all these conundrums, the Social Stock Exchange is getting ready to make a grand entrance. If everything goes as planned, it could become the panacea to impact investing.

The proposal to establish an SSE under the ambit of SEBI was introduced as part of the Finance Minister's Budget speech in 2019-20. Pursuant to this, SEBI constituted a Working Group in September 2019 and based on their report and public comments, a Technical Group was constituted in September 2020. After considering the report from both groups as well taking the comments into due consideration, a framework for SSE was issued by SEBI in September 2021.

Broadly, the intent of SSE is to enable non-profit organisations (NPOs) to raise money from the securities market by registering and listing on the SSE. At present, the opaque form of NPOs hinder them from being an easy target for donors. This could change with the SSE intending to facilitate transparency by mandating increased social, financial and governance reporting. Some "For-Profit Social Enterprises" (FPEs) will also be permitted to enlist on SSE subject to conditions. The entities will have to go through vigorous checks before onboarding, in the form of establishing 'primacy of social impact' and demonstrating the measurability of their efforts. Once enlisted, they can tap funding options from diverse sources rather than waiting for impromptu donations and discretion of limited investors.

Broadly, the intent of SSE is to enable non-profit organisations (NPOs) to raise money from the securities market by registering and listing on the SSE

It would be a solace for donors and impact investors as the market instruments either already existing or designed specifically for SSEs, depending on the nature of the listed social entity, shall be safely and widely available for investing in social endeavours, adequate disclosure norms would provide them access to relevant information and at the same time, they would be able to have visibility of the impact their contributions are making. This will instil confidence in investors to always choose investments that back sustainability.

As the structure of SSE in India is proposed to be housed under an existing conventional stock exchange and grounded by SEBI Regulations, it could benefit from access to infrastructure, processes and knowledge capital, especially during its nascent stages and could also allow it the privilege to shift focus from viability to its intended goals. However, the benefits proposed to be offered to listed social entities, especially in the form of tax holidays and exemption from tax on investments up to certain limits may give scope for impact washing. The SSE should also be equipped to ensure proportionality in causes invested in, rather than the fund raising being tipped only in the direction a few selected causes. Only this can ensure a holistic achievement of true development. Another major aspect is the uncompromisable need for measurement systems and tools, whether for investment impact measurement or identification of eligibility. With the potential of collaborating the millions of social entities existent in India with a dependable source of funding, the proposed Social Stock Exchange could easily roll out to be the God sent solution in meeting the fund gaps for India to become truly sustainable for all intents and purposes.

"BEHIND EVERY SUCCESSFUL BUSINESS DECISION, THERE IS A CMA"

This befitting slogan by CMA is well grounded even in sustainability, as between the paradigm shift in the focus of business sector from profits to sustainability and the possibility of substantial increase in activities towards social and environmental causes with wider involvement of private funds, the role that can be played by CMAs are crucial. The accounting of natural capital – including the stock and flow of renewable and non-renewable sources, can tremendously help in measuring the impact as well as fixing focus and goals on utilisation. Green accounting fits right in the functions of a CMA, and can provide valuable insights into the transactions between environment and economy.

CONCLUSION

India as one of the fastest growing economies with a $5 trillion target in the coming years, has huge potential in achieving the SDGs with the right action. The Indian regulators have given significant importance towards sustainability and green initiatives by staying aligned with global practices. With innovative and secure investment options introduced in social causes, the green financing sector in India will achieve greater heights with individuals, corporates and the government working together for a sustainable India. MA

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GDP IMPACT ON MARKET CAPITALIZATION – AN ANALYSIS OF BSE

Abstract

The economic growth of any country depends upon its capacity of producing goods and services. The aggregate economic growth of the country is measured by Gross National Product (GNP) or Gross Domestic Product (GDP). The Indian capital market has been attracting considerable attention in recent years especially after the opening up of the economy. As a result, several researchers have addressed various issues pertaining to the capital market in India. The present study examines the impact of GDP on Indian capital market. It tries to find out the homogeneity between GDP on market capitalization growth rates. For this study, information has been gathered from sources other than the ones being studied and a time span of 20 years from 2001 to 2020 has been taken into account. Statistical tools like descriptive statistics, correlation, one-way ANOVA, and the regression model were used.

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INTRODUCTION

The capital market is the backbone of every country because it can change the country's finances and keep the economy in check. The capital market is at the centre of economic growth because it helps move money around and bring in new resources. A significant part of the country's industrial and commercial growth has depended on how well the capital market is understood and regulated. The industrial and commercial sectors need long-term funds to grow and the capital markets provide those funds.

GDP per capita is the total market value of the final goods and services made in a country divided by its total population. Gross domestic product is a way to measure the size of an economy. Now-a-days, by nominal GDP, the Indian economy is the sixth largest in the world. By PPP (purchasing power parity), it is the third largest GDP and GDP per capita are two of the best ways to track changes in outputs and people's standard of living. Gross domestic product (GDP) is one of the most important aspect for planning and making policy that the Government and decision makers need to know. With GDP, we can tell if the economy is in a recession, or depression, or boom. GDP is an all-around measure of a country's national income and economic health. The formula for calculating GDP is as follows:

$$GDP = C + I + G + (X - M)$$

Where, C = Consumption per year (Personal Consumer Expenditure)

I = Total private investment in the country

G = Government spending

X = Total export amount

M = Total amount of imports

(X-M) = Total amount of net exports (Total net exports also may be negative)

THE INDIAN STOCK EXCHANGE

Among India's stock exchanges, the Bombay Stock Exchange (BSE) and the National Stock Exchange are the leading security exchanges. Since 1875, the BSE has been around. On the other hand, the NSE was set up in 1992 and began trading in 1994. But both exchanges use the same way to trade, trade at the same times and settle trades in the same way.

Nearly all big companies of India are listed on both Exchanges. The BSE is the older stock market, but in terms of volume, the NSE is bigger. Both exchanges compete for order flow, which lowers costs, makes the market work better, and encourages new ideas. Because there are arbitrageurs, the prices on the two Stock Exchanges stay very close to each other.

THE BOMBAY STOCK EXCHANGE

Bombay Stock Exchange (BSE) was founded in 1875. It is the Asia's first and fastest Stock Exchange with a speed of 6 microseconds and one of the most important Exchange groups in India. Over the past 146 years, BSE has helped the Indian corporate sector grow by giving it a good place to raise money. In 1875, "The Native Share & Stock Brokers' Association," which most people just call "BSE" was set up as the Bombay Stock Exchange. In 2017, BSE was the first Stock Exchange whose shares are being listed in India.

Today, BSE offers a market for trading stocks, currencies, debt instruments, derivatives, and mutual funds that is efficient and clear. BSE SME is India's biggest platform for small and medium enterprises. It has listed more than 250 companies under SME segment and is still growing steadily. The S&P BSE SENSEX, which is BSE's well-known equity index, is India's most watched stock market benchmark index. It is traded around the world on the

A positive change in the GDP (a higher GDP growth number) will revitalize the capital market, and as a result the market will go up

EUREX and the major exchanges of the BRCS countries (Brazil, Russia, China and South Africa)

GDP AND CAPITAL MARKET

A positive change in the GDP (a higher GDP growth number) will revitalize the capital market, and as a result the market will go up. GDP is a way to measure how much all of an economy's goods and services are worth. As the stock market goes up and down, so does the economy's mood. People's spending changes with how they feel, which is what drives GDP growth in the end. The change in the GDP can have either positive or negative effects on stock market.

OBJECTIVES OF THE STUDY

a. To highlight the role of GDP in the growth of Indian capital market.

b. To analyze the growth rates of GDP with growth rates of market capitalization.

c. To forecast the market capitalization growth based on GDP.

METHODOLOGY OF THE STUDY

The research is based on information from the official BSE website that was already available. The information was gathered over a 20-year period, from 2001 to 2020.

Analysis tools based on statistics

In the research, tools like Correlation, Regression and One-way ANOVA were used to look at the data.

DATA ANALYSIS

TABLE - 1

ANNUAL GROWTH RATES OF GDP AND INDIAN CAPITAL MARKET CAPITALIZATION

(Figures in %)

Year	GDP	Market Capitalization
2001	4.82	7.12
2002	3.80	18.01
2003	7.86	99.13
2004	7.92	34.78
2005	7.92	47.65

2006	8.06	45.59
2007	7.66	97.83
2008	3.09	-56.14
2009	7.86	93.38
2010	8.50	19.99
2011	5.24	-26.7
2012	5.46	29.41
2013	6.39	1.77
2014	7.41	39.64
2015	8.00	2.05
2016	8.26	5.83
2017	6.80	42.84
2018	6.53	-4.78
2019	4.04	7.65
2020	-7.96	20.89
Average	**5.883**	**26.297**
Standard Deviation	**3.654**	**39.279**
Co-efficient of Variance	**0.621**	**1.493**

(Source: Calculation based on information from web)

From Table 1 we can observe that, the annual growth rates of GDP and market capitalization for a period of 20 years were compared. For GDP growth rates, there was a fluctuation for all years. The growth was high in 2010 at 8.50 and lowest at -7.96 in 2020. In first two years the growth rate is below 5 per cent. From 2003 to 2007 the growth of GDP has been above 7 per cent. In 2008, it decreased to 3.09 per cent due to crisis and thereafter the growth rates increased in some years and decreased in some other years. From 2016 it decreased continuously from 8.26 to -7.96 per cent in 2020. There was about 12 per cent decrease in GDP growth in 2020 due COVID-19. For capital market the growth was high in 2003 at 99.13 per cent and lowest at -56.14 per cent in 2008. There was a continuous fluctuation in growth returns for all years except some years. In 2008, 2011 and 2018 the growth registered negatively due to crisis.

TABLE - 2

DESCRIPTIVE STATISTICS OF GDP AND CAPITAL MARKET CAPITALIZATION

	GDP	Indian Capital Market Capitalization
Mean	5.883	26.297
Standard Error	0.817	8.783
Median	7.105	20.44
Standard Deviation	3.654	39.279
Sample Variance	13.354	1542.902
Range	16.46	155.27
Minimum	-7.96	-56.14
Maximum	8.5	99.13
Sum	117.66	525.94
Count	20	20

Table 2 indicates the statistical central tendency of the growth rates of GDP and market capitalization. The GDP growth rate can go as high as 8.5 and as low as -7.96, giving a standard deviation of 3.654. The average growth rate of GDP is 5.883, the middle growth rate is 7.105, and the range is 16.46. The GDP growth rates variance is 13.354. Market capitalization has a maximum growth rate of 99.13 and a minimum growth rate of -56.14. This gives a standard deviation of 39.279. The average growth rate for the market capitalization is 26.297, the middle rate is 20.44, and the range is 155.27. The market capitalization growth rates variance is 1542.902.

TABLE 3

CORRELATION MATRIX

	GDP	Market Capitalization
GDP	1	
Market Capitalization	0.294	1

There is a positive correlation between GDP and market capitalization which shows both growth returns moving in the same direction.

ONE WAY ANOVA – TEST

H_0: There is homogeneity in the growth rates of GDP and market capitalization during the study period.

H_1: There is no homogeneity in the growth rates of GDP and market capitalization during the study period.

Level of Significance: Appropriate level of significance is 1 per cent.

TABLE 4

ONE WAY ANOVA TEST

Source of Variation	Sum of Squares (SS)	Degrees of Freedom (Df)	Mean Square (MS)	F Calculated Value	F Table Value
Between Groups	4167.314	1	4167.314	5.355563	7.352545
Within Groups	29568.87	38	778.1281		
Total	33736.18	39			

Table 4 reflects one-way analysis of variance of growth rates of GDP and market capitalization. Here, the hypothesis is tested at 1 per cent level of significance. As tabulated value is more than calculated value H_0 is accepted. It can be concluded that there is homogeneity in the growth rates of GDP and market capitalization during the study period.

REGRESSION ANALYSIS

Using the following hypothesis, a regression model was made with the Indian capital market as the dependent variable and GDP as the independent variable.

Hypothesis

H_0: Market capitalization is not significantly influenced by the India's GDP.

H_1: Market capitalization is significantly influenced by the India's GDP.

The regression model is as follows:

$Y = \alpha + \beta X + \varepsilon$

Where, α = Intercept, β = Slope of GDP Growth rates

Y = Market Capitalization Growth rates

X = GDP Growth rates

'R'	'R' Square	Adjusted 'R' Square
0.294	0.0866	0.0359

Based on the regression, R square is 0.0866 and adjusted R square is 0.0359. This means that the independent variable, which is GDP growth, explains 3.59 per cent of market capitalization growth. Based on the adjusted R square, which is 0.0359, this regression model is thought to be good.

	Coefficients
Intercept	7.68105
X Variable (GDP)	3.16436

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	2540.636	2540.636	1.708022	0.207693
Residual	18	26774.5	1487.472		
Total	19	29315.14			

Taking into account the F-test, the critical value and the table of F values, we can say that the Null hypothesis is not accepted. Market capitalization is significantly influenced by the India's GDP. Here is the regression equation based on the intercepts of the regression output i.e Indian capital market growth rate = 7.68105+ 3.16436 (GDP Growth Rate).

CONCLUSION

From this study we can find that the two parameters, GDP and market capitalization move in the same direction. This shows that there has been an effect of GDP on the Indian capital market and growth rates of both the parameters are moving in the same direction. It can also be observed that GDP growth rate is positive in all years except in the year 2020 due to impact of COVID-19 and market capitalization growth also was positive in most of the years except for three years due to fluctuations in capital market during the study period. It is clear that there has been homogeneity in the growth rates of GDP and market capitalization which indicates that these two parameters growth rates have same frequency. Finally, we can understand that market capitalization is significantly influenced by India's GDP which shows that as GDP growth rate increases market capitalization also increases and vice versa. MA

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FOR ATTENTION OF MEMBERS

"Members are requested to clear their membership dues immediately and not later than 30th September, 2022. Unless the membership dues are cleared on or before 30th September, 2022, they will not be eligible to cast their vote in the forthcoming Elections to the Council and Regional Councils scheduled to be held in 2023 in terms of Rule 5 of the Elections to the Council Rules, 2006, as amended."

EMERGING CHARACTERISTICS OF CAPITAL MARKET EFFICIENCY: AN EMPIRICAL STUDY OF NIFTY 50 STOCKS

Abstract

While the Indian stock markets are gradually getting integrated with the developed stock markets across the world, many scholars get landed to the puzzling findings that stock markets in India are not efficient. The authors of this paper produce arguments to support that Indian stock markets have every evidence of market efficiency. Applying Normality Test to the daily stock prices of Nifty 50 stocks, the authors notice that some of the stocks satisfy the normality test, while other stocks fail to pass the normality test. The results are very much consistent because all stocks are not equally attractive and these are never traded with equal frequency.

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INTRODUCTION

An efficient capital market is believed to ensure the correct pricing of securities by reflecting firm-specific and economy-related information into the stock prices. A market of this nature comes to facilitate the efficient allocation of resources and eliminates the scope of abnormal profits. Hence, every Government adopts measures to see that the market of the country is developed to satisfy the efficiency benchmarks. In India, a wide range of reform measures have been undertaken by the Securities Exchange Board of India (SEBI) for enhancing the efficiency of the stock markets.

Researchers' quest for verifying the presence of efficiency in stock markets in India is not new. Numerous empirical tests, parametric as well as non-parametric, have been done by the researchers to examine the presence efficiency in the stock markets. The existence of a good number of authentic databases and the availability of user-friendly software come to act as incentives to a great number of researchers to apply time-series analysis. However, by applying time-series analysis, majority of the researchers arrived at the conclusion that Indian stock markets are not efficient. Therefore, instead of time-series analysis, we propose to apply the normality test in this article. In theoretical statistics normality test is regarded as the unfailing methodology of global acceptance. In fact, the normality test provides the foundation for many other forms of empirical analyses. The normality test is based on the priori-assumption that, when a market is efficient, the distribution of return on a security is projected to be normal.

LITERATURE SURVEY

Empirical studies on capital market efficiency are numerous. On the efficiency of the Indian markets, a good number of studies are also available. Of them, only a negligible number of scholars reflect their faith in analysing the data of individual stock prices. Some of the scholars who used the data on daily stock prices are Barua and Raghunathan (1986), Chaudhuri (1991), Bodla (2005), Sharma and Mahendru (2009) and Pushkar Dilip Parulekar (2017). Of them, Sharma and Mahendru (2009) and Pushkar Dilip Parulekar (2017) studied stock price data of only eleven and five companies respectively. On the other hand, Barua and Raghunathan (1986) analysed the stock price of only one company. Hence, the findings from these studies cannot be used for drawing a general inference about the efficiency of Indian stock markets.

Pushkar Dilip Parulekar (2017) used data on monthly stock prices, while Belgaumi (1995) used data on weekly stock prices. It is seen that these scholars sacrificed a great amount of data, which renders the analyses weak in terms of the sufficiency property of the estimators. In short, the findings of their studies cannot be used for drawing a general conclusion in respect of the efficiency of the Indian stock market.

While studies based on the daily stock price data are exceptionally low, studies based on market indices are numerous. [See, for example, Barua (1981); Gupta (1985); Poshakwale (1996); Sarkar and Mukhopadhyay (2003); Ahmed, Ashraf and Ahmed (2006); Gupta and Basu (2007); Kaur and Dhillon (2011); Singh and Seth (2011); Lasardos, C. (2012); Jethwai and Achuthan (2013); Jain and Jain (2013); D'souza and Mallikarjunappa (2015); Arora and Singh (2017); Das Priyanka (2020)]. These scholars, are led by the idea that the market index can be counted as the proxy of the whole stock market and hence a straightforward conclusion about the presence or absence of market efficiency can be easily drawn by analysing time-series data of a given market index. Unfortunately, the findings of almost all the studies noted here appear contrary to the idea and plan with which the researchers began their studies.

During the period from 1977 to 2020, most of the scholars noted in the above paragraph reached the conclusion that the market was not efficient. The findings of studies are indeed unacceptable because a radical change has occurred in the last twenty-five years in the stock markets in India. Secondly, with the progress of time, scholars continue to adopt advanced tools for data analysis. They apply a wide range of tests spanning from simple serial correlation tests to time-series analysis including ARCH, ARIMA, GARCH, co-integration tests, etc. Nonetheless, the results obtained from studies take the scholars to the unfailing conclusion that the market was not efficient/ is not efficient.

RESEARCH GAP

The observations as documented in the literature are contrary to stock market developments in India. Since the 1990s, lots of reforms have been initiated to make the bourses active and disciplined. Launching of the electronic trading platform, starting of derivative trading, promulgations of corporate disclosure and provisions relating to the protection of the interest of retail investors, etc. are some of the notable measures. The Securities and Exchange Board of India (SEBI) is standing as the regulatory authority endowed with enormous monitoring power. In fact, now Indian stock markets have reached the level of global markets similar to New York and Luxemburg because every ripple of global upheaval is getting immediately reflected in the Indian bourses. In other words, Indian markets are moving in tandem with those of New York, Luxemburg, Hongkong and London.

Mukherjee and Mishra (2007) observe the presence of linkage of Indian stock markets with the major global stock markets, which indicates a gradual improvement of market efficiency in the international scenario. Samadder, S. and Bhunia, A. (2018) trace the presence of the integration of Indian stock market with the markets of Australia, Canada, Germany, UK and USA. The scholars notice the presence of vibrant relation of the Indian stock market with those of the developed countries.

TABLE A: GLOBAL RANKING OF DERIVATIVES TRADED ON INDIA'S STOCK EXCHANGES

Product	Exchange	Global Rank
Bank Nifty Index Options	NSE	1
CNX Nifty Index Options	NSE	2
USD/INR Options	NSE	1
USD/INR Futures	NSE	4
USD/INR Options	BSE	5

Source: SEBI Annual Report 2021

The size of market capitalization of BSE and NSE together is close to 104 per cent of the GDP of the country (SEBI, 2021). The bare fact is that Indian stocks are listed on the international bourses; on the other hand, many foreign investors are actively taking part in the trading activity on the Indian bourses. Given that many of the FIIs have their own equity research divisions of international standards, it is hard to believe that information is not rightly evaluated to reflect the security price.

Table A above shows that the Indian bourses have emerged as the best in the world in the area of derivatives trading. Contrary to these tangible developments taking place in the Indian stock markets, majority of the scholars after conducting a time-series analysis of market indices eventually arrive at the puzzling conclusion that the market is not efficient. This anomaly needs to be resolved. This study is dedicated to meeting this objective.

THE OBJECTIVE OF THE STUDY

a. To examine if the distribution pattern of the price of each of the Nifty 50 stock conform to normal distribution

b. To examine if a generalized inference can be drawn regarding the presence of market efficiency in the Indian stock markets.

DATA AND METHODOLOGY

The normality test of stock return or stock price is a fundamental test to be sure about the presence or absence of market efficiency. The sample for the study has been defined to be the security prices of the top fifty companies defined as Nifty 50 companies on the National Stock Exchange. The reference period for the study is three months, from March 2018 to May 2018. The data consists of the entries regarding the daily closing price of the individual stocks of the Nifty 50 list. The frequency distribution of the price of an individual stock has been prepared and plotted graphically; the same is verified in the light of the theoretical shape of Normal Distribution. Shapiro-Wilk and Kolmogorov-Smirnov tests were performed. The results obtained from repeated trials have been compiled into two separate tables. Table 3 is for the stocks satisfying the normality test and another table (Table 4) is for the stocks not satisfying normality. To draw a generalized inference from the study, Sign Test has been performed. The analyses have been performed using SPSS software.

DATA ANALYSIS AND RESULTS

Given the Null Hypothesis that stock price is normally distributed, when the tests are performed at 5 per cent level, the computed p-value greater than 5 per cent indicates that the distribution is normal. Fig.1 shows that the distribution of the stock price of Reliance Industries is close to normal distribution. The SPSS output corresponding to the stock price of Reliance Industries is given in Table 1.

FIG.1: DISTRIBUTION OF THE STOCK PRICE OF RELIANCE INDUSTRIES

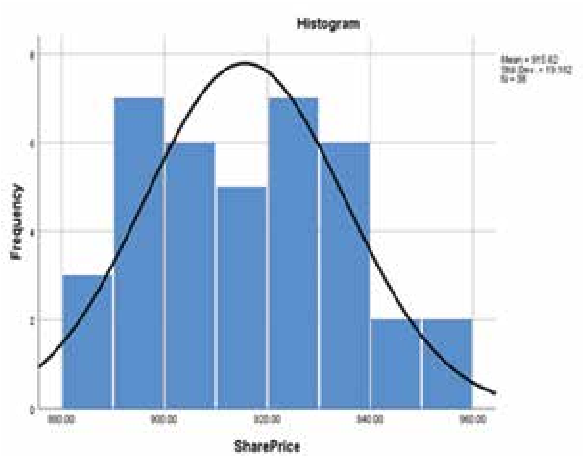

Fig 1 and SPSS output shown in Table 1 reveal that the distribution of the stock price of Reliance Industries is normal. In other words, the market for the equity of Reliance Industries is efficient.

TABLE 1: NORMALITY TEST OUTPUT OF RELIANCE INDUSTRIES

Normality Test of Reliance Industries					
Kolmogorov-Smirnov			**Shapiro-Wilk**		
Statistic	Df	Significance	Statistic	Df	Significance
0.113	38	0.20	0.962	38	0.27

Fig 2 as shown below represents the distribution of the stock price of HDFC Private Limited. This distribution is leptokurtic, having a peak much higher than that of the normal distribution. The SPSS output shows that the p-value is much lower than 5% pre-defined significance level. Hence The Null Hypothesis that the distribution of the stock price is normal gets rejected. In other words, the market for the equity of HDFC is not efficient.

FIG. 2: DISTRIBUTION OF THE STOCK PRICE OF HDFC PVT LIMITED

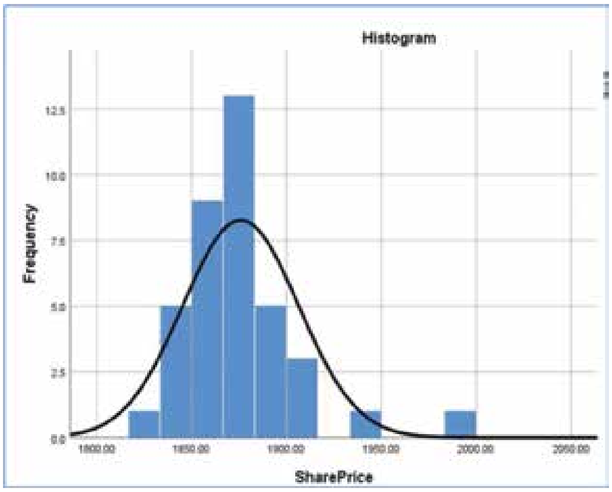

TABLE 2: SPSS OUTPUT OF NORMALITY TEST FOR HDFC

Normality Test of HDFC					
Kolmogorov-Smirnov[a]			**Shapiro-Wilk**		
Statistic	Df	Significance	Statistic	Df	Significance
0.157	38	0.019	0.863	38	0.00

While the normal curve is plotted on observed frequency distributions, due to sampling error, some deviations are inevitable. While visual inspection reflects lots of differences, the results of Shapiro-Wilk Test and Kolmogorov-Smirnov Test indicated that the distributions are, in some selected cases, approximately close to Normal Distribution. Similar results of the remaining other stocks have been compiled in two different Tables.

TABLE 3: STOCKS WITH NORMAL DISTRIBUTION OF THE SHARE PRICES

	Company Name	Skewness	Kurtosis	Kolmogorov -Smirnov	Shapiro-Wilk	Comment
1	AUROBINDO PHARMA LTD.	-0.207	-0.921	0.2	0.28	NORMAL
2	BHARAT PETRO. CORP. LTD.	0.153	-1.091	0.146	0.153	NORMAL
3	INDUSIND BANK	-0.057	-0.136	0.2	0.903	NORMAL
4	TATA CONSULTANCY SERVICES	0.053	-1.101	0.083	0.24	NORMAL
5	AXIS BANK LTD.	0.71	0.213	0.2	0.114	NORMAL
6	ITC LTD.	0.295	-0.812	0.061	0.115	NORMAL
7	KOTAK MAHINDRA BANK	-0.457	-0.385	0.2	0.188	NORMAL
8	BHARTI AIRTEL LTD.	-0.327	-0.217	0.2	0.129	NORMAL
9	INDIABULLS HOUSING FIN. LTD.	0.652	-0.047	0.2	0.096	NORMAL
10	BHEL LTD.	-0.026	-0.956	0.2	0.144	NORMAL
11	DR REDDYS LAB.LTD.	0.009	-0.568	0.2	0.753	NORMAL
12	LUPIN LTD.	-0.015	-0.895	0.2	0.298	NORMAL
13	ASIAN PAINTS LTD.	0.409	-0.377	0.2	0.218	NORMAL
14	BAJAJ AUTO LTD.	0.612	0.739	0.2	0.444	NORMAL
15	TECH MAHINDRA LTD.	-0.721	0.631	0.2	0.099	NORMAL
16	STATE BANK OF INDIA LTD.	0.503	-0.724	0.06	0.125	NORMAL
17	BHARTI INFRATEL LTD.	-0.13	-0.859	0.2	0.438	NORMAL
18	TATA MOTORS	0.008	-0.929	0.018	0.136	NORMAL
19	ZEE LTD.	0	-0.123	0.2	0.834	NORMAL
20	ICICI BANK LTD.	-0.097	-1.083	0.073	0.186	NORMAL
21	HERO MOTO CORP. LTD.	0.432	-0.032	0.2	0.586	NORMAL
22	UPL LTD.	0.151	1.886	0.2	0.21	NORMAL
23	ONGC	-0.204	-0.973	0.071	0.175	NORMAL
24	HCL TECH. LTD.	0.336	0.343	0.2	0.353	NORMAL
25	POWER GRID CORP. OF IND. LTD.	0.085	0.189	0.2	0.458	NORMAL
26	RELIANCE LTD.	0.272	-0.943	0.2	0.217	NORMAL
27	HINDUSTAN UNIV. LTD.	0.423	-0.248	0.2	0.22	NORMAL
28	EICHER MOTORS LTD.	0.017	-0.366	0.2	0.887	NORMAL

This is really over-optimistic to expect that the distribution of all the stock prices will be normal. Distributions of twenty-eight stock prices are found to be normal (see Table 3), while distributions of the stock prices of other eighteen companies fail to satisfy normality. However, to arrive at the generalized inference, we use Sign-test as an additional step. For this, we assign twenty-eight Plus Signs (+) for twenty-eight companies satisfying normality, while for eighteen companies where the distributions of stock prices fail to satisfy normality, we assign eighteen minus signs (–). The test begins with the following hypotheses.

H_0: Normality and non-normality are equally probable [i.e., p (+) = 0.5]

H_1: Distributions of stock price are close to normal. [i.e., p (+) > 0.5]

TABLE 4: STOCKS WITH NOT NORMAL DISTRIBUTION OF STOCK PRICE

	Company Name	Skewness	Kurtosis	Kolmogorov -Smirnov	Shapiro-Wilk	Comment
1	HDFC PVT. LTD.	1.812	5.153	0.019	0.000	NOT NORMAL
2	NTPC LTD.	0.524	-1.143	0.01	0.001	NOT NORMAL
3	BOSCH LTD.	-0.163	-1.346	0.043	0.013	NOT NORMAL
4	ULTRATECH CEMENT LTD.	-0.263	0.919	0.024	0.008	NOT NORMAL

5	ADANI PORTS	-0.384	-0.993	0.001	0.024	NOT NORMAL
6	BRITANIA INDUSTRIES LTD.	-0.719	0.33	0.069	0.048	NOT NORMAL
7	HOUSING DEV. FIN. CORP.	2.049	6.868	0.00	0.000	NOT NORMAL
8	SAIL	0.215	-1.215	0.012	0.012	NOT NORMAL
9	GAIL	-3.061	10.444	0.00	0.00	NOT NORMAL
10	VEDANTA LTD.	-0.648	-0.111	0.02	0.025	NOT NORMAL
11	LARSEN AND TOUBRO	1.597	3.56	0.012	0.00	NOT NORMAL
12	MAHINDRA AND MAHINDRA	0.985	3.428	0.121	0.014	NOT NORMAL
13	AMBUJA CEMENT LTD.	-0.16	-1.485	0.056	0.007	NOT NORMAL
14	WIPRO LTD.	-1.011	1.867	0.123	0.013	NOT NORMAL
15	HINDALCO INDUSTRIES LTD.	-0.293	-1.347	0.001	0.004	NOT NORMAL
16	SUN PHARMA INDUSTR LTD.	0.22	-1.199	0.20	0.043	NOT NORMAL
17	MARUTI SUZUKI LTD.	1.112	2.296	0.20	0.024	NOT NORMAL
18	COAL INDIA LTD.	-0.763	-0.733	0.044	0.001	NOT NORMAL
19	YES BANK LTD.	0.796	0.878	0.007	0.04	NOT NORMAL

This is a right-tailed test, conducted at 5 per cent level of Significance. On the basis of the findings of Table 3 and Table 4, the following summarised values are obtained:

Sample size, n = 47
Number of Plus Sign, x = 28
Number of Minus Sign = 19

Applying the sign test to the data, we get

$$Z = \frac{x - \mu}{\sqrt{npq}} = \frac{28 - 23.5}{\sqrt{47 \times 0.5 \times 0.5}} = 1.31 < 1.645$$

As the computed value (Z = 1.31) is less than the critical value at 5 per cent level, the null hypothesis is accepted. That is, in a market the probabilities of normality and non-normality are equally likely. As all stocks selling in the market are not equally attractive, it is very much natural that the distributions of some of the stock prices can be normal, while the distributions of the prices of some other stocks can appear not normal. This is the most natural outcome.

CONCLUSION

Indian stock markets, after rapid transformations in the 1990s, have emerged as one of the best stock markets in the world. Now the stock markets in India are more efficient than they were before 1990s. However, all the stocks traded in the market are not equally efficient. Some stocks reflect that the market is efficient, while other stocks fail to stand the efficiency tests. The findings of this analysis have widespread implications for all the past and future studies devoted to examining capital market efficiency. In the light of the findings of this study, it is expected that the scholars, instead of running an established software to get the magical results, will think about designing a research methodology based on their logical reasoning. MA

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ESG INVESTING: ALIGNING SUSTAINABILITY WITH INVESTMENTS

Abstract

Prior to the Covid pandemic there had been a steady growth in ESG investing but the crisis lit fire underneath the straggler. It has foregrounded the significance of creating sustainable investment portfolio in order to gain high financial returns while helping the environment. The millennial generation is said to be the fuel behind the growth of sustainable investments by integrating the principles of Economic, Social and Governance factors. This article traces the evolution of ESG investing from socially responsible investing and provides insights about the significance and challenges of ESG investing in India.

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INTRODUCTION

Global Covid pandemic also known as 21st century's first "sustainability" crisis has left investors with no choice between selecting sustainable restoration or economic development. The outbreak of the pandemic has turned out to be the positive catalyst of ESG investing for those who consider a company's environmental, social and governance metrics together with key performance indicators. Climate change, waste management, human capital development, consumer privacy and data security are serious issues which must be addressed while making responsible investment decisions. ESG investing is a strategy that helps an investor to build an investment portfolio by prioritizing all the environmental, social, (corporate) governance factors or outcomes. The environmental factor addresses how a company affects the planet through carbon footprints, GHG emissions etc. The social factor acts on how a company treats its customers, employees and suppliers etc., and the governance factor examines the independence of Board and business ethics.

Evolution of ESG Investing

There was a time where investment was all about making good profit, but climate change has gathered the attention of investors towards environmental, social and governance factors. The term ESG was first coined in a 2005 report titled "Who Cares Win" written by Ivo Knoepfel. The history of ESG investing goes back to 1960 started as socially responsible investing. Initially it focused on negative screening by simply discarding the stocks or companies from their portfolios which have negative outcomes such as tobacco industries. The SRI evolved into sustainable investing or ESG investing which can administer an impact without reducing its performance. It focuses on the companies that show concerns regarding the environmental, social and governance issues. Investors have discovered that companies with increased ESG initiatives have higher potential returns and shareholder value.

The term socially responsible investing (SRI), environmental social & governance investing (ESG) and impact investing are often used interchangeably by investors but there is subtle difference in their meaning.

- *Socially responsible investing (SRI)* is a simple approach which involves negative screening of investments which compromises with investor's values. For example, the followers of John Wesley (founder of Methodist movement) avoided investing in sin stocks which are businesses that raised profit through alcohol, tobacco, weapons, and gambling.
- *Environmental, Social and Governmental (ESG) Investing* in simpler terms means making an investment in business which complies with criteria of investor to reduce the risks and ensure sustainability with financial returns. ESG scrutinizes companies that fits into the set criteria and then weeds out companies that are not behaving responsible. The Trillium Asset Management advisory company has expertise in ESG investing which excludes companies that gain more than 5% profits through nuclear weapons and coal mining.
- *Impact investing* starts where ESG ends. As in ESG investing, the companies with negative impact were excluded but in impact investing the companies with positive impact are included. Impact investing defines the association between value-based priorities and the use of investor's capital. Impact investing can be performed through philanthropic organizations with missions such as reduction of carbon footprint, employing communities displaced by natural disasters etc. These funds can influence management and execution of portfolio companies, but it involves private funds while SRI and ESG include publicly traded funds.

MILLENNIALS SPURRING THE GROWTH OF ESG INVESTING

Millennials are at the forefront in mobilizing their funds for social and environmental positivity. They understand that ESG investing is a win-win situation for economical and sustainable development as ESG investing provides higher returns but it also contributes to environmental and social good. In most of the countries, millennials represent the largest segment of the workforce. A survey conducted by Morgan Stanley Institute for Sustainable Development found that nine in ten millennials were interested in sustainable investing out of three quarters of the total investors population and they were twice likely to invest in funds that target social and environmental causes. The thinking behind investing in a fund is different from that of their parent generation. They are more likely to invest in companies whose value resonate and ready to divest in companies which fail in value proposition. Such active performance comes with activist tendencies and companies need to take sustainability minded young investors into consideration while setting their strategies.

ESG IN INDIA

A revolutionary evolution has started in the investment market where social and environmental returns have more value than financial returns. Investment in ESG has shown an increasing trend globally as the assets in sustainable funds have surpassed 2.7 trillion USD till December 2021 but India is at nascent stage of ESG evolution. Till March 2020, there were only 3 ESG funds but the number is increasing rapidly. Asset management companies (AMC) are launching equity ESG schemes under thematic category. SBI Magnum Equity ESG fund, the oldest, was launched in Jan 2013. Currently in India 12 mutual funds schemes are having assets valued about 13000 crore rupee under management with ESG theme. Other sustainable investment products are being launched and they are experiencing remarkable growth in India. On noticing increased investment in ESG, SEBI the capital

Prioritizing ESG investment has given an opportunity to the investors to minimize their financial losses and develop an ethically minded investment strategy

market regulator, has proposed to place some regulations on the disclosure of sustainable investing.

CHALLENGES WITH ESG INVESTING IN INDIA

As per SEBI, minimum 80 per cent of the funds allocated to ESG must match the ESG theme. In contrast to developed countries, India has limited economic ESG resources such as electric vehicles, clean technology and climate stocks to build a strong portfolio. Moreover, many listed companies in India have both ESG and non ESG components. An excellent example for understanding is Reliance Industries. Reliance is known for its petrochemical business. In 2021, Reliance declared over $10 billion investment in green business for the next 3 years. Stock fund managers will have to wait until the company gets its green business. The Indian market lacks in standardization of data collection, measurement standard and methodology while reporting for ESG investments. The next challenge is the lack of validity in ESG data. Companies' annual report are not reliable as the data provided are not 100 per cent accurate. SEBI has instructed the leading firms of India to issue the Business Responsibility and Sustainability Report with international ESG framework; again there is lack of willingness to comply with rules. Some Indian investors have a traditional mindset and they consider ESG funding as a useless expense. These limitations of ESG funds in India make it difficult for investors to analyze the information and differentiate a company's climate and ESG performance.

CONCLUSION

The rise in demand for ESG investing has been prolific during the last decade but COVID-19 has proven to be the turning point of ESG investing. The pandemic has accelerated the shift from prioritizing the short-term profits of shareholders to creating long term value for society at large. The relative stability in ESG investment throughout the pandemic times will impact the investment decisions of investors. The younger generation is accelerating the investment landscape to sustainable investments. They are popularizing impact investing, generating awareness about ESG performance of companies and impelling to create funds based on environmental and societal issues.

ESG in India is growing in popularity but still the efforts are at nascent stage. The mere integration of ESG funds into the investment decision making is not an option but need of the hour. Investors want to ensure that their money is contributed towards a noble cause. An effective strategy for an ESG investor in the long run is access to ESG information and active ownership as it can create value for both shareholder and stakeholder. Prioritizing ESG investment has given an opportunity to the investors to minimize their financial losses and develop an ethically minded investment strategy. MA

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DIGITAL TRANSFORMATION IN THE STOCKBROKING INDUSTRY AND ITS ROLE IN STRONG RETAIL INVESTOR PARTICIPATION IN THE INDIAN STOCK MARKET

Abstract

The Indian stock market is experiencing a dramatic change in its investor participation structure by way of increased involvement of retail investors, especially after the introduction of various technology-backed mobile investment apps. The digital transformation in the stockbroking industry paved the way for attracting more retail investors through their investment apps, reduced investment costs like commission, Demat charges, and developments in the digital payment modes in India. The total Demat account holders of CDSL and NSDL combined crossed over 90 million as of 31st March 2022. The introduction of the concept of technology-backed discount stockbroking accelerated the competition in the stockbroking industry thereby compelling the traditional full-service brokers to switch from their outdated telephone-based trading arrangement to technology-backed trading arrangements for their investors. The real-time trading opportunities by monitoring the real-time price movements of securities helped retail investors to build their investment portfolios. Even though the digital transformation in the stockbroking industry is attracting more retail investors, retail participation in the Indian stock market is still very low compared to other developed and developing economies. By overcoming the various challenges that restrict individuals from investing in securities, the Indian stock market can experience a further increase in the overall retail investor participation. Drifting the savings of retail investors to the stock market instruments will strengthen the cashflows in the stock market.

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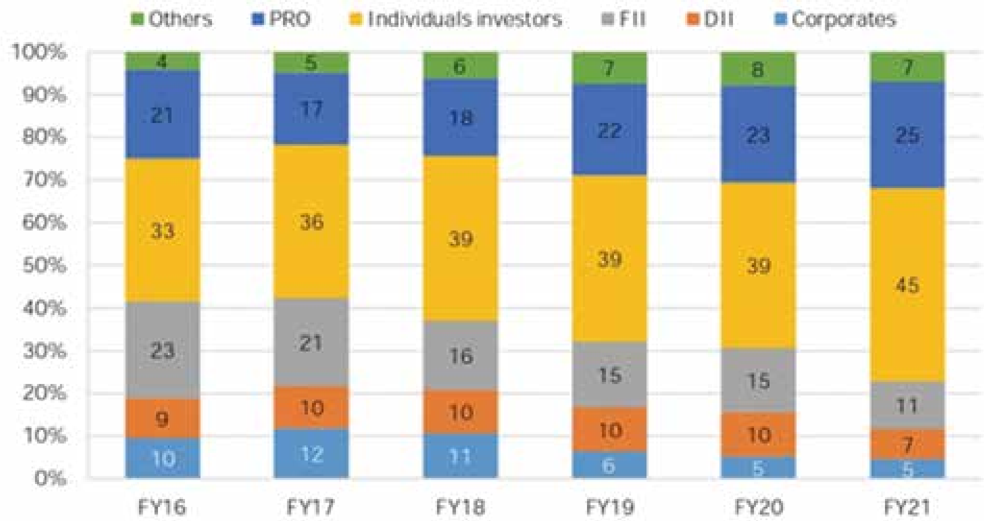
INTRODUCTION

According to the SEBI (Disclosure and Investor Protection) Guidelines, 2000, a retail individual investor is "the one who applies or bids for securities of or for a value of not more than Rs. 2 Lakhs" (Dasgupta & Chattopadhyay, 2020). The Indian stock market has experienced a strong retail investors surge after the successful adoption and implementation of digital and mobile investing platforms. SEBI, in its Annual Report 2020-21 clearly stated the pivotal role played by technology in attracting more retail investor participation in the stock market. The total number of retail Demat account holders with CDSL and NSDL combined crossed over 5.5 crores as of 31st March 2021, which indeed penetrated over 35 per cent from the previous financial year 2019-2020 (SEBI, 2021). Even though the penetration level of the retail investors is on the higher side, the total retail investors' participation in the stock market is way below compared to other developed countries such as the US, UK, China, etc. The retail participation in the stock market in the US stood at 55 per cent followed by the UK at 33 per cent and China at 13 per cent, whereas India's retail investor participation in the stock market stood at only 3 per cent. (BIS, 2021). The above statistics offer the huge business potential for the stockbrokers in India as 97 per cent of the population is still out of the purview of investing in the stock market. Stockbrokers are defined as the members of a stock exchange vide the SEBI Stock-Brokers and Sub-Brokers Regulations,1992. Stockbrokers are the intermediaries who act on behalf of the investors in executing the orders in the market. Digital transformation and technological advancement in stockbroking firms paved the way for bringing in user-friendly mobile-based applications for their investors. The retail investors can now start a new Demat and trading account with the stockbroker by providing the digital KYC through the mobile application of the stockbroker. The smartphone-based mobile applications of the stockbroker allow retail investors to trade in securities on their own during trading hours. Both the full-service and discount stockbrokers are offering this technology-based service so that with minimum efforts and time, the individual retail investors can trade in the stock market by understanding and analysing the real-time price movements.

FIGURE1: CLIENT PARTICIPATION IN CAPITAL MARKET AT NSE



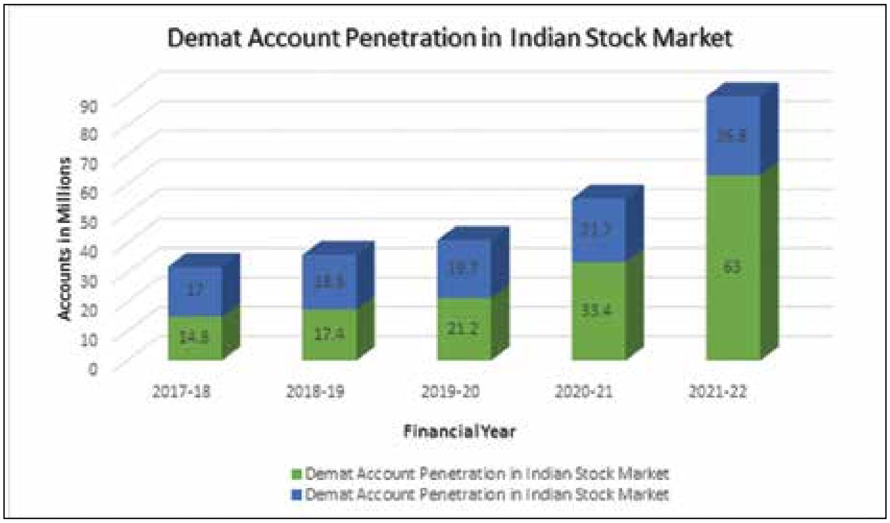
Source: NSE Pulse (2021)

The digital transformation in stockbroking paved the way for the increased penetration of retail investors still a majority of the population desist from investing in the stock market. Digital technological advancement on the part of the stockbroking players can play a pivotal role in the process of stock market retail participation inclusion. The newly added retail investors constitute the majority of generation Y and Z investors and they are in favour of technology-driven stockbroking apps. Hence the study goes deep into the role played by the technology-driven stockbroking firms in the current strong retail investor participation and find the possible ways to improve the retail participation.

DISRUPTION IN INDIAN STOCKBROKING THROUGH DIGITAL TRANSFORMATION

The entry of fresh players, especially the corporate players, into the stockbroking industry has paved the way for stiff competition in the industry. These new corporate stockbrokers were driven by the technology which redefined the traditional concept of stockbroking and thereby saw a massive disruption in the Indian stockbroking industry. The huge shift from traditional phone call-based trading with the brokers and other intermediaries to real-time mobile-based online trading attracted more investors to start Demat and trading accounts. The technology-driven mobile applications developed by the brokers also helped the retail investors to monitor the real-time price movements and to take decisions accordingly. According to the SEBI Annual Report 2020-21, the total number of registered stockbrokers in BSE declined from 1343 to 1308 and more than 90 per cent of the current players are corporate brokers. This shows that the traditional broking firms are struggling to compete with the technology-driven corporate players. The penetration level of retail investors in India is increasing drastically and has crossed over 5.5 crores of Demat accounts by 31st March 2021 which is more than 35 per cent from the previous fiscal year's number. Financial year 2021-22 recorded 9 crore Demat account holders combining CDSL and NSDL accounts which is a 64 per cent increase from the previous financial year. This data clearly shows that digital technology-backed corporate stockbroking firms are attracting new entrant retail investors and also the existing investors are switching from the traditional brokers.

FIGURE 2: DEMAT ACCOUNT PENETRATION FOR THE PAST 5 YEARS:



Source: CDSL & NSDL Annual Report 2021-2022

DISCOUNT STOCKBROKING IN INDIA

Discount brokers are those stockbrokers who execute 'buy' or 'sell' order on behalf of the investors by charging a lower or discounted commission for their services compared to the full-service brokers and they usually do not provide investment advice for their clients. The retail investment landscape has changed significantly after the introduction of online-based trading through discount brokers. (Hoffmann & Shefrin, 2014). Among the Indian stock market investors, the concept of discount broking gained more popularity after the rapid penetration of internet and smartphone use in the country. The discount broking start-up called 'Zerodha' which commenced its operation in the year 2010 was the game-changer in the stockbroking industry. They explored the market of deep discount broking in India and hold the position of the market leader in stockbroking industry in India. Eventually, more players came to the discount broking industry by attracting more retail investors through their advanced digital applications and by offering more promotional benefits.

TABLE 1: MARKET SHARE OF STOCKBROKERS ON TOTAL ACTIVE CLIENTS OF NSE

Leadership Ranking	*Stockbroker*	*FY 2020-21*		*FY 2021-22*	
		Active Clients (in Lakhs)	*Market Share (% of total clients)*	*Active Clients (in Lakhs)*	*Market Share (% of total clients)*
1	Zerodha Broking	36	19.06	62.8	17.42
2	Upstox (RSKV Securities)	21.4	11.33	52.2	14.47
3	Groww Broking	7.8	4.13	38.5	10.68
4	Angel One	15.6	8.28	36.6	10.15
5	ICICI Securities	15.8	8.36	30.3	8.41
6	5Paisa Capital	8.7	4.61	17.5	4.87
7	Kotak Securities	7.4	3.93	12.6	3.49
8	HDFC Securities	9.6	5.07	11.4	3.17

9	IIFL Securities	2.9	1.54	11.3	3.14
10	Motilal Oswal	5.6	2.99	9	2.49
11	Sharekhan	6.8	3.6	7.6	2.12
12	SBICAP Securities	3.3	1.74	6.4	1.76
13	Axis Securities	4.5	2.41	4.2	1.17
14	Other Brokers	43.3	22.95	60.1	16.66

Source: NSE, Company Financials Report 2021-22

The National Stock Exchange broker-based client report shows the aggression of technology-supported discount brokers in attracting more retail investors. The market share of discount brokers stood at more than 60 per cent of total active clients in NSE during the FY 2021-22 compared to 50 per cent during the previous FY 2020-21. The full-service discount brokers are losing their retail investor base because they are struggling to compete with discount brokers in their digital technology-driven user interface. To compete with the technology-backed corporate discount broking firms, full-service brokering firms are following the digital path of discount brokers. Brokers like Angel One, HDFC Securities, ICICI Securities, Motilal Oswal, etc, have already established strong mobile-based investment apps for their investors. This technological transformation among the full-service brokers helped them to sustain in the stock market industry with good market share.

MOBILE INVESTMENT APPS BY STOCKBROKERS

The stockbrokers developed mobile investment apps for the convenience of the investors in trading and investing. The introduction of these apps attracted young investors in investing in stock market instruments. These investment apps minimise the human intervention between the investor and stockbroker and thereby decrease the cost of the transaction. Thus the fees and commission charged by such broking apps are less compared to traditional broking firms which worked on over-the-call facility. Less cost and convenience of using mobile investment apps attracted more young investors who were earlier reluctant to invest in the stock market. Trading through the mobile application has become a routine for many individuals as they can map the movements of stocks in real-time and can take investment decisions accordingly. The most popularly used investment apps in India are Zerodha, Upstox, Groww App, Angel Broking, etc, which are all discount broking apps. It is evident that young retail investors are attracted to discount brokers through their mobile-based investment applications, because of the ease to use it, the discounted rates on commission and low Demat charges.

DEVELOPMENTS IN DIGITAL PAYMENTS MODE

The rapid growth in digital payment modes in the Indian economy is making the investment in securities through the stockbroking apps more comfortable for the retail investors. The introduction of the Unified Payment Interface (UPI) by the National Payment Corporation of India (NPCI) in 2006 was a game-changer in the digital payment industry and UPI has now emerged as the payment mode for investing in the stockbroking mobile apps. UPI is a single-window mobile payment application that allows the user to add multiple bank accounts and thereby merge several banking features, seamless fund routing, and merchant payments, (Gochhwal, 2017). UPI allows the retail investors to add money to the investment wallet of the stockbroker with zero additional charges, whereas in the case of adding funds through other digital payment modes such as internet banking, NEFT/RTGS/IMPS attracts bank charges. The retail investors can also apply for the IPOs of companies through the stockbroker's mobile application with UPI Application Supported by Blocked Amount (ASBA) facility. The user needs to enter only the amount to be added to the wallet and select the bank account to be debited. the user will automatically be redirected to the UPI app and then approve the transaction by entering the UPI PIN. The limit for applying IPOs through UPI has been increased from Rs. 2 lakhs to 5 lakhs. Thus, UPI helps retail investors in fulfilling their investment requirements through the stockbroking apps.

CHALLENGES INHIBITING RETAIL INVESTORS FROM STOCK MARKET PARTICIPATION

Even though the penetration level of retail investors in the Indian stock market is very high, still only 3 per cent of the total population of India is within the purview of investing in the stock market, whereas countries like US, UK, and China have 55, 33 and 13 per cent of their population active in the stock markets. (BIS, 2021). Many challenges are inhibiting retail investors from stock market participation.

1. **Digital Financial Inclusion:** India has only 45 million active internet users of the total of 1.4 billion population (McKinsey Global Institute, 2018). There is still a long way

to move forward to achieve the objective of cent per cent digital inclusion. The pace of retail investor penetration can be improved further only when there is a significant improvement in the digital financial inclusion, especially in the rural population.

2. **Lack of proper investor education:** Even though SEBI is conducting various programmes for educating the individuals to invest in stock market instruments, majority of people are still out of the purview from their education. There should be an inclusive investor educational strategy and thereby bring more population into the framework of the stock market.
3. **Digital divide between urban and rural population:** As per NITI Aayog, there is a huge digital divide between urban educated class and the rural population. This brings back the objective of adding new retail investors by the stockbrokers with the help of their mobile investment applications. The digital divide between the developed and developing countries (Murthy et al., 2021) is also an inhibiting factor of retail investor penetration.
4. **Increasing global tensions:** Increasing global tensions such as wars, domestic distress, sanctions from other countries, inflation, etc, increases the fear in the minds of intending investors and they stay back from the stock market investing as stock markets are the most sensitive investments that affect the most because of global tensions.

CONCLUSION

The pace of penetration of retail investors in India is on the higher side as there is a 64 per cent increase in Demat accounts in FY 2020-21 as compared to the previous financial year. The total number of Demat accounts of both CDSL and NSDL combined crossed over 9 crores. The digital revolution that happened in the stockbroking industry has paved way for this retail investor surge. It attracted new retail investors through technology-backed mobile investment apps. The discounted rate of commission, reduced Demat charges and user-friendly mobile application of the stockbrokers attracted new retail investors. The main highlights in the digital transformation of the stockbroking industry include the involvement of corporate discount broking firms, introduction of mobile-based investment apps and the convenience offered by the UPI-based payment mechanism in these investment apps. Even though the penetration level of retail investors is on a higher pace after the digital transformation happened in the stockbroking industry, the total inclusion is just 3 per cent of the entire population. This figure shows that most of the population is still outside the stock market investments and the inclusion is very low compared to many developed and developing economies in the world. By effectively coping with the existing challenges, the Indian stock market can experience a further increase in the penetration of retail investor participation. MA

Less cost and convenience of using mobile investment apps attracted more young investors who were earlier reluctant to invest in the stock market

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BANK SUSTAINABILITY, DEFAULT RISK AND SYSTEMIC RISK NEXUS

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Abstract

This article aims to study the theoretical nexus between bank sustainability and bank risk. Bank sustainability can be proxied by ESG scores while bank risk can be gauged by stand-alone risk (default risk) and systemic risk contribution. As per the risk-mitigation view, which has its foundation in stakeholder theory and moral capital theory, bank sustainability, and bank risk are inversely related. Sustainability helps to create moral capital and has a risk-mitigating effect like insurance. On the contrary, as per the over-investment view, which has its foundation in agency theory, the association between bank risk and sustainability is positive because of management entrenchment, i.e., managers invest in sustainability for their goodwill or benefits and not for the shareholders' value maximization. If we look at the relationship between bank risk and ESG pillars individually, we find a negative association in the case of environmental and social pillars, while both positive and negative associations (i.e., mixed results) are found in the case of the governance pillar.

INTRODUCTION

Banks facilitate the flow of funds between surplus and deficit spending economic units and thus play a clinical role in the amelioration of the society (Cull *et al.,* 2013). However, societal development is to be gauged in terms of sustainability and banks have to do their bit towards this end (Galaz *et al.,* 2018). Historically, the replication of sustainability aspects in banking business models has not been that encouraging. Of late, however, sustainability seems to have found a place on bank CEOs' desks. Neglecting sustainability aspects may have serious repercussions on a bank's stand-alone risk (*i.e.,* default risk) which may have contagious effects and take the shape of system-wide risk, called the systemic risk. Therefore, understanding the sustainability and bank risk nexus from the societal lens is critical and more so because the likely aftermaths of multi-dimensional systemic risks with global reach are on the rise (Keys *et al.,* 2019).

The literature on how sustainability impacts a bank's default risk is quite shallow, *i.e.,* there is a dearth of studies that focus exclusively on bank sustainability and default risks and the studies that do so bring out a negative or neutral relationship (Bouslah *et al.,* 2018). The default risk is critical because it may impact the whole financial system as banks operate in a highly inter-connected ecosystem. Also, the continual interactions between people and the ecosystem require us to look well beyond the default risk and account for a bank's systemic risk contribution (Berger *et al.,* 2017). Therefore, this study attempts to establish theoretically the nexus, if any, between banks sustainability and risk. More specifically, the study aims to identify the theories that help explain the nexus between a bank's sustainability practices (often proxied by ESG practices) and its default risk and contribution to systemic risk. Also, the study aims to examine the nexus, if any, between the individual pillars of sustainability (*i.e.,* environmental pillar, social pillar and the governance pillar) and the bank risk.

BANK SUSTAINABILITY

The bank sustainability as a concept is often referred as the ideology or philosophy wherein banks are expected to be the epitomes of good governance and offer services and products that are environment-friendly, ethically right and socially responsible (Rebai *et al.,* 2014). Post the global financial debacle of 2007–2008, there has been growing pressure on banks to factor sustainability into their business models (Cornett *et al.,* 2016). Financial institutions, particularly banks, are under tremendous pressure from social activists to take the onus of the social or environmental problems caused by their operations and financing. For instance, Amnesty International (2016) wants banks to stop all financial operations concerning illegal possession and usage of arms. "Carbon Tracker Initiative" requires pension funds to avoid fossil-fuel corporations for ensuring a carbon-free ecosystem. The good news is that more and more banks are reciprocating positively to such causes. Numerous initiatives have been taken to facilitate banks to integrate sustainability into their operations. For instance, the Equator Principles talk about the ways in which banks can factor environmental and social dimensions into their project financing.

At the company level, sustainability often takes the form of corporate social responsibility and typically, researchers measure corporate social responsibility through firm performance in terms of environmental, social, and governance (ESG) dimensions. For banks, this could be challenging because banks play the role of mediator in the economy. Banks offer products that help other agents produce goods and render services. Unlike manufacturing or merchandising firms, banks hold their assets primarily in the form of financial assets and offer financial services that need information processing and hinge heavily on networks or connections. Banks influence society and the environment indirectly through their investing and financing decisions. While screening potential customers, banks get to know the customers' businesses and prospects and thus can easily take calls on the nature of the projects to be funded by them, *i.e.,* they can factor sustainability or ESG practices into their lending decisions. Therefore, lending policies followed by a bank are of paramount importance to move towards sustainable banking (Greenbaum, *et al.,* 2019).

A number of studies that examine sustainability in the banking sector are available in the literature (Cornett *et al.,* 2016 (US); Malik *et al.,* 2014 (Pakistan); Adewale *et al.,* 2014 (Nigeria); Kamal, 2013 (Egypt); and Callado *et al.,* 2011 (Spain). Barring a few, the main conclusion in these studies hints at a positive association between sustainability and firm performance. For instance, Cornett *et al.,* (2016) studied sustainability in the US banking system and found that socially responsible banks show more resilience against the shocks that emanate from crisis events. Studies with international samples of banks also conform to the findings of studies conducted in individual countries. Chih *et al.,* (2010) established that the key facets of social performance tend to show a positive association with the financial performance metrics in the banking industry. Ciciretti *et al.,* (2014) found that banks with higher sustainability enjoy lower costs of capital and risk. Noteworthy that only a few studies have examined the association between risk and sustainability exclusively. In terms of causality, these studies establish that it is mostly the risk that follows sustainability.

DEFAULT RISK

A bank's default risk is the risk that stems from a bank's inability to fulfil its obligations towards debt servicing and repayments. The default risk is critical because it does not only affect the bank itself but also may influence the entire financial system. Existing literature offers two main approaches to measuring a bank's default risk—accounting data-driven measures (Bouslah *et al.,* 2018) and market data-driven measures (Anginer *et al.,* 2018). Most popular among the accounting data-driven approaches, is Z-Score (Berger *et al.,* 2017) which indicates how much returns (in terms of standard deviations) have to decrease to wipe out the equity capital of a bank. Merton's distance to default (DD) measure (Merton, 1974) is the most popular among the market data-driven approaches. Compared to the Z score, the Merton model is more information-rich, especially on the probability of bankruptcy or default (PD). A higher value of DD indicates a longer (shorter) distance to default and therefore, implies lower (higher) default risk. The DD and the PD have an inverse relationship i.e., the longer (shorter) the distance to default, the lower (higher) the probability of default (Anginer *et al.,* 2018).

SYSTEMIC RISK

Systemic risk is multi-faceted and thus there are different approaches to defining and measuring it. At the micro-level, it measures how much a bank contributes to the tail of a financial system's loss distribution, while at the macro-level, it measures an economy's contribution to the tail of the loss distribution for the global financial system (Acharya *et al.,* 2017). The approaches to measuring systemic risk can broadly be categorized into two (Jobst, *et al.,* 2013) the contribution approach (the systemic impact of an individual institution's insolvency) and the participation approach (impact of a common shock on an individual institution).

The literature presents several market-data-based measures for systemic risk including the SRISK by Acharya *et al.,* (2016), the ΔCoVaR by Adrian *et al.,* (2016), and the systemic expected shortfall (SES) and marginal expected shortfall (MES) by Acharya *et al.,* (2017). Acharya *et al.,* (2016) state the systemic risk comes from the under-capitalization of the financial sector as a whole and it can be measured by the systemic expected shortfall (SES). For measuring systemic risk, Brownlees *et al.,* (2017) introduced SRISK which captures the capital shortfall of a firm in the event of a substantial market decline. Adrian *et al.,* (2016) introduced CoVaR for measuring systemic risk to capture the change in financial system value at risk (VaR) when an institution is found to be in financial distress as compared to its median state. The absorption ratio (AR), introduced by Kritzman *et al.,* (2011), is another market–based measure of systemic risk, which measures the percentage of total market variance explained by a finite set of factors. A forward-looking framework for measuring systemic risk is "Systemic CCA" which measures systemic risk on the basis of the expected losses of financial institutions as implied by the market movements (Jobst, *et al.,*2013).

INTERACTIONS—BANK SUSTAINABILITY AND RISK

The literature offers broadly two views— "risk mitigation view" and "overinvestment view"—on the nexus between sustainability and bank risk (both default risk and contribution to systemic risk). The "risk mitigation view," backed by the stakeholder theory and moral capital theory, states that money spent on sustainability works like insurance against risk and helps in the creation of goodwill or formation of moral capital among stakeholders (El Ghoul *et al.,* 2017). This view implies a negative relationship between risk and sustainability. On contrary, the "overinvestment view," backed by the agency theory, states that money spent on sustainability is a waste because managers have the propensity to spend on sustainability for their benefits or goodwill (Barnea *et al.,* 2010), or for obtaining support from social activists (Cespa *et al.,* 2007). Thus, this view entails a positive relationship between sustainability. If sustainability is linked with a lower risk as perceived by market participants, this should reduce the cost of fund, asymmetric information and agency problems (El Ghoul *et al.,* 2011), and capital constraints paving the path for easy access to finance (Cheng *et al.,* 2014). Moreover, sustainability is likely to increase a bank's earnings quality (García *et al.,* 2017). Also, sustainability plays a strategic role as a risk-reduction weapon during adverse systemic events (McCarthy *et al.,* 2017).

Sustainability is often proxied by ESG scores. As there is heterogeneity in sustainability activities, which is also reflected in ESG score calculations, one can expect to find substantial interconnectedness among its pillars (Galbreath, 2013). However, the existing literature beckons that each component of ESG is likely to have a critical impact on bank risk.

ENVIRONMENTAL PILLAR AND BANK RISK

As compared to non-financial firms, one would expect a feeble nexus between the bank risk and the environmental pillar. However, literature has evidence that shows environmentally proactive firms experience reduced perceived risk from stakeholders (Feldman *et al.,* 1997) because environment–friendly actions reflect banks' commitments to all the stakeholders (Cheng *et al.,* 2014). Bouslah *et al.,* (2013) are of the view that concern for the environment can benefit firms in terms of lower compliance costs for regulations especially concerning the environment (less applicable to banks) and enhanced brand image and loyalty from main stakeholders (very much applicable to banks). In the same line, Gangi *et al.,* (2019) reported a strong negative relationship between the bank risk and environmental friendliness.

SOCIAL PILLAR AND BANK RISK

The social pillar has a risk-mitigating effect for banks, though the impact may not necessarily be as strong as derivative hedges which act as shields to protect banks from market crashes (Buston, 2016). Many researchers have established a positive relationship between social aspects and bank stability (Bauer *et al.,* 2007). Bouslah *et al.,* (2018) showed that companies with better social performance enjoyed more moral capital which in turn fetched higher firm valuation and lower risk. Additionally, a higher moral or social capital at the time of a crisis could reduce the risk that stemmed from the loss of confidence and trust among stakeholders. (Lins *et al.,* 2017).

GOVERNANCE PILLAR AND BANK RISK

The nexus between bank stability (*i.e.,* low risk) and the governance pillar is usually found to be in line with the connection between risk and regulation or supervision. Many banking debacles had their roots in management misconduct or bad governance. However, empirical studies do not always validate this nexus. Anginer *et al.,* (2018) and Berger *et al.,* (2017), through their extensive literature review, brought out the relevance and complexity involved in this relationship. Drawing reference from agency theory, Anginer *et al.,* (2018), in particular, showed how shareholder-centric governance magnified both bank default risk and systemic risk contribution. Likewise, a more shareholder alignment was found to have the impact of magnifying losses at the time of crisis and banks with greater board independence were found to have more insolvency risk (Mollah *et al.,* 2016). However, it is not that straight forward to disentangle the association between bank risk and governance. Basing the argument on the stakeholder theory, Kirkpatrick (2009) showed that the governance pillar had a positive association with bank stability because the stakeholder-centric corporate governance boosted bank moral capital which in turn enhanced bank resilience during testing times.

CONCLUDING REMARKS

Bank sustainability can be proxied by ESG scores while bank risk can be gauged by stand-alone risk (default risk) and systemic risk contribution. As per the risk-mitigation view, which has its foundation in stakeholder theory and moral capital theory, bank sustainability, and bank risk are inversely related. Sustainability helps to create moral capital and has a risk-mitigating effect like insurance. On the contrary, as per the over-investment view, which has its foundation in agency theory, the association between bank risk and sustainability is positive because of management entrenchment, *i.e.,* managers invest in sustainability for their goodwill or benefits, not for the shareholders' value maximization.

If we look at the relationship between bank risk and ESG pillars individually, we find a negative association in the case of environmental and social pillars, while both positive and negative associations (*i.e.*, mixed results) are found in the case of the governance pillar. MA

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IS DIVESTMENT OF NON-GREENER COMPANIES THE ONLY WAY TOWARDS ENSURING SUSTAINABLE FINANCE? A STUDY AMONG THE INDIVIDUAL MARKET INVESTORS

Abstract

Sustainable finance has assumed greater importance in recent times, thanks to the increasing awareness of environmental concerns. Generally, there are three approaches to sustainable finance: divestment, engagement, and a combination of both. Divestment is the opposite of investment in the sense that it connotes either not investing or withdrawing investment from companies that do not adhere to environmental protocols. Engagement, as an alternative to divestment, has been widely accepted as an approach to sustainable finance. The present study shows that retail individual investors have preferred 'engagement' as an important strategy to pursue the companies to adhere to environmental regulations. The study has found that the education of retail individual investors and the years of their market experience has been significantly associated with the right strategy they choose for the policy of sustainable finance.

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INTRODUCTION

The message of sustainable development has finally started occupying an important place in the world of the capital markets (Dimmelmeier, 2021). It is true that over years, investors have become more aware of investing in businesses that are either not or least responsible for creating carbon emissions and pollution (Uzsoki, 2020). Such companies called greener companies have assumed indomitable respect among the retail investors across the various markets in the world. Thus the movement of fossil fuel divestment has made remarkable inroads into the attempts toward sustainable finance. In this background, this article proposes to dwell on two basic research questions: One is to examine to what extent retail investors regard sustainable finance as important in shaping their investment behaviour and second, to analyse the influence of socio-economic variables of investors on choosing the preferred strategy towards sustainable finance.

GREEN INVESTMENT APPROACHES

The investment approach to be adopted towards companies responsible for greenhouse gas emissions and pollution has been a debatable point in the literature on responsible investment. Generally, three kinds of approaches may be followed when adopting a strategy toward greener or sustainable finance (Figure 1).

FIGURE 1 - GREEN INVESTMENT APPROACHES

The former, that is 'divesting', is a tougher regulatory approach where the investor does not invest or withdraw from investing in the stocks and bonds of companies contributing to non-sustainable growth (Platou & Aspelund, 2019). The philosophy behind this is that shunning a company with an unsustainable way of production is likely to form a constructive behaviour which will force the company to adopt greener and sustainable ways in future. On the other hand, investing in companies that slow or end emissions that mar sustainable progress will be promoted by the investors, particularly responsible investors. Contrary to this 'exit' strategy, engagement or 'voice' strategy has been built on the presumption that when investors choose to 'exit', they lose the 'voice' and 'space' to influence the companies' decision at least in the future, if not necessarily at present and it is likely that such companies may eventually land in the hands of miscreant investors eying on only opportunities to satisfy their self-interest, that is maximizing profit even at the cost of the environment (Braccardo, Hert, & Zingales, 2020). Hence, it is well argued that 'engaging' in or continuing with the investment may give space and voice to the investors in influencing the decisions of the company and thus the company may be guided slowly to incorporate more sustainable behaviours in its operations. Further, it is argued that if any of the options for correcting the company does not work, investors can use the option of voting at the annual meeting of companies to replace the managers or directors who do not fall in line with the green policies. In short, it is obvious that 'exit' is less effective compared to 'voice' in making a company more environmentally friendly.

The aforesaid approaches are binary choices *per se*. Hence, it would be important to seek a midway approach to deal with the issue of sustainable finance. In fact, the last approach which would be called a 'third way' combines the elements of both 'exit' and 'voice' strategies. Some would prefer this approach because a 'dualistic' strategy may not work always, especially when investment often occurs differently with different asset classes and different sectors. It is interesting to note that experts advise investors to use investment in bonds as a source of 'exit' or denial approach while investing in equities as an 'engagement approach' to bring companies

It is obvious that 'exit' is less effective compared to 'voice' in making a company more environmentally friendly

under the purview of green surveillance. Simply put the slogan would be: "engage your equities, and deny your debts" to companies not adhering to climate protocol and environment-related regulatory frameworks.

METHODOLOGY

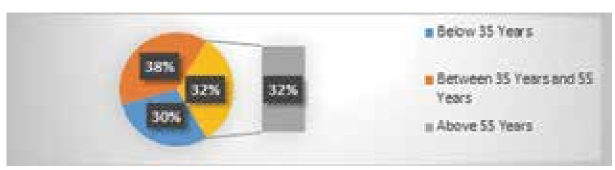
To probe into these research questions, the study collected information from 121 respondents, many of whom are active retail investors and prospective investors. A semi-structured questionnaire was used to collect information from investors in Ernakulam district in Kerala. Although it was sent to 175 respondents, we could get responses only from 121. Some of the respondents were contacted over the phone to get relevant information on the queries. The study just employed tabulation, and Chi-square to analyse the data.

ANALYSIS AND DISCUSSION

Looking at the gender, it is obvious that the majority of the respondents (64 per cent) are males whereas 36 per cent are females (Figure 2). Age-wise, hardly any difference is visible as most of the categories fall almost in the vicinity of 35 per cent (Figure No.3). It may be reiterated here that more youngsters are present in the field of stock market participation.

FIGURE 2 - GENDER WISE DISTRIBUTION OF RETAILS INVESTORS

FIGURE 3 - AGE WISE DISTRIBUTION OF RETAIL INVESTORS

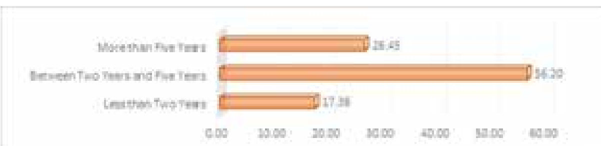


It is generally observed that only reasonably well-educated people appear to be participating in stock market activities as it is a field that requires an adequate level of functional, numerical, and financial literacy (Liivamagi, 2016). In the present study, it is apparent that a little more than 61 per cent of the respondents are degree holders and 22.31 per cent have qualified post-graduation and equivalent degrees (Figure No.4).

FIGURE 4 - EDUCATION LEVEL OF RETAIL INVESTORS UNDER THE SURVEY

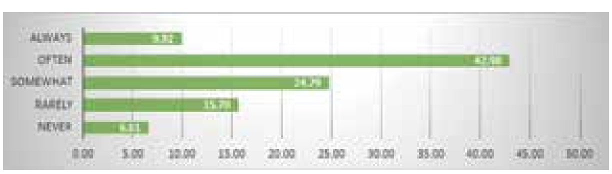
Experience plays a key role in the success of stock market participation (Girshina, Mathä, & Ziegelmeyer, 2019). The study reveals that near about 56 per cent of participants have been in the field for two to five years, and 26.45 per cent have completed more than five years in the stock market as retail investors.

FIGURE 5 - EXPERIENCE OF RETAILS INVESTORS (IN YEARS)



Moving on to the core part of the analysis, we first enquire into whether the retail investors make any deliberate efforts to choose green stocks, or bonds when they invest. Undoubtedly, this could be regarded as a key feature of the 'green behaviour' of retail investors. The present study shows that near about 43 per cent of investors 'often' choose stocks that are 'greener' in some perspective. But, it is worrisome to note that only 9.92 per cent always distinguish companies based on the company's attitude towards the environment (Figure 6).

FIGURE 6 - DO YOU DISTINGUISH COMPANIES BASED ON THEIR ATTITUDE TOWARDS ENVIRONMENT WHILE MAKING INVESTMENT?



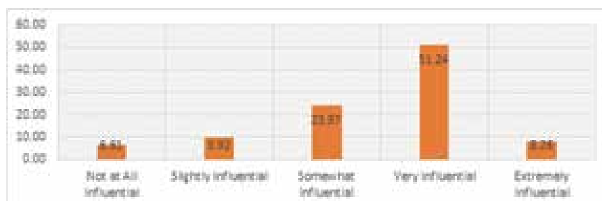
Before dwelling into more details, it would be interesting to look into the awareness level of respondents with regard to sustainable finance as the concept itself has been of a recent origin, especially in the arena of financial matters. It is worth noting that only 15.70 per cent of respondents are extremely aware of sustainable finance whereas 48.76 per cent moderately know more things about sustainable finance (Table 1).

TABLE 1 - ARE YOU AWARE OF SUSTAINABLE FINANCE?

Awareness Level	Percent	Valid Percent
No at all Aware	4.13	4.13
Slightly Aware	10.74	10.74
Somewhat Aware	20.66	20.66
Moderately Aware	48.76	48.76
Extremely Aware	15.70	15.70
Total	100.00	100.00

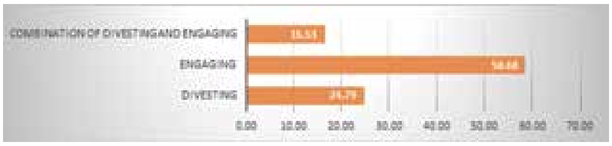
Does green finance or sustainable finance have any influence on the investment decision of the companies? Indeed, this is an important question in the entire issue of sustainable finance. Although probing into this question does not seem to be that much easy, the present study intends to unearth the opinion of retail investors in this regard on a five-point scale, and, interestingly, it could be observed that almost half of the retail market participants chiefly investors, believe that it can influence the investment decisions and business operations of companies (Figure 7).

FIGURE 7 -DOES GREEN BEHAVIOUR OF RETAIL INVESTORS INFLUENCE THE CORPORATE DECISIONS IN INVESTMENT?



What would be the best strategy to be adopted by the retail individual market investors for ensuring the presence and domination of sustainable finance? To put it differently: Is divesting the only strategy to pursue the corporate to fall in line with the dictates of sustainable fiancé in tune with the greener requirements of the world, both in the present and future? Having explained the three strategies viz. divesting, engaging and a combination of both at the very outset of this article, it could be found that an overwhelming majority of the respondents (58.68 per cent) are in support of the strategy of engagement, and divesting occupies only the second position in this regard (Figure 8). This means that majority of the respondents do not appear to be reckoning with the idea of divesting as the sole effective strategy to ensure sustainable financial operation from the side of the companies.

FIGURE 8 -THE BEST STRATEGY FOR SUSTAINABLE FINANCE



Now, it would be quite interesting to look into the association between the preferred strategy chosen by the investors and their three socio-economic characteristics viz. gender, education, and years put in the field of retail investment. Let us first take the case of preferred strategy and gender, where we find that as the P-value of the Chi-squire analysis is well above 10 per cent level, it could well be concluded that gender does not associate significantly with the preferred strategy of the respondents (Table 2). But when it comes to education level and years spent in market as individual investors, the preferred strategy is closely associated with these two characteristics (Tables 3 and 4 respectively).

TABLE 2 -PREFERRED STRATEGY AND GENDER WISE DISTRIBUTION OF RESPONDENTS

Preferred Strategy	Gender Wise Distribution of Retail Investors		Total
	Male	Female	
Divesting	24.68	25.00	24.79
Engaging	58.44	59.09	58.68
Combination of Divesting and Engaging	16.88	15.91	16.53
	100.00	100.00	100.00

Note: P value is .99 Result: No association between gender and preferred strategy

TABLE 3 -PREFERRED STRATEGY AND EDUCATION LEVEL OF RESPONDENTS

The Preferred Strategy towards Sustainable Finance	Education Level of Retail Investors		
	Plus Two and Below Plus Two Level	Degree/ Any other Professional Degree Equivalent	Post-Graduation and Above
Divesting	50.00	17.57	25.93
Engaging	50.00	63.51	51.85
Divesting plus Engaging		18.92	22.22
	100	100	100

Note: P value is .02, Result: there is association between education and preferred strategy adopted towards sustainable finance

TABLE 4 -PREFERRED STRATEGY AND YEARS OF EXPERIENCE OF INVESTORS

The Preferred Strategy towards attaining Sustainable Finance	Experience of Retails Investors (in Years)		
	Less than Two Years	Between Two Years and Five Years	More than Five Years
Divesting	23.81	22.06	31.25
Engaging	42.86	70.59	43.75
Combination of Divesting and Engaging	33.33	7.35	25.00
	100.00	100.00	100.00

Note: P value is .012, Result: there is significant association between experience in retail investment and the preferred strategy towards attaining sustainable finance.

CONCLUSION

Making companies 'greener' through the tool of sustainable financing or greener financing has been a much-debated issue in the realm of finance. Three kinds of strategies could be identified in this regard: Divesting, meaning not investing or withdrawing investment from non-greener companies; Engaging, meaning trying to exert pressure on the company by being a part of its investor community, and, thirdly, a combination of both. The study has found that although the first one, divesting, looks very simple having an immediate effect, more individual investors have found favour with the strategy of 'engagement' which appears to be effective in addressing the problems of environmental concerns in the long run. Apart from this, the study has also found that education of retail individual investors and the years of their market experience have been significantly associated with the preferred strategy towards attaining sustainable finance. MA

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SOCIAL STOCK EXCHANGE: AN INNOVATIVE PLATFORM FOR SOCIAL ENTERPRISES AND IMPACT INVESTORS

Abstract

This study aims to find out the needs of institutional structure, and components of social stock exchange (SSE) in India. Social financing is a mainstream problem in India and to resolve this problem, the Union Government has proposed to establish Social Stock Exchange. The SSE will serve as linkage between social entities including social activities which requires capital and the impact investors who would like to invest in these social institutions. SSE is already a part of fund flows in many developed and developing countries such as Brazil, Canada, Portugal, Singapore, United Kingdom, and South Africa where its focus is on social ecosystem development, social financing, emphasising policy and legislation which keeps the social objectives and profit goals distinct from each other.

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INTRODUCTION

The concept of Social Stock Exchange (SSE) gets public attention in India when Smt.Nirmala Sitharaman, then Union Finance Minister of India, in her budget speech 2019-20 outlined a vision to set up Social Stock Exchange to raise the capital needs of social sectors involved in social welfare. The concept of SSE is not a new idea but many countries around the world, particularly USA, Brazil, Canada, Germany, Singapore, Kenya, and European Union have already established Social Stock Exchanges to raise capital for social enterprises. The Securities and Exchange Board of India (SEBI) has constituted a working group to formulate SSE model, and a framework for listing of securities issues by social enterprises.

Social Stock Exchange is a link between social enterprises and impact investors, especially institutional investors, who invest their money for social causes, welfare of society and environment sustainability (Adhana, D.,2020). The existing model of SSE operates similar to stock exchange in different countries and facilitating listing, trading, and settlement of securities and provides liquidity to the investors. In India, the basic motive behind establishment of SSE is listing of social enterprises so that they can raise capital from the public, corporates, and philanthropists. However, the focus of the listed organisations on SSE will be social welfare and environment sustainability rather than capital gain or profits. SSE will focus on social value maximisation, but it doesn't mean that social enterprises will not earn any return. Without a normal profit organisation cannot sustain, be it is commercial or social organisation. Therefore, a minimum return is expected for the interest of stakeholders in social enterprises.

SSE around the world

Brazil was the first country to develop the concept of SSE and set up first SSE in the year 2003 with an objective to change the culture of charity to social investments. Subsequently, many countries across the globe established SSE with their own models. The most successful SSE model was established by Singapore in the year 2013, which is also known as impact investment exchange due to average impact investment of $40 million per year. The United Kingdom's Social Stock Exchange (2013) is helping social enterprises in UK to raise large capital (Euro 400 million per year) for clean energy projects, healthcare services and affordable housing (Adhana D.,2020). In Canada (2013), SSE is an online platform, called Social Venture Connection, that allows social organisations to raise funds for the positive social or environmental sustainability. In Kenya (2011), SSE helps to raise funds by social non-profits organisations, NGOs, and other institutions (Patel, and Patel, 2022). South Africa, Portugal, Jamaica are some other countries where SSE platform is very successful. Some other countries are also trying to set up SSEs, but its operational success largely depends on its business model.

Needs for SSE in India

According to NASSCOM (2020) India is one of the most dynamic social entrepreneurship destinations globally with 3.3 million social enterprises including social start-ups. In India, social ecosystem is very diverse and offers an opportunity to social enterprises to identify innovative solution of many social challenges in the field of rural health services, healthcare system, education, skill development and environment protection etc. India is also committed to achieve sustainable development goals (SDG) by 2030 set by United Nation which is impossible without the support of social organisations and for this achievement, massive investment is needed in the coming years (Patel, and Patel, 2022). India cannot achieve social and environmental sustainability only through government expenses and private sector working for the social causes need to step up their activities. Social enterprises are very active in India, but they are facing many challenges in acquiring capital. In a study it is observed that many social enterprises are struggling for the access of funds and in lack of fund they failed to meet the sustainable development goals. This is an alarming bell for the social development and functioning of social enterprises in India.

Many philanthropists and corporate houses through corporate social responsibility (CSR) initiatives are aggressively supporting such social organisations and welfare programmes in India. According to Impact Investors Council Report (2020) India's social entrepreneurs received almost US $2.6 billion investment in 2020 but still funding social enterprises are most challenging, especially when social organisations are in initial stage and lack of connectivity with impact investors to raise fund (Adhana, D., 2020). One such reason is that social enterprises are not recognised as separate legal entities and lack of standardised structure of these institutions. The biggest obstacle is the lack of trust of common investors. The British Council Report (2016) observed that 32 per cent of social enterprises in India have seen a lack of general understanding among banks and other financial lenders about their work and there is a lack of awareness amongst community members about their social goals, and objectives. The report also found that some social organisations felt that their limited networks act as a barrier to accessing investors (British Council 2016). To meet the investment challenges, the Central Government suggested that SSE would be the ideal solution for raising capital (Calandra, and Favareto,2020).

Until recently, in India, it was a believed that social development is the responsibility of the government institutions but recently, this traditional belief has shifted to framework where corporates, HNI (high-net worth individuals) and retail investors also share the responsibility of social development. In her budget speech, the Union Finance Minister, Smt.Nirmala Sitharaman highlighted the need to form a Social Stock Exchange with an objective to bring capital market closer to social entrepreneurs. The proposed Social Stock Exchange (SSE) under the guidelines of Securities and Exchange Board of India (SEBI) will enable the social enterprises to list and issue securities to raise capital and reducing their dependency on grants or donations.

Benefits of SSE to Indi:

i. The access to fund is a big issue for the growth and sustainability of social enterprises but this issue can be overcome by bringing investors and social enterprises on a single platform and the solution is social stock exchange.

ii. An SSE will standardise the process to acquire capital from the impact investors and will make the exercise much cheaper for the social enterprises.

iii. Investors want measurable delivery, but social impact measurement is difficult and developing an impact rating system and reporting standards remains a difficult issue. Listing of securities on SSE will be a seal of quality for a social enterprise that would provide confidence among the impact investors.

iv. SSE will solve the liquidity issues and thus attract investors.

v. Regular compulsory audit of impact that social enterprises create will promote a healthy competition among social enterprises and encourage market discipline.

vi. It is proposed that SSE will work under the Securities and Exchange Board of India. Establishment of SSE will help the impact investments market in India to become a more regulated capital market.

vii. When impact investment becomes more accessible to social enterprises through SSE, capital flow into sustainable development would increase which will reduce the burden on the Government.

STRUCTURE OF SOCIAL STOCK EXCHANGE

Social enterprises and impact investment

The meanings of 'social enterprises' and 'impact investment' are necessary to understand the structure of SSE (Sheth, *et.al.*, 2015). As per expert group (SEBI), Social enterprises (SEs) are those organisations whose primary goals are social intents and impacts. These social enterprises fall under two categories, i.e., for profit enterprises (FPEs) and Non-profit organisations (NPO). FPEs are business model made to earn profits but with an intent of social impact and it may be operated in the form of companies or firms or sole proprietorship etc.

NPOs are generally in the form of trust, societies, and section 8 companies formed with the intention of social welfare and non-profit objectives such as educational trust, cooperative societies, or charitable institutions etc. Such institutions have the intention of creating social impact without expecting significant return on investment.

	For-Profit Enterprises (FPEs)	Non-Profit Organisations (NPOs)
Legal Form	Companies, Sole Proprietorship, Partnership firms, Limited liability partnership or LLPs.	Trusts, societies, and section 8 companies of Company Act 2013.
Sources of Funds	Social venture funds (SVF), private investors, lending institutions, Mutual funds etc.	Individual donations, foreign donation, Government grants and corporate grants in the form of CSR etc.
Primary objectives	Creating positive social impact while generating returns.	Creating positive social impact with no intention to earning profits.

'Impact investment' means investment strategy that seeks to create positive social and environmental impact as the primary aim rather than to generate financial return (Calandra, and Favareto,2020). Impact investors invest their capital into those organisations, companies or funds which generate measurable social impacts and environment sustainability. Government grants, CST grants of corporates retail investors and philanthropist who invest in such social enterprises are some examples of impact investor.

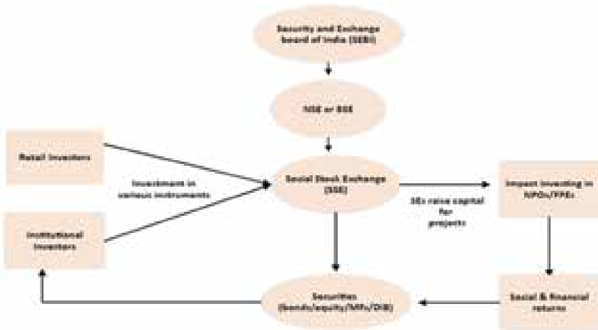
Framework of SSE and Conventional Stock Exchange

SEBI's working group on SSE suggested that the regulation should be similar to that of existing Stock Exchanges, but their special needs should be kept in mind. Social purpose businesses can join the Social Stock Exchanges as a member on payment of membership fee and a nominal fee for capital raise via exchange. Social enterprises are required to disclose business model to the SSE which should be assessed by the independent admission panel of SSE before listing of the securities. In addition, members should be required to publish and submit social impact report on an annual basis to SSE, to assess performance against social impact targets. These reports should also mention year on year improvement in targets and standards set for achieving social impact (Patel, and Patel, 2022). A well-established platform can bring transparency for social organisations and will help stakeholders to evaluate organizations they would like to fund. SSE like platform can help with both discoveries of social organizations and in impact evaluation, that is otherwise expensive. (Kappou, and Oikonomou,2016).

In India, it is proposed that Social Stock Exchange will be set up as a separate segment of existing Stock Exchange (NSE or BSE) under the regulation of SEBI and governed by SEBI Act. The SSE will facilitate the issue and trading of securities between social organisations and impact investors. The transactions of Indian SSE are likely to be online in line with other countries such as Social Stock Exchange of London, Canada, Singapore, or Brazil etc. However, no details have been disclosed by the SEBI or Government of India.

SSE can mobilise funds from the investors to social organisations. This SSE platform enable the social enterprises to raise fund, especially loan capital, whereby the investors can buy stakes in the form of bonds investment in listed organisations. Thus, SSE will facilitate listing, trading, and settlement of financial instruments similar to NSE or BSE (Kappou, and Oikonomou, 2016). The basic aim behind establishment of SSE is listing of social enterprises, so that they can raise low-cost fund from the public without involvement of intermediaries to promote innovative approach in social development. It is proposed that, In India, SSE will focus on value maximisation and value proposition of social enterprises. SSE will also advocate the stakeholder's wealth maximisation in terms of social upliftment and environment development (Patel, and Patel, 2022).

FIGURE 1: PROPOSED MODEL OF SSE IN INDIA



Proposed securities on SSE

The working group of Securities and Exchange Board of India, on SSE recommended type of securities to be issued by FPSEs and NPOs. For Profit Social Enterprises (FPSE) may issue debt and equity both through SSE. Debt securities may be listed on main board whereas equity on main board or, SME segment. Non-profit Organisation (NPOs) can directly list on SSE through issuance of Zero Coupon Zero Principal Bonds (ZCZP). Section 8 companies may raise fund through of equity. Certain other avenues available to NPOs are include social venture funds, development impact bond structure (DIBs) and mutual funds.

Listing eligibility for Social Enterprises on SSE

The expert group of Securities and Exchange Board of India has recommended the following criteria for listing of securities on SSE,

i. The primary objective of social enterprises should be to bring about social positive changes and focus on "social impacts" for the underserved or less privileged regions.

ii. Social organisations should involve in fifteen broad eligible activities as per NITI Aayog (VII schedule of the Companies Act 2013), priority areas and sustainable development goals as under:

   a Promoting healthcare including mental health, sanitation, safe drinking water, eradicating hunger, malnutrition, and inequality in society.

   b. Promoting education, employability, and livelihood

   c. Promoting women empowerment and gender equality

   d. Ensuring forest and wildlife conservation, environment sustainability and climate changes.

   e. Promotion and protection of national heritage, art and culture.

   f. Promoting sports and sports related activities in rural area.

   g. Promoting and supporting incubators of social enterprises.

   h. Promoting platforms for any capacity building programmes in the society.

   i. Programmes that enhance the income of low-income farmers and labours in rural areas.

   j. Development of slum area, affordable housing, and other interventions.

   k. Disaster management, including relief, rehabilitation, and reconstruction work.

   l. Financial inclusions and related programmes.

   m. Providing and facilitating the land access for disadvantaged communities of society.

   n. Bridging the digital divide in internet and mobile phone access, addressing issues of misinformation and data protection

   o. Promoting welfare of displaced and migrant persons

iii. SEs shall focus on underserved or less privileged regions recording lower performance.

iv. SEs shall have at least two-thirds of their activities which focus on population and their upliftment activities established through revenue or expenditure or customer base.

Ineligible institutions

Corporates with main motive to earn profits, professional associations, trade associations, religious institutions, political activities, housing companies excluding affordable housing, shall not be eligible for listing and raising capital on SSE.

CURRENT CHALLENGES FOR SSE IN INDIA

i. The major issue is that there is no legal definition of 'social enterprises' in India that would differentiate between a social impact organisation and business entity. Therefore, it should be the priority of the Government to give a legal definition to social enterprises and to set criteria that can differentiate social enterprises from other organisations.

ii. Another challenge is to profile SSE and create liquidity in that Exchange. An Exchange is easy to be set up, but it is not easy to persuade investors to invest in social ventures. Investors including impact investors expect some return on investment.

iii. There is less clarity on how social impact measurement will take place in India. Developing an impact rating system and reporting standards is also not an easy task as all social organisations do not fit on same scale.

iv. There are no established criteria to measure the rate of return of these social enterprises as the primary return will be based on accomplishment of social welfare objectives and sustainability. Therefore, it will be challenging to measure the return on investment for social enterprises.

v. In case of medium and small social enterprises, they may not be able to comply with the proposed disclosure norms due to the lack of resources to maintain all records and social audit compliances which is a mandatory requirement for listing on SSEs.

CONCLUSION

In India, setting up of a Social Stock Exchange would be advantageous for the society, social enterprises, and impact investors. Although the SSE would help the social enterprises to raise funds directly from impact investors, at the same time investor and philanthropist would get an opportunity to extend helping hands to social institutions which contribute to social and environmental development. Today business and society are both complementary to each other, where business organizations meet the needs of the society and society invests resources in business to produce goods or services. Social enterprises initiate welfare measures for the public and acquire capital from the investors to fulfil their capital needs. Finally, we conclude on a positive note that there is a great funding potential of SSE that will contribute to the upliftment of the society. SSE will be a game changer for those social enterprises who have goals but lack resources for accomplishment of the social cause. MA

SSE will be a game changer for those social enterprises who have goals but lack resources for accomplishment of the social cause

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LEVERAGING ESG AND INTEGRATED REPORTING FRAMEWORK FOR SPURRING SUSTAINABLE INVESTMENTS

Abstract

The changing dimensions of business and economic world are leading to ever increasing focus on aspects like environment, society and governance with change in reporting architecture so as to provide the much needed information to the stakeholders with regard to the activities of a company. This trend has hastened the adoption of ESG metrics and integrated reporting the world over including India. This article discusses the concept of ESG, global initiatives towards reporting framework and its role in promoting sustainable finance.

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THE PERSPECTIVE

A society can survive and thrive only if the environment is taken care of and duly protected sustainably. In the past, world has witnessed how economic and environmental crises have affected the society at large. COVID-19 pandemic with which the world is still coping, has demonstrated the economic vulnerabilities and disparities, health care system gaps and healthcare facilities access issues around the world. To recall, US subprime crises in 2007 had ultimately hit the tax payers and the common man. Similarly, corporate frauds and bankruptcy due to misutilization of scarce resources also hit the economy.

With the shift from the shareholder to stakeholder perspective, society and environment are also part of the stakeholder architecture and are concerned and interested in the operations of any economic entity. Value creation is now a holistic concept and not mere increase in financial value. Corporates are the backbone of any society or economy. Therefore, despite government efforts, the goals cannot be achieved if the corporates are not sensitive enough to modify their actions in line with the environmental and societal needs and aspirations. It is thus important to direct the actions of companies towards sustainability actions and reporting.

EVOLUTION OF ESG CONCEPT

Sensitization and actions related to ESG issues for corporates date back to 1960s in the form of socially responsible investing in the United States of America, by electric and mine workers, where they began to invest pension capital in affordable housing and health facilities. Post that a series of events kept on strengthening the importance of ESG concept resulting in a declaration of

The Earth Day on 22nd April 1970. Further the initiatives led to the forming of MSCI KLD 400 Social Index in 1990.

The Earth summit took place in 1992, where India was also one of the 152 countries to sign the International Environment Treaty. Following this, another major event in the form of Kyoto Protocol was signed by 192 countries pledging to reduce Green House gas effect. In the same year, that is 1997, Global Reporting Initiative was founded in Boston. In the year 2000, United Nations Global Compact was launched wherein the aim was to motivate companies to align their strategies with universal principles; 30 Indian business organisations are currently participants to the compact. In 2004-05, United Nations, through a report, provided guidelines to corporates regarding incorporation of ESG into their operations.

In 2011, with the core objective of establishing and improving the industry specific disclosure standards and to standardize sustainability accounting and measurement across 77 countries, the Sustainability Accounting Standards Board (SASB) was launched. In the year 2015, the United Nations announced 17 Sustainable Development Goals (SDG's) of the 2030 Agenda for Sustainable Development wherein the Paris Agreement tied all the nations towards sustainable development.

EVOLUTION OF SUSTAINABILITY REPORTING IN INDIA

The initial efforts in India towards ESG reporting can be traced back to the issuance of National Voluntary Guidelines on Corporate Social Responsibility (NVGs) in 2009 by Ministry of Corporate Affairs (MCA), GOI. The next step came from SEBI (Securities and Exchange Board of India) which made it compulsory for top 100 listed companies, by market capitalization, to file Business Sustainability Report (BSR) along with annual report. BSR had to be separately filed and they are based on NVG's. This was later, in 2015, extended to 500 listed companies.

In between, in the year 2014, it was made compulsory for certain companies, based on turnover, to spend at least 2 per cent of their average past three-year profits on CSR activities. SEBI initiated its first step towards adoption of Integrated Reporting (IR) by top 500 listed companies in 2017, though it is still voluntary. It was followed by introduction of National Guidelines on Responsible Business Conduct (NGRBC) in 2019. The same year, SEBI extended the BRR to the top 1,000 listed companies by market capitalisation. In 2021 SEBI has published the format which the top 1,000 listed entities by market cap will be required to use for sustainability disclosures.

The BSBR will contain following disclosures relating to the listed entities:

- material ESG risks and opportunities, approach to mitigate or adapt to the risks, along with the financial implications of the same
- sustainability-related goals, targets and performance
- environment-related disclosures, covering aspects such as resource usage (energy and water), air pollutant emissions, GHG emissions, efforts to transition to a circular economy, waste generated and waste management practices, bio-diversity
- social-related disclosures, covering its workforce (covering gender and social diversity, median wages, welfare benefits, etc.); communities (covering social impact assessments, corporate social responsibility, etc.); and consumers (covering product labelling, product recalls, and consumer complaints in respect of data privacy and cyber security)

ESG REPORTING AND EVALUATION

A group of Standard setters, disclosure reporting facilitators and credit rating agencies are organisations/ institutions linked with ESG reporting and evaluation. The main purpose of these organisations is to motivate and direct the efforts of various entities reporting for ESG. For example: Climate Disclosure Standards Board (CDSB), Global Reporting Initiative (GRI) International Integrated Reporting Council (IIRC), Sustainable Accounting Standards Board (SASB, now merged with IIRC), International Sustainability Standards Board. (ISSB) are few organisations aggressively involved in Standard setting in the domain of ESG reporting.

CDP, apart from various accounting firms like big 4's, facilitates disclosure reporting by organisations and yet other organisations such as Morgan Stanley Capital International (MSCI), S&P Global ratings and Sustainalytics , to name a few, are rating agencies providing evaluation criteria for giving ratings or providing ESG score.

MSCI uses a rule-based methodology, employing publicly available data and then using an ESG lens to account for the risks and opportunities facing the industry/company. The methodology together with peer comparison for company's bottom line, also looks at the risk management and balancing plan of the company. After assessing each ESG risk on threshold of impact and time horizon, they assign a percentage weight to each of the risk. In order to derive the overall ESG ratings, the combined and normalised scores are compared with the industry peers.

S&P Global provides ESG profiles and preparedness opinions. The profiles give 30 per cent weightage to environment, 30 per cent to social and remaining 40 per cent to governance. Apart from this 40 per cent of the profile is driven by sectoral and regional analysis, applied to an entity. Sustainalytics enables investors to identify and understand financially material ESG risks at the security and portfolio level and their impact on the long-term performance for equity and fixed income investments.

The ESG risk ratings, combined with qualitative analyses, provide clients with a differentiated risk signal and deeper insights into the materiality of certain ESG issues for a company and what the company is or is not doing to manage them effectively.

In India ESGRisk.ai claims to be the first rating agency to provide an India specific assessment framework. ESGRisk.ai covers a company's ESG performance across three categories with 19 themes and 35 key issues. The scores are based on a comprehensive assessment of 1000 indicators. Figure 1 below shows the ESG rating process at ESGRisk.ai.

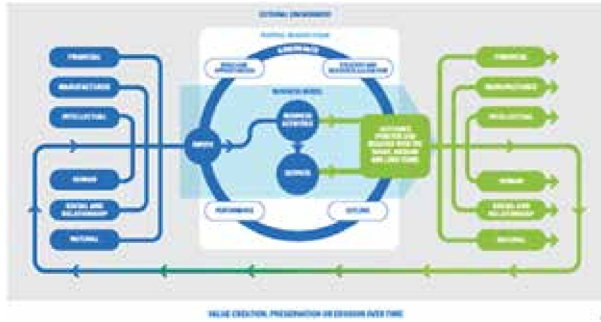
FIGURE 1: ESGRISK.AI WEBSITE, EXTRACTED ON 24TH JULY 2022.

A PEEK INTO INTEGRATED REPORTING

The Prince of Wales' Accounting for Sustainability Project, the Global Reporting Initiative and the International Federation of Accountants jointly initiated the formation of International Integrated Reporting Council (IIRC) in the year 2010. The central theme of Integrated Reporting is a broader explanation of performance. Its role is to create a unique value creating proposition story. It makes visible an organisation's use of and dependence on various resources and relationships and an organisations' access to and impact on them. Capital, here, refers to "any store of value, that an organisation can use for the production of goods and services." Hence these resources and relationships have been explicitly termed as "capital". As defined by IIRC, IR is a "concise communication as to how an organisation's strategy, governance, performance and prospects, in the external environment, leads to the creation of value in the short, medium and long term."

Integrated report proposes to bring modification to the current reporting practice, and proposes and promotes both financial and non-financial reporting. The three important areas where there is a deviation of integrated reporting from the financial reporting is, the reporting on financial and non-financial capitals against reporting on only financial capital, short-term, mid-term and long-term view in place of short-term and long-term view and triple bottom line of people, planet and profit in place of only profits.

FIGURE 2*: PROCESS THROUGH WHICH VALUE IS CREATED, PRESERVED OR ERODED



*Source: International Integrated Reporting Framework (January 2021 Report)

Integrated reporting has introduced the concept of six capitals namely financial capital, manufactured capital, intellectual capital, human capital, social and relationship capital, and natural capital. Organisations may not own all the capitals. IR moves away from the concept of capital maintenance. It rather talks about the availability, quality and affordability. These capitals are not independent and their inter linkage depends upon the goals and objectives of an organisation. For example, a retail company may not have much to report on intellectual capital or on manufactured capital. Figure 2 depicts the interlinkage between various capitals and hence the process in which value may be created, remain preserved or may erode.

These capitals continuously interact and hence each may increase, decrease and they may get transformed. For example, when an organisation earns profit, its financial capital increases. There is a change within a financial capital. When an employee is trained, human capital increases, but financial capital decreases because it comes at a cost to the organisation. Ultimately this training would lead to increased efficiency and hence gradually it would increase the financial capital. Hence over a period of time all these interactions between the capitals can be understood in the form of net value added.

Sometimes, IR and sustainability reporting are used and understood inter changeably. But IIRC explains how sustainability reporting and integrated reporting are different. The focus of sustainability reporting is on the impact on environment, society and economy rather than the strategic role of various capitals in value creation and secondly the prominent audience for sustainability reporting is larger society vis- a -vis IR, that targets the providers of financial capital.

ADOPTION OF IR IN INDIA

Companies in India, produce multiple reports that serve different needs, including Annual Reports, Corporate Social Responsibility Reports, Business Responsibility Reports

(BRR), Sustainability Reports (GRI guidelines and BRR guidelines) and reports showing compliance with emission and effluent standards. This approach confuses readers of both financial and non-financial information of the business. Over the years, India has made significant progress in adopting integrated reporting, driven by a 2017 circular of the Securities and Exchange Board of India (SEBI) recommending that the top 500 listed companies, which are required to prepare a BRR, consider using integrated reporting framework for annual reporting.

Kirloskar Brothers and Tata Steel were the two pioneer companies to participate in the pilot program of IIRC for adoption of integrated reporting. Tata Steel adopted integrated reporting practice from the year 2014-2015 onwards. As per the latest available data, around 80 Indian companies have included integrated formats in their annual reports. There has been a 3.5x increase in the number of companies using the International Framework in their annual reports between 2018 and 2020.

SUSTAINABLE FINANCIAL PRACTICES

The World Bank defines sustainable finance as the 'process of taking **environmental, social and governance (ESG) considerations** into account when making investment decisions in the financial sector, leading to more long-term investments in sustainable economic activities and projects. As per European Commission (EC), sustainable finance also, involves transparency related to risks and ESG factors, which may impact the financial system. EC suggests that appropriate governance can mitigate these risks.

In just a decade's time, sustainable finance has witnessed a huge jump and is practiced globally today. Despite COVID-19 pandemic, when many investment avenues halted, sustainable finance investments witnessed 23 per cent increase in comparison to last year wherein around $732 billion worth of sustainable debt was issued.

Since, there is a huge demand for sustainable investments, many banks like for example, Standard Chartered and Barclays are in the process of developing frameworks to assess investment opportunities in sustainability-based projects. Banks and other issuers are preparing themselves to exploit the opportunity by considering ESG considerations in product development, pricing and underwriting. These considerations are also guiding the portfolio decisions and risk management to protect against ESG-related risks.

Most of the insurance companies are also engaged in practicing sustainability. They are investing maximum funds in related sectors. These companies are investing huge amounts in R&D activities to create sustainable finance products. Figure 3 shows the result of the survey by Robeco, clearly showing the highest number of investments being made by insurance companies in comparison to Institutional and wholesale investors.

FIGURE 3: COMPARATIVE ANALYSIS OF INVESTMENTS BY INSTITUTIONAL, WHOLESALE AND INSURANCE COMPANIES AS INVESTORS*

*Investors by survey participants amount to around USD 23.7 million dollars in AUM

Source: Sustainable investing for insurers, article published online on us.milliman.com

A letter, prominently highlighting the importance of ESG, was written by CEO of Black Rock Company in 2021. This shows the sensitivity of investment decisions by investment companies towards ESG and sustainable practices by firms. Bloomberg is predicting around USD 53 trillion worth of investments in high- performing ESG metrics i.e. around 35-40 per cent of the projected total assets under management (AUM).

ESG ADOPTION- OPINION, OPPORTUNITIES AND CHALLENGES

ESG or IR agenda encompasses business transformation, strategy and an integrated way of thinking. According to PWC, the focus and drive of the senior officials will pay a very critical role in creating a ESG supporting culture.

Koushik Chatterjee, CFO, Tata Steel stated on the recent panel discussion conducted by money control: "Purpose of the corporation needs to be decided'; he pointed out that Tata 's founder's vision was that "what comes from the society must go back to the society and ESG is reframing the statement…, business organisations must realize that they cannot only profit out of planet, ESG identifies the soul of the corporation",

Paul Druckman, CEO of IIRC (2011-2016) suggests a three-step model in the adoption of IR. Beginning from stakeholder mapping exercise which involves alignment of strategy with stakeholder's expectations, based on their perception of risks and opportunities. In the second step, a consideration of the resources is required to implement the changes and integration of various departments to achieve the delivery of a coherent strategy and communicating the strategy clearly using multiple resources and enhancing stability. The PWC report further mentions that in addition,

Businesses need to show their stakeholders that they create value and report on not just financial capital but also intellectual, environmental, manufactured and human capitals

a critical priority for leaders is to back up their ESG initiatives and aspirations with actual investments. The motivation for business to address ESG issues will continue to be prompted by all the stakeholders and the possibility of identifying new avenues for value creation.

CONCLUSION

Businesses need to show their stakeholders that they create value and report on not just financial capital but also intellectual, environmental, manufactured and human capitals to name a few. The regulators, various concerned institutions (facilitators) and companies, at large, the world over are becoming sensitized towards ESG , integrated reporting and investing in sustainable projects. This would motivate companies to adopt sustainable business practices, thus contributing towards the achievement of Sustainable Development Goals of the United Nations. By being more transparent in their practices and culture, organisations gain the trust of their many different stakeholders, which in turn contributes to sustainable development and responsible capitalism. India is now prepared to move on the next step of mandating ESG reporting. MA

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OBITUARY

CMA Sasadhar Paul, Member of the Institute, passed away on July 30, 2022 at the age of 85 years.

In the year 1965, he was elected as the Councillor of the Bhatpara Municipality as an Independent Candidate. He worked as an Accounts Manager in The Gouripur Jute Mill, Nadia Jute Mill and lastly he retired from Anglo-India Jute Mill, Jagaddal, North 24 Parganas and West Bengal as Head of Costing. He was the Pioneer Member and Secretary & Chairman of Naihati-Ichapur Chapter of Cost Accountants.

May his departed soul rest in peace.

EXAMINING THE SECTORAL DIFFERENCES IN ESG PRACTICES OF SELECT COMPANIES IN INDIA: A COMPARATIVE TESTING BASED ON SCORES

Abstract

A quest for sustainable development has propelled investors and corporates to adopt environmental, social, and governance (ESG) philosophy in their investment and business decisions. In this scenario, ESG scores appear to be an indicator of the sustainable performance of a firm. The present study seeks to compare the ESG practices of 100 top companies (by market capitalization) across 10 sectors in India. For analysis, CRISIL's overall ESG scores and the scores of each of its dimensions have been used. Application of one-way ANOVA and Welch ANOVA reveals that there exist statistically significant differences between sectors on all the three dimensions of ESG viz; environment, social, and governance. Information Technology and Financials sectors turned out to be the leaders in ESG performance owing to low carbon footprints, water consumption and waste generation, and job-related injuries. Companies in cement, metals & mining, and chemicals were found to be underachievers due to their intrinsic nature of production resulting in the emission of toxic gases and a high propensity for energy and power usage. These sectors try to compensate for low environmental performance by undertaking numerous social welfare measures and high disclosures. It was also found that irrespective of the sector, companies' environmental performance lagged behind social and governance performance.

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INTRODUCTION

The concept of sustainability first appeared in 1987 in the Brundtland Report which defined it as "meeting the needs of the present without compromising the ability of future generations to meet their own needs." In September 2000, the United Nations set eight Millennium Development Goals (MDGs) which were replaced by Sustainable Development Goals (SDGs) in 2015. The key areas of SDGs are environment protection, social equality, and ethical business conduct. Despite all such initiatives at the international and national levels, our world is still facing numerous global challenges in the form of global warming, extinction of animal and plant species, inequality, and terrorism, to name a few. Considering all these global threats, sustainability has become even more important. An important step towards achieving this can be 'responsible investment,' also known as ESG investment. ESG stands for "environmental, social, and governance," and refers to three business dimensions that socially responsible investors use to identify and determine a company's sustainability and social impact. These dimensions are detailed in Figure 1.

FIGURE 1: ESG DIMENSIONS

Source: CEOWORLD magazine Global Threat Report (2020).

Today, the investors are more likely to opt-out and vote against management in case organizations fail to make adequate progress on sustainability-related disclosures and the business practices that underlie them. A growing number of institutional investors globally are giving ESG performance more weight in their decision-making, and 74 per cent are now more willing to divest from companies with a poor track record in this area (Abu-Shakra, 2021). The increasing emphasis on corporate ESG performance is evident in an increase in overall assets and inflows into sustainable funds. By the end of December 2021, global sustainable fund assets jumped by 9 per cent in the last quarter of 2021 and reached USD 2.74 trillion (Ramakrishanan, Gupta, & Sharma, 2021).

ESG is not only valuable for investors but also equally instrumental for the survival and growth of companies. Numerous studies have found that the adoption of ESG philosophy by a company leads to sustainability and improved financial performance (Ehsan et al, 2018; Behal & Uppal, 2022). In the wake of these developments, several ESG rating agencies have come up that evaluate companies based on specific ESG dimensions. Thereafter, scores are assigned against each dimension and an overall score is arrived at. Some of the well-known international ESG rating agencies include MSCI, Sustainalytics, and Bloomberg. Taking the global lead, many private sector ESG rating agencies such as Acuité Ratings & Research, CRISIL Limited, etc. have come up in India which rate companies on ESG parameters.

The key areas of SDGs are environment protection, social equality, and ethical business conduct

REVIEW OF LITERATURE

Achim & Borlea (2015) in their study developed an ESG score to evaluate the non-financial performance of 65 companies listed on Bucharest Stock Exchange for the period 2011-12. Results revealed that 73 per cent of the companies adopted best practices in corporate governance and 97 per cent of the sample companies reported that they adopted activities related to social and environmental performances.

Devi et al. (2017) in their review paper examined the impact of the cement industry on the environment and health aspects and concluded that by adopting the right technologies and computer modeling, the industry will be able to reduce production waste and adhere to environmental protection laws.

Buallay (2019) studied the relationship between a bank's ESG disclosure and its operational, financial, and market performance. The sample consisted of 235 banks and the sample period spanned over 10 years (2007-2016). The author found that there is a significant positive impact of ESG on performance.

Li & Polychronopoulos (2020) examined two US and two European portfolios using the ratings of two prominent ESG rating companies and found that the same company is assessed differently by the two ESG rating providers and is assigned different ratings due to the different methodologies adopted by the rating providers.

Zumente & Lāce (2021) explored the approaches followed by different ESG rating providers and evaluated the correlation of multiple third-party ratings given to companies listed on the European Stock Exchange. The findings indicate a significant variation in the ratings given to European companies.

From the review of literature, it is evident that although several studies have been conducted on various aspects of ESG, such as ESG determinants and the impact of ESG on firm performance, in India the research is still in its infancy, especially studies that evaluate a company's ESG performance scores across different sectors. The present article attempts to fill this research gap.

OBJECTIVES AND HYPOTHESIS OF THE STUDY

The study aims to achieve the following objectives:

- To compare the environmental, governance, and social scores of sampled corporates across selected sectors in India.
- To compare the overall ESG scores of these sampled

corporates across selected sectors in India.

The following hypotheses are framed in accordance with the research objectives:

H1: There is (in)significant difference in environmental scores, social scores, and governance scores of sampled corporates across selected sectors in India.

H2: There is (in)significant difference in the overall ESG scores of sampled corporates across selected sectors in India.

RESEARCH METHODOLOGY

Data Sources

CRISIL ESG Compendium, 2021 is the source of the data used in this study, which includes both overall ESG scores and the scores of each of its three specific dimensions (environmental, social, and governance). The report contains the scores of 225 companies across 18 sectors in India. To arrive at these scores, information was obtained from annual reports, sustainability reports, company websites, etc. available in the public domain. To draw in-depth inferences, the authors' also on their own referred to secondary data sources including CSR reports, newspapers, websites, etc.

Sample Selection Criterion

Out of 225 companies spread over 18 sectors, 100 companies were selected for the study based on the following criterion in two stages:

- *Selection of sectors*: Out of 18 sectors, those with at least 10 companies were selected. This resulted in 10 sectors comprising 134 companies.
- *Selection of companies:* The top 10 companies (on the basis of market capitalization as on 31st March 2022) from each of the 10 selected sectors were finally selected in this manner. The data regarding market capitalization was retrieved from the NSE's official website.

Sample Size and period of Study

A total of 100 companies across 10 sectors formed the sample for this study. The sectors are 'Cement,' 'Chemicals,' 'Engineering & Capital Goods', 'Financial', 'Fast Moving Consumer Goods (FMCG)', 'Information Technology (IT)', 'Metals & Mining', 'Oil & Gas', 'Pharma', and 'Power'. CRISIL's ESG ratings are based on ESG parameters covering a period of three financial years from 2017-18 to 2019-20.

CRISIL's ESG Scoring Methodology

As per the compendium, the scores are assigned on a scale of 1-100, with 100 implying best-in-class ESG performance (CRISIL, 2021). The proprietary framework assesses a company on the basis of 100 ESG parameters across E, S, and G. Appropriate deflators are applied to any adverse incident involving regulatory action for non-compliance with relevant environmental laws, disregard of social issues, improper classification of assets, audit irregularities, etc. The assessment also factors in customer satisfaction rankings, quality of disclosures, and sector-specific nuances. For instance, for manufacturing sectors such as chemicals, cement, and oil and gas, issues such as GHG emissions, waste disposal, and employee safety are critical, whereas for the services sector like IT, employee turnover rate and data privacy are the key issues.

Variables Description

For dimension-based analysis, scores of 'environmental,' 'social,' and 'governance' represent dependent variables which are analyzed one by one, and the ten sectors represent independent variables. Under overall ESG score testing, overall ESG score is used as a dependent variable whereas sectors again represent independent variables.

Statistical Technique

The study employs statistical tools like mean, standard deviation, and One-way ANOVA for data testing. ANOVA is a parametric test used to determine whether significant differences exist between the means of two or more independent groups (here, sectors). Thus, the null hypothesis framed under One-way ANOVA is:

H0: $\mu 1 =$ ----- $\mu 10$ (that is, means of all groups are equal)

Whereas alternate hypothesis is:

H1: $\mu 1 \neq$----- $\mu 10$ (that is, the means of all groups are significantly different)

For data analysis, SPSS Statistics Version 28 is used.

Testing of Assumptions under One-way ANOVA: Shapiro-Wilk and Levene Tests

One-way ANOVA is based on the assumptions that the dependent variable is normally distributed and there is a homogeneity of variances. To test normality, *Shapiro-Wilk test* was conducted and it was found that the distributions were normal for all the dependent variables used in the study at the conventional 5 per cent level of significance. Environmental ($W = 0.981$, $p = 0.146$), Social ($W = 0.987$, $p = 0.431$), Governance ($W = 0.995$, $p = 0.083$) and overall ESG ($W = 0.986$, $p = 0.364$). To test homogeneity, *Levene test of homogeneity of variances* was applied. In case(s) where this assumption was violated at the 5 per cent level of significance, Welch ANOVA, also called 'Robust Test of Equality of Means' was employed.

ANALYSIS AND DISCUSSION

Dimension-based Score Analysis

To achieve the first objective of the study, the mean scores of three dimensions of ESG have been compared across sectors. The results are presented in Table 1.

TABLE 1: DESCRIPTIVE STATISTICS OF DIMENSION-BASED SCORES BETWEEN SECTORS

Dimensions Sectors	Environmental		Social		Governance	
	Mean	Std. Dev	Mean	Std. Dev	Mean	Std. Dev
Cement	40.8	11.89257	50.2	9.91967	64.2	8.05260
Chemicals	38.5	11.97405	54.8	6.19677	67.7	5.22919
Engineering & Capital Goods	48.8	6.61311	48.2	6.59629	67.9	6.31488
Financial	64.8	5.26624	63.7	6.63408	75.4	4.08792
FMCG	54.9	9.03634	60.5	6.05988	73.7	4.87738
IT	66.9	5.22024	64.4	4.69515	76.7	5.35516
Metals & Mining	42.1	6.85484	52.9	6.91937	60.9	9.81438
Oil & Gas	35.6	11.23734	54.2	8.31063	64.7	5.61842
Pharma	42.9	8.50881	52.2	3.08400	67	8.75595
Power	53.4	11.10755	56	4.71404	63.4	6.11373

Source: Authors' compilation derived from SPSS Statistics 28

Table 1 shows the mean and variation in environmental, social, and governance scores among companies across the ten sectors under study. It is noted that the mean of the IT sector is the highest across all the three dimensions of ESG. It is followed by the financial services sector. High mean *environmental scores* for these sectors could be due to lower carbon emissions, and higher proportionate use of renewable energy. Moreover, these industries face a lesser number of issues related to water consumption and waste generation. On the other hand, sectors such as oil & gas, chemicals, cement, and metals and mining have lower environmental scores, with the lowest being that of the oil & gas sector. The production process in the case of oil, gas, cement, etc. involves 'emission of various toxic gases, particulate matter, dust, noise and bad odor which poses a great threat to the environment' (Adhikari and Ghosh, 2022). Further, in terms of variation, the IT industry predictably has the lowest variation meaning thereby that companies in this sector have been consistent in their environmental initiatives during the period of study. The highest variation was witnessed in the case of companies in chemicals industry.

With respect to mean *social scores*, while the IT sector was the leader followed by financials, the position of FMCG sector was also found to be strong in third place. Assessment of the social dimension involves evaluation of factors such as employee attrition and satisfaction, employee training and development programs, strikes and lockouts, job-related injuries, gender diversity, product quality, packaging, customer satisfaction, charitable donations, and other social welfare measures. Employees, through their knowledge and skills, bring value to a firm and act as indispensable assets in the long term. Any spending on them should be considered an investment that is likely to pay off in the future (Ehsan et al., 2018). Similarly, customers are the lifeline of a company, and efforts to secure their patronage afford a high social score for a firm. High mean social scores of these sectors is a reflection of their efforts toward these factors. Additionally, in case of companies in the financial services sector, a high mean social score is also an indication of higher exposure (for example, loans and advances) to environmentally friendly industries and rural-based MSMEs. With respect to variation in social scores, the IT industry again had the lowest variation while the highest variation was found in the case of the cement industry. Closer scrutiny revealed that most companies belonging to low mean environmental score category have correspondingly high mean social scores, probably to compensate for the same.

An identical pattern is witnessed in the case of mean *governance scores*. The IT sector is the outperformer followed by the financial and FMCG sectors. Governance evaluation involves assessment parameters such as Board independence, functioning, and diversity; management track record; disclosure quality and timeliness; shareholders complaint redressal system, etc. Any adverse development related to a company's directors and management negatively impacts its G score. In the past, a number of ill-famed accounting and governance scams like Worldcom, Satyam, Maxwell, etc. lead to public erosion of faith in regulatory bodies, propelled distress and apprehensions about the way businesses are run (Rajesh, 2020). Since then, several committees like the Naresh Chandra Committee were set up to suggest better ways of governance. The findings of mean governance scores highlight that at present, majority of companies in the IT and finance sectors comply with governance norms and also had least variation. The highest variation was witnessed in the case of companies in metals & mining sector.

The next step is to test whether the difference in mean scores across sectors for each dimension of ESG is statistically significant. For this, One-way ANOVA or Welch ANOVA is applied depending on whether the variances are homogeneous or not.

Levene Test

To test the homogeneity of variances, the Levene test was conducted, the results of which are depicted in Table 2.

TABLE 2: LEVENE TEST OF HOMOGENEITY OF VARIANCES

Dimension	Levene Statistic	df1	df2	Sig.*
Environmental	3.058	9	90	.003
Social	3.007	9	90	.004
Governance	1.245	9	90	.279

Source: Authors compilation derived from SPSS Statistics 28

(N= 10 for each of the ten sectors; *p-value at 0.05 level of significance)

The value of 'p' was found to be significant at 0.05 level in the case of environmental and social mean scores and insignificant for governance mean scores. Thus, the null hypothesis which assumes variance to be homogeneous is rejected in the case of environmental and social dimensions and Welch ANOVA is applied. For the governance dimension, since it passes the test of homogeneity, one-way ANOVA is applied. The results are presented in Table 3.

TABLE 3: RESULTS OF ONE-WAY AND WELCH ANOVA: DIMENSION-BASED ANALYSIS

Application of Welch ANOVA				
Dimension	Statistic Value	df1	df2	Sig.*
Environmental	14.418	9	36.465	<.001
Social	7.910	9	36.403	<.001
Application of One-way ANOVA				
Dimension		df	F	Sig.*
Governance	Between Groups Within Groups	9 90	6.536	<.001

Source: Authors' compilation derived from SPSS Statistics 28

(N= 10 for each of the ten sectors; *p-value at 0.05 level of significance)

A perusal of Table 3 shows that the 'p-value' is lower than 0.05 for all the dimensions of ESG. This means that at the conventional 5 per cent level of significance, there exist significant differences in environmental, social as well as governance mean scores across sectors. The results of one-way and Welch ANOVA thus lead us to reject the null and accept the alternative hypothesis that environmental, social as well as governance initiatives of sampled companies vary across selected sectors in India.

Overall ESG Score Analysis

To achieve the second objective of the study, the overall mean ESG scores are compared across sectors. The descriptive results are presented in Table 4.

TABLE 4: DESCRIPTIVE STATISTICS OF OVERALL ESG SCORES BETWEEN SECTORS

Sector	Minimum	Maximum	Mean	Stdev
Cement	37	63	52.8	8.59974
Chemicals	48	63	53.3	4.71522
Engineering & Capital Goods	51	67	56.3	4.54728
Financial	63	74	68.8	3.82390
FMCG	56	69	61.7	4.80855
IT	59	79	70.2	7.23878
Metals & Mining	43	62	52.2	7.17712
Oil & Gas	47	60	53.1	4.95423
Pharma	44	63	54.1	5.62632
Power	53	67	58.2	4.68567

Source: Authors' compilation derived from SPSS Statistics 28

Table 4 presents minimum, maximum, mean, and standard deviation of overall ESG scores. The IT sector has secured the highest mean ESG score among all the selected ten sectors. Scrutiny of data reveals that Infosys Limited secured the maximum ESG score (79) and has emerged as a leader in ESG practices among all the sampled companies in the IT sector as well as across the sectors. It is followed by the financial and FMCG sectors in that order. ESG criteria is being increasingly adopted by the financial sector, including banks and NBFCs, to 'access their borrowers because it can help them filter out companies that may not be sustainable in the long term and may pose a financial risk due to their practices' (Dubhashi, 2019). To put it differently, by giving preference to ESG-compliant companies, the financial services industry ensures its own growth. For instance, for the year ending 31 March 2019, L&T Financial Services had zero non-performing assets in its renewable energy lending book (Dubhashi, 2019).

Metals & Mining sector has the lowest mean overall

ESG score followed by the cement and oil and gas sector. Scrutiny revealed Coal India Limited to be the lowest scorer (43) in the mining sector. By their very nature, these industries are harmful to the environment. Their production processes result in the release of toxic elements that pollute water, air, and soil (S&P Global Ratings, 2019). They are also high-energy and power-guzzling sectors. Social risks in these sectors stem from high incidents of work-related accidents and injuries to the workforce. Safety management is an important social risk that renders them more susceptible to labour strikes and lawsuits.

To test whether significant differences exist across sectors regarding mean overall ESG scores, the assumption of homogeneity of variances was again tested using Levene Statistics.

Levene Test

The test results are presented in Table 5.

TABLE 5: LEVENE TEST OF HOMOGENEITY OF VARIANCES

	Levene Statistic	df1	df2	Sig.*
Overall ESG Score	2.646	9	90	.009

Source: Authors' compilation derived from SPSS Statistics 28

(N= 10 for each of the ten sectors; *p-value at 0.05 level of significance)

Since the p-value appears to be significant at 5 per cent level, we reject the null hypothesis of homogeneity of variances. Welch ANOVA is applied to analyze the differences in mean overall ESG scores. The results are presented in Table 6.

TABLE 6: RESULTS OF WELCH ANOVA: OVERALL ESG ANALYSIS

Dimension	Statistic Value	df1	df2	Sig.*
Overall ESG Scores	14.266	9	36.58	<.001

Source: Authors' compilation derived from SPSS Statistics 28

*p-value at 0.05 level of significance

Since the p-value is lower than 0.05, we reject the null hypothesis and accept the alternative meaning thereby there exist significant differences between sectors as far as overall ESG initiatives are concerned.

STUDY'S FINDINGS AND CONCLUSIONS

Numerous global challenges such as climate change, biodiversity loss, inequality, etc. have necessitated the need for sustainable development. In this scenario, ESG has emerged as an indispensable philosophy for investors and corporates alike. It is now widely recognized that only those businesses that undertake initiatives to reduce carbon footprints, do social good, and run in an ethical manner will be economically viable in the long run. Investors evaluate the businesses on the basis of defined environmental, social, and governance parameters to arrive at investment decisions. In this context, ESG scores have become a barometer of corporate performance.

The study aimed to compare the environmental, social, and governance scores as well overall ESG scores of selected Indian companies across sectors. The findings revealed that there is a significant difference across sectors on all the three dimensions of ESG viz; environment, social, and governance.

With regard to the environmental mean scores, companies in the service sector such as IT and Financial are the leaders due to lower natural resource consumption, which results in lower carbon footprints, waste output, and water usage. While companies in oil & gas, chemicals, cement, and metal & mining are underachievers on the environmental frontier due to higher emissions and extensive usage of limited natural resources. Due to the inherent nature of production in these industries, they will continue to be environmentally unfriendly to a large extent.

As regards the social dimension, companies in the IT and financial services sector are again the torch bearers on account of high employment generation rate, low job-related injuries, and employee attrition, all contributing to employee satisfaction. High social scores for financial companies are due to global emphasis on lending to priority sectors, rural-related industries, and the microfinance segment. Surprisingly, chemicals, oil & gas, metals & mining, and cement have performed better here probably to compensate for being environmentally harmful. This is consistent with the findings of similar studies (Yawar & Seuring, 2017; Jabbour et al, 2015) that point out that companies in environmentally sensitive sectors have comparatively better social performances and disclosures.

With respect to the governance aspect, IT and Finance again top the list. Many corporate frauds in India and globally have led to the tightening of regulations. All listed companies in India are subject to Clause 49 in the Listing Agreement through which SEBI monitors and regulates corporate governance. High governance scores indicate strong governance norms in these companies as regards independent directors, women on board, separate chairman, presence of an audit committee, etc.

Further, irrespective of the sector, companies' performance on the environment parameter lagged behind social and governance parameters. This is an important concern and efforts must be undertaken to address this issue.

As for the second objective of the overall ESG score, there is a significant difference in the total ESG score among sectors. Again, IT and finance emerge as leaders

The finding that the companies in India fall short in environmental performance can be a wake-up call for the regulators to frame and implement stringent environmental policies

because of top performance in all the areas of ESG. And least performers are metals & mining, cement, and oil & gas because of low scores on environmental parameter. It has been observed across sectors that companies have accorded higher priority to the governance aspect.

IMPLICATIONS OF THE STUDY

The finding of the study that all the industrial sectors do not perform at a similar level in the environment, social and governance dimensions, offers suitable inferences for investors in general and corporates in particular. The study will assist investors in screening out the sectors that do not fall in line with their investment strategy. For corporates, the findings will propel them to recognize their performance gaps on the ESG front and take remedial measures. The finding that the companies in India fall short in environmental performance can be a wake-up call for the regulators to frame and implement stringent environmental policies.

SCOPE OF FUTURE RESEARCH

A research is not an end in itself. It opens the door to new research directions that can be explored and realized. The present research can be extended to find out where the difference between groups is truly coming from. It could be achieved through the application of 'post hoc' tests. Further, a comparative analysis could be attempted by incorporating ESG scores of other rating agencies for the sampled corporates. MA

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BOOK REVIEW

Book Name: **Insure and Be Secure for Fire Insurance Claims**

Author : **CA (CMA) Ram Gopal Verma**

Self Published

Pages : 490

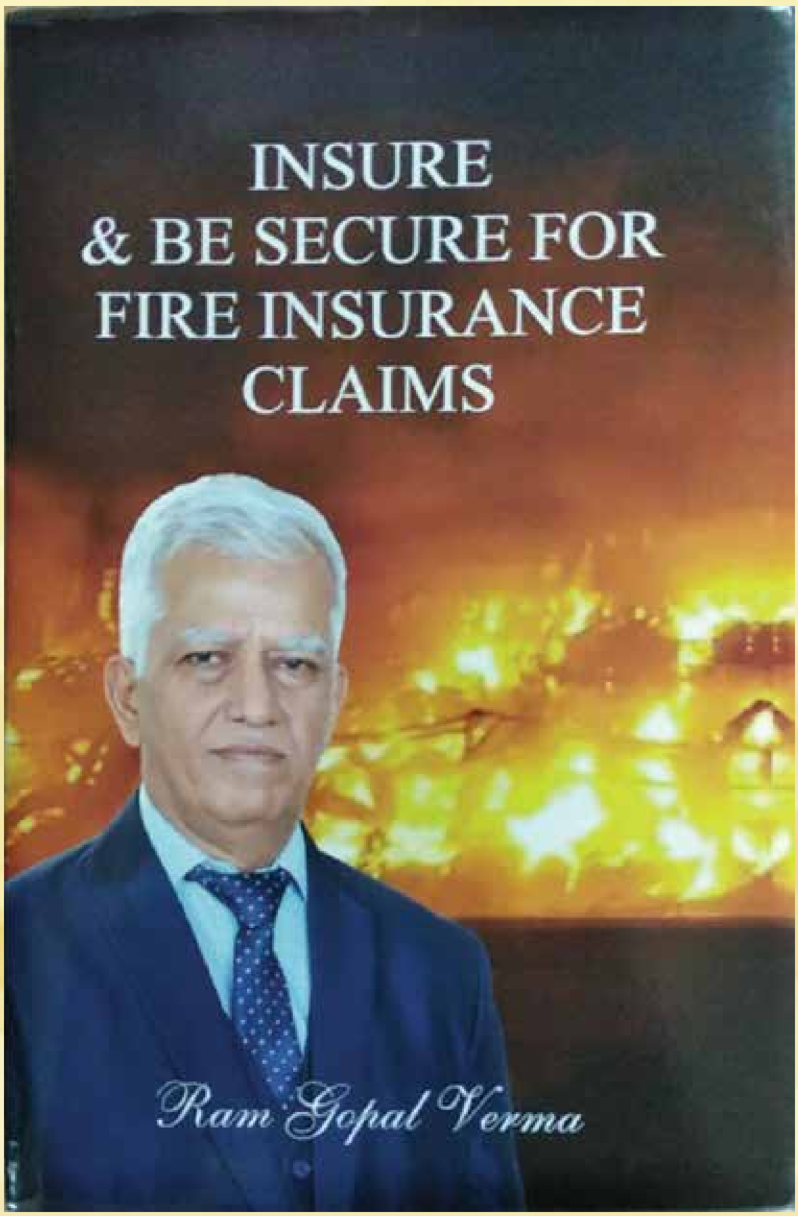
Price : Rs. 11,362/-

The book discusses the different types of Property Insurance Claims Management through case studies. More importantly, the book discusses the experience of Mr. Ram Gopal Verma and his interactions with various stakeholders i.e. surveyors, insurers, bankers, and risk management experts working in various manufacturing industries.

It provides the practical applications of claims management in Property Insurance covering the various aspects of claims management, right from risk inspection to causes of claims occurrence, and examining the claims from various perspectives and how effectively the stakeholders like insurers, surveyors, bankers, and risk management specialists, etc., can manage the claims. The book also discusses what are the important information/documents required to assess the loss and settle the claims expediently.

It provides a practical guide to the insurance professionals, surveyors, and loss assessors to equip them with technical expertise and know-how about how best the different types of claims in property insurance (fire, engineering & marine insurance) can be settled effectively. The author shares his vast years of experience in handling different types of claims pertaining to various types of industries right from chemical industries to IT companies. He has discussed various types of case studies involving different aspects of losses right from risk inspection, risk analysis of various types of losses including simple fire losses to complex project or erection all risks (EAR/CAR), machinery breaks-down, marine cargo losses, and stock value assessment, etc.

This book also discusses what are the common mistakes that can possibly be committed by the surveyors at the time of loss assessment. Thus, it provides valuable guidance to the various professionals to understand the different types of claims, nuances of the loss assessment, and risk management process. It also explains the decision-making process of the claims providing a detailed case of claims along with



the causes of the claims, whether the loss assessment is done properly, and also the claim is settled. It also highlights what loss minimization could have been done.

Generally, it has been observed that the customer's awareness of insurance losses, and loss assessment/ claim settlement procedures. They also do not know what information they need to provide to the surveyors at the time of loss assessment and also for the expeditious claim settlement by the insurers. This book provides those information and details about the loss assessment procedures and information required with the help of different types of survey/investigation reports which would help the customers and surveyors to understand the loss assessment procedures lusciously through practical case study analysis.

The book also provides the various tools and techniques that the surveyors and insurance professionals require to do the loss assessment with better accuracy and in a much easy manner. This would also enable the surveyors, brokers and insurance professionals, and other stakeholders to equip with professional knowledge and competency to do the loss assessment and preparation of necessary technical reports like inspection or survey reports.

The book discusses risk management in various industries detailing the identification of risks, assessment, and evaluation of risks, and what are the loss prevention or mitigation measures that can be adopted by the various corporate customers, insurers, brokers, and risk management professionals. This provides information about the customer's insurance requirements, understanding of the risks, a suggestion of the right policy to the clients, loss assessment, and management aspects which can definitely provide a valuable guide to the brokers, insurers, and corporate customers from across different industries and sectors.

The author also discusses the various types of fraudulent/exaggerated claims sharing what are the different aspects of fraud has been committed and how those frauds can be detected and exaggerated loss can be minimized which would provide very useful learning to the insurers and surveyors to understand how to detect and minimize the losses in such claims.

He also provides a detailed analysis of losses of different types of industries including banking and financial institutions, pharma companies, chemical factories, and textile & IT companies. He provides the financial analysis of different stages of the claims including accounting and WIP stock analysis. The author also discusses about GST implications of various items of properties and stocks and its impact on the loss assessment and claims. This would provide a useful reference book to the chartered accountants and the members of The Institute of Cost Accountants of India.

Reviewed by :

Dr. Steward Doss

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DIGITAL TRANSFORMATION
A PRISMATIC VIEW

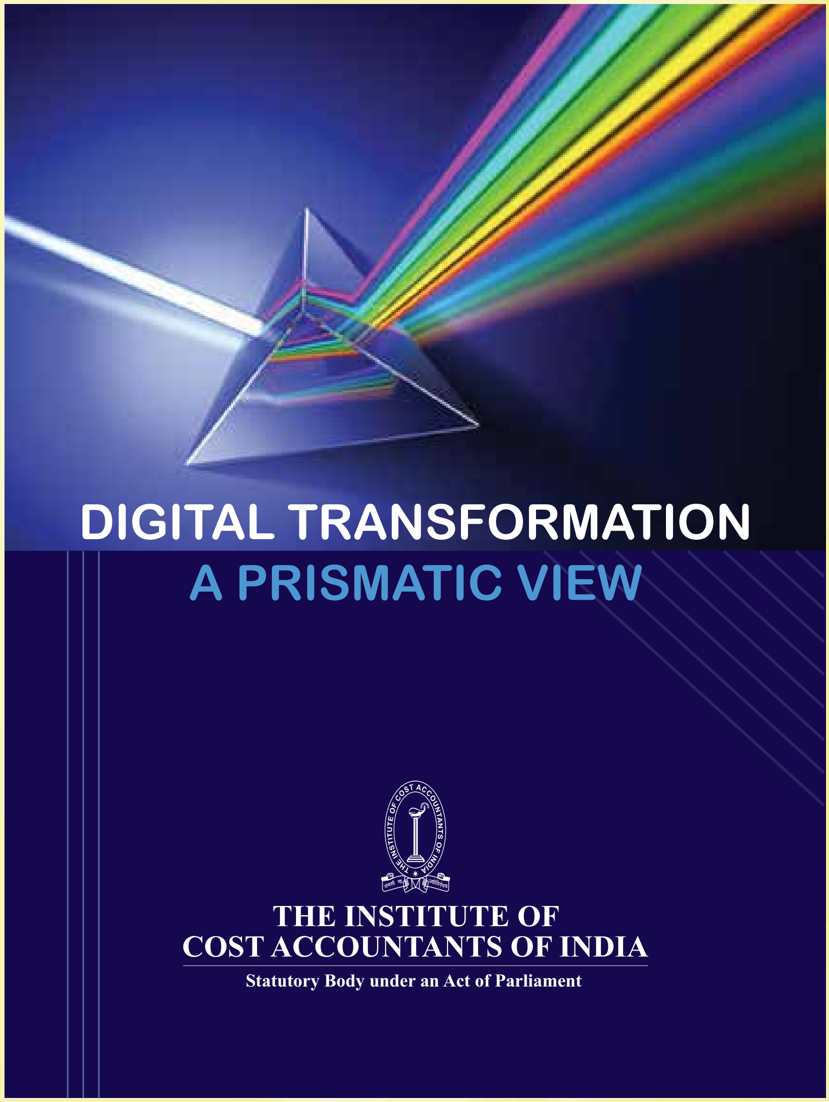
An initiative of

Board of Advanced Studies & Research and
Journal & Publications Committee

About the Book

Overwhelming speed and 'innoventive' quality of technological developments are boldly disrupting business entities across industry sectors, touching lives of common people, and transforming their way of living life. Digital technologies like blockchain, AI, RPA, AR, VR, etc, are continuing to bring about foundational changes in a nation's economic and societal foundation. The present Industry 4.0 is a revolutionary era of digital technologies.

The ultimate objective of digital transformation is maximisation of value creations and minimisation of value destructions. Success in all these would accelerate sustainable growth and prosperity of humanity in an improved global environment. Remaining abreast of such technological developments is an imperative for every professional. This will help enduring with relevance, gain 'stragility' and attain abilities to contribute more for value creation. Readers would find this anthology of thirty-one articles useful to move ahead with knowledge and information in this fast-evolving era of digital transformations.



Author: *CMA (Dr.) Paritosh C. Basu*
First Edition: *March 2022*
Price: *₹499/- (Rupees Four Hundred Ninety Nine Only)*
For Online Purchase: *https://eicmai.in/booksale_boasr/Home.aspx*
For more information, please mail at *editor@icmai.in / advstudies@icmai.in*

ISBN: 978-93-91572-06-8

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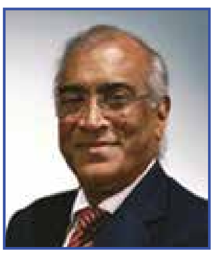
DIGITAL TRANSFORMATION AND TECHNOLOGY INTEGRATION WITH EDGE COMPUTING, 5G AND AIoTs



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Introduction

One of the most cerebral political economists and philosopher Adam Smith (1723-1790) first posited his doctrine of 'Division of Labour'. This ground-breaking doctrine postulated that speed of economic progress would be faster with improved cost efficiency if the total work content for each result or goal to be achieved is divided into their recognisable component of tasks and distributed amongst doers according to their abilities. This fundamental principle of division of labour started being adopted by industrial organisations by splitting simple repetitive and homogeneous tasks and allocating those to individual workers according to the need for skill set. This obviated the need for one performer getting into next identified task after finishing the previous one by handling a different machines or tool. The big question that one can ask is, whether Adam Smith's doctrine of division of labour is equally applicable when jobs are done by ICT devices and whether distribution and allocation of computing job loads can improve efficiency and reduce costs.

With the overwhelming speed of computerisation riding on the power of internet since 1970s ICT systems of large enterprises and governmental network started proliferating. This caused convergence of various widely dispersed ICT systems into one ERP system and/or Platform in a centralised network infrastructure. From around the first decade of present century digital technologies started being adopted for designing solutions for business operations and services deliveries. This resulted in manifold increases in number of computing devices, including hand-held devices of customers and field level workers, Internet of Things (IoTs), etc.

To accommodate the resultant requirement for humongous data storage the world first witnessed private data centres, followed by proliferation of cloud computing both in private and public environment. This facilitated

Image Source:
https://www.wtrade.com/2021/05/3151/

handling of voluminous transactions for scalability with business continuity and growth, effective technology collaboration, shared facilities for storage, processing, etc. But the world of computing did not stop there. Innovative applications and adoptions of digital technologies kept on multiplying which in turn saw applications of IoT, IIoTs, and IoRTs, drones, blockchain, AI and ML. Readers may recall the author's paper on IoTs published in October 2020[1].

Such peripheral devices are required to connect and interact with each other, which in the given cloud computing system and architectural framework can happen via the central server(s). For example, in an integrated health care system doctors' and clinicians' devices like, smart stethoscope, ECG, radiography, condition monitoring devices, etc., and patients' medical devices fitted with IoTs and IoBs have to be integrated[2] for interactions at local level. Another example could be use of drones in a blockchain platform for agriculture or integration of other digital technologies as narrated by the author in his paper under this Column, published in May, 2022[2]. All these would suffer from latency in varying number of seconds if internet speed were of lower than expected or planned for. Moreover, due to the limitations of 4G communication technology and such centralised design need emerged for huge data storage in central servers. This also created enormous load for data processing by the central system.

In such a technologically troubled situation the old axiom, 'Necessity is the mother of invention' and Adam Smith's doctrine of 'Division of Labour' once again proved to be true. Scientists started working with ideas for off-loading the humongous computing burden of central servers by distributing and decentralising to relatively smaller servers at filed levels. This ushered in the era of Edge Computing (EC).

Objective

This article has been written keeping in view the single objective of bringing together the fundamental dimensions of edge computing system in a three-layer information and communication (ICT) ecosystem. It would briefly narrate various features of edge computing so that readers can familiarise themselves with this relatively new development in the ever-dynamic domain of digital transformation. This article will also examine how emergence of 5G technology and artificially intelligent of things (AIoTs) would provide the much-needed momentum for edge computing.

Genesis of Edge Computing

It is popularly believed that genesis of Edge Computing (EC) can be traced back to 1990s when Akamai Technologies Inc., a content delivery network company of the USA, took computing network geographically nearer to the point of service delivery where end users are located. Case in point is Automatic Teller Machines (ATMs) of Banks which were placed in populous corners of urban and semi-urban locations. Those machines relate to the central computing systems of banks through telecom network. Customers can access their savings bank accounts for drawing cash from the ATM or performing certain other transactions. These transactions are instantly processed by the ATM in collaboration with the central computing system of the bank.

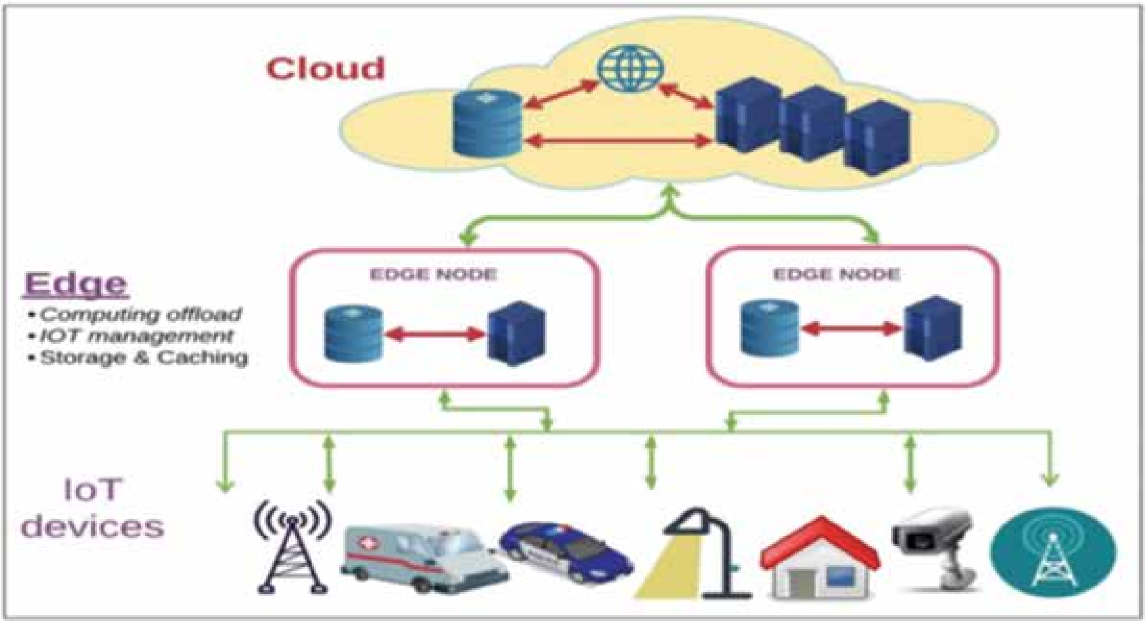
This is considered as the very first application of edge computing. The next example is the network of geographically distributed servers which are used to accelerate streaming of web content for delivery to widely dispersed users. This is also called as content delivery network (CDN). Until mid of 1990s any common man could not even imagine that she/he would not have to stand in queues at the bank for withdrawing of cash from bank account.

Edge computing, as an extension of cloud computing at the field level has received momentum from around 2015 when limitations of centralised cloud computing system started being observed by users of ICT ecosystems with operations spreading over wide geographical territories transcending sovereign boundaries. For some of those users the facilities for cloud computing and data storage may even be in different overseas territories. Edge computing system has transformed a common man's way of handling solutions, using the Apps on their smart phoned, created by innovative applications of digital technologies.

Definition of Edge Computing

Deloitte, UK[3] has in one of their recent publications defined edge computing as *"……… the decentralisation of computing that moves data processing from the core infrastructure, where computing processing traditionally occurs, closer to the person or item creating the data."* EC, therefore, takes advantage of smaller computing and storage facilities, which are available beyond and away from the central cloud computing and storage system by harnessing their processing powers instead of carrying everything to the central cloud computing system. It is widely accepted that cloud computing is suitable in cases where data generated by ICT and IoT devices at dispersed field levels, e. g., factories, warehouses, operating branches, etc. are relatively smaller and delay in transfer do not cause any fatal consequences.

This concept can be explained by the computing systems used for flying an aircraft which receives instructional and control signals from various external systems and emits digital signals from IoTs fitted in it. It also processes in its own system various flying related data being generated by its own operating software coupled with external inputs. The concept of edge computing helps processing of all those signals at the ICT system of the aircraft instead to carrying forward to a cloud server. Processing those at the aircraft itself or at the nearest airport and reverting with instructions for the Pilot for manoeuvring the aircraft helps immediate response without any latency or delay. Readers can make out that latency in terms of a few seconds can prove to be fatal. Therefore, edge computing is essential in cases where real time processing is a paramount importance. Even the small computing device with a powerful processor, attached to a videography system, can also function as an edge computing node.



Source:
https://www.researchgate.net/figure/Hierarchy-of-Edge-Fog-and-Cloud-Computing_fig3_343859774

Readers can observe from the above graphics that at the bottom, or third level of the architectural design are the IoTs, including computing devices, sensors, actuators etc. attached to each object via which information are being connected from field level. These IoTs are also required to connect with each other and use/analyse the data generated/collected. By introduction of Edge Computing Nodes (ECN), carriage of every transaction and related data to the central server is avoided. IBM[4] has provided the following definitions which may be found useful to appreciate the concept:

- Edge Device: *"An edge device is a special-purpose piece of equipment that also has compute capacity that is integrated into that device."*
- Edge Node: *"An edge node is a generic way of referring to any edge device, edge server, or edge gateway on which edge computing can be performed."*
- Edge Cluster or Server: *"An edge cluster/server is a general-purpose IT computer that is located in a remote operations facility such as a factory, retail store, hotel, distribution centre, or bank. An edge cluster/server is typically constructed with an industrial PC or racked computer form factor."*

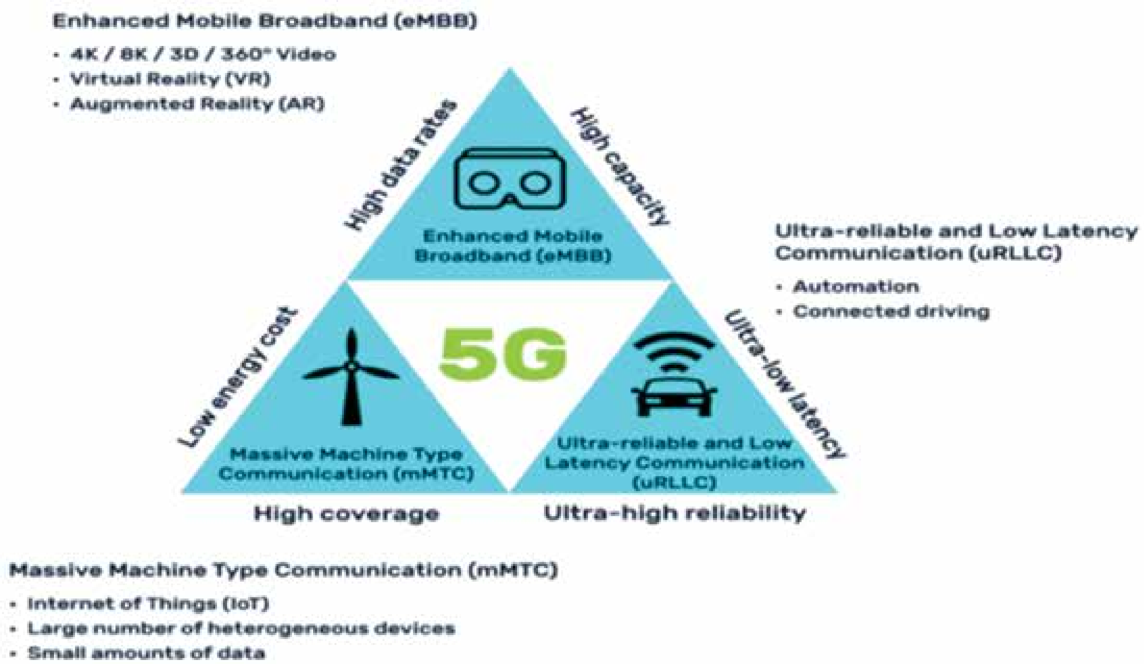
According to a publication of Statista[5] the global edge computing market size by 2025 would be USD 274 Bln. 21.8% of the edge IT power footprint would be the share of mobile consumers by 2028 and Americas would be the largest edge computing Market.

5G, AIoT and Edge Computing

Readers might have understood by now that cloud computing and EC are mutually exclusive in terms of work to be done based on orchestrated allocation as decided by the systems design and positioning of software and hardware. But given all these as they are, the second most important requirement for success is speed of carrying data through internet. While processing power and capacity of computing devices have gone many folds up, communication technology was found to be wanting and hindering speed of all computing activities for any wide area networked ICT ecosystem. Again, digital technologists also felt that Internet of Things (IoTs), which facilitates generation and collection of data, need to be also improved in terms of their own intelligence while participating as members of the ICT ecosystem.

5G Technology

While revolutionary developments are taking place in this ever-dynamic Industry 4.0 era, digital transformation has entered a new paradigm called Web 3.0 success of which is dependent on effective implementation of EC. The author in his article of June 2022[6] under this Column, while covering digital assets and tokenisation, has introduced the concept of Web 3.0. One of the primary requirements for this is accelerated speed of mobile network. In this context 5G stands for fifth generation cellular telecommunication technology.



Source: https://www.myrasecurity.com/en/what-is-5g/

Readers can make out from the above graphics that the 5G version of mobile technology has many more high-end differential qualities over its predecessor 4G long term evolution version (4GLTE). The 5G version is superior in terms of energy savings and thus greener and environment friendly. It is powered with enhanced speed and higher capacity of broadband data carriage with extremely low latency. Thus, it promises for much higher degree of reliability, and superior coverage. However, 5G at its present stage of development, needs help of 4G network for establishing connection. Hence it is presently called as the non-stand-alone of 5GNSA version. All these qualities of 5G are ideally suited for successful applications of edge computing. The world is witnessing more innovative applications of EC riding on much improved performance and reduced exposure to risks due to reduction in latency. The author's research reveals that India is in advanced stage of indigenously developed 5G telecommunication gears, the pilot run of which has recently been successfully tested by IIT Madras.

Artificially Intelligent of Things (AIoT)

The two stand-alone digital technologies, viz., Artificial Intelligence and Internet of things (IoT) like wearable smart devices, digital assistants, industrial and medical sensors, etc. are by themselves doing wonders in various spheres of digital transformation. One can imagine what more innovations are possible if these two technologies can suitably be integrated and called artificial intelligence of things or AIoT. Bernard Marr, a digital influencer of international eminence, wrote in Forbes[7] journal the following about AIoTs,

" ...... *those devices can analyze data and make decisions and act on that data without involvement by humans. These are "smart" devices, and they help drive efficiency and effectiveness. The intelligence of AIoT enables data analytics that is then used to optimize a system and generate higher performance and business insights and create data that helps to make better decisions and that the system can learn from.*"

The author wrote about such an artificially intelligent personal assistant 'Olly' in his article of September 21[8] under this column. Its maker has claimed that Olly would have versatile capabilities in terms of understanding the requirements and personality of its master and assist accordingly. Therefore, the performance and versatility of one piece of Olly for say user X would be different from another piece of Olly being used by say Y. Because each piece would be able to appreciate the nature and requirements of their respective masters in course of time because artificially abled cognitive intelligence and self-learning abilities have been embedded into the device Olly. Hence capability of the software used in this AIoT is not unidirectional as is presently being seen in certain similar applications like that of Alexa by Amazon.

When such AIoTs work in a digitally transformed ecosystem, edge computing would further be facilitated because the AIoTs by themselves would first process data acquired by them and then pass on information to the connected EC Node for further processing. Therefore, load of data processing on the Node would further be reduced. This in turn would enhance speed of the entire ICT ecosystem as can be seen from the first graphic of this paper. IoTs, AIoTs as well as their connected EC Nodes, attached to large digitally enabled devices like drones, can be also integrated to blockchain platforms for both controlling and monitoring transactional data collections in a created safety net and exacting lots of performed deliverables. The author has ideated about such applications in his Kisan Blockchain Platform.

Sung-Ho Sim and Yoon-So Jeong in their research paper[9] has mentioned that *"AIoT edge computing has seen a surge in the amount of data as IoT devices have become popular in earnest, which has pushed cloud computing to its limits. To compensate for this, edge computing technologies have been developed, and .... critical data are processed in real time. Edge computing can guarantee three things: data load reduction, security, and fault response. ... In order to easily control a large number of locations of IoT devices, we perform cross-distributed and blockchain linkage processing under constant rules to improve the load and throughput generated by IoT devices."*

Risks and Benefits of Edge Computing

In the light of the above discourse the Taxonomy of edge computing can be grouped under the following six broad groups:

- Objectives,
- Computational Platform,
- Attributes,
- Use of 5G technology,
- Performance Measures, and
- Roles of Edge Computing in 5G.

Due to shortage of space the above are not being further analysed. Major benefits of edge computing also can logically be articulated from the above in the following lines:

- Significant reduction in latency which in turn reduces risks from delayed movement of data, processing, and on forwarding of information/ computed instruction for next action,
- Lower pressure on network due to avoidance of long-distance carriage to the central cloud computing system which in turn results in faster movement of data,
- Faster processing of data by division of processing loads to several EC Nodes and improved analyses powered by AIoTs which help faster delivery of results with logically crafted information/ inferences,
- Higher safety and privacy of sensitive data with reduced vulnerability due to over dependence on only one centralised cloud computing system,
- Improved disaster recovery and business process continuity management in the event networks and the central cloud computing system is disrupted for any reason whatsoever, and
- Integration of EC Nodes, IoTs and AIoTs with Blockchain platforms can render all possible benefits that blockchain technology offers.

Despite all these benefits edge computing system is not devoid of risks. Risk exposures can occur due to the following:

- The risks to which the main cloud computing system are exposed,
- The risks from vulnerabilities of the safety, security, and privacy related measures deployed for the entire computing ecosystem of which EC Nodes are parts,
- Vulnerabilities of use cases for which the edge computing system is deployed,
- Risk exposures arising from dependencies on and/or integration with third party systems,
- Legal and regulatory compliance related risks, and
- Risks of disruptions in services to which telecom service providers are exposed to even after implementation of 5G technology.

All these needs to be further researched on and can further be dealt with in some of the future articles if opportunities are available for writing more.

Conclusion

This article is the thirty-sixth piece to embellish this Column titled 'Digital Transformation' in a row since September 2019. Edge computing technology is increasingly serving as the fountain of energy for acceleration in the pace of digital transformation by integration of many more digital technologies. Therefore, this article has been positioned at this stage. Readers would enjoy it if they were familiarised with some of the other digital technologies like Artificial Intelligence, IoT, Blockchain, etc. and integration thereof for applications in various industrial and service rendering activities. Reference of some of those earlier articles have been provided at appropriate places. The author will consider his efforts have met success if readers can gather first hand idea about edge computing and the added advantages it can provide in digital transformation when aided by AIoTs and 5G technology. MA

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All these websites have been accessed during July 2022.

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AN EMPIRICAL STUDY ON THE EFFECTIVENESS OF INTERNAL AUDIT IN CORPORATE GOVERNANCE

Abstract

One of the most important aspects in corporate governance is openness, tell the truth, pay attention to your Board, auditors, minority shareholders, high level of independence and transparent disclosure of material information. This article attempts to study the effectiveness of internal audit in corporate governance and concludes that both internal and external auditors must work together in achieving excellence of corporate governance.

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Practicing Cost Accountant
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INTRODUCTÌON

Academicians, practitioners, institutions, organisations, and governments started to focus more intensely on corporate administration as a method for staying away from the emergencies and disappointments that have tormented numerous organizations as of late. Interest on corporate administration has developed appreciably. Governance is beneficial to all parties involved in the financial sector and governance plays an important role in promoting investment in various sectors such as economic and administrative reforms, building investor confidence in financial statements, attracting and supporting foreign investment etc. The working capacity of the agency contributes significantly to the acceleration of economic growth.

THE INGREDIENTS OF CORPORATE GOVERNANCE

a. Justice and fairness

In corporate governance, it means respecting and acknowledging all stakeholders' rights, especially minority shareholders.

b. Transparency

One of the most important aspects in corporate governance is openness and more broadly, how to construct a structure that allows for a high level of independence while adhering to the authority of law and international standards such as precision, honesty, and openness.

ÌMPORTANCE OF CORPORATE GOVERNANCE

Several factors such as the following ones emphasize the significance of good governance:-

1. Corruption in the financial and administrative departments of companies must be eliminated and not allowed to resurface.
2. From the highest levels of the company's management to its lowest-level employees, ensuring that all employees are treated fairly and impartially.
3. Error detection and prevention, regardless of whether the deviation is purposeful and/or inadvertent, as well as stopping it from continuing by applying advanced control systems.
4. Maximizing the benefits of the accounting and internal control systems and, the efficacy of expenditures, and connecting expenditures to output.
5. Ensuring that external auditors are effective, independent and not subject to Board of Directors or executive management pressure to make proper disclosure and ensure openness in financial statements.

EMPÌRÌCAL REVÌEW

The internal audit function (IAF) of India's public sector was evaluated in a study by Asaolu, Adedokun, and Monday

(2020). For the study's primary goal, the researchers sought to discover what role the internal audit function plays in the public sector in India. Correlation analysis and multiple regression techniques were used to analyse the data acquired from a structured questionnaire.

Internal audit performance and its impact on corporate governance was investigated by Abdullah (2019). To determine internal audit's role in Malaysian public listed businesses' corporate governance, the study set out to examine how the audit is conducted in those firms. An online survey and in-person interviews were used to gather data for this study.

Other studies have looked at the audit function's role in promoting good corporate governance in Kenyan commercial banks, such as Changwony & Rotch (2015). The study's goal was to figure out what role internal audit plays in helping commercial banks in Kenya to have better corporate governance. Use of a stratified sampling strategy to select sample elements was employed in this investigation.

The Kwanza City Council in Tanzania was used as a case study by Nunda (2018). The study's main purpose was to determine the factors that lead to Tanzania's "internal audit function" not fostering strong "corporate governance".

METHODOLOGY

(i) Research Design

The research design used in this study was through surveys. Surveys were used because this was a primary data study. In order to get data from a wide range of people, survey design is essential.

(ii) Methods of Data Collection and Analysis

The data obtained for this research were analyzed using percentages, tools, and standard deviations. Straight relapse and relationship were utilized to test the speculations. These hypotheses were developed to concentrate on the effect of inside reviewing on corporate administration in Rivers State Universities:

H_{01}: "Financial audit does not significantly influence corporate governance effectiveness ìn universities ìn Rivers State".

H_{02}: "Operational audit does not significantly influence corporate governance effectiveness ìn universities ìn Rivers State".

H_{03}: "Compliance audit does not significantly influence corporate governance effectiveness in universities in Rivers State".

H_{04}: "Government policies and technology do not significantly affect the relationship between internal audit and corporate governance effectiveness ìn universities ìn Rivers State".

(iii) Model Specification

Universities in Rivers State looked at internal audit and the effectiveness of corporate governance using linear regression and correlation statistics. They also looked at how internal audit affected the effectiveness of corporate governance. This investigation used the following model as an example:

"$CGE = \beta_0 + \beta_1 FA + \beta_2 OA + \beta_3 CA + \varepsilon$"

Where:

"CGE = Corporate Governance Effectiveness"

"β_0, β_1, β_2, β_3 = Regression coefficients"

"FA = Financial Audit"

"OA = Operational Audit"

"CA = Compliance Audit"

ε = Error word

DATA PRESENTATÌON, ANALYSÌS AND DÌSCUSSÌON

(i) Descriptive Statistics for Internal Audit

TABLE 1: DESCRIPTIVE STATISTICS FOR INTERNAL AUDIT

Proxies for Internal Audit	N	Mean	Std. Deviation
Financial Audit	90	2.705563	0.726949
Operational Audit	90	2.55555	0.686977
Compliance Audit	90	2.206357	0.543757

Source: Author's own calculations

It can be seen that 2.705563, 2.55555 and 2.20635 were the averages for the financial audit, operational audit, and compliance audit respectively. The financial audit standard deviation was 0.726949, the operational audit standard deviation was 0.686977, and the compliance audit standard deviation was 0.543757.

(ii) Corporate Governance Effectiveness Descriptive statistics

TABLE 2: DETAILED STATISTICS OF CORPORATE GOVERNANCE IMPACT

Proxies for Corporate Governance Effectiveness	N	Mean	Std. Deviation
Governing Council Effectiveness	90	3.321	0.580952
Audit Committee Effectiveness	90	3.263486	0.585111
External Audit Effectiveness	90	3.35556	0.501988

Source: Author's own calculations

Each item's average exceeds the projected 2.5. (On a four-point Liker Scale). The governing council's effectiveness is 3.321 (with a standard deviation of 0.580952), that of the audit committee is 3.263486, and the external audit's effectiveness is 3.35556. (with a standard deviation of 0.501988). These results suggest that the examined universities have improved corporate governance in line with best practices worldwide".

(iii) Test of Hypotheses

This study examined whether or not audit measures (financial, operational, and compliance) have an impact on the hypotheses put out in order to determine whether or not there is any link between internal audit and the efficacy of corporate governance (governing council, audit committee, and external audit effectiveness).

Regression/Correlation Analysis of Financial Audit and Corporate Governance Effectiveness

H01: Financial audit does not significantly influence corporate governance effectiveness in universities in Rivers State.

In Table 3, one can see how the test turned out.

TABLE 3: "CORRELATION OUTPUT OF FINANCIAL AUDIT AND CORPORATE GOVERNANCE EFFECTIVENESS"

Correlations

		FİNANCİAL AUDİT	GOVERNİNG COUNCİL EFFECTİVENESS	AUDİT COMMİTTEE EFFECTİVENESS	EXTERNAL AUDİT EFFECTİVENESS
FİNANCİAL AUDİT	Pearson Correlation	1	.741*	.755*	.405*
	Sag. (2-tailed)		.000	.000	.006
	N	90	90	90	90
GOVERNİNG COUNCİL EFFECTİVENESS	Pearson Correlation	0.741*	1	0.787*	0.546*
	Sag. (2-tailed)	.000		.000	.000
	N	90	90	90	90
AUDİT COMMİTTEE EFFECTİVENESS	Pearson Correlation	0.755*	0.787*	1	0.453*
	Sag. (2-tailed)	.000	.000		.002
	N	90	90	90	90
EXTERNAL AUDİT EFFECTİVENESS	Pearson Correlation	0.405*	0.546*	0.453*	1
	Sag. (2-tailed)	.006	.000	.002	
	N	90	90	90	90

*. Correlation is significant at the 0.05 level (2-tailed).

Source: Author's own calculations

At a significance level of 5 per cent, Table 3 shows that financial audits and the effectiveness of the governing council are related by an R-squared value of 0.741. The effectiveness of the audit committee is shown by an R-squared value of 0.755 and the effectiveness of the external audit is shown by an R-squared value of 0.405. This suggests that financial audit and all corporate governance indicators have a positive linear connection. The results show that there is a strong correlation between financial audit and the effectiveness of the governing council and audit committee. However, there is not much of correlation between financial audit and the effectiveness of external auditors.

R2 for the link between financial audit and how well the governing council works is 0.549, 0.57 for the audit committee and 0.164 for external audit. The coefficient of determination demonstrates a 54.9 per cent link between financial audits and how well the governing council conducts its job (for financial audit and governing council effectiveness). Financial audit (done by the internal audit unit) affects 57 per cent of audit committee's effectiveness at the institutions studied, whereas other variables affect 43 per cent. There's a 16.4 per cent link between the university's external audit and its internal financial audit. Other factors influence 83.6 per cent.

CONCLUSİONS

Corporate governance is necessary for the establishment of stringent control system that can aid in the betterment of economic units by reducing their exposure to risk. These hazards can be reduced by specifying the parties involved and allocating tasks and authorities among them.

Protecting shareholders' rights, preserving assets, and providing accurate information are all made possible by having an effective internal auditing committee. Therefore, internal auditors and the external auditors must work together in a cooperative manner; this is one of the basic foundations of excellent corporate governance. This is essential. MA

Academicians, practitioners, institutions, organisations, and governments started to focus more intensely on corporate administration as a method for staying away from the emergencies and disappointments

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IT Initiative

The Institute is happy to announce extending DigiLocker facility to its Member /Students. All the active students and members are now be able to download their ID Cards from DigiLocker.

To access their ID Cards the members/students have to first create an account on DigiLocker by using their AADHAR Number. All the authorized members/students are allowed to access their Membership ID cards/Students Id cards by putting their Membership Number/ Registration Number on digilocker portal.

The membership ID card /Student ID card displays respective member details like his Name, Address, Email ID, Mobile Number and his photograph.

A STUDY ON THE FINANCIAL LITERACY LEVEL AMONGST CHIT FUND INVESTORS WITH REFERENCE TO BENGALURU CITY

Abstract

The Indian financial market has been developing at a rapid pace in recent years with the Government playing an active role in regulating it and providing much safer and regulated avenues to the citizens for savings, investments as well as borrowings. However, we have been witnessing numerous scams in financial markets, especially in semi-regulated and unregulated markets, including the pyramid and ponzi schemes that initially offer exorbitantly high returns and ultimately swindle the investors' money. In spite of such scams, and also with better accessibility to safer avenues for savings, investments and borrowings, investors' preference still seems to be inclined towards the much riskier options like the Chit Fund Schemes, both regulated as well as unregulated. This article aims at studying and comparing the financial literacy and awareness level of alternate investment avenues amongst chit fund investors and non-chit fund investors.

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INTRODUCTION

Financial market is a mechanism that allows buyers and sellers to participate in the trade of financial assets such as equities, bonds, currencies and derivatives. Financial markets can be organized or unorganized.

The Indian regulated financial markets have been witnessing a rapid growth not only in terms of its geographical coverage but also in terms of the avenues for investments and borrowings. In spite of the development of the organized financial markets, investors even today continue to be fascinated by the services of players of the unorganized financial markets. Financial illiteracy may be one of the major reasons for such inclination of the investors. This poor financial literacy or financial illiteracy has been taken as an advantage by some which has ultimately led to various financial scams in the country. To name a few, I Monetary Advisory (IMA) Scam (June, 2019), Rose Valley Ponzi Scam (March, 2016), Basil International Ltd. Chit Fund Scam (July, 2016), Artha Tattva Group Chit Fund Scam

The Indian regulated financial markets have been witnessing a rapid growth not only in terms of its geographical coverage but also in terms of the avenues for investments and borrowings

(May, 2014), Sea Shore Group Chit Fund Scam (May, 2013), Saradha Group Chit Fund Scam (April, 2013).

Chit funds are amongst such players operating both in the organized as well as unorganized mode. Chit funds are financial instruments that provide a dual option to save and borrow at the same time. Conventionally they have been in the unregulated form operating within closed circles/ groups of friends, family members, business associates etc. having mutual interest in the scheme in some way or the other.

CHIT FUND - THE CONCEPT

A chit fund comprises of a group of members called subscribers. The organizer of the chit or the chit fund company facilitates in bringing the members together and administers the funds raised by the chit in return for a fee or commission.

A chit scheme is usually run for a fixed number of months equal to the number of subscribers. Each subscriber is required to pay a monthly instalment into a common pool of funds usually referred to as the 'pot'. Every month, an auction is held to pick the 'pot' and the subscriber who bids the lowest value for the 'pot' gets the auctioned money as a one-time payment from the pool of funds. The amount foregone by such subscriber is treated as surplus of which the chit organizer gets a fee/ commission and the balance is equally distributed amongst the subscribers by adjusting the subsequent monthly instalments. The subscriber who won the auction continues to pay the monthly instalment until the scheme period ends and shall be barred from taking part in the subsequent auction/ bidding of the 'pot'. This process is repeated every month thereby, distributing the 'pot' value to each subscriber every month.

Hence, the system acts as a borrowing scheme, for subscribers bidding for the 'pot' in the early period of the scheme, who shall be able to access large sums of money before having paid the full amount. It also acts as a savings system, for subscribers who contribute every month and may retrieve a large sum in the future while receiving their share of the surpluses.

REVIEW OF LITERATURE

Chen H and Volpe P (2002) concluded from the study that the students possessed average level of financial knowledge. Syed Tabassum Sultana (2010) focused to know the profile of the investors and to know their features so as to know their priority of their investments. Lusardi A et al (2010) aimed to measure the financial literacy level among youngsters in the U.S.A. The study concluded that they had low financial literacy. Further, it was also concluded that financial literacy levels differed based on gender. Fletschner and Mesbah (2011) in their study showed that women had approximately 16 per cent lesser information about formal financial credit sources than men in their communities. The study by Setty V S (2012) aimed to examine the financial literacy amongst college students in Mumbai. It was seen that the commerce and business graduates had a higher level of financial literacy as compared to their science and arts counterparts. Agarwalla S K, et al (2013) concluded that the overall level of financial literacy among the working youngsters in urban India is similar to the levels among comparable groups in other countries. Abad-Segura E and González-Zamar M-D (2019) has studied the effects of financial literacy on creative entrepreneurship. Goyal K and Kumar S (2021) found that literature on financial literacy is dominated with quantitative methods, qualitative methods and would rather provide an in-depth understanding of the behaviour of people.

RESEARCH GAP

From the preliminary exploration of literature, it has been found that literature on chit funds in India is essentially limited to the comparative studies of regulated and unregulated chit funds, frauds, role played by chit funds as an instrument to finance the economically weaker section etc. Available literature seldom talks about the level of financial literacy and reasons for the investors opting such avenues in spite of the risks involved. Hence scarcity of literature on the investors' financial literacy leading them to opt for chit funds in general against the much secured and regulated avenues gives rise to the need for a study on the same.

STATEMENT OF THE PROBLEM

Financial literacy is a major concern for nations across the world. The financial behaviour of the citizens plays an important role in the direction of the nation's economy. Various studies have been carried-out throughout the world to find the level and effect of financial literacy. However, not all dimensions of financial literacy and investment have been covered. Chit fund investment is one such untouched area.

NEED FOR THE STUDY

This study aims at evaluating and comparing the financial literacy and awareness level of alternate investment avenues amongst chit fund investors and non-chit fund investors., If the financial literacy and awareness level of alternate investment avenues is found to be low, steps may be taken for educating and spreading financial awareness amongst such groups. This would also help in increasing the financial inclusion and participation in the mainstream regulated financial markets.

OBJECTIVES OF THE STUDY

1. To determine and compare the level of financial literacy among chit fund investors and non-chit fund investors.
2. To study the association of financial literacy with demographic and socio-economic variables of investors.
3. To study and compare the awareness level of alternate investment avenues among chit fund investors and non-chit fund investors.
4. To explore and compare the association of

awareness level of alternate investment avenues with demographic and socio-economic variables of investors.

RESEARCH HYPOTHESIS

The following null hypothesis have been framed for the purpose of this study:

$H_{0,1}$: Chit fund investors are comparatively less financially literate than the non-chit fund investors.

$H_{0,2}$: There is no significant relationship between the demographic factors of investors and their respective level of financial literacy.

$H_{0,3}$: Chit fund investors are comparatively less aware of the alternate investment avenues than the non-chit fund investors.

$H_{0,4}$: There is no significant relationship between the demographic factors of investors and their respective awareness level of alternate investment avenues.

METHODOLOGY

The study is primarily exploratory and descriptive in nature. Primary data has been collected through a self-constructed structured questionnaire administered. A sample for the study was selected based on the convenience sampling technique comprising of 188 respondents from varied socio-economic strata.

The questionnaire is tested for internal consistency and reliability using the Cronbach's Alpha computed using statistical tool – SPSS. It is considered reliable if the Cronbach's Alpha coefficient value is > 0.70.

Hypothesis testing is done using statistical tool – SPSS at 95 per cent confidence level.

DATA COLLECTION & ANALYSIS

Financial literacy has been evaluated based on the level of financial knowledge of the respondents in areas like interest, inflation risk-return, mutual funds and general stock market-based questions. Further, respondents were also administered with some numerical questions and overall level of financial literacy was categorised as low (1 to 8), moderate (9-12) and high (13-16).

DATA RELIABILITY

Cronbach's Alpha being the most widely used reliability measure, with a usually acceptable Alpha value being >0.70. We have tested the reliability of our questionnaire using this measure. The questionnaire having two major parts, one being the questions testing financial literacy of the subjects and the other assessing the level of awareness of various investment avenues. 16 different questions to measure the level of financial literacy were included in the questionnaire. The Cronbach Alpha coefficient value is 0.713, indicating a high level of internal consistency in the items. On the other hand, 20 avenues of investments were included in the questionnaire to determine the level of awareness. The Cronbach Alpha for this part of the questionnaire is 0.833 again indicating a high level of internal consistency in the items.

The high level of internal consistency confirms reliability of the questionnaire for further analysis.

TABLE 1: CRONBACH'S ALPHA

Variable	Cronbach's Alpha	N of Items
Financial Literacy	0.713	16
Awareness Level	0.833	20

FINANCIAL LITERACY

To measure the level of financial literacy the subjects were asked to answer 16 questions related to financial knowledge. The correct answers were awarded a score of '1' and the wrong one's '0'. The total scores of the respondents was computed by aggregating the score of these 16 questions. The categorization of the level of financial literacy is as below:

TABLE 2: CATEGORIZATION OF THE LEVEL OF FINANCIAL LITERACY

Score	Level of Financial Literacy
> 12	High
8 - 12	Moderate
< 8	Low

The overall results are summarised hereunder.

TABLE 3: CHIT FUND INVESTOR * FINANCIAL LITERACY CROSSTABULATION

		Financial Literacy			Total
		High	Moderate	Low	
Chit Fund Investor	Yes	20	60	15	95
	No	41	47	5	93
Total		61	107	20	188

An analysis of the above results shows that about 63 per cent of the chit fund investors possess moderate level of financial literacy, whereas 95 per cent of the investors possessing high to moderate level of financial literacy opt for investment avenues other than chit funds.

A further analysis among the chit fund investors shows the following results regarding the choice of registered v/s unregistered chit funds.

TABLE 4: REGISTERED CHIT FUND * FINANCIAL LITERACY CROSSTABULATION

		Financial Literacy			Total
		High	Moderate	Low	
Registered Chit Fund	Yes	215	22	1	38
	No	5	38	14	57
Total		20	60	15	95

The above results show that 97 per cent of the investors opting for registered chit funds possess high to moderate level of financial literacy and 91 per cent of the investors opting for unregistered chit funds possess moderate to low level of financial literacy. These results clearly indicate that the level of financial literacy is an important factor for investors choice between registered and unregistered chit funds.

Hypothesis Testing: **$H_{0,1}$**: Chit fund investors are comparatively less financially literate than the non-chit fund investors – From the above analysis we can accept the hypothesis and conclude that chit fund investors are comparatively less financially literate compared to the non-chit fund investors.

Association of level of financial literacy with demographic factors

$H_{0,2}$: There is no significant relationship between the demographic factors of investors and their respective level of financial literacy.

TABLE 5: AGE-WISE FINANCIAL LITERACY LEVEL

Age – Financial Literacy		Financial Literacy			Total
		High	Moderate	Low	
Age	18-29	15	24	3	42
	30s	26	40	2	68
	40s	12	25	11	48
	50s	4	12	2	18
	60+	4	6	2	12
Total		61	107	20	188

TABLE 6: GENDER-WISE FINANCIAL LITERACY LEVEL

Gender – Financial Literacy		Financial Literacy			Total
		High	Moderate	Low	
Gender	Male	36	67	7	110
	Female	25	40	13	78
Total		61	107	20	188

TABLE 7: MARITAL STATUS-WISE FINANCIAL LITERACY LEVEL

Marital Status – Financial Literacy		Financial Literacy			Total
		High	Moderate	Low	
Marital Status	Married	34	65	18	117
	Unmarried	26	39	1	66
	Separated/ Divorced	0	2	0	2
	Widow/ Widower	1	1	1	3
Total		61	107	20	188

TABLE 8: EDUCATIONAL QUALIFICATION-WISE FINANCIAL LITERACY LEVEL

Educational Qualification – Financial Literacy		Financial Literacy			Total
		High	Moderate	Low	
Educational Qualification	Less than high school	0	6	4	10
	High school or equivalent	4	27	6	37
	Diploma	2	10	7	19
	Bachelors Degree	33	63	3	99
	Masters or Ph.D. or Professional Degree	22	1	0	23
Total		61	107	20	188

TABLE 9: EMPLOYMENT STATUS-WISE FINANCIAL LITERACY LEVEL

Employment Status – Financial Literacy		Financial Literacy			Total
		High	Moderate	Low	
Employment Status	Student	4	17	1	22
	Housewife	3	19	10	32
	Unemployed	2	10	1	13
	Self-employed	15	34	8	57
	Private employee	33	23	0	56
	Retired	4	4	0	8
Total		61	107	20	188

TABLE 10: SUMMARY OF RESULTS

Demographic Factor	P-value	Accept/ Reject Null Hypothesis
Age	0.073	Accept
Gender	0.071	Accept
Marital Status	0.054	Accept
Educational Qualification	0.000	Reject
Employment Status	0.000	Reject

The Null hypothesis is accepted with respect to the age, gender and marital status and thus it is concluded that there is no significant relationship between these demographic factors of investors and their respective level of financial literacy.

Further, the Null hypothesis is rejected with respect to the educational qualification and employment status and thus, concluded that there is significant relationship between these demographic factors of investors and their respective level of financial literacy.

AWARENESS LEVEL

To measure the level of awareness of the various investment avenues the subjects were enquired with respect to their awareness of 20 different investment avenues classified as low risk, high risk, traditional, modern and emerging investment avenues. The positive responses were accorded a score of '1'. The total scores of the respondents were computed. The categorization of the level of awareness is as below:

TABLE 11: CATEGORIZATION OF THE LEVEL OF AWARENESS

Score	Level of Awareness
> 15	High
11 – 15	Moderate
< 11	Low

The overall results are summarized below:

TABLE 12: CHIT FUND INVESTOR * AWARENESS LEVEL CROSS TABULATION

		Awareness Level			Total
		High	Moderate	Low	
Chit Fund Investor	Yes	81	9	5	95
	No	74	14	5	93
Total		155	23	10	188

An analysis of the above results shows that majority of the investors possess a high level of awareness regarding the available investment avenues, irrespective of the investor being a chit fund investor or not. Hence, it may be concluded that the awareness level may not be a factor for opting investment in chit fund.

Hypothesis Testing: **$H_{0,3}$**: Chit fund investors seem to possess almost equal level of awareness of the alternate investment avenues as the non-chit fund investors. From the above analysis we can reject the hypothesis and conclude that chit fund investors are equally aware of the alternate investment avenues as compared to the non-chit fund investors.

Association of awareness level with demographic factors

$H_{0,4}$: There is no significant relationship between the demographic factors of investors and their respective awareness level of alternate investment avenues.

TABLE 13: AGE-WISE AWARENESS LEVEL

Age – Awareness Level		Awareness Level			Total
		High	Moderate	Low	
Age	18-29	37	5	0	42
	30s	62	4	2	68
	40s	40	6	2	48
	50s	10	5	3	18
	60+	6	3	3	12
Total		155	23	10	188

TABLE 14: GENDER-WISE AWARENESS LEVEL

Gender – Awareness Level		Awareness Level			Total
		High	Moderate	Low	
Gender	Male	94	10	6	110
	Female	61	13	4	78
Total		155	23	10	188

TABLE 15: MARITAL STATUS-WISE AWARENESS LEVEL

Marital Status – Awareness Level		Awareness Level			Total
		High	Moderate	Low	
Marital Status	Married	88	21	8	117
	Unmarried	64	1	1	66
	Separated/ Divorced	1	1	0	2
	Widow/ Widower	2	0	1	3
Total		155	23	10	188

TABLE 16: EDUCATIONAL QUALIFICATION-WISE AWARENESS LEVEL

Educational Qualification – Awareness LeveL		Awareness Level			Total
		High	Moderate	Low	
Educational Qualification	Less than high school	3	1	6	10
	High school or equivalent	26	7	4	37
	Diploma	5	14	0	19
	Bachelor's Degree	98	1	0	99
	Masters or Ph.D. or Professional Degree	23	0	0	23
Total		155	23	10	188

TABLE 17: EMPLOYMENT STATUS-WISE AWARENESS LEVEL

Employment Status – Awareness Level		Awareness Level			Total
		High	Moderate	Low	
Employment Status	Student	19	3	0	22
	Housewife	17	11	4	32
	Unemployed	8	3	2	13
	Self-employed	51	2	4	57
	Private employee	54	2	0	56
	Retired	6	2	0	8
Total		155	23	10	188

TABLE 18: SUMMARY OF RESULTS

Demographic Factor	P-value	Accept/Reject Null Hypothesis
Age	0.001	Reject
Gender	0.295	Accept
Marital Status	0.001	Reject
Educational Qualification	0.000	Reject
Employment Status	0.000	Reject

The Null hypothesis is accepted with respect to the gender and thus it is concluded that there is no significant relationship between gender of investors and their respective level of awareness.

Further, the Null hypothesis is rejected with respect to the age, marital status, educational qualification and employment status and it is concluded that there is significant relationship between these demographic factors of investors and their respective level of awareness regarding the alternate investment avenues.

MAJOR FINDINGS

The major findings of the study are:

- Chit fund investors are comparatively less financially literate than the non-chit fund investors.
- Of the chit fund investors, those opting for the registered chit funds possess high to moderate level of financial literacy and those opting for unregistered chit funds possess moderate to low level of financial literacy.
- There is no significant relationship between the age, gender and marital status of investors and their respective level of financial literacy.
- There is significant relationship between the educational qualification and employment status of investors and their respective level of financial literacy.
- Chit fund investors seem to possess almost equal level of awareness of the alternate investment avenues as the non-chit fund investors.
- There is no significant relationship between the gender of investors and their respective level of awareness of alternate investment avenues.
- There is significant relationship between the age, marital status, educational qualification and employment status of investors and their respective level of awareness of alternate investment avenues.

SUGGESTIONS

The findings of the study suggest that the financial literacy level of the chit fund investors need to be improved through various investor awareness programmes. Further, it is suggested that the investment procedures of alternate investment avenues be simplified and made more investor friendly. This would help in expanding the financial inclusion coverage and open-up the financial markets for all types and class of investors.

CONCLUSION

The study was based on a total of 185 respondents (investors) from Bengaluru city to study and compare the level of financial literacy and awareness level of alternate investment avenues among chit fund investors and non-chit fund investors. From the findings of the study, it may be concluded that -

- chit fund investors are comparatively less financially literate as compared to the non-chit fund investors.
- chit fund investors are equally aware of the alternate investment avenues as compared to the non-chit fund investors. MA

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PENSION FUNDS AS AN ECONOMIC GROWTH STIMULATOR

Abstract

The financial landscape has been evolving consistently with pension funds playing a significant role in intermediation by fostering the contributions from individuals and channeling the funds for overall economic development of the nation. The paper discusses the manifestation of Pension assets and systems in the economy alongwith the endowment of pension funds as institutional investors and systemic stabilizers.

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Economic Growth and its determinants

Economic growth can be considered to be an increase in the production of goods and services per head of the population over a period of time. GDP perhaps is the most popular catch word in economics, commerce and finance. It offers a quick snapshot of an economy indicating its size at a particular period of reference. Per capita income indicates how much an average individual should have earned if the total income of a country is divided equally amongst its population.

Income and wealth are key measures of households' economic sources. Financial risks faced by households are influenced by the structure of monetary assets since different types of securities have varying degrees of risk. Acquisitions of economic assets and changes in valuations are two factors that contribute to any fluctuations in the stocks of economic possessions over time. Household savings is the foremost source of domestic supply to finance capital investment, which is a primary driving force of long-term financial growth.

Each individual either consumes or saves from whatever they earn. Savings mean earning kept aside for future consumption. Some part of the savings gets invested via financial intermediation. Such investments lead to capital formation and accumulation. Increments in GDP, per capita income, savings, investments and capital formation and accumulation determines growth of GDP. The growth enhancing policies and institutions can be true determinant of long-term growth.

Countries with well-developed financial markets and economy friendly institutions are seen to be making progress sustainably. Investments in various forms of capital along with appropriate policies and institutions can create permanent impact on GDP per capita levels but only temporary effects on growth rates. Well-developed financial markets are likely to channel resources more efficiently throughout the economy alongside the financial development indicators such as stock market capitalization or overall credit to GDP ratios.

Development of Financial Markets

Numerous evidences show that financial sector development performs a significant role in economic development. It promotes growth via capital accumulation and technological development by way of mobilizing, pooling and increasing the savings, generating information about assets, facilitating and encouraging the inflows of overseas capital, in addition to optimizing the allocation of capital.

Financial development is not just a result of economic progress; it also contributes to the growth, that is why countries with more developed financial systems typically see quicker long-term growth. In addition, it reduces inequality and poverty by enhancing the poor and vulnerable groups' access to finance, facilitating risk management by lowering their susceptibility to shocks, and boosting investment and productivity that lead to increased revenue production.

Financial market development is positively associated with economic growth, so better developed capital market is growth enhancing as increased economic efficiency of cost of capital leads to higher growth. Financing to small and medium-sized businesses, can aid their expansion and make a significant contribution to economic growth overall, especially in emerging economies. It involves more than just putting in place infrastructure and financial intermediaries. It entails establishing robust regulations and oversight procedures for all significant entities. Financial instruments, markets, and intermediaries thus play a crucial role in supplying the essential services of the financial sector in the economy by reducing the effects of information, enforcement, and transaction costs.

Pensions Assets to GDP

Development of the pension sector has important socio-economic implications – both for the social security of the citizen and economic prosperity of the country, as the pension funds can address the long-term investment needs of the economy, by mobilizing private savings.

According to the OECD (2021), significant assets have amassed in retirement savings schemes to pay for future pension benefits globally. International pension assets topped USD 56 trillion in 2020, an increase of 11% from end-2019 when they totaled USD 50.6 trillion. Pension assets, which total over USD 35 trillion in assets, have been particularly cumulative in pension funds (2020).

Figure 1: Assets in retirement savings plans around the world, 2020 or latest year available; Source: Pension Markets in Focus, 2021

Retirement savings plans' relative importance in the local economy can be better understood by comparing the amount of pension assets to GDP. Nine out of the 38 locations in the OECD had assets greater than their GDP (2020). However, even when measured against GDP in a number of reporting jurisdictions, the amount of assets remained notably low; in 52 of them, including a few rapidly developing countries (e.g. China, India), it figured beneath 20% of GDP.

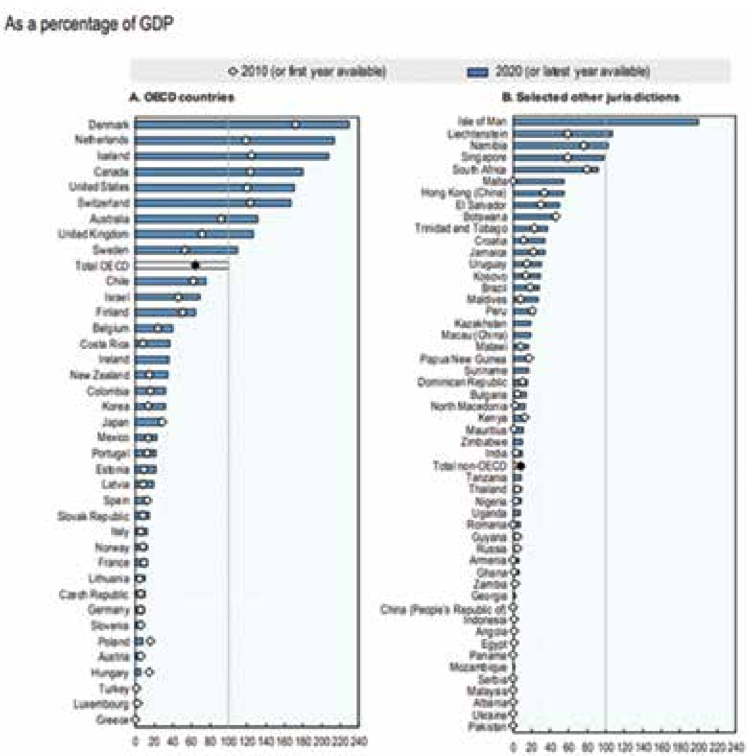

Figure 2: Total assets in retirement savings plans, in 2010 (or first year available) and 2020 (or latest year available); Source: Pension Markets in Focus, 2021

Over the past ten years, pension assets have grown faster than GDP, underscoring the growing significance of retirement savings around the world. According to the aforementioned graphs, the proportion of all pension assets to GDP in the OECD region increased from 64% in 2010 to 100% ten years later. Pension assets in OECD countries therefore equaled the total of OECD countries' GDP (2020). By the end of 2020, retirement savings had been invested primarily in bonds and stocks, which accounted for more than half of investments in 35 out of the 38 OECD countries.

Role of pension funds

Pension savings may contribute directly to economic growth by increasing the available capital for investment. It might result in more extensive and effective finance markets. Savings from pensions immediately boost the amount of capital accessible on capital markets for private investment. Deeper capital markets may also result in better capital allocation, enhancing overall effectiveness and stimulating economic growth. The financial environment may change as a result of increased pension savings, giving institutional investors like pension funds and insurance firms more leverage. These institutional investors may afford to make long-term investments due to the extended maturity of their liabilities, such as long-term equity stakes.

In many nations, pension funds are rightfully seen as a significant source of long-term capital. Following the global financial crisis of 2008, policymakers have placed a high priority on the issue of long-term investment and the function of institutional investors as domestic capital providers for economic development. Due to the growing strain on governments' and banks' balance sheets, they are regarded as a significant source of long-term, domestic capital. Redeeming

The pension funds can address the long-term investment needs of the economy, by mobilizing private savings

pressure is sparked by a sharp decline in asset prices during financial crises, which could destabilize the fund management sector. Only long-term investments, such as pension funds, can serve as a source of financial security and buying support in such a stressful situation. The larger the pension funds investible resources, the stronger will be the stabilizing force.

"Pension funds are one of the major type of institutional investor, and hold a significant share of investment in the financial markets. They provide long-term funding to corporations via investment in stocks and bonds, and they help the capital market to be more liquid by means of a steady flow of contributions from pension beneficiaries and sponsors. Another stabilising effect results from their steady long-term asset allocation. With the steady increase in life expectancy and more awareness of the role of private pensions in social security systems, it is natural to expect that the pension sector will grow and some more large pension funds will emerge, which in turn, might have more impact than before on financial markets and the overall economy" (Park and Stanko, 2017).

Davis (2000) elucidates that, "Pension funds are analysed as financial intermediaries using a functional approach to finance which encompasses traditional theories of intermediation. Funds fulfil a number of the functions of the financial system more efficiently than banks or direct holdings. Their growth complements that of capital markets and they have acted as major catalysts of change in the financial landscape. Financial efficiency in this functional sense is not the only reason for growth. It is also a consequence of fiscal incentives and benefits to employers, as well as growing demand arising from the ageing of the population."

Other crucial features of pension funds are shared with institutional investors, such as:

- risk pooling, which offers small investors a better risk-return trade-off than direct holdings;
- an emphasis on diversity through holding a variety of domestic securities (including both debt and equity);
- a preference for liquidity;
- better capacity for information absorption and processing compared to individual capital market investors. Pension funds, on the other hand, rely more on public than private data, which is directly associated with their requirement for liquidity, unlike bank loans;
- a sizable size, which leads to economies of scale and lower average costs for investors. These may result, among other things, from the capacity to transact in huge volumes, which normally lowers transaction costs. Investors split the cost of hiring specialised investment managers, saving on advising fees. The funds' size also allows them to make sizable indivisible investments;
- the ability to employ countervailing power to lower transaction costs and custody fees. The capacity to ensure the best conditions from capital market intermediaries is also made possible by this countervailing power. On the other hand, it also creates the possibility for improved control over the companies in which they invest, thereby

lowering the occurrence of adverse incentive issues.

The OECD's infrastructure needs are rising, as are those of the major non-OECD nations like China, India, and Brazil. This is largely due to economic expansion, historical underinvestment, and brand-new problems like climate change. Favorable circumstances in recent years, including the expansion of pension funds, tendencies toward privatisation, and shifting regulatory frameworks, have enhanced institutional investors' interest in infrastructure investment in general and more specifically in pension funds. Institutional investment in infrastructure, however, has been little so far. Including indirect investments made in infrastructure through the shares of publicly traded utility firms and infrastructure corporations, it is estimated that less than 1% of pension funds worldwide are engaged in infrastructure projects.

Infrastructure investment has long been thought to be a good match for the long-term nature of pension savings, but there are other potential advantages as well. Pensions funds invest in infrastructure for a variety of reasons, including better asset-liability matching (due to long-term stable and predictable cash flows with low volatility and lower sensitivity to the economy cycle) and support of national development goals (through the creation of social and economic infrastructure).

Lot of countries since early 80's has moved from unfunded Defined Benefit (DB) to fully funded Defined Contribution (DC) system. These shifts are either motivated by population ageing or fiscal stress. The accompanying arguments put forward by the proponents that such a shift would lead to higher economic growth and partly elevate the transition burden. Many empirical studies have proved funding of pensions are associated with increasing economic growth. Such increase is caused by higher savings rate, greater financial market development and reduce labour market distortions. In a Defined Contribution scheme the allocations can be viewed as savings. Therefore, a higher funding for pension means more people will save leading to higher aggregate saving rate. The financial market would be stimulated with more resources available via pension funds. These effects altogether would be growth enhancing. Besides that, the amount of pension assets is the product of savings decisions by consumers and represents the capital stock. Therefore, the pension assets and capital stock tend to be positively correlated. It might be intuitive to think that there should be positive linkage between GDP growth and proportion of equity held by institutional investors as pension funds internationally remains larger than mutual funds and insurance companies as part of the institutional investors. Finally, pension funds as institutional investors can increase growth by improving corporate governance through their greater demand for more transparency and accountability at the firm level.

Additionally, long-term real economic growth also indicates that country's GDP growth is growing faster than inflation. Higher average earnings, lower unemployment, less government borrowing, higher levels of savings, and better investment returns can all be advantages of this outcome. Most of these results in a more powerful and stable retirement income system, which then offers more enduring pension benefits.

Conclusion

As a financial intermediary, Pension funds have emerged as an alternative to the traditional models and have played a multi-dimensional role by not only arranging benefits for the subscribers through low transaction cost, information absorption and governance but also by acting as systemic stabilizers to the financial markets in case of any adversity which would eventually affect their pension corpus. The mobilization of the pooled savings/investments by pension funds from the investors towards long term capital formation provides the necessary impetus required by the economy for a sustainable growth and also by employing them towards creation of real assets crucial for country's development. MA

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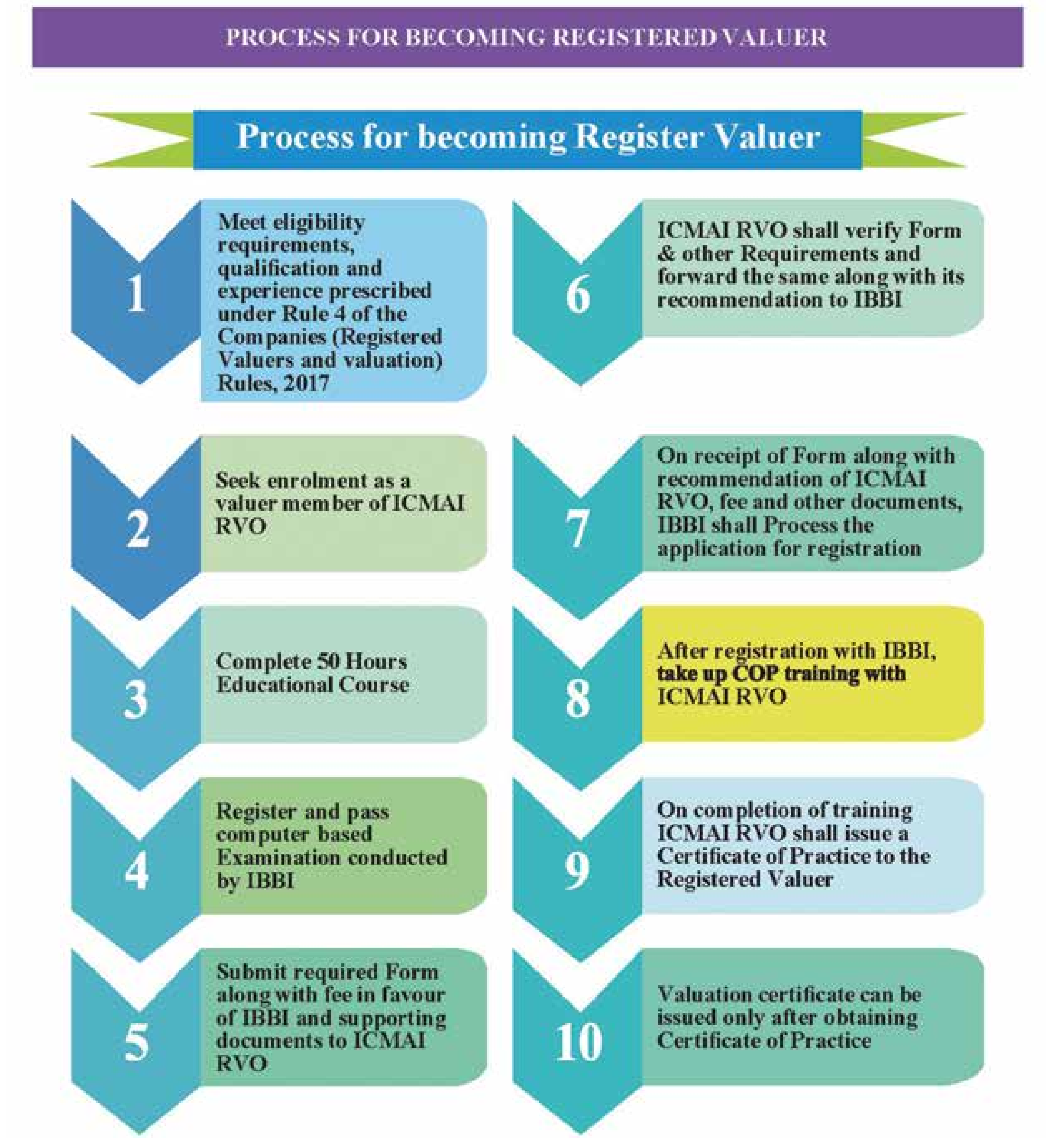

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Land and Building	(i) Graduate in Civil Engineering, Architecture, or Town Planning or equivalent; (ii) Post Graduate on above courses and also in valuation of land and building or Real Estate Valuation (a two-year full time post-graduation course).	(i) Five years (ii) Three years
Securities or Financial Assets	(i) Member of Institute of Chartered Accountants of India, Member of Institute of Company Secretaries of India,Member of the Institute of Cost Accountants of India, Master of Business Administration or Post Graduate Diploma in Business Management (specialisation in finance). (ii) Post Graduate in Finance	Three years
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Insolvency and Bankruptcy Board of India
Limited Insolvency Examination Division
Valuation Examinations Division

No. EXAM-13016/1/2022-IBBI

Dated: 06th June 2022

CIRCULAR

To,
All Test Administrators
All Insolvency Professional Agencies
All Registered Valuer Organisations
All candidates registered in the examination system
(Through IBBI website)

Dear Sir/Madam

Subject: Improvement to the scheme of examinations - frequency of attempts in LimitedInsolvency Examination/ Valuation Examinations

IBBI conducts the Limited Insolvency Examination (LIE) in pursuance to regulation 3 of the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016. The said Regulations *inter-alia* empowers IBBI to determine the syllabus, format and frequency ofthe examination, to be published at least three months before the examination.

2. IBBI, as the designated Authority, also conducts Valuation Examinations in terms of rule 5 of the Companies (Registered Valuers and Valuation) Rules, 2017(Valuation Rules). The said rule *inter-alia* empowers IBBI to determine the syllabus, format and frequency of the examination, to be published at least three months before the examination.

3. In order to bring in objectivity and improvements in the scheme of above examinations, it has been decided that frequency of attempt in an LIE or valuation examination, as the case maybe, for every candidate, shall be determined after taking into account a cooling off period of 2-months between each consecutive attempts of such candidate, thereby making a total of 6 attempts in a period of 12 months.

4. You are, therefore, advised to implement/ follow the above requirements in LIE/ Valuation Examinations conducted/ attempted after expiry of the period of 3 months from the date of thiscircular.

5. This circular is being issued in exercise of the powers conferred under the provisions of section 196 of the Insolvency and Bankruptcy Code, 2016, Regulations made thereunder and the Valuation Rules.

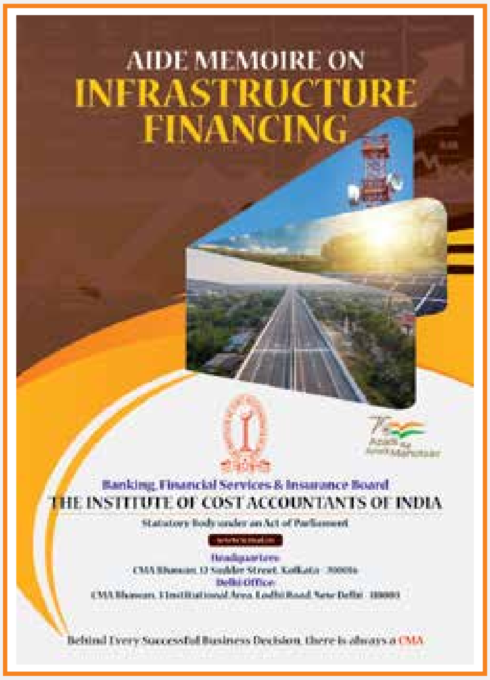
Yours faithfully

Sd/-
Rajesh Tiwari
General Manager
Tel: 011 2346 2864
Email: trajesh.74@ibbi.gov.in

Aide Memoire on
INFRASTRUCTURE FINANCING

Infrastructure is the backbone of any economy. It is a well recognised fact that Infrastructure has a multiplier effect on the holistic development and rapid sustainable growth.

A Robust Infrastructure Finance mechanism therefore assumes utmost importance in the entire Eco system.



Synopsis-Salient Features of the book

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  - Formation of the Special Purpose Vehicle (SPV) and Key project documents/structure for Infrastructure Finance.
  - Financing mechanism consortium/syndication.
  - Credit appraisal process-covering management appraisal, economic appraisal, marketing appraisal, technical appraisal and Financial appraisal.
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Down The Memory Lane

August 2012

CMA Rakesh Singh, President presenting bouquet to Smt. Sheila Dikshit, Hon'ble Chief Minister of the Government of NCT of Delhi on 07th August' 2012. Seen from L to R: CMA S.C. Mohanty, Vice President and CMA H.K. Goel, Council Member

Joint programme on "Cost Accounting Record Rules and Cost Audit Report Rules" held at New Delhi on 06.08.2012 in collaboration with SCOPE. Seen L to R are Ms. Neeru Abrol (Director-Finance, SCOPE Executive Board), Dr. UD Choubey (DG, SCOPE), CMA B.B.Goyal(Advisor-Cost), MCA, CMA Rakesh Singh, President and CMA S.C. Mohanty, Vice President

CMA Rakesh Singh, President of the Institute, exchanging MOU with Dr. K.M. Abraham, IAS, Principal Secretary, Higher Education Department, Government of Kerala on 22.08.2012 at Thiruvananthapuram. The Institute has become Knowledge Partner in the Banking and Finance for Implementing the Additional Skill Acquisition Programme of Govt. of Kerala for equipping the youth of Kerala with employable skills

CMA Rakesh Singh, President, CMA S.C. Mohanty, Vice President, CMA M. Gopalakrishnan, immediate Past President, Shri Amit Anand Apte, Council Member and other RCMs and senior officials of the Institute with Shri P.K. Abdul Rabb, Hon'ble Minister for Education, Government of Kerala

Down The Memory Lane

August 2002

Member's Meet with President, Vice President and SIRC Chairman. Seen on the dais from left: Ch. Venkateswarlu, T.S.P. Jwalapathi, C. Sudhir Babu, S. Ramanathan, past President and CCM, B.V. Ramana Murty, President, D.L.S. Sreshti, Dr. K.L. Jaisingh, Vice-President, V. Bhanu Murthy Rao, K.Ch. A.V.S.N. Murthy, G.V.S. Subrahmanyam, A. Chandrasekhar

Dhananjay Joshi, CCM, presenting the bouquet to Sheela Bhide, Jt. Secretary, DCA, at the time of presentation on Cost Audit at New Delhi. Also seen I.P. Singh, Joint Director (Cost) and Ramesh Joshi, Secretary, WIRC and Chandra Wadhwa, CCM

August 1992

Dr. G.B. Rao, President, ICWAI met Shri Vijay Bhaskara Reddy, Minister for Law, Justice & Company Affairs, at his office on 05th August 1992 alongwith Central Council Members and the Secretary of the Institute

August 1982

Seminar on "Implications of Recent Credit Curbs" by the Poona Chapter of Cost Accountants on 12 August'82 at Royal Western India Turf Club. Shri M.P. Pandit delivering Presidential Address. L to R: Dr. M.D. Apte, S/Shri Sivaramakrishnayya, P.D. Parkhi, S.L. Kirloskar, Industrialist, H.K. Firodia, Industrialist, V.N. Nadkarni and M.B. Chavare

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

EASTERN INDIA REGIONAL COUNCIL

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA SOUTH ODISHA CHAPTER

As the Government of India is celebrating *Bharat Ki Azadi ka Amrit Mahotsav* (AKAM) to commemorate the 75 years of India's Independence and the Institute is also actively participating in the celebration by organising various events under AKAM across the country and as desired by the President of the Institute, the Chapter organised Green India – Tree Plantation Drive on 9th June 2022 at Berhampur, Odisha under the guidance of CMA Narasingha Chandra Kar, Chairman and CMA Ananda Sahu, Secretary of the Chapter. The Chapter also celebrated the 8th International Yoga Day on 21st June 2022 under AKAM by organizing a Yoga Session at the Chapter's Conference Hall. More than 40 members, staff and some general public also participated in this event.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA BHUBANESWAR CHAPTER

The Chapter organised a Seminar on "GST - Issues & Challenges" on 4th July, 2022 at CMA Bhawan, Nayapalli, Bhubaneswar to commemorate the "GST Day Observation Week" from 1st July 2022 to 7th July 2022. CMA Saktidhar Singh, Chairman, PD Committee & Past Chairman of the Chapter, CMA Santanu Kumar Rout, Chairman of the Chapter, Special guest Shri Sribas Nath (IRS), Deputy Commissioner, CGST & Central Excise, Audit Commissionerate, Bhubaneswar, Chief Guest Smt. Anuradha Mishra, IRS, Addl. Commissioner, CGST & Central Excise, Audit Commissionerate, Bhubaneswar, Resource persons Shri Ramesh Chandra Jena, Sr. Advocate & Expert GST, and CMA Shiba Prasad Padhi, Practicing Cost Accountant, and CMA Surya Narayan Tripathy , Secretary of the Chapter addressed the participants.

The 68th session of Oral Coaching session being conducted by the Chapter was inaugurated on 20th July, 2022. The Chief Guest was CMA Nilamani Mohapatra, Senior Member and Past Chairman of the Chapter. Others who graced the occasion were CMA Santanu Kumar Rout, Chairman of the Chapter, CMA Siba Prasad Kar, Past Chairman of the Chapter, CMA Niranjan Mishra, CCM, ICAI, CMA Bibhuti Bhusan Nayak, Treasurer, ICAI - EIRC, and CMA Surya Narayan Tripathy, Secretary of the Chapter.

A WEBINT programme on "Decoding Cash For Business Excellence" was organized by the Chapter on the evening of 23rd July, 2022. CMA Jaydev Mishra, General Manager, Finance- SKH SMC was the resource person and key speaker. CMA Santanu Kumar Rout, Chairman of the Chapter, CMA Surya Narayan Tripathy, Secretary of the Chapter, CMA Saktidhar Singh, Chairman, PD Committee & Past Chairman of the Chapter attended the programme.

The Chapter organized a meeting with Shri Bijoy Kumar Kar, Chief Commissioner, CGST & Central Excise, Bhubaneswar. CMA Santanu Kumar Rout, Chairman of the Chapter, CMA Saktidhar Singh, Chairman, PD Committee & Past Chairman of the Chapter and CMA Surya Narayan Tripathy, Secretary of the Chapter met Shri Bijoy Kumar Kar, and appraised about the role and scope of CMAs in the nation building process. On behalf of the Chapter, CMA Santanu Kumar Rout, CMA Saktidhar Singh, and CMA Surya Narayan Tripathy felicitated Shri Bijoy Kumar Kar.

NORTHERN INDIA REGIONAL COUNCIL

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA JAIPUR CHAPTER

The Chapter observed International Yoga Day on 21st June 2022. On this occasion various yoga exercises were carried out by the members and staff under the guidance of Yoga Trainer, CMA Ankita Singh, certified by Quality Council of India. Secretary of the Chapter, CMA Dr. Deepak Kumar Khandelwal, Treasurer CMA Purnima Goyal, Immediate past Chairman CMA S.L. Swami, Past Chairman CMA Rakesh Yadav with other members and staff members participated in the yoga exercises.

The Chapter organised a webinar on 9th July 2022 on the Topics "ITC - Seamless Flow, Endless Restrictions" and "Value Addition Through Cost Audit Mechanism". CMA Shailendra Paliwal, Chairman NIRC was chief guest and CMA R.S. Bhati, Regional Council Member, NIRC was the guest of honour. At the beginning of the program, Chairman of the Chapter CMA Sudarshan Nahar welcomed the Chief Guest, Guest of Honour, Key Speakers and all the participants. In the first technical session, the key speaker CMA Anil Sharma, past Chairman NIRC explained in detail the concept of ITC and when to avail or not the same in the light of relevant case law and various sections of the GST Acts and Rules thereunder. In the second technical Session, the key speaker CMA Sankalp Wadhwa, noted Cost and Management Accounting expert explained in detail the "Value Addition through Cost Audit Mechanism". Both the sessions were very interactive. The Program was conducted by CMA Naveen Vaswani. At the conclusion CMA S.L. Swami, immediate past Chairman proposed a vote of thanks to all the guests and participants.

SOUTHERN INDIA REGIONAL COUNCIL

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA VISAKHAPATNAM CHAPTER

The Chapter jointly with the Visakhapatnam Chapter of the Institute of Company Secretaries of India, organized a professional development meet on "Five years of GST" on 2nd July 2022 at the Chapter premises. Important rulings and overview of the Development Enterprises & Services HUB Scheme (Proposed in place of the existing SEZ Scheme) were discussed. The Chief guest was Dr. K.V.Mohan Rao, Additional Assistant Director NACIN, ZC, Visakhapatnam. Other speakers were CA Avinash Patnana Practicing Chartered Accountants, CMA T. Harinarayana Chairman, CMA S. Rama Rao Vice-Chairman, CMA U. Lakshmana Rao Secretary, CMA V. J. Gupta, Treasurer, ICAI Visakhapatnam Chapter, CS J. Vaghira Chairman, and CS P.Manoj Secretary, ICSI Visakhapatnam Chapter.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA BENGALURU CHAPTER

A discussion meeting on "CAASB Exposure Draft of Revised Standards on Cost Auditing (SCAs)" was organized by the Chapter on 22.06.2022 . CMA Manjula B.S., Chairperson, Practitioners' Forum, CMA Satish R Chairman BCCA, CMA Vishwanath Bhat Vice Chairman SIRC, CMA Pranabandhu Dwibedy Treasurer BCCA were the speakers at this programme. At the second meeting on the same topic held on 2nd July 2022, CMA Satish R, Chairman BCCA; CMA Raghavendra B.K., Secretary BCCA; CMA Jayaram A V, Vice Chairman BCCA and CMA Vijayalakshmi K R, Coaching Chairman were the speakers .

A one day seminar was organised at the Chapter premises on the occasion of GST Day 6th Year of Celebration where the discussion was on "GST and its Implication – Overview & Analysis. Chief Guest Shri B.T. Manohar, Chairman, GST Committee, FKCCI, Guest of Honor CMA G.N. Venkataraman, Past President - ICAI; CMA Satish R Chairman BCCA; CMA Raghavendra B.K., Secretary BCCA; CMA Jayaram A V, Vice Chairman BCCA graced the occasion.

On the occasion of International Yoga Day a programme on " Health Management by Astanga Yoga " was conducted at the Chapter premises on 21st June 2022 both online and offline mode.CMA Raghavendra B.K., Secretary BCCA, Chief Guest, CMA P.Raju Iyer - President - ICAI, Guest of Honour, CMA Vijender Sharma, Vice President ICAI, Yoga Teacher, Shri Hanumantha Thilagar, CMA Satish R Chairman BCCA were the key speakers on the occasion.

A crash Course on GST was inaugurated at ASC Degree College, Bengaluru on 08.07.2022. Chief guest Dr.B.V.Murali Krishna - Additional Commissioner of Commercial Taxes, Government of Karnataka, guest of honour CMA Satish R , Chairman BCCA , CMA Ragavendra B.K.Secretary BCCA, CMA Vijayalakshmi K R – Coaching Chairman, CMA Pranabandhu Dwibedy, Treasurer BCCA were among those who attended the programme.

A "CMA COURSE AWARENESS PROGRAMME" was live streamed in Chandana TV all over Karnataka on 28.06.2022. CMA Satish R, Chairman ,BCCA was the speaker.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA MADURAI CHAPTER

The Institute of Cost Accountants of India and ICSI Madurai Chapters jointly organized GST Day Celebration 2022 on 01st July 2022 at the Chapter premises. The programme was inaugurated with Tamil Thai Vazhthu and playing of Motto Songs of Institute of Cost Accountants of India and ICSI. CS. S. Selvaraj, Member, Madurai Chapter of ICSI welcomed the gathering. CS J. Balasubramanian, Chartered Accountants BSL Associates, Madurai delivered the key note address and shared information about the latest amendments in GST key discussion at the 47th GST Council Meeting and the various initiatives taken to create awareness on GST by the Institute. CMA Shri S. Kumararajan, Chairman, Madurai Chapter proposed a vote of thanks.

On the occasion of Pan India Celebrations, the Institute of Cost Accountants of India and ICSI, Madurai Chapters jointly organized a professional development meeting on the theme "Journey towards $5TN Economy Indian Capital Markets @75" on 09th July 2022, at Hotel Tamilnadu, Madurai. The programme was inaugurated with Lighting of lamps, rendering of Tamil Thai Vazhthu and playing of motto songs of Institute of Cost Accountants of India and ICSI. CS S. Selvaraj, Past Chairman of ICSI, Madurai Chapter welcomed the gathering. Around 95 participants including CMA members and students attended the meeting. The first technical session was moderated by Shri B. Badrinarayanan, (Bombay Stock Exchange) Chennai and who spoke on the overview of securities market and Investor Protection Fund. He clarified the various issues raised by the participants. The second technical session was moderated by Shri B. Karthik, CDSL, Chennai who with the aid of power point presentation explained the importance of Demat with a view to encourage and educate the existing as well as potential investors to benefit from the capital markets. The third technical session was handled by Dr. M. Subramanian, Dean, RL Institute Management, Madurai who gave a detailed lecture on ESG Reporting. All the sessions were found to be very interactive and useful to the participants. The Meeting concluded with a vote of thanks by CMA S. Kumararajan, Chairman, Madurai Chapter.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA HYDERABAD CHAPTER

The Chapter organised a programme on the occasion of 'World Environment Day' on 5th June,2022 on Climate Change & Role of CMAs & Compounding of offences under the Companies Act, 2013. Dr. N.V. Ramakrishna Badrinath, Judicial Member, National Company Law Tribunal, Hyderabad Bench was the chief guest while , CMA, CS (Dr.) P.V.S. Jagan Mohan Rao, Former President – SAFA & ICSI and CS Rajavolu Venkata Ramana, Secretary-SIRC of ICSI were the key speakers. Dr. N.V. Ramakrishna Badrinath spoke about Article 21 of the Constitution. CS Rajavolu Venkata Ramana, detailed the

various aspects of compounding of offenses in clear terms and indicated the manner of dealing with them. CMA (Dr.) P.V.S. Jagan Mohan Rao, emphasized on maintaining a clean environment.

CMA (Dr.) P.V.S. Jagan Mohan Rao, Former President SAFA & ICSI, CMA K. Someswara Babu Chairman, HCCA visited R.K. Matt on 5th June, 2022 and obtained the blessings from the Swamijis.

CMA (Dr.) P.V.S. Jagan Mohan Rao, Former president SAFA & ICSI, CMA K. Someswara Babu Chairman, HCCA paid a courtesy visit to Sri Malla Reddy, Minister of Labour and Employment, Telangana on 5th June, 2022.

The Government of India is celebrating Azadi ka Amrit Mahotsav (AKAM) to commemorate the 75 years of India's Independence. On this great occasion, the Ministry of Corporate Affairs (MCA) has also organised various Iconic events under AKAM from 6th to 12th June 2022. This event included a session on administration of investor oath through live streaming from 75 locations across the country. The Chapter also participated in the live event on 07th June, 2022. CMA K. Someswara Babu Chairman of the Chapter and CMA Khaja Jalal Uddin – Treasurer of the Chapter visited the office of Dr. N.V. Ramakrishna Badrinath , Judicial Member, National Company Law Tribunal, Hyderabad Bench on 08th June, 2022 and offered sapling on the occasion of 'World Environment Day'.

CMA K. Someswara Babu Chairman and CMA Khaja Jalal Uddin Treasurer of the Chapter paid a courtesy call on Shri B. Mohanty, Regional Director, Ministry of Corporate Affairs on 08th June, 2022 and offered sapling on the occasion of 'World Environment Day'.

In commemoration of Bharat Ki Azadi ka Amrit Mahotsav (AKAM) to mark 75 years of India's Independence the Chapter organized 'Green India - Tree Plantation Drive' on 9th June 2022. CMA K. Someswara Babu, Chairman, and CMA Khaja Jalal Uddin, Treasurer of the Chapter, Members of the Chapter and Chapter employees took part in the plantation drive and planted saplings at the Chapter premises.

CMA K. Someswara Babu – Chairman, and CMA Khaja

Jalal Uddin, Treasurer of the Chapter, visited the office of Smt. Neetu Kumari Prasad, I.A.S., Commissioner of Commercial Taxes, Government of Telangana on 16th June, 2022 and invited her to be Chief Guest for the upcoming programme.

CMA K. Someswara Babu – Chairman, and CMA Khaja Jalal Uddin, –Treasurer, of the Chapter paid courtesy call to Smt. K. Haritha, Additional Commissioner of State Tax, Panjagutta Division, Hyderabad on 24th June, 2022 and invited her to be the Chief Guest for upcoming programme.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA THRISSUR CHAPTER

The Chapter conducted All Kerala Practising Cost Accountants' Convention 2022 on June 25, 2022 at Thrissur. CMA Praveen Kumar, Chairman of the Chapter welcomed the delegates and dignitaries. CMA Vijender Sharma, Vice President of ICAI inaugurated the convention by lighting the lamp and delivered the Presidential Address. CMA H. Padmanabhan, Central Council Member was the guest of honour. CMA Chittaranjan Chattopadhyay, Central Council Member and CMA Rajesh Sai Iyer, Treasurer, SIRC of ICAI were the special invitees. CMA Balwinder Singh, Central Council Member and CMA B.B.Goyal, Advisor, ICMAI MARF, Former Addl. Chief Advisor, Ministry of Finance, Govt. of India led the technical session in the morning. The programme was attended by practising members from all over Kerala numbering around 120. The morning session concluded with an interactive session with Members and a vote of thanks by CMA Raju.P.T, Chairman, Kottayam Chapter. The afternoon session commenced with a welcome address by CMA Anoop.N.G, Vice Chairman, Thrissur Chapter. CMA R.Viswanath Bhatt, Vice Chairman, SIRC of ICAI and CMA Jyothi Sathish, Member of SIRC of ICAI were the special invitees for this session. Dr. Mathew Jolly IRS, Additional Director General of CGST was the Chief Guest. The technical session was handled by Shri. P.V. Narayanan, Superintendent of Central tax, Kannur Division. The session concluded with an interactive session with Members and a vote of thanks by CMA Jagadish A.D, Secretary of the Chapter.

WESTERN INDIA REGIONAL COUNCIL

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA NAVI MUMBAI CHAPTER

The Ministry of Corporate Affairs (Govt. of India) organized an Investor Oath programme under Azadi ka Amrit Mahotsav at Vigyan Bhawan, New Delhi on 7th June 2022 in Hybrid mode in 75 locations all over India. CMA Vaidyanathan Iyer, Chairman of the Chapter participated in this program and took the Oath. Smt Nirmala Sitharaman, Finance Minister of India, addressed the event.

The Chapter conducted an offline CEP programme on "Internal Audit: Value Enhancer for Business" on 26th June 2022 at KB Patil College Conference Hall Library Building, Navi Mumbai. This was the First Offline CEP in the past 2 years post Covid pandemic and the transition from online to offline was smooth and seamless. The speaker for this event was CMA Prabhakar Mukhopadhyay. CMA Vaidyanathan Iyer Chairman of the Chapter welcomed the audience and Vivek Bhalerao, PD Committee Chairman of the Chapter introduced the speaker and emphasized on the importance of internal audit as a value enhancer. The speaker explained internal audit right from its inception covering what value means for different stakeholders of IA. How to understand stakeholder expectations and deliverables etc. A large number of professionals & students participated in the programme. The lucid presentation interactive workshop came to an end with a vote of thanks proposed by CMA Debasish Mitra CCM and Managing Committee Member of the Chapter.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA PIMPRI CHINCHWAD AKURDI CHAPTER

The Chapter conducted a webinar on 'Demystifying the Cult of Cryptocurrency: A Discourse on Bitcoin' on 25thJune 2022 through Google Digital platform. CMA Sagar Malpure, PD Chairman of PCA Chapter welcomed and introduced the speakers Prof. Samuel Mitra and Prof. Payal Sharma of St. Xavier College (Autonomous), Kolkata. Prof. Samuel Mitra in his address started with the definition of cryptocurrency and then focused on developing research in blockchain technology/cryptocurrency . He highlighted on the literature review, research gaps, Research Objectives, Conceptual Framework, Developing Research Model, Formulating Hypothesis, methodology description, data analysis, interpretation of results, discussions and conclusions, implications and recommendations etc. Prof. Payal Sharma highlighted the roadmap in which she covered topics such as overview of bitcoin, when did bitcoin start etc. The Question-Answer session was lively and interactive. There was overwhelming response from practicing members, members from the industries, professionals and students. The session ended with a vote of thanks.

The Chapter conducted a webinar on 'Mutual Fund' on 2nd July 2022 through Google Digital platform. CMA Pradeep Deshpande, Vice-Chairman of PCA Chapter welcomed and introduced the speaker CMA Dr. Virendra Tatake, Director, Indira Global Business School, Pimpri-Chinchwad, Pune. CMA Dr. Virendra Tatake in his address briefed on why investment is necessary in mutual fund. The Question-Answer session was lively and interactive with overwhelming response from practicing members, members from the industries, professionals and students. The session ended with a vote of thanks.

The Chapter conducted a webinar on 'Environment, Social & Governance (ESG) & BRS Reporting' on 9th July 2022 through Google Digital platform. CMA Dhananjay Kumar Vatsyayan, Chairman of PCA Chapter welcomed and introduced the speaker CS Deepak Jain, Company Secretary & Motivational Speaker, Mumbai. CS Deepak Jain in his speech said that ESG stands for Environment, Social & Governance standards being followed by an organization and also by a country. All the three aspects have special concern for India and the World. The session ended with a vote of thanks.

The inaugural function of the Chapter's 23rd batch of Online Coaching classes was held on 15th July 2022 through Google Digital Platform. CMA Dhananjay Kumar Vatsyayan, Chairman of the Chapter welcomed the audience and CMA Pratap Bhagwani introduced the Chief Guest CMA Dr. Ajay Mahajan, Dy General Manager, Tata Motors Ltd. and CMA Priya Hardikar, Chief Finance Officer (CFO), KPIT. CMA Dhananjay Kumar Vatsyayan in his address focused on the activities of the Chapter. CMA Dr. Ajay Mahajan congratulated the students for choosing CMA option and guided them about their future career. CMA Priya Hardaker said that the Institute has developed globally and advised the students to use the study materials, suggested answers and compendium provided by the Institute. The faculty members of the Chapter also interacted with the students and guided them.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA PUNE CHAPTER

The Chapter organized a Two-Days Fifth GST Day Celebration Conference on "Understanding the litigations in GST" on 2nd & 3rd July 2022 at MTDC Resort, Pune. CMA (Dr.) Sanjay Bhargave, Adv. Shailesh Sheth and Adv. G Y Patwardhan were the speakers at the programme. CMA Shrikant Ippalpalli, Member of ICAI-Pune Chapter welcomed & introduced the speakers to the participants. The programme started with the lighting of lamp by the hands of dignitaries, Adv. Shailesh Sheth, CMA (Dr.) Sanjay Bhargave, Advisor, ICAI-Pune Chapter, CMA Neeraj D. Joshi, CCM, ICAI, CMA Chaitanya Mohrir, RCM, WIRC, CMA Nagesh Bhagane, Secretary, CMA Shrikant Ippalpalli and CMA Rahul Chincholkar Managing Committee member of ICAI-Pune Chapter, CMA Shripad Bedarkar. CMA Nagesh Bhagane, Secretary, ICAI Pune Chapter felicitated the speaker CMA (Dr.) Sanjay Bhargave & CMA Chaitanya Mohrir, RCM, WIRC. CMA Rahul Chincholkar Managing Committee member of ICAI-Pune Chapter felicitated CMA Neeraj D. Joshi, CCM, ICAI. CMA Neeraj D. Joshi, felicitated the speaker Adv. Shailesh Sheth. On this occasion CMA Chaitanya Mohrir, RCM, WIRC felicitated CMA Shripad Bedarkar on his appointment as a President of Western Maharashtra Tax Practitioners Association. CMA Rahul Chincholkar, Managing Committee member of ICAI-Pune Chapter explained the theme of the programme in his opening remarks. CMA Neeraj D. Joshi and CMA Chaitanya Mohrir, congratulated team Pune Chapter for arranging the conference. CMA (Dr.) Sanjay Bhargave, shared his thoughts on this occasion. CMA Nagesh Bhagane, Secretary of the Chapter proposed a vote of thanks for the inaugural session. In the first day session, the speaker Adv. Shailesh Sheth explained the need for understanding the litigations in GST and other important aspects such as summons, Audit, SCN & Adjudication and Appeal etc. On the second day, CMA Prasad Joshi, Chairman, of Chapter at the outset felicitated the speaker Adv G Y Patwardhan.

CMA (Dr.) Sanjay Bhargave and Adv. Shailesh Sheth spoke on Litigation prone areas in manufacturing and construction industry. CMA Rahul Chincholkar, Managing Committee member of ICAI-Pune Chapter proposed vote of thanks.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA AHMEDABAD CHAPTER

The Chapter jointly with Baroda Chapter organized four webinars to mark the Celebration of GST Week during 1st July'2022 to 5th July'2022. The programme was very useful and interactive with the speakers and participants.

The Chapter organized a guidance lecture for foundation students on examinations on 4th July'2022. The lecture was delivered by Secretary and Oral Coaching Committee Chairman CMA Mitesh Prajapati. He explained how to appear in professional examinations.

The Chapter organized various professional and communicative skills enhancement programs in association with GLS University during 18th July'22 to 23rd July'22 for the development of communication skills of students. Eminent faculty from GLS University lectured on various topics of communication. Large number of students participated in the program.

The Chapter participated in "Ahmedabad Chamber of Commerce of Welfare Foundation, GTU Agree Start-up Investment summit" held on 21st July'22 & 22nd July'22 at GTU campus, Chandkheda, Ahmedabad. The purpose of this Agricultural start up exhibition was to support Agriculture based small start- ups or equivalent small businesses to be part of exhibition to support rural economy for Atma Nirbhar Bharat. Chairman of the Chapter, CMA Malhar Dalwadi participated as knowledge partner along with members from CA Branch & CS Chapter of Ahmedabad .

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA SURAT SOUTH GUJARAT CHAPTER

The Managing Committee of the chapter took the initiative to represent the chapter at Ganesh University and various schools and colleges at Navsari. CMA Nanty Shah, Chairman along with CMA Keval Shah, Vice Chairman met Ms. Vaishali Parekh, Principal, SS Agrawal College on 25 June, 2022. The purpose of the visit was to liaison with the said colleges and universities so as to spread awareness about CMA course among the students. The chapter organized Industry Visit at The Surat District Co-operative Milk Producers' Union Ltd. (SUMUL) on 16th July 2022. CMA Nanty Shah, Chairman, CMA K.C. Gupta, Secretary along with around 82 students went to the Sumul Dairy factory and experienced the manufacturing and packaging of the products. CMA Nanty Shah, Chairman, CMA K.C. Gupta, Secretary felicitated Shri Manish M. Bhatt - AGM, Sales & Marketing (SUMUL) and CMA Amar R. Dhawade - Assistant Manager Accounts (SUMUL). The chapter organized a soft skill seminar on Time Management “More Time... More Money” on 17th July 2021 at Ritz Square- Surat Chapter Office. Speaker of the program was CMA Keval Shah, Vice Chairman of the chapter, JCI President and Practicing Cost Accountant. CMA Nanty Shah, Chairman of the chapter felicitated CMA Keval Shah. CMA Keval Shah taught students the role of a time management skill in one’s individual success and the overall success of any organization. It was an interesting and interactive session and students got ample to learn from it. The chapter organized Industry Visit at Balaji Wafers Pvt. Ltd., Chikhli, on 23rd July 2022. CMA Nanty Shah, Chairman, CMA K.C. Gupta, Secretary along with around 52 students went to the Balaji Wafers factory. CMA Nanty Shah, Chairman, CMA K.C. Gupta, Secretary felicitated the Balaji Wafers management and also Shri Bhavin Patel, Asst. Manager, HR & Admin., Balaji Wafers Pvt. Ltd. The authorities from Balaji Wafers addressed the students and also explained them about health benefits and precautions needed for consuming and storing milk and milk products.

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DIRECT & INDIRECT TAX UPDATES - July 2022

DIRECT TAXES

- **Notification No. 77 /2022 Dated 1st July 2022**: In the notification of the Government of India, Ministry of Finance, Department of Revenue (Central Board of Direct Taxes) number 73/2022 dated 30th June, 2022

  (i) at page 3, in line 24, for word "exchange", read "Exchange", (ii) at page 3, in line 32, for word "transferring", read "transfer"; (iii) at page 3, for lines 37 and 38, substitute,

  "(4E) The Exchange referred to in sub-rule (1) shall, at the time of preparing the quarterly statement in Form No. 26QF, furnish particulars of amount paid or credited on which tax was not deducted in accordance"; (iv) at page 4, in line 5, for word "exchange", read "Exchange"; (v) at page 4, in line 13, for word "pain" read "paid"; (vi) at page 4, in line 26, for word "issues" read "issued"; (vii) at page 4, in line 35, for word "produced" read "furnished".

- **Notification No. 78 /2022 Dated 4th July 2022:** In the notification of the Government of India, Ministry of Finance, Department of Revenue, Central Board of Direct Taxes, number S.O. 2692(E), dated 10th June, 2022

  (I) in Serial Number 3, in column number (2), for "Principal Chief Commissioner of Income-tax, Tamil Nadu (Chennai)" read "Principal Chief Commissioner of Income-tax, Tamil Nadu & Puducherry (Chennai)";

  (II) in Serial Number 15, in column number (4) and column number (5), in item (ii), for "(Technical Unit)-2, Kolkata" read "(Technical Unit)-1, Kolkata";

  (III) in Serial Number 15, in column number (4) and column number (5), in item (iii), for "(Technical Unit)-3, Mumbai" read "(Technical Unit)-1, Mumbai";

  (IV) in Serial Number 15, in column number (4) and column number (5), in item (iv), for "(Technical Unit)-4, Chennai" read "(Technical Unit)-1, Chennai";

  (V) In the Hindi version, in Column Number (4), for "the Principal Chief Commissioner of Incometax" read "Principal Commissioner of Income-tax".

- **Notification No. 79 /2022 Dated 6th July 2022:** In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Uttar Pradesh Electricity Regulatory Commission' (PAN AAALU0227H), a commission constituted under the Uttar Pradesh Electricity Reforms Act, 1999 (U.P. Act No.24 of 1999), in respect of the following specified income arising to that Commission:

  (a) Amount received in the form of Government grants; (b) Amount received in the form of licence fees & Fines; and (c) Interest earned on (a) & (b) above

  This notification shall be effective subject to the conditions that Uttar Pradesh Electricity Regulatory Commission,

  (a) shall not engage in any commercial activity; (b) activities and the nature of the specified income shall remain unchanged throughout the financial years; and (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

- **Notification No. 80/2022 Dated 8th July 2022:** In exercise of the powers conferred by sub-clause (iv) of clause (a) of Explanation to clause (viiad) of section 47 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 21AK, the following rule shall be inserted, namely: "21AL. Other Conditions required to be fulfilled by the original fund. - For the purposes of sub-clause (iv) of clause (a) of Explanation to clause (viiad) of section 47 of the Act, the original fund, in a case where a capital asset is transferred to a resultant fund being a Category III Alternative Investment Fund, shall fulfil the condition that the aggregate participation or investment in the original fund, directly or indirectly, by persons resident in India shall not exceed five per cent. of the corpus of such fund at the time of such transfer.

- **Notification No. 81/2022 Dated 8th July 2022:** In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Bihar Electricity Regulatory Commission' (PAN AAALB1099E), a Commission constituted by the State Government of Bihar, in respect of the following specified income arising to that Commission:

  (a) amount received as licence fee from licensees in electricity; (b) amount received as application processing fee; and (c) Interest earned on Government Grants and on (a) & (b) above.

  This notification shall be effective subject to the conditions that Bihar Electricity Regulatory Commission: (a) shall not engage in any commercial activity; (b) activities and the nature of the specified income shall remain unchanged throughout the financial years; and (c) shall file return of income in accordance with the provision of clause

(g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

- **Notification No. 82/2022 Dated 8th July 2022:** In exercise of the powers conferred by section 118 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the following amendments in the Notification of the Government of India, Ministry of Finance No. 60/2014, published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (ii) vide number S.O. 2817(E) dated the 3rd November, 2014.

  In the said Notification,

  (i) in clauses (a) and (b), for the word "Table", the word "Schedule" shall respectively be substituted.

  (ii) for clause (c), the following clause shall be substituted, namely: "(c) the Commissioner of Income-tax as specified in column (4) of the Schedule below shall be subordinate to the Chief Commissioner of Income-tax specified in column (3) of the said Schedule."

  (iii) in the Schedule, in Serial Number 1, under column number (3), the following shall be inserted, namely: "Chief Commissioner of Income-tax (International Taxation), Delhi".

- **Notification No. 83/2022 Dated 12th July 2022:** In exercise of the powers conferred by sub-section (2) of section 158AB read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the following rules further to amend the Income-tax Rules, 1962.

  In the Income-tax Rules, 1962 (hereinafter referred to as the principal rules), in Part IIIA, rule 16 shall be renumbered as rule 15A thereof and after rule 15A as so numbered, the following rule shall be inserted, namely: "16. Application under section 158AB to defer filing of appeal before the Appellate Tribunal or the jurisdictional High Court. The application referred to in sub-section (2) of section 158AB, required to be made before the Appellate Tribunal or the jurisdictional High Court, as the case may be, shall be made in Form No. 8A by the Assessing Officer". In the principal rules, in Appendix-II, (I) in Form No. 8, for the brackets, words and figures [See rule 16], the brackets, words and figures [See rule 15A] shall be substituted;

  (II) after Form No. 8, the Form 8A shall be inserted

- **Notification No. 84/2022 Dated 19th July 2022:** In the notification of the Government of India, Ministry of Finance, Department of Revenue (Central Board of Direct Taxes) number 67/2022 dated 21st June, 2022: (i) at page 16, in line 39, for letter "T", read "U"

- **Notification No. 85/2022 Dated 21st July 2022:** In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, Odisha Electricity Regulatory Commission (PAN: AAALO0073B), a body constituted by the State Government of Odisha, in respect of the following specified income arising to that Commission:

  (a) Amount received as license fee from the licensees

  (b) Amount received as application processing fee; and

  (c) Interest earned on Government Grants and on (a) & (b) above.

  The provisions of this notification shall be effective subject to the conditions that Odisha Electricity Regulatory Commission (a) shall not engage in any commercial activity (b) activities and the nature of the specified income remain unchanged throughout the financial years; and (c) shall file returns of income in accordance with the provision of clause (g) of sub-section (4C) section 139 of the Income-tax Act, 1961.

- **Notification No. 86/2022 Dated 21st July 2022:** 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, CPPIB Credit Investments VI Inc. (PAN: AAGCC5549K), (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 the said investments) subject to the fulfillment of certain conditions.

- **Notification No. 04/2022 Dated 26th July 2022:** Procedure of PAN application & allotment through Simplified Proforma for incorporating Limited Liability Partnerships (LLPs) electronically {Form: FiLLiP} of Ministry of Corporate Affairs. "An applicant may apply for allotment of permanent account number through a common application form notified by the Central Government in the Official Gazette, and the Principal Director General of Income Tax (Systems) or Director General of Income-tax (Systems) shall specify the classes of persons, forms and format along with procedure for safe and secure transmission of such forms and formats in relation to furnishing of Permanent Account Number (PAN).

- **Circular No. 15/2022 dated 19th July 2022**: In exercise of the powers conferred under section 119(2) of the Income-tax Act, 1961 (hereinafter referred to as 'Act'), the Central Board of Direct Taxes (CBDT) by Circular No. 19/2020 dated 3rd November, 2020 has directed that: (i) In all the cases of applications for condonation of delay in filing of Form No. 10BB for years prior to A Y. 2018- 19, the Commissioners of Income-tax are authorized to admit applications for condonation of delay u/s 119(2)(b) of the Act. The Commissioner while entertaining such applications regarding filing Form No. 10BB shall satisfy themselves that the applicant was prevented by reasonable cause from filing such Form within the stipulated time. (ii) where there is delay of upto 365 days in filing Form No. 10BB for Assessment Year 2018-19 or for any subsequent Assessment Years, the Commissioners of Income-tax are authorized to admit such applications of condonation of delay under section 119(2) of the Act and decide on merits.

- **Circular No. 16/2022 dated 19th July 2022:** In exercise of the powers conferred under section 119(2) of the Income-tax Act, 1961 (hereinafter referred to as 'Act'), the Central Board of Direct Taxes (CBDT) by Circular NO.2 /2020 dated 03.01.2020 authorized the Commissioners of Income-tax to admit applications of condonation of delay in filing Form No. 10B for A Y 2018-19 or for any subsequent Assessment Years where there is delay of upto 365 days and decide on merits.
- **Circular No. 17/2022 dated 19th July 2022:** In exercise of the powers conferred under section 11 9(2) of the Income-tax Act, 1961 (hereinafter referred to as 'Act'), the Central Board of Direct Taxes (CBDT) by Circular No . 3/2020 dated 03.01.2020 authorized the Commissioners of Income-tax to admit applications of condonation of delay in filing Form No. 9A and Form No. 10 for A Y 2018- 19 or for any subsequent Assessment Years where there is delay of up to 365 days and decide on merits

INDIRECT TAXES

GST

- **No.09/2022–Central Tax dated 5th July 2022**: In exercise of the powers conferred by clause(b) of sub-section (2) of section 1 of the Finance Act, 2022 (6 of 2022), the Central Government hereby appoints the 5thday of July,2022, as the date on which the provisions of clause (c) of section 110 and section 111of the said Act shall come into force.
- **No.10/2022–Central Tax dated 5th July 2022:** In exercise of the powers conferred by the first proviso to section 44 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Commissioner, on the recommendations of the Council, hereby exempts the registered person whose aggregate turnover in the financial year 2021-22 is up to two crore rupees, from filing annual return for the said financial year.
- **No.11/2022–Central Tax dated 5th July 2022:** In exercise of the powers conferred by section 148 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Government, on the recommendations of the Council, hereby makes the following further amendments in the notification of the Government of India, Ministry of Finance (Department of Revenue), No. 21/2019-Central Tax, dated the 23rdApril, 2019. In the said notification, in the second paragraph, after the fourth proviso, the following proviso shall be inserted, namely: "Provided also that the said persons shall furnish a statement, containing the details of payment of self-assessed tax in FORM GST CMP-08 of the Central Goods and Services Tax Rules, 2017 for the quarter ending 30thJune, 2022 till the 31st day of July, 2022".
- **No.12/2022–Central Tax dated 5th July 2022:** In exercise of the powers conferred by section 128 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, hereby makes the following further amendments in the notification of the Government of India, Ministry of Finance (Department of Revenue), No. 73/2017–Central Tax, dated the 29th December, 2017. In the said notification, in the sixth proviso, for the figures, letters and words 30thday of June, 2022‖, the figures, letters and words "28th day of July, 2022" shall be substituted.
- **No.13/2022–Central Tax dated 5th July 2022:** In exercise of the powers conferred by section 168A of the Central Goods and Services Tax Act, 2017 (12 of 2017) (hereinafter 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 the Union Territory Goods and Services Tax Act, 2017 (14 of 2017) and in partial modification of the notifications of the Government of India in the Ministry of Finance (Department of Revenue), No. 35/2020-Central Tax, dated the 3rd April, 2020: (i) extends the time limit specified under sub-section (10) of section 73 for issuance of order under sub-section (9) of section 73 of the said Act, for recovery of tax not paid or short paid or of input tax credit wrongly availed or utilized, in respect of a tax period for the financial year 2017-18, up to the 30thday of September, 2023 (ii) excludes the period from the 1stday of March, 2020 to the 28thday of February, 2022 for computation of period of limitation under sub-section (10) of section 73 of the said Act for issuance of order under sub-section (9) of section 73 of the said Act, for recovery of erroneous refund (iii) excludes the period from the 1stday of March, 2020 to the 28thday of February, 2022 for computation of period of limitation for filing refund application under section 54 or section 55 of the said Act. This notification shall be deemed to have come into force with effect from the 1stday of March, 2020.

- **No.14/2022–Central Tax dated 5th July 2022:** In exercise of the powers conferred by section 164 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, hereby makes further amendment the Central Goods and Services Tax Rules, 2017.
- **No.15/2022–Central Tax dated 13th July 2022:** In exercise of the powers conferred by sub-section (2) of section 23 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No.10/2019-Central Tax, dated the 7thMarch, 2019. In the said notification, in the Table, against serial number 4, for the entry in column (3), the entry "Fly ash bricks; Fly ash aggregates; Fly ash blocks" shall be substituted. This notification shall come into force on the 18thJuly, 2022.
- **Circular No.170/02/2022-GST dated 6th July 2022**: Mandatory furnishing of correct and proper information of inter-State supplies and amount of ineligible/blocked Input Tax Credit and reversal thereof in return in FORM GSTR-3B and statement in FORM GSTR-1.
- **Circular No.171/02/2022-GST dated 6th July 2022:** Clarification on various issues relating to applicability of demand and penalty provisions under the Central Goods and Services Tax Act, 2017 in respect of transactions involving fake invoices.
- **Circular No.172/02/2022-GST dated 6th July 2022:** Clarification on various issues pertaining to GST from the field formations with respect to

  (a) refund claimed by the recipients of supplies regarded as deemed export;

  (b) interpretation of section 17(5) of the CGST Act

  (c) perquisites provided by employer to the employees as per contractual agreement; and

  (d) utilisation of the amounts available in the electronic credit ledger and the electronic cash ledger for payment of tax and other liabilities.
- **Circular No.173/02/2022-GST dated 6th July 2022:** Clarification on issue of claiming refund under inverted duty structure where the supplier is supplying goods under some concessional notification.
- **Circular No.174/02/2022-GST dated 6th July 2022:** Prescribing manner of re-credit in electronic credit ledger using FORM GST PMT-03A.
- **Circular No.175/02/2022-GST dated 6th July 2022:** Manner of filing refund of unutilized ITC on account of export of electricity.
- **Circular No.176/02/2022-GST dated 6th July 2022:** Withdrawal of Circular No. 106/25/2019-GST dated 29.06.2019.

CUSTOMS

- **Notification No. 38/2022-Customs dated 4th July 2022**: In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) and section 124 of the Finance Act, 2021 (13 of 2021), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 21/2022-Customs, dated the 13thApril, 2022. In the said notification, in paragraph 2, for the figures, letters and word "30thSeptember,2022", the figures, letters and word "31stOctober, 2022" shall be substituted.
- **Notification No. 39/2022-Customs dated 12th July 2022**: In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962)and sub-section (12) of section 3 of the Customs Tariff Act, 1975 (51 of 1975), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendment in the notification of the Government of India, Ministry of Finance (Department of Revenue), No.50/2017-Customs, dated the 30thJune, 2017. In the said notification, in the Table, against S. No. 515A, in Column (2), for the figure "8529", the figure "8524" shall be substituted.
- **Notification No. 40/2022-Customs dated 13th July 2022:** Seeks to amend notification No. 50/2017-Customs for DEC tablet and S. No. 404 Petrol operations.
- **Notification No. 41/2022-Customs dated 13th July 2022:** In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) and sub-section (12) of section 3, of Customs Tariff Act, 1975 (51 of 1975), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 19/2019-Customs, dated the 6thJuly, 2019. In the said notification, in the opening paragraph, for the words "Ministry of Defence or the Defence forces, or the Defence Public Sector Units or other Public Sector Units", the words "Ministry of Defence or the Defence forces, or the Defence Public Sector Units or other Public Sector Units or any other entity" shall be substituted. This notification shall come into force on the 18thday of July, 2022.
- **Notification No. 42/2022-Customs dated 13th July 2022:** In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) and sub-section (12) of section

3, of Customs Tariff Act, 1975 (51 of 1975), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 51/96-Customs, dated the 23rdJuly, 1996. In the said notification, the words, brackets and figures, "and from the whole of integrated tax leviable thereon under sub-section (7) of section 3of the said Customs Tariff Act", shall be omitted. This notification shall come into force on the 18thday of July, 2022.

- **Notification No. 43/2022-Customs dated 20th July 2022:** Seeks to amend notification No. 22/2022-Customs, dated 30.04.2022 to enable TRQ holders to import gold through IIBX under TRQ mechanism of India-UAE CEPA.
- **Notification No. 44/2022-Customs dated 23rd July 2022 :** In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) read with section 124 of the Finance Act, 2021 (13 of 2021), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue),No. 49/2021-Customs, dated the 13th October, 2021. In the said notification, in paragraph 2, for the figures, letters and word "30thSeptember, 2022", the figures, letters and words"31stMarch, 2023. Provided that nothing contained in this notification shall apply to the goods specified against serial numbers1, 2 and 3 of the Table above on or after the 1st day of October, 2022" shall be substituted.
- **Circular No. 10/2022 dated 25th July 2022**: Clarification on Electro-Chemiluminescence Immunoassay kits.
- **Circular No. 11/2022 dated 29th July 2022:** Extension of Customs clearances beyond normal working hours in Inland Container Depot(s). (a) The facility of Customs clearance may be made available on a 24x7 basis, similar to the current Board guidelines for Sea Ports and Air Cargos/ Airports (b) The facility of Customs clearance may be extended on all seven (7) days of the week (including holidays), with stipulated timings (say from 9 :30 AM to 6 :00 PM) c) The facility of Customs clearance may be extended beyond normal working hours for specified days in a week and with specified timings. The decision to designate an ICD in any manner under para 3(a), 3 (b) or 3(c) above, based on location requirement and resources availability, could be for specified imports viz. goods covered by 'facilitated' Bills of Entry only, or specified exports viz.reefer containers with perishable/ temperature sensitive export goods sealed in the presence of Customs officials only or goods exported under free Shipping Bills only, or for all the three categories mentioned.

CENTRAL EXCISE

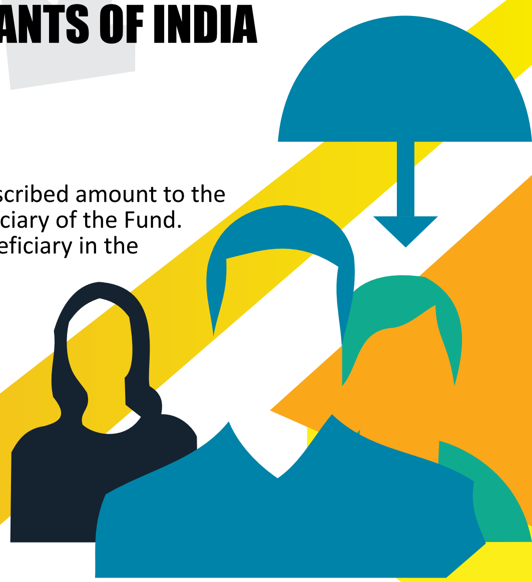
- **Notification No.12/2022-Central Excise dated 4th July 2022:** Seeks to amend notification No. 11/2017-C.Ex to give exemption to Ethanol Blended Petrol.
- **Notification No.13/2022-Central Excise dated 12th July 2022:** Seeks to amend Notification No. 28/2002-Central excise to exempt E12 and E15 blended fuel from Special additional excise duty.
- **Notification No.14/2022-Central Excise dated 12th July 2022:** Seeks to exempt E12 and E15 blended fuel from Road and Infrastructure Cess (RIC).
- **Notification No.15/2022-Central Excise dated 12th July 2022:** Seeks to amend Notification No. 03/2021-Central excise to exempt E12 and E15 blended fuel from Agriculture Infrastructure Development Cess (AIDC).
- **Notification No.16/2022-Central Excise dated 15th July 2022:** Seeks to amend notification No. 11/2017 so as to extend the concessional rate of ATF on certain RCS routes.
- **Notification No.17/2022-Central Excise dated 19th July 2022:** Seeks to amend No. 04/2022-Central Excise, dated the 30th June, 2022, to reduce the Special Additional Excise Duty on exports of Petrol and Diesel.
- **Notification No.18/2022-Central Excise dated 19th July 2022:** Seeks to reduce the Special Additional Excise Duty on production of Petroleum Crude and export of Aviation Turbine Fuel.
- **Notification No.19/2022-Central Excise dated 19th July 2022:** Seeks to exempt the excisable goods, namely Petrol, Diesel and Aviation Turbine Fuel from Special Additional Excise Duty and Road and Infrastructure Cess when exported from units located in the Special Economic Zones (SEZ).
- **Notification No.20/2022-Central Excise dated 19th July 2022:** Seeks to amend No. 10/2022-Central Excise, dated the 30th June, 2022, to reduce the Road and Infrastructure Cess on export of Petrol.
- **Circular No. 1084/05/2022-CX dated 7th July 2022:** Excitability of waste/ residue arising during the process of manufacture-Withdrawal of Circular No. 1027/15/2016-CX dated 25.04.2016.

Sources: *incomtax.gov.in, cbic.in*

Benevolent Fund

FOR THE MEMBERS OF THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

CMA Bhawan, 12 Sudder Street, Kolkata - 700016



OBJECTIVE

The Fund has been created to provide outright grant of prescribed amount to the member in the event of critical illness of a member / beneficiary of the Fund. It is also for outright grant of prescribed amount to the beneficiary in the event of death of a member of the Fund.

LIFE MEMBERSHIP FEE

Onetime payment of ₹7500/-

BENEFITS

- ***Income Tax Benefit under section 80G***
- ***Outright grant not exceeding ₹3,00,000.00/- in each case to the beneficiary in the event of death of the member.***
- ***Outright grant not exceeding ₹1,50,000.00/- in each case to the member and beneficiary for critical illness duly certified by the doctor under whom the treatment is continuing.***

Coverage of Critical Illness, leading to hospitalization, may cover the following -

- Cancer / Malignancy
- Coronary Artery Bypass Graft Surgery
- Stroke / Cerebral Attack / Paralysis
- Heart Valve Replacement Surgery
- Myocardial Infarction (heart attack) / Heart Failure / Pace Maker Surgery / Kidney Dialysis(CKD)/ Renal Failure
- Major Organ Transplant
- Hemophilia
- 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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