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FUTURE OF BANKING IN INDIA

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THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Statutory body under an Act of Parliament

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Azadi Ka Amrit Mahotsav

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

MISSION STATEMENT

"The CMA Professionals would ethically drive enterprises globally by creating value to stakeholders in the socio-economic context through competencies drawn from the integration of strategy, management and accounting."

VISION STATEMENT

"The Institute of Cost Accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally."

IDEALS THE INSTITUTE STANDS FOR

- *to develop the Cost and Management Accountancy profession*
- *to develop the body of members and properly equip them for functions*
- *to ensure sound professional ethics*
- *to keep abreast of new developments*

Behind every successful business decision, there is always a **CMA**

Headquarters
CMA Bhawan, 12 Sudder Street
Kolkata - 700016

Institute Motto

असतोमा सद्गमय
तमसोमा ज्योतिर् गमय
मृत्योर्मामृतं गमय
ॐ शान्ति शान्ति शान्तिः

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

Delhi Office
CMA Bhawan, 3 Institutional Area
Lodhi Road, New Delhi - 110003

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COVER STORY
JANUARY 2022

JANUARY VOL 57 NO.01 ₹100

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

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

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EDITORIAL

For the Indian banking industry, the year 2021 was eventful. COVID continued to be a prevailing theme as banks, especially small and mid-sized ones, faced asset quality concerns and growth challenges as a devastating second wave battered the country. This was also the year when banks shifted from risky corporate loans to safer retail loans. Banks also tried to cut exposure to unsecured loans.

The second wave hit livelihoods as well as the ability of small-income borrowers to repay loans. With an aim to support borrowers who were reeling under the monetary impact of the second wave of the Coronavirus pandemic in India, Reserve Bank of India (RBI) allowed banks in India to offer a second loan moratorium. Borrowers, i.e., individuals and small businesses and MSMEs having aggregate exposure of up to Rs 25 crores and who have not availed of restructuring under any of the earlier restructuring frameworks including under the Resolution Framework 1.0 and who were classified as 'standard' as on March 31, 2021, shall be eligible to be considered under Resolution Framework 2.0.

While the banking sector has been adapting to digital disruption for several years, COVID-19 has accelerated this transformation, opening up access and opportunity to millions of unbanked and under-banked consumers. Leveraging technology to its fullest potential will not only stimulate growth but will enable Indian Banks to emerge as global leaders that will be among the strongest, resilient and most dynamic in the world. At this outset, in November, 2021, RBI announced the launch of its first global hackathon 'HARBINGER 2021 – Innovation for Transformation' with the theme 'Smarter Digital Payments'. In July 2021, Google Pay for Business enabled small merchants to access credit through tie-up with the digital lending platform for MSMEs—Flexi-Loans. In November 2021, RBI launched the 'RBI Retail Direct Scheme' for retail investors to increase retail participation in government securities.

The RBI introduced new auto debit rules with a mandatory additional factor of authentication (AFA), effective from October 01, 2021, to improve the safety and security of card transactions, as part of its risk mitigation measures. In September 2021, Central Banks of India and Singapore announced to link their digital payment systems by July 2022 to initiate instant and low-cost fund transfers. In August 2021, e-RUPI, a person and purpose-specific digital payment solution was launched. To improve infrastructure in villages, 204,000 point of sale (PoS) terminals have been sanctioned from the Financial Inclusion Fund by National Bank for Agriculture & Rural Development (NABARD).

It's true that 2021 generated significant digital innovation in banks and a new approach to their customer experience strategies – but 2022 has the potential to truly harness the power of this innovation and allow banks to lead from the front. In the light of multi-pronged strategic steps initiated by the RBI & Government CMAs can facilitate banks to undertake cost-benefit analysis of their activities, products, operations, people, processes, infrastructure, etc. to determine the areas which are more profitable and areas which are less profitable or unprofitable. CMAs can play a very effective role by sitting in the leading position on the Board of various Banks and Financial Institutions, including as a member of their Audit Committees to oversee the effectiveness of the lending process and internal control framework.

As the pain inflicted by the second wave was diminishing, the emergence of the more transmissible Omicron variant set off fresh worries. The RBI has already warned about the possible risks the latest strain poses and its likely impact on the economic recovery. Coronavirus, by all accounts, will again be the decisive factor, along with the asset quality, for the banking industry for the year 2022. Innovation within the banking industry remains strong, as banks continue to evolve and adapt to changing customer demographics and preferences. As 2022 approaches, the key question for banks is about its relevance to customers – and how well equipped they are to meet changing customer needs and preferences.

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

Our next month's theme is *"Azadi Ka Amrit Mahotsav: Promoting a spirit of Pride and Aatmanirbharta"*. Looking forward to your valuable contribution for this special issue.

Hope that the New Year brings us lots of new and exciting opportunities in our lives and also for professionals like us. Happy New Year!

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Statutory Body under an Act of Parliament

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Members, Students, Employees & Well Wishers of the Institute
Wishing you a Healthy, Prosperous &

JANUARY

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Only Central Govt. Gazetted Holidays*

JANUARY
26 Republic Day

MARCH
01 Maha Shivratri
18 Holi

APRIL
14 Mahavir Jayanti
15 Good Friday

MAY
03 Id-ul-Fitr
16 Buddha Purnima

JULY
10 Id-ul-Zuha (Bakrid)

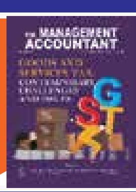
AUGUST
09 Muharram
15 Independence Day
19 Janmashtami

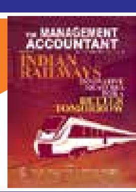
OCTOBER
02 Mahatma Gandhi's Birthday
05 Dussehra
09 Milad-un-Nabi or Id-e-Milad (Birthday of Prophet Mohammad)
24 Diwali (Deepavali)

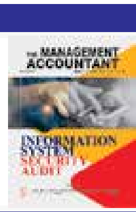
NOVEMBER
08 Guru Nanak's Birthday

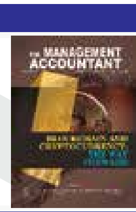
DECEMBER
25 Christmas Day

**https://dopt.gov.in/sites/default/files/holiday%20list%202022..pdf*









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Motto
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Vision "The Institute of Cost Accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally."

Behind every successful business decision, there is always a CMA

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
February 2022	Theme	"Azadi Ka Amrit Mahotsav": Promoting a spirit of Pride and Aatmanirbharta	Subtopics	⦿ Aatmanirbharta: Providing impetus towards achieving Independence 2.0 ⦿ Showcasing India as a Rising Economic Force: Achievements so far in terms of Education, Health and Technology ⦿ Role of Good Corporate Governance in achieving Atmanirbhar Bharat ⦿ 'Swachhata Se Sampannata': 7 years of iconic Swachh Bharat Mission ⦿ Attaining Self-reliance in Agriculture ⦿ MSMEs as the driver for Aatmanirbhar Bharat ⦿ Export Promotion-Import Substitution: Reducing Dependence ⦿ National Single Window System and Industrial Park Rating System: a Decision Support System for Investors and Policy Makers ⦿ Decriminalisation of various offences under Companies Act & LLP Act: A major initiative by GoI towards Ease of Doing Business & a step towards making India Self-Reliant" ⦿ 'Shatabdi Sankalp': India in the next 25 years ⦿ Role of CMAs to shape a more glorified future
March 2022	Theme	Environmental, Social & Governance (ESG)	Subtopics	⦿ Introduction to ESG ⦿ The ESG Market ⦿ Environmental, Social & Governance Factors ⦿ ESG Risks and Opportunities-Key Considerations for Companies & Investors ⦿ ESG Reporting, Transparency, and Valuation ⦿ ESG Competitive advantages, Trends and Initiatives ⦿ ESG Integrated Portfolio Construction and Investment Strategies ⦿ Global ESG Regulatory Reform and Development ⦿ COP26 Goal
April 2022	Theme	Evidence-based Management (EBM)	Subtopics	⦿ Evidence-based Decision Making ⦿ Evidence-based Human Resource Management ⦿ Evidence-based Policy Making ⦿ Evidence -based Health Care ⦿ Evidence synthesis and Systematic review ⦿ Critical thinking on EBM ⦿ Creativity and Culture
May 2022	Theme	'Social Entrepreneurship': Catalyst for inclusive business growth	Subtopics	⦿ Social Entrepreneurship in India: Opportunities and Challenges ⦿ Frugal Innovation and Social Entrepreneurship ⦿ Re-inventing social entrepreneurship in the COVID era ⦿ Socialpreneur vs. Entrepreneur ⦿ Agritech and Social Entrepreneurship ⦿ Fintech: Driving force for Social good ⦿ Addressing present-day inequities and gaps: Why India needs Social Entrepreneurs? ⦿ Future of Entrepreneurship in Industry 4.0

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

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

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PRESIDENT'S COMMUNIQUÉ

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

"Knowledge can only be got in one way, the way of experience; there is no other way to know."

- Swami Vivekananda

My Dear Professional Colleagues,

On behalf of the Council of the Institute and my own behalf, I wish each one of you a very happy, healthy and prosperous new year. Every New Year feels like one another new stepping stone to the growth and development which is all about using the wisdom we have gathered to change our attitudes and performance aiming to achieve our goals. The beginning of a new year is a time to reflect on the year that went by, and plan for the upcoming one with new goals and a renewed enthusiasm.

Let us all resolve to create a healthier and peaceful environment so that we can live without any fear of Covid-19 and all its variants. Two years of living with Covid-19 has severely impacted life, business, and economy around the globe. Now, Indian economy is showing strong signs of recovery in majority of economic indicators as compared to the pre-Covid levels which suggests that the economic growth is now gathering momentum. Further, we have successfully administered over 145 crore Covid-19 vaccine doses so far. The Institute has always supported and shall continue to support various initiatives taken by the Government for the economic recovery of our country.

I would like to thank all my council colleagues for their all-time support for the cause of the profession and I am also grateful to the Past Presidents of the Institute, who have always made themselves available whenever we sought their guidance, suggestions and advice on the way forward.

Meetings with dignitaries

I had an opportunity to meet Shri Arjun Ram Meghwal, Hon'ble Union Minister of State for Culture and Parliamentary Affairs on 27th December, 2021 for a courtesy meeting and to extend an invitation of the Hon'ble MoS for the Skill Development Program to be organized by the Institute in the month of January 2022.

I along with CMA (Dr.) K Ch A V S N Murthy, Council Member of the Institute, CMA K Rajagopal, Chairman of SIRC, CMA S. Ramesh, Former Chairman of SIRC and CMA B.R. Prabhakar, Former Chairman of SIRC of the Institute had a meeting with Shri C.B. Ananthakrishnan, Director (Finance) & CFO of Hindustan Aeronautics Limited on 17th December, 2021.

I along with CMA Vijender Sharma, Vice President and CMA (Dr.) K Ch A V S N Murthy, Council Member of the Institute extended greetings to Shri Parmod Kumar Arora, Member (Actuary), Insurance Regulatory and Development Authority of India on 16th December, 2021.

On 30th November, 2021, I along with CMA Biswarup Basu, Immediate Past President of the Institute had a meeting with Shri Rajesh Verma, IAS, Secretary to the Government of India, Ministry of Corporate Affairs to discuss the matters related to profession and ongoing activities of the Institute. I also had a meeting with Shri Manoj Pandey, Joint Secretary to the Government of India, Ministry of Corporate Affairs on 29th November 2021. CMA Biswarup Basu, Immediate Past President, CMA (Dr.) Balwinder Singh, Past President, CMA (Dr.) K Ch A V S N Murthy, Council Member of the Institute were also present in the meeting.

I along with CMA Vijender Sharma, Vice President, CMA Biswarup Basu, Immediate Past President, CMA (Dr.) Balwinder Singh, Past President, CMA (Dr.) K Ch A V S N Murthy, Council Member of the Institute extended greetings to Ms. Mithlesh, Advisor (Cost) to the Government of India, Cost Audit Branch, Ministry of Corporate Affairs on 29th November 2021.

Representation on PLI Schemes

I wish to inform that the Institute has submitted a representation to the Government of India pointing out various anomalies prevailing in different PLI schemes notified so far, with a request to make appropriate amendments in the Production Linked Incentive (PLI) Scheme/Guidelines already notified by the respective Ministry/ Department in respect of the specified industries/ products.

On request of the Institute, the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry called a meeting on 21st December 2021 through video-conferencing under the chairpersonship of Ms. Sumita Dawra, Additional Secretary, DPIIT, requesting the Institute to deliver a presentation to PLI Ministries/ Departments on its representation on PLI Schemes.

This virtual meeting was attended by me along with CMA Vijender Sharma, Vice President, CMA Chandra Wadhwa, Past President and CMA B. B. Goyal, Former Addl. Chief Adviser (Cost), Ministry of Finance to deliberate and explain the case more lucidly though a presentation to various PLI Ministries/Departments.

Representation for inclusion of Firms of Cost Accountants for appointment as Internal Auditors in all Educational Institutions

On 29th December, 2021, the Institute made a representation before Dr. Subhas Sarkar, Hon'ble Union Minister of State, Ministry of Education, with a request to issue necessary directions to all education institutions under the Education Ministry to include Firms of Cost Accountants for appointment as Internal Auditors and do not insist on their empanelment with the C&AG.

Pre-Budget Meeting for Union Budget 2022-23

The Institute was invited by the Ministry of Finance to make a presentation on the Pre-Budget Memorandum submitted by the Institute to the Government. I along with CMA Mritunjay Acharyya attended the Pre-Budget Meeting for Union Budget 2022-23 on 7th December 2021 to present our submission which was well received by the Ministry of Finance.

MoU with Scottish Church College, Kolkata

The Institute signed MoU with Scottish Church College, Kolkata on 3rd December, 2021 for organizing the GST Course for College & University Students by the Tax Research Department of the Institute. The MoU was signed by me and Dr. Madhumanjari Mandal, Principal, Scottish Church College in the presence of CMA Chittaranjan Chattopadhyay, Council Member of the Institute during the MOU signing ceremony organized at Scottish Church College, Kolkata.

MOU with Indian Accounting Association

The Institute signed MoU with Indian Accounting Association (IAA) on 18th December during the Conference organized by Osmania University. IAA is an interface between academicians, professional and practitioners from various universities, business, industry and government to promote education and research in the field of accounting. Through this MoU, we have identified the common areas to mutually collaborate with each other to stimulate and facilitate the development of collaborative and mutually beneficial programs.

MoU with Manonmaniam Sundaranar University [State University], Tamil Nadu

On 11th December 2021, I along with my Council Colleague CMA H Padmanabhan signed MoU with Manonmaniam Sundaranar University, Tirunelveli, Tamil Nādu. MoU was signed by Dr. Maruthakutti, Registrar [i/c] in the august presence of Dr. K Pitchumani, Vice Chancellor, and Dr. B. Revathy, Dean of Arts - Professor & Head, Department of Commerce. The meeting was coordinated by CMA Rakesh Shankar Ravisankar & CMA Nellai R Kumar. The MoU aims at reaching the rural students with our CMA Courses, Skill Based Certificate/ Diploma Courses and industry academia support to the MSME's at the Semi-urban and Rural areas.

MoU with Srimad Andavan Arts and Science College, Tiruchirappalli, Tamil Nādu

I am pleased to inform that the Institute signed a MoU with Srimad Andavan Arts and Science College, Tiruchirappalli, Tamil Nādu on 25th December 2021. The MoU aims at undertaking developmental activities relating to the profession, running CMA courses, and imparting skill development of the rural students with the concept of Satellite Colleges. The college will facilitate academic - industry research in the thrust areas of our profession with focus on benefiting the rural students. The Event was coordinated by Dr. M. Pitchaimani, Principal, Dr. Usharani, Head of the Department of Commerce, Smt. Sowmiya, Assistant Professor & CMA Rakesh Shankar Ravisankar. The function was graced with the presence of CMA (Dr.) K Ch A V S N Murthy Council Member, CMA K Rajagopal, Chairman-SIRC, CMA Vijay Kiran Agastya, Secretary- SIRC, CMA Manoharan P, Chairman and CMA Shanmugasundaram N, Vice Chairman, Tiruchirappalli Chapter of Cost Accountants.

On 25th December 2021, I also had the privilege of visiting the 11th Pontiff of Srimad Andavan Ashramam, Tiruchirappalli - His Holiness Srimad Andavan Srivaraha Mahadesikan during the early hours of morning on the occasion of Dhanur Month festival celebrations. CA Ammangi V Balaji, Secretary & Correspondent of Andavan College accompanied our team - CMA (Dr.) K Ch A V S N Murthy, Council Member, CMA K Rajagopal, Chairman - SIRC, CMA Vijay Kiran Agastya, Secretary, SIRC and

CMA Rakesh Shankar Ravisankar. Andavan Swamigal blessed us with special shawl, prasadam and wished us for successful endeavour ahead.

CAPA EGM and Members Meeting

I wish to inform that I along with CMA Vijender Sharma, Vice President and CMA (Dr.) Balwinder Singh, Past President & Council Member of the Institute attended the CAPA Members Meeting and EGM in virtual mode on 6th December 2021 wherein the initiatives taken by CAPA during 2021 were discussed.

SAFA Accounting Standards Forum

CA Sri Lanka hosted the SAFA Accounting Standards Forum 2021 on "Challenges in Financial Reporting and the Way Forward" on 8th December, 2021 through virtual mode. The forum comprised 12 Technical sessions covering contemporary issues on Financial Reporting, Costs Management Accounting and Sustainability Reporting. I was invited to address the participants for the Technical session on "Cost Accounting Perspectives - Value Addition". Technical presenters from each SAFA member bodies addressed at the forum which was attended by the participants from all SAFA member bodies.

Press Meet by SIRC

SIRC of the Institute organized a Press Meet on 9th December, 2021 at Press Club, Govt. Estate, Chennai. I along with CMA H. Padmanabhan, Council Member of the Institute and CMA Rajesh Sai Iyer, Treasurer, SIRC of the Institute addressed the representatives from the Press and Media on Institute activities, way forward, and briefed them about 'CMA' and 'CAT' Course offered by the Institute, which also offers an opportunity to the students to go for higher studies, become entrepreneur, and settle in their life with good career.

Press Meet by Hyderabad Chapter

I along with CMA Vijender Sharma, Vice President and CMA (Dr.) K Ch A V S N Murthy, Council Member of the Institute addressed the press and media during the Press Meet organized by Hyderabad Chapter of the Institute on 16th December, 2021. We also had an opportunity to interact with the members of the Institute during the Members Meet.

Members Meet & Practitioner Meet by Lucknow Chapter

I am pleased to inform you that CMA Vijender Sharma, Vice President of the Institute attended the Members Meet, Practitioner Meet & Family get-together organized by Lucknow Chapter on 25th December, 2021 at CMA Bhawan, Lucknow.

Annual Seminar by Asansol Chapter

I am happy to inform that I was invited to address the members and students at the Annual Seminar organized by the Asansol Chapter of the Institute on the theme "Atmanirbhar Bharat-CMAs as Facilitators" at Asansol on 19th December, 2021. The Seminar was attended by Shri Prem Sagar Mishra, CMD, Eastern Coalfields Limited (ECL), CMA Biswarup Basu, Immediate Past President, CMA Chittaranjan Chattopadhyay, Chairman, BFSI Board & Indirect Taxation Committee, Shri P. Manoj, General Manager, SIDBI and CMA AD Wadhwa, Sr. Manager (Finance), Coal India Limited. I congratulate CMA Jaydip Ghosal, Chairman, Asansol Chapter and other members of the managing committee of Asansol Chapter for successful conduct of the event.

All India Accounting Conference at Osmania University

Osmania University organized a two days 43rd All India Accounting Conference and International Seminar on Accounting Education & Research through its Department of Commerce in association with Indian Accounting Association, Hyderabad Branch on 18th & 19th December, 2021. The Conference was inaugurated by Prof. R. Limbadri, Chairman, TSCHE, Govt. of Telangana as the Chief Guest. I was invited to address at the inaugural session among other eminent personalities on 18th December. During the Conference, I also participated in a Panel Discussion organized by Osmania University in association with ACCA, UK.

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

BFSI Board and BFSI department, under the Chairmanship and dynamic leadership of CMA Chittaranjan Chattopadhyay continued to plan and execute numerous activities during the month of December 2021, a summary and brief note of which are as follow:

a. **Certificate Course on General Insurance in association with National Insurance Academy**: The 2nd batch admission has started for members and students who should avail the opportunity of enrolling in the course for skill development and capacity building in the Insurance Sector.

b. **Investment Management Course in association with NISM:** BFSIB and NISM conducted the inaugural session for the Batch No. 2 of Level-IV of the Investment Management course organized by BFSIB and NISM on 15th December, 2021. The programme was graced by Dr. C K G Nair, Director, NISM respectively along with CMA Chittaranjan Chattopadhyay, Chairman, BFSI Board. The programme was compered by CMA Dr. Latha Chari, Associate Professor, NISM.

c. **Banking Courses:** BFSIB has concluded the 4th batch of Certificate Course on Credit Management of Banks on 5th December 2021.The admission process for the 6th Batch of Certificate Course on Concurrent Audit of Banks and Certificate Course on Credit Management of Banks respectively is going on along with the 5th batch of Certificate Course on Treasury and International Banking respectively. Like all other courses of the Institute, I am sure members and students who take up the three certificate courses on Banking will greatly benefit towards their skill development and knowledge enhancement.

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

e. **BFSI Chronicle 8th Volume:** The BFSIB has published the 8th Volume of the BFSI Chronicle in the month of December, 2021. It is available in the BFSIB portal of Institute's website which includes articles of relevance in the BFSI sector along with other features. Members and students can take the benefit for knowledge dissemination.

f. **Meeting with dignitaries:**

- CMA Chittaranjan Chattopadhyay, Chairman, BFSIB met with Dr. G.R.Chintala, Chairman, NABARD along with CMA (Dr.) Balwinder Singh, Past President & Chairman, CASB and T&EF Committee and CMA (Dr.) Sreehari Chava, Convenor, Task Force on Agri Cost Management on 13th December, 2021 and presented the Agri Cost Clinic publication. The meeting had various action points to be undertaken by the Institute in association with NABARD.
- CMA Chittaranjan Chattopadhyay, Chairman, BFSIB met Shri S.K. Mohanty, Whole Time Member, SEBI along with CMA (Dr.) Ashish P. Thatte, Chairman, Corporate Laws Committee, CMA (Dr.) Balwinder Singh, Past President & Chairman, CASB and T&EF Committee, in SEBI HQ, Mumbai on 13th December, 2021 and discussed various issued pertaining to the profession.
- CMA Chittaranjan Chattopadhyay, Chairman, BFSIB also met CMA Manoj Batra, DGM, IDBI Bank and other officials of IDBI on 14th December, 2021 to discuss various issues pertaining to opportunities for CMAs.
- On 14th December 2021, CMA Chittaranjan Chattopadhyay, Chairman, BFSIB also met with Union Bank of India Officials to represent Institute for providing equal opportunities in GST audit.
- CMA Chittaranjan Chattopadhyay, Chairman, BFSIB along with CMA (Dr.) D. P. Nandy, Sr. Director, Studies & Advanced Studies along with CMA Debasish Mitra, Chairman, Board of Advanced Studies met Dr. CKG Nair, Director, NISM alongwith other Officials of NISM on 15th December, 2021. They discussed various aspects of NISM ICAI joint programmes through workshops and seminars.
- On 17th December, 2021, CMA Chittaranjan Chattopadhyay, Chairman, BFSIB along with CMA Neeraj Joshi, Chairman, Management Accounting Committee and CMA (Dr.) D.P.Nandy, Sr. Director (Studies and Advanced Studies) met Dr. Partha Ray, Director and Member Secretary, NIBM, Dr. Kaushik Mukherjee, Associate Professor, NIBM and Dr. Arindam Bandyopadhyay, Associate Professor (Finance).
- They discussed a joint MoU to start faculty exchange programme and study on cost optimization project. The delegation also had a meeting with Dr. G. Doss, Faculty, NIA and other senior faculties to discuss various courses for CMAs.
- On 17th December, 2021, CMA Chittaranjan Chattopadhyay, Chairman, BFSIB along with CMA Neeraj Joshi, Chairman, Management Accounting Committee and CMA (Dr.) D.P.Nandy, Sr. Director (Studies and Advanced Studies) also met CMA Dr. Manisha Ketkar, Director, Symbiosis School of Banking and Finance and their other senior faculties to discuss various courses for CMAs, faculty exchange programmes and other linkages and interfaces with both the Institutes.

f. **Pension Month in the month of January, 2022**: BFSIB would be celebrating the January, 2022 as the pension month and all regional council and chapters are encouraged to organize various programmes across the country in the pension month by seminars, webinars and other educative activities for spreading the awareness of pension planning through NPS and Atal Pension Yojana.

BFSI Board in association with PFRDA would be organizing a full day programme at India Habitat Centre on 28th January, 2022 on the topic of" Creating Pension Society in India-Importance and Challenges. Shri Supratim

Bandhyopadhyay, Chairman, PFRDA would be gracing the occasion along with a Chief Guest who would be a Central Minister.

BOARD OF ADVANCED STUDIES & RESEARCH

I am delighted to inform that the Board of Advanced Studies & Research has started the 2nd Batch of 'Diploma in Information Systems Security Audit' and 5th Batch of 'Data Analytics for Finance Professionals' Course from December 2021 successfully with more than 80 participants in both the Courses.

I am very much thankful to CMA Debasish Mitra, Chairman, Board of Advanced Studies & Research for taking great initiative to launch new age courses for the capacity building of the members and students.

DIRECTORATE OF CAT

⊙ WEBINT

I am pleased to share that weekly WEBINT series on IND AS will commence from Sunday, 2nd January, 2022 and will be running each Sunday thereafter in the month of January. CMA (Dr.) Gopal Krishna Raju will be the resource person of this series. I urge your active participation in such an important topic.

Further, I wish to inform you that the Committee for Accounting Technicians jointly with the International Affairs Committee, Public Relations Committee and AAT Board will organize series of WEBINTs on 24 Cost Accounting Standards issued by the Institute on each Saturday from 1st January, 2022.

I thank my Council colleague CMA H Padmanabhan, Chairman-CAT, International Affairs, Public Relations and AAT Board for helping members and students in getting continuous education through the WEBINTs.

⊙ Agreement with ASAP, Kerala

I am pleased to share with you that an agreement has been signed with the Additional Skill Acquisition Programme (ASAP), an undertaking of Kerala Government that focuses on improving the employability of the youth of Kerala. I hope this association would be fruitful and help the youth of Kerala in their wholesome development through CAT course.

⊙ Implementation of CAT Course in other States and Universities:

The delegation of Committee for Accounting Technicians (CAT) is continuously endeavouring to make inroads in different states with the implementation of CAT course under the Skill development Universities or the aegis of renowned Universities/Institutions. I hope to inform you in my coming communiques about some material developments in this regard.

I am pleased to see the efforts the Members of the Committee for Accounting Technicians are making, especially of Chairman-CAT who is leading from the front to popularize CAT course as a skill oriented course.

• New ROCCs

I welcome on board two new ROCCs into the CAT family, one each in Northern and Western regions of India. The New ROCCs will be useful for the CAT aspirants of Western Uttar Pradesh and Northern/Central Maharashtra.

INTERNAL AUDITING AND ASSURANCE STANDARDS BOARD

I am pleased to inform that the Internal Auditing and Assurance Standards Board of the Institute has finalized the Guidance Note on Risk Based Internal Audit of Banks for its official release and several other industry specific Guidance Notes on Internal Audit are also under process. Certificate / Diploma Course in Internal Audit will also be launched in the month of January, 2022. The Board has also decided to organize webinars on topics of professional relevance related to the Internal Audit function for the capacity building of members.

MEMBERSHIP DEPARTMENT

The month of December 2021, witnessed enrolment of 115 new members as Associate members and advancement of 46 Associate members to Fellowship. I take this opportunity in the New Year to congratulate and hearty welcome to all such members.

To enjoy all the benefits of membership, I call upon all already final passed students having minimum 3 years of relevant working experience to apply for Associate membership at the earliest. Application for membership are available both by online and physical copy mode. For ready reference the link for online application of membership is as follows: https://eicmai.in/external/ChooseApplicationType.aspx

I would like to softly remind the respected members in practice that their current Certificate of Practice (CoP) is valid till 31st March, 2022. To avoid last minute rush, CoP holders can renew their CoP well in advance, for which a separate advisory will be hoisted soon suitably in the Institute's website.

MEMBERS IN INDUSTRY & PLACEMENT COMMITTEE

I am extremely happy that the Members in Industry & Placement Committee in association with the Board of Advanced Studies & Research of the Institute took the theme 'Business Resilience in the post Covid World' for their CFO Leadership Summit 2.0 held on Monday 20th December 2021 at The Bengal Club, Kolkata.

The Chief Guest Dr. Amit Mitra who is the Principal Chief Advisor to the Hon'ble Chief Minister of West Bengal expressed his delight on the presence of all the industry luminaries and lauded the great work being undertaken by the Institute towards increasing cost efficiency within enterprises. He also emphasized that the forensic audit may be more effectively used in today's new normal business environment. In the presence of the Chief Guest, I launched the CMA-CFO Forum (https://eicmai.in/CMACFO/APPLICATION.aspx) which will be an online platform for exchange of thoughts and ideas of the CFOs.

I attended the event along with my council colleagues CMA Biswarup Basu, Immediate Past President, CMA Balwinder Singh, Past President, CMA Debasish Mitra Chairman, Members in Industry & Placement Committee and Board of Advanced Studies & Research and CMA Chittaranjan Chattopadhyay, Chairman, BFSI Board and Indirect Taxation Committee.

More than 60 CFOs and top-notch professionals from eminent corporate houses like Bandhan Bank, ABB, Indian Oil, GAIL, ITC, KPMG, Peerless, Balmer Lawrie, Jute Corporation, TATA Motors, ICICI Prudential etc. attended the event physically and more than 1500 online viewers witnessed this event worldwide.

PLACEMENT ACTIVITIES

I am pleased to share that the Institute has reached a landmark figure of more than 600 Campus Placements in the year 2021. More than 10 reputed PSUs took part in the campus placement drives in four distinct phases conducted round the year. I am very much confident that with the able leadership of CMA Debasish Mitra, Chairman, Members in Industry & Placement Committee, more companies will visit our campus placement drives in the next placement session to recruit the budding CMAs. I urge all the members of the Institute to come up with their fullest support to invite more companies from their own network to make the future campus placement drives even more successful.

PROFESSIONAL DEVELOPMENT & CPD COMMITTEE

I am glad to share that the 4th batch of Online Mandatory Capacity Building Training (e-MCBT) has been successfully completed on 17th December 2021. We received an overwhelming response from the participants appreciating the deliberations in the technical sessions and interactive sessions by the eminent speakers across the country.

PD Directorate has been regularly submitting representations to various organizations for inclusion of cost accountants for providing professional services. I am pleased to inform you that on the Institute's representation, the Indian Institute of Foreign Trade (IIFT) considered Cost Accountants Firm for Internal Audit services.

Please visit the PD portal for Tenders/EOIs where services of the Cost Accountants are required in Western Coalfields Limited, Hindustan Copper Limited, National Health Mission, Haryana, RailTel Corporation of India Limited, UCO Bank, Jharkhand, M.P. Poorv Kshetra Vidyut Vitaran Co. Ltd., Chennai Metro Rail Limited (CMRL), Jharkhand Urja Sancharan Nigam Limited (JUSNL), West Bengal State Electricity Distribution Company Limited (WBSEDCL), Hindustan Salts Limited, Department of Posts, Ministry of Communications, Rajasthan State Mines & Minerals Limited, Hindustan Copper Limited, The CGST Audit Gurugram, Indian Institute of Science Education & Research-Kolkata (IISER Kolkata), Indian Overseas Bank, etc.

Professional Development Committee successfully organised a Webinar under the Azadi Ka Amrit Mahotsav on the theme "Aatmanirbhar Bharat-India@75 and Way Forward" on 10th December, 2021. Further, the Committee associated with the PHD Chamber of Commerce and Industry conducted seminar on "Burning Issues in Summon, Search, Seizure and Arrest Under GST".

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

TASK FORCE ON AGRI COST MANAGEMENT

I feel elated to share that the National Farmers' Day on 23rd December was celebrated by the 'Task Force on Agri Cost Management' of the Institute by organising a National Level Webinar on 'Agricultural Cost Management & Profitability for Sustainable Development'. The Chief Guest of this National event, Shri Kailash Choudhary, Hon'ble Minister of State of Agriculture & Farmers Welfare, GOI communicated his best wishes for the event.

I attended this online event with my Council Colleagues CMA Vijender Sharma, Vice President and CMA (Dr.) K Ch A V S N Murthy, Chairman of the Task Force. Dr. Murthy set the tone for the inaugural session by highlighting the four-pronged strategy of the Task Force towards Educating, Empowering, Enhancing and Enriching' the famers in coordination with IGNOU, NABARD, NIRD and CACP. CMA Vijender Sharma, Vice President, explained the significance of the day and pinpointed the role of CMAs in increasing the wealth and health of the farmers. The inaugural session concluded with a formal vote of thanks by the Secretary, CMA Kaushik Banerjee.

The technical session that followed the inaugural was addressed by a galaxy of subject experts, viz. Dr. Suresh Pal, Director, National Institute of Agricultural Economics and Policy Research, New Delhi; Shri D.K. Pandey, Adviser Cost, Commission for Agricultural Costs and Prices; CMA (Dr) Sreehari Chava, Convenor, Task Force on Agri Cost Management; Dr. Venkatachalam Shunmugam, Consultant-Commodities Education Cell, National Institute of Securities Markets (NISM), Mumbai; Dr. Suseelendra Desai, Dean, NMIMS School of Agricultural Sciences & Technology, Shirpur; and Prof. G. Steward Doss, Associate Professor, National Insurance Academy, Pune. The seminar was resourcefully moderated by CMA (Dr.) D.P. Nandy, Sr. Director of the Institute and Secretary of the Task Force, who also proposed a vote of thanks for the technical session.

TAX RESEARCH DEPARTMENT

- The Tax Research Department has conducted a very important webinar on the Topic "Annual Information System". It is important as the Government eyes to implement the same for their Income Tax Assessees in the near future. The webinar was hugely successful with mass participation by the members.
- GST course for Colleges and Universities has been successfully conducted for Amal College, Kerela, Scottish Church College and Umesh Chandra College in Kolkata.
- The 101st and 102nd Tax Bulletin has been launched.
- Classes for the Taxation Courses: Certificate Course on GST, Advanced Certificate Course on GST, Advanced Course on GST Audit and Assessment Procedure, Certificate Course on TDS, Certificate Course on Filing of Returns and Advanced Course on Income Tax Appeals and Assessment are being conducted seamlessly.
- Taxation Portal is being updated time-to-time with latest amendments and changes in Direct and Indirect Tax.

INSOLVENCY PROFESSIONAL AGENCY (IPA) OF THE INSTITUTE

I am pleased to inform you that Insolvency Professional Agency of the Institute of Cost Accountants of India (IPA ICAI) has taken various professional development initiatives during the month of December 2021 such as organizing 2 days Master Class on Pre- Package Insolvency Process on 2nd & 3rd December, Two days Master Class on Evaluation Matrix, Fair Value and Liquidation Process from 17th to 19th December, Interactive Meet on Cross Border Insolvency on 18th December, Master Class on Emerging Scenarios under IBC, 2016 on 24th December and 50th & 51st Pre- Registration Course jointly organised by all three IPAs i.e. IPAICAI IIIPI and ICSIIP from 3rd to 9th December and 23rd to 29th December respectively.

Further, a Seminar on Insolvency Professionals and Registered Valuers "Milestones Achieved and the way Forward" was organised jointly with ICMAI RVO in association with Insolvency and Bankruptcy Board of India on 8th December 2021 at SCOPE complex, New Delhi.

I had the pleasure of addressing the participants during this seminar which was attended eminent personalities Dr. Navrang Saini, Chairperson IBBI, CMA Vijender Sharma, Vice President of the Institute, Mr. Santosh Shukla, Executive Director, IBBI, CMA Rakesh Singh, Past President of the Institute and Chairperson of Valuation Standard Board, Dr. J.D. Sharma, Chairperson IPA ICAI, CS (Dr.) Shyam Aggarwal, Past President, ICSI and Chairperson ICMAI RVO, Mr. Rajesh Kumar Gupta, Chief General Manager, IBBI, Mr. Manish Chowdhury, Chief General Manager, IBBI. The program was attended by around 100 participants. I request you to visit the website of IPA ICAI for its Au-Courant (Daily Newsletter) and monthly E- Journal.

ICMAI REGISTERED VALUERS ORGANISATION (RVO)

I am pleased to inform that ICMAI RVO has successfully organized Certificate Course Achieving Excellence in Valuation assignments, Certificate Course on International Valuation Standard, Valuation of the Intangible Assets, Valuation Skills Improvement Program, 12th Online Batch of Seven Days Program on Plant & Machinery and Land & Building, 18th Online Batch of Seven Days Program on Securities or Financial Assets and Master Class on Emerging challenges of Valuation during the month.

I wish prosperity and happiness to members, students, and their family on the occasion of Guru Gobind Singh Jayanti, Lohri, Birthday of Swami Vivekananda, Makar Sankranti, Pongal, Netaji Subhas Chandra Bose Jayanti & Republic Day and wish them success in all of their endeavours.

I convey my best wishes to students for their online examination!

May all have a peaceful, healthier and a successful year ahead.

Stay safe and healthy!

With warm regards,

CMA P. Raju Iyer

January 1, 2022

CHAIRMAN'S COMMUNIQUÉ

Journal & Publications Committee
The Institute of Cost Accountants of India

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

***"Dream is not that which you see while sleeping it is something that does not let you sleep"*- A.P.J Abdul Kalam**

At the outset, I wish you and your family a wonderful and prosperous New Year 2022. The New Year is not only an occasion to celebrate but also an occasion to come together to set up new goals for the development of our profession and work with renewed zeal. To achieve great things, we not only need to have big dreams but also need to have deep beliefs in our dreams. I am sure that our profession will touch a new high this year and will play its role in helping the society, stakeholders and country effectively.

I am extremely grateful to all members and my council colleagues for reposing their trust and confidence in reassigning me the great opportunity to serve the Institute as Chairman of the Journal & Publications Committee (2021-2022).

Directorate of Journal and Publications of the Institute in January 2022 issue of the Management Accountant has dedicated pages to the theme "Future of Banking in India". Banks form the backbone of every economy and play a pivotal role in the lives of citizens by providing them with essential financial services. The impact of the COVID-19 crisis has come on top of a combination of persistently low interest rates, regulatory changes, and competition from shadow banks and new digital entrants that have challenged the traditional bank business model over the past decade. The COVID-19 crisis can be seen as an opportunity for a bold cost transformation. CMAs with their specialized professional skill, expert knowledge and analytical capabilities can assist banks to manage their costs effectively. This would enable the Banks to achieve service excellence and focus on long term initiatives. COVID-19 has pushed organisations to rapidly operate in new ways. Business are rapidly adapting new technologies and strategies to evolve with rapidly changing consumer behaviour, focusing more on digital roadmaps.

Change in today's world is riding an accelerated pace and we need to pause and reflect it on the entire education system. That reminds me of the great words of wisdom by Aristotle, "Educating the mind without educating the heart is no education at all." Education is a dynamic process in which new-fangled thoughts are supplemented persistently to construct the education in progressive approach.

In today's era of communication and technology, people round the clock want to keep themselves abreast of the latest changes and developments happening around them. The core purpose of our Journal and Publications Department is to inform, educate and enlighten the masses on various issues revolving them. The Department is dedicated to the goal of connectivity and focuses on incorporating new features and relevant cover stories of national and global importance in the journal and providing best efforts to reach the unreachable through persistent value addition.

Quality of articles has also improved immensely over the past few months. We have already progressed towards design improvement and have received accolades across the Globe. The articles are very informative and catchy enough to grab the attention of our readers.

All of us are aware of ***Azadi Ka Amrit Mahotsav***, an initiative of the Government of India to celebrate and commemorate 75 years of progressive India and the glorious history of its people, culture and achievements. We have dedicated our February 2022 issue of the Management Accountant Journal on the theme *"Azadi Ka Amrit Mahotsav": Promoting a spirit of Pride and Aatmanirbharta.* I would like to take this opportunity to invite our esteemed members with their contribution on the concerned theme focusing on various sub topics viz. Attaining self reliance in Agriculture, Role of Good Corporate Governance in achieving Atmanirbhar Bharat, MSMEs as the driver for Aatmanirbhar Bharat etc. and enrich us with their quality articles in the Management Accountant Journal.

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

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

I wish you well during this challenging time. Hope everyone keeps safe!

Warm Regards & Best Wishes

CMA (Dr.) K Ch A V S N Murthy
January 1, 2022

FROM THE DESK OF CHAIRMAN

Banking, Financial Services & Insurance Board
The Institute of Cost Accountants of India

CMA Chittaranjan Chattopadhyay

We have entered into the New Year 2022 with new hopes and aspirations and as the Chairman of the BFSIB I consider it to be our duty to fulfill the wishes and desires of all members who have been seeing us continuously striving to augment the role of Cost and Management Profession in the BFSI sector. It is my privilege to again serve as Chairman, Banking, Financial Services and Insurance Board for the year 2021-22 and I would acknowledge the confidence reposed on me by both CMA P.Raju Iyer, President and CMA Vijender Sharma, Vice-President of the Institute. I would also acknowledge the guidance showered by CMA Biswarup Basu, Immediate Past President in encouraging us to undertake any venture which would be beneficial for the members and students of the ICAI.

We would like to state that the BFSI had conducted successfully 27 batches through 5 BFSI courses which is running in all three verticals ie. Banking, Financial Services and Insurance respectively. We have successfully organized the MSME month, Banking Month, Insurance Month and Investor Month.

We hope to forge a close association with the PFRDA by observing the month of January, 2022 as the pension month. You will be happy to know that PFRDA would be associated with us for the National Seminar in physical mode.

We are delighted to state that we have published the 8th issue of the BFSI chronicle and soon we would be getting the ISSN number which would make the chronicle a perpetual issue.

The BFSI Department had conducted workshops on Credit Management and Risk Based Internal Audit. Further, various connect measures for Bankers like advertisement in BFSI Chronicle, thanks letter for any support and congratulatory letter for any promotion of any top management is the order of the day. The BFSI Board is periodically uploading bankers connect by hosting the national essay competition for bankers which have evoked very high expectations from the BFSI community. The BFSI Board is represented by bankers, academicians and other eminent personas who have brought a wise and erudite think tank for the Board to function and deliver to the expected level. Visibility of our Institute and role of CMAs have improved to a great extent with conduct of such programmes. The greatest advantage we derive out of these programmes is encashing the goodwill of all the experts and their participating institutions, for the good of CMAs. This is a continuous process and we take you along, in this exciting journey to reach greater heights.

We have observed that with various positive reforms initiated by the Government in banking, capital markets and insurance coupled with proper policy planning and implementation, the country hopes to reach the coveted $ 5 trillion economy by 2024-25.

The reforms would also pave a new strategy and direction from the BFSI Board and in the current year we hope to see a lot of innovative activities for the growth and development of the Institute.

We intend to commence a Crash Course for college students for financial literacy and to make them conversant with various financial jargons to equip them to aspire to be competent finance professionals .

We feel that with the upcoming budget and with proper enactment of a suitable cryptocurrency law the mode and mechanism of investment would change from its present canvas. SEBI is also practicing the mantra of investor activism by providing unitholders the decision making right to mutual fund holders before a scheme is closed down. RBI with more and stringent regulations in the cooperative Banks, NBFCs and HFCs and implementation of the Risk Based Internal Audit guidelines by March, 2022 will bring a sea change and prevent another fiasco in the Cooperative Bank sector.. Quoting Mahatma Gandhi, "The best way to find yourself is to lose yourself in the service of others " This pandemic truly brought India together and could just be the moment of India's arrival as a global growth driver.

We hope that the current year's growth parameters are positive and with proper reforms the economy can restore the blip it had faced due to the pandemic for the last two years. Looking back at the traumatizing experience with two waves of an existence-defining pandemic, virtually every aspect of human life has been drastically altered. What has been achieved on this troubled journey has been no less extraordinary. As per Jeffries, India is on the cusp of an upswing in the business cycle. The key is a revival of investment demand. CRISIL too says the new capex cycle will be like the one seen in the first decade of the Century.

There are reasons for optimism. The twin balance sheet problem weighing on the Indian economy has been largely addressed, Both corporate and bank balance sheets are now in a far better shape than before the pandemic. The same is applicable to NBFC and real estate sectors. Even government finances have been doing much better than expected this fiscal year. That means the supply side is more robust than it has been in years.

Government policies ranging from the PLI schemes to higher import tariffs to setting up a Bad bank will help significantly. The external environment too is conducive to India's growth. After many years we have seen a spurt in exports. The crackdown on companies in China may redirect capital towards India, India's foreign exchange reserves stands at an all-time high. Corporate profitability is much improved. Interest rates are the lowest in over a decade. Government's business friendly initiatives such as the relaxation in labour laws, monetizing government assets and privatization will increase the avenues for capital accumulation for private businesses.

Let us be open to learn, unlearn and relearn. The right attitude never takes us to a wrong direction. Time is always right to do what is right.

Let me close on a very positive note by wishing all my CMA families across the world a Blessed 2022 - full of happiness, good health , peace and prosperity.

Constructive comments and suggestions are most welcome and could be mailed to us at bfsi@icmai.in.

With Warm Regards

CMA Chittaranjan Chattopadhyay
January 1, 2022

CFO Leadership Summit 2.0

Business Resilience in the Post COVID World

Organized by:

Members in Industry & Placement Committee and Board of Advanced Studies & Research

The Bengal Club, Kolkata on 20th December 2021

Business eco-system today is faced with a lot of challenges while the global economy is slowly trying to recuperate after eighteen months of severe pandemic and turn-around with astute. The turn-around has necessitated adoption of many new business dynamics as well as adaptation of measures to make businesses more resilient.

So, the Members in Industry & Placement Committee in association with Board of Advanced Studies & Research of The Institute of Cost Accountants of India took the theme **'Business Resilience in the post Covid World'** for their **CFO Leadership Summit 2.0** held on Monday 20th December at the Bengal Club, Kolkata.

CMA Debasish Mitra Chairman, Members in Industry & Placement Committee and Board of Advanced Studies & Research commenced the programme with his welcome note and introduced the Chief Guest Dr. Amit Mitra who delivered his key note speech over video conferencing.

The Chief Guest Dr. Amit Mitra who is the Principal Chief Advisor to the Hon'ble Chief Minister of West Bengal expressed his delight on the presence of all the industry luminaries and lauded the great work being undertaken by the Institute towards increasing cost efficiency within enterprises. He also emphasized that the forensic audit may be more effectively used in today's new normal business environment.

Dr. Mitra started his key note speech by highlighting the recent country wide trend in violation of the Phillips Curve wherein inflation and unemployment rising simultaneously which was last seen in the 1970s during the oil shock period. He also expressed his worries on the present national scenario of current unemployment due to loss of livelihood, rising inflation and potential stagnation of the economy in the country.

From macro economy while moving to the micro economy analysis, Dr. Mitra touched upon the impacts of demonitisation and sluggish growth in private investments due to the pandemic and emphasized the importance of stimulating supply chain demands along with boosting capital expenditure on infrastructure which might have a time lag in terms of capitalization.

Finally, Dr. Mitra highlighted the various measures Bengal has undertaken post lockdown to boost demand creation particularly for the Realty sector by reducing stamp duty for property registration. He also reiterated that Bengal achieved more than 1% positive economic growth as against national average of negative growth. Lastly, he harped on the global inequality index recently released where in India, share of the bottom 50% of the population is only 13% of the national income and top 1% has 22% of the national income.

The dignitaries present from the Institute namely CMA Biswarup Basu, Immediate Past President, CMA Balwinder Singh, Past President, CMA Chittaranjan Chattopadhyay, Central Council Member spoke about the various new initiatives taken up by ICMAI during this pandemic period to mitigate various industry issues that came up during last one and half years.

The President of the Institute CMA P Raju Iyer in his presidential speech talked about the new courses launched by the Institute and the good work being done by the various committees and the London Overseas Centre towards augmenting industry to mitigate challenges arising during the pandemic. He emphasized the programmes initiated for the farmers' income increase and the rural economy boost along with the MSME and Startup ecosystem rejuvenation with formation of special committees and task forces by the new leadership.

In the presence of the Chief Guest, Dr Amit Mitra, the President of the Institute launched the CMA-CFO Forum which will be an online platform for exchange and thoughts and ideas of the CFOs, thereby enriching the industry and the profession from the experience sharing and helping out to the next-gen budding CMAs.

A strategic collaboration and MoU was signed between the Dean of Bhawanipur Education Society and the President of ICMAI.

The Sr. Director of Studies & Advanced Studies of the Institute, CMA Dr. Debaprosanna Nandy gave a brief presentation on the new courses launched and the recent placement initiatives of the Institute and ushered in the technical session which followed.

Chairman of LOCCA, CMA Anirban Mukhopadhyay set the technical session going with a reminder on the impact of the pandemic and how necessary measures are to be cautiously adopted to ensure business resilience post covid period.

CMA Dr. Sanjay Sen, Sr. Fellow in Strategy and Governance, School of Business and Economics at Loughborough University UK talked about the 3 Bs - *Bounce Back Better* in his speech while emphasizing on the agile response today's industry demanded and the opportunities likely awaiting us with the societal shift strengthening resilience.

Mr. Deepak Pramanik, founder Director of AIDIAS Consulting spoke about the importance of human resources impacting business post covid and the need to creating the right ecosystem for change management under the new normal scenario. He also highlighted majorly on how to boost business profits by optimizing costs and increasing employee productivity.

CEO of ICICI Prudential Pension Funds Management, Mr. Sumit Malhotra highlighted the importance of retirement planning with disciplined planning and safe returns.

The Executive Director of Peerless Hotels, Mr. Kunal Sen spoke of the new normal of offline, online and hybrid mode of business transactions becoming relevant post covid era. He enumerated the importance of the survival and turnaround plan which depended on various commercial processes such as finance, accounting and cost management supports needed to infuse oxygen in business to survive post pandemic era.

He highlighted 6 survival strategies predominantly careful designing and revival plan, employee productivity enhancement, developing consensus within the organization to support the overall revival plan, ensuring liquidity availability, boosting demand and supply chain to sustain business and ensuring returns to the shareholders and associated stakeholders.

VP and Head of Business Finance of Tata Motors, CMA Asim Kumar Mukhopadhyay enumerated how the automobile industry managed to survive during the pandemic and in new normal era. He highlighted how TML moved from BS 4 to BS 6 skipping one emission level and also complying to new standard compliances for commercial vehicles. He also talked about how Tata Motors have successfully supported the WBTC with the electric buses during the pandemic time.

The CFO of KPMG from Global Delivery Centre Bangalore, CMA Samadrita Chakrabarty took few questions from the delegate and reiterated that, "Resilience with the help of advanced IT platform and high degree of adaptability across the organization would help to thrive during the pandemic, with accelerated collaboration between the management and its Board."

ICICI Prudential Pension Funds Management was the corporate partner and Business Standard was the media partner of this prestigious event. More than 60 CFOs from eminent corporate houses like Bandhan Bank, ABB, Indian Oil, GAIL, ITC, KPMG, Peerless, Balmer Lawrie, Jute Corporation, TATA Motors, ICICI Prudential etc attended the event physically and more than 1500 online viewers have witnessed this event worldwide.

The Vote of Thanks was delivered by CMA Kaushik Banerjee, the Secretary of the Institute.

Celebration of National Farmer's Day

National Level Webinar on

'AGRICULTURAL COST MANAGEMENT & PROFITABILITY FOR SUSTAINABLE DEVELOPMENT'

Organized by: **Task Force on Agri Cost Management**

on 23rd December 2021

The National Farmers' Day on 23rd December was celebrated by the Task Force on Agri Cost Management of the Institute by organising a National Level Webinar on '**Agricultural Cost Management & Profitability for Sustainable Development'** on 23rd December 2021. The Chief Guest of this National event, Shri Kailash Choudhary, Hon'ble Minister of State of Agriculture & Farmers Welfare, GOI communicated his best wishes for the event.

Chairman of the Task Force CMA (Dr) K Ch A V S N Murthy set the tone for the inaugural session by highlighting the four pronged strategy of the Task Force towards 'Educating, Empowering, Enhancing and Enriching' the famers in coordination with IGNOU, NABARD, NIRD and CACP. CMA Vijender Sharma, Vice President, explained the significance of the day and pinpointed the role of CMAs in increasing the wealth and health of the farmers.

President, CMA P Raju Iyer emphasised the fact that agriculture is the backbone of our economy and drew reference to the government's agenda of 'Doubling of Farmers' Income' and 'Atmanirbhar Bharat'. He elaborated various activities carried out in this direction by the Agri Task Force during the year 2020-21. The president also released a research monograph titled 'Agri Cost Clinic' authored by the Convenor of the Task Force CMA (Dr) Sreehari Chava.

A unique feature of the celebrations included felicitation of a model farmer, Rajesh Bhagal from the vicinity of Nagpur. Through his untiring and innovative efforts, Rajesh achieved a highest ever yield of 111 MT of sugarcane per acre in comparison to the general average of 35 MT per acre. The inaugural session concluded with a formal vote of thanks by the Secretary, ICAI, CMA Kaushik Banerjee.

The technical session that followed the inaugural was addressed by a galaxy of subject experts, viz. Dr. Suresh Pal, Director, National Institute of Agricultural Economics and Policy Research, New Delhi; Shri D.K. Pandey, Adviser Cost, Commission for Agricultural Costs and Prices; CMA (Dr) Sreehari Chava, Convenor, Task Force on Agri Cost Management; Dr. Venkatachalam Shunmugam, Consultant-Commodities Education Cell, National Institute of Securities Markets (NISM), Mumbai; Dr. Suseelendra Desai, Dean, NMIMS School of Agricultural Sciences & Technology, Shirpur; and Prof. G. Steward Doss, Associate Professor, National Insurance Academy, Pune.

The experts dwelled upon multiple factors that have been impacting the agriculture income and costs. The key deliberations encompassed focus on agri reforms; crop diversification in line with the changes in demand pattern; need for facilitating better institutional access to farmers; small land holdings; increasing wages of agri labour; ways and means for increasing the efficiency and reducing the costs in agriculture; modalities of pricing; process of data collection; study of cost of cultivation; fundamental perceptions on agri cost management; strategic approaches towards augmentation of farmers' income; key performance indicators; CMA domain in village development; environmental credits for lower consumption of pesticides; commodities market; accredited warehousing facilities; quality certification; price discovery; financialization of agri commodities; case studies on agri production costs; social benefits and social costs; mitigation strategies; agri risk profile; agri insurance and its settlement mechanism; and so on.

The seminar was resourcefully moderated by CMA (Dr.) D.P. Nandy, Sr. Director, ICAI and Secretary of the Task Force, who also proposed vote of thanks for the technical session.

PRESS MEET HELD AT CHENNAI

ON 9TH DECEMBER 2021

SIRC of the Institute organized a Press Meet on 9th December, 2021 at Press Club, Govt. Estate, Chennai. Newly elected President of the Institute, CMA P. Raju Iyer along with CMA H. Padmanabhan, Council Member of the Institute and CMA Rajesh Sai Iyer, Treasurer, SIRC of the Institute addressed the representatives from the Press and Media.

During the press meet, CMA P. Raju Iyer, President of the Institute informed that the Institute is going to organize a Regional CMA Convention in the month of February, 2022. He highlighted that students who pursue and successfully complete the CMA Course are getting good job opportunities throughout India and abroad. They can also start business which in turn support in the economic development of our Country. He mentioned that the Institute continued to serve its students even during the COVID-19 Pandemic by conducting online Coaching Classes and online Examinations, and also arranged for Campus Placement Programmes through online mode in which good number of newly qualified CMA Professionals got placed in reputed organisations with high pay packages.

While concluding, President informed that the Institute is also planning to organize a Global Submit and National Cost Convention in the year 2022 to deliberate on the topics of professional relevance & importance to Government, Corporate and Trade & Industry.

CMA H. Padmanabhan, Council Member of the Institute in his address spoke on Institute activities, way forward, briefed about 'CMA' and 'CAT' Course offered by the Institute at a very nominal cost, which also offers an opportunity to students to go for higher studies, become entrepreneur and settle in their life with good career.

CMA Rajesh Sai Iyer, Treasurer, SIRC proposed vote of thanks at the end.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory Body under an Act of Parliament)

(Standing & Other Committees for the year 2021-2022)

(Quorum indicated is as per regulation 81 (1) of the CWA Regulations, 1959)

STANDING COMMITTEES

1. Executive Committee (Quorum: 3)

Chairman
1. CMA P Raju Iyer, President

Members
2. CMA Vijender Sharma, Vice President
3. CMA Biswarup Basu
4. CMA Ashwin G. Dalwadi
5. CMA Debasish Mitra
6. CMA Papa Rao Sunkara
7. CMA (Dr.) V. Murali

Secretary
CMA Kaushik Banerjee, Secretary

2. Examination Committee (Quorum: 2)

Chairman
1. CMA P Raju Iyer, President

Members
2. CMA Vijender Sharma, Vice President
3. CMA (Dr.) Balwinder Singh
4. CMA Biswarup Basu
5. CMA Neeraj D. Joshi
6. CMA H. Padmanabhan
7. CMA Niranjan Mishra

Secretary
CMA Kaushik Banerjee, Secretary

3. Finance Committee (Quorum: 2)

Chairman
1. CMA P Raju Iyer, President

Members
2. CMA Vijender Sharma, Vice President
3. CMA (Dr.) Balwinder Singh
4. CMA (Dr.) Ashish P. Thatte
5. CMA (Dr.) K Ch A V S N Murthy
6. CMA Chittaranjan Chattopadhyay
7. CMA Rakesh Bhalla

Secretary
CMA Arnab Chakraborty, Director (Finance)

OTHER COMMITTEES

4. Board of Discipline u/s 21A(1)

Presiding Officer
1. CMA Rakesh Singh

Member
2. CMA (Dr.) Balwinder Singh

Secretary
CMA Rajendra Bose, Director (Discipline)

5. Disciplinary Committee U/s 21B(1)

Presiding Officer
1. CMA P Raju Iyer

Members
2. CMA Biswarup Basu
3. CMA Ashwin G. Dalwadi
4. CA Nalini Padmanabhan, Government Nominee
5. Shri G.V. Krishna, Government Nominee

Secretary
CMA Rajendra Bose, Director (Discipline)

6. Disciplinary Committee U/s 21D

Presiding Officer
1. CMA P Raju Iyer

Members
2. CMA Vijender Sharma, Vice President
3. Shri Sushil Behl, Government Nominee

Secretary
CMA Kaushik Banerjee, Secretary

7. Training & Education Facilities Committee (Quorum: 3)

Chairman
1. CMA (Dr.) Balwinder Singh

Members
2. CMA Biswarup Basu
3. CMA Ashwin G. Dalwadi
4. CMA Debasish Mitra
5. CMA Papa Rao Sunkara
6. CMA (Dr.) V. Murali
7. CMA Chittaranjan Chattopadhyay
8. CMA (Dr.) Paritosh Basu (Co-opted)
9. CMA Dinabandhu Mukherjee (Co-opted)
10. CMA Manasi Arora (Co-opted)

Secretary
CMA (Dr.) Debaprosanna Nandy, Sr. Director

8. Journal & Publications Committee (Quorum:3)

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

Members
2. CMA Debasish Mitra
3. CMA (Dr.) V. Murali
4. CMA Niranjan Mishra
5. CMA Chittaranjan Chattopadhyay
6. CMA Rakesh Bhalla
7. CMA Raja Ghosh (Co-opted)
8. CMA C Vajralingam (Co-opted)
9. CMA J S Anand (Co-opted)

Secretary
CMA Sucharita Chakraborty, Addl. Director

9. Professional Development Committee (Quorum: 3)

Chairman
1. CMA Vijender Sharma, Vice President

Members
2. CMA (Dr.) Balwinder Singh
3. CMA Ashwin G. Dalwadi
4. CMA Neeraj D. Joshi
5. CMA (Dr.) Ashish P. Thatte
6. CMA (Dr.) K Ch A V S N Murthy
7. CMA H Padmanabhan
8. CMA Niranjan Mishra
9. CMA Chittaranjan Chattopadhyay
10. Shri Sushil Behl, Government Nominee
11. CA Mukesh Singh Kushwah, Government Nominee
12. CMA Rakesh Singh, Past President (Co-opted)
13. CMA Amitabh Mitra (Co-opted)
14. CMA Robin Singh (Co-opted)
15. CMA Subodh Gupta (Co-opted)

Secretary
CMA Tarun Kumar, Addl. Director

10. Regional Council & Chapters Coordination Committee (Quorum: 3)

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

Members
2. CMA Biswarup Basu
3. CMA Debasish Mitra
4. CMA (Dr.) Ashish P. Thatte
5. CMA H Padmanabhan
6. CMA Chittaranjan Chattopadhyay
7. CMA Amal Kumar Das, Past President (Co-opted)

Secretary
CMA Arup Sankar Bagchi, Sr. Director

11. International Affairs Committee (Quorum:3)

Chairman
1. CMA H. Padmanabhan

Members
2. CMA Biswarup Basu
3. CMA Ashwin G. Dalwadi
4. CMA (Dr.) Ashish P. Thatte
5. CMA Papa Rao Sunkara
6. CMA Chittaranjan Chattopadhyay
7. CMA Avijit Goswami (Co-opted)

Secretary
CMA Shubhro Michael Gomes, Director

12. Indirect Taxation Committee (Quorum: 3)

Chairman
1. CMA Chittaranjan Chattopadhyay

Members
2. CMA Biswarup Basu
3. CMA Ashwin G. Dalwadi
4. CMA Debasish Mitra
5. CMA H. Padmanabhan
6. CMA Papa Rao Sunkara
7. CMA (Dr.) V. Murali
8. CMA (Dr.) K Ch A V S N Murthy
9. CMA Rakesh Bhalla
10. CA Mukesh Singh Kushwah, Government Nominee
11. CMA V.S. Datey (Co-opted)
12. CMA Debasis Ghosh (Co-opted)
13. CMA T. K. Jagannathan (Co-opted)
14. CMA Vandit Trivedi (Co-opted)

Secretary
CMA Rajat Kumar Basu, Addl. Director

13. Direct Taxation Committee (Quorum: 3)

Chairman
1. CMA Rakesh Bhalla

Members
2. CMA Ashwin G. Dalwadi
3. CMA Neeraj D. Joshi
4. CMA (Dr.) Ashish P. Thatte
5. CMA H. Padmanabhan
6. CMA Papa Rao Sunkara
7. CMA Niranjan Mishra
8. CMA Chittaranjan Chattopadhyay
9. CMA Rakesh Sinha (Co-opted)
10. CMA Subhasis Chakraborty (Co-opted)

Secretary
CMA Rajat Kumar Basu, Addl. Director

14. Committee for Accounting Technicians (Quorum: 3)

Chairman
1. CMA H. Padmanabhan

Members
2. CMA (Dr.) Balwinder Singh
3. CMA Ashwin G. Dalwadi
4. CMA (Dr.) K Ch A V S N Murthy
5. CMA Chittaranjan Chattopadhyay
6. CMA Rakesh Singh, Past President (Co-opted)
7. CMA T.C.A. Srinivasa Prasad (Co-opted)

Secretary
CMA Rajesh Kumar Jain, Joint Director

15. Members' Facilities Committee (Quorum: 3)

Chairman
1. CMA (Dr.) V. Murali

Members
2. CMA Ashwin G. Dalwadi
3. CMA Debasish Mitra
4. CMA Papa Rao Sunkara
5. CMA Niranjan Mishra
6. CMA Rakesh Bhalla
7. CA Mukesh Singh Kushwah, Government Nominee
8. CMA Radha Krishna Gupta (Co-opted)
9. CMA Sunita Singh (Co-opted)

Secretary
CMA Arup Sankar Bagchi, Sr. Director

16. Infrastructure Committee (Quorum: 3)

Chairman
1. CMA Biswarup Basu

Members
2. CMA (Dr.) Balwinder Singh
3. CMA Ashwin G. Dalwadi
4. CMA Debasish Mitra
5. CMA (Dr.) K Ch A V S N Murthy
6. CMA Rakesh Bhalla
7. CMA G N Venkataraman, Past President (Co-opted)

Secretary
CMA Kushal Sengupta, Addl. Director

17. Corporate Laws Committee (Quorum: 3)

Chairman
1. CMA (Dr.) Ashish P. Thatte

Members
2. CMA Neeraj D. Joshi
3. CMA Papa Rao Sunkara
4. CMA (Dr.) K Ch A V S N Murthy
5. CMA Chittaranjan Chattopadhyay
6. CMA Rakesh Bhalla
7. Shri Manmohan Juneja, Government Nominee
8. CS Makarand Lele, Government Nominee
9. CMA P Siva Kumar (Co-opted)

Secretary
Ms. Vibhu Agrawal, Joint Director

18. Information Technology Committee (Quorum:3)

Chairman
1. CMA Ashwin G. Dalwadi

Members
2. CMA (Dr.) Balwinder Singh
3. CMA Neeraj D. Joshi
4. CMA (Dr.) V. Murali
5. CMA (Dr.) K Ch A V S N Murthy
6. CMA Chittaranjan Chattopadhyay
7. CMA M.V. Vakil (Co-opted)
8. CMA Sankalp Wadhwa (Co-opted)
9. CMA Gr. Cpt. R. K. Joshi (Co-opted)

Secretary
Shri Ashish Tewari, Joint Director

19. Members in Industry and Placement Committee (Quorum: 3)

Chairman
1. CMA Debasish Mitra

Members
2. CMA Biswarup Basu
3. CMA H. Padmanabhan
4. CMA (Dr.) V Murali
5. CMA Chittaranjan Chattopadhyay
6. CMA Rakesh Bhalla
7. CMA V V Ravi Kumar (Co-opted)
8. CMA Bhaskar Basu (Co-opted)
9. CMA Udyan Guha (Co-opted)

Secretary
CMA (Dr.) Debaprosanna Nandy, Sr. Director

20. Public Relations Committee (Quorum: 3)

Chairman
1. CMA H Padmanabhan

Members
2. CMA (Dr.) Balwinder Singh
3. CMA Biswarup Basu
4. CMA Neeraj Joshi
5. CMA (Dr.) V. Murali
6. CMA Niranjan Mishra

Secretary
Dr. Giri Ketharaj, Addl. Director

21. Committee on Cost Management for Public and Government Services (Quorum: 3)

Chairman
1. CMA Niranjan Mishra

Members
2. CMA Biswarup Basu
3. CMA Neeraj D. Joshi
4. CMA (Dr.) Ashish P. Thatte
5. CMA Papa Rao Sunkara
6. CMA (Dr.) K Ch A V S N Murthy
7. CMA Rakesh Bhalla
8. CMA G V S Subramanyam (Co-opted)
9. CMA Sanjay R Bhargave (Co-opted)
10. CMA Satya Sundar Mahasuar (Co-opted)

Secretary
CMA Kushal Sengupta, Addl. Director

22. Continuing Education Programme Committee (Quorum: 3)

Chairman
1. CMA Biswarup Basu

Members
2. CMA Debasish Mitra
3. CMA H Padmanabhan
4. CMA (Dr.) V. Murali
5. CMA Chittaranjan Chattopadhyay
6. CMA Rakesh Bhalla
7. CMA Harijiban Banerjee, Past President (Co-opted)
8. CMA Avijit Goswami (Co-opted)
9. CMA Umar Farooque (Co-opted)

Secretary
CMA Nisha Dewan, Addl. Director

23. Management Accounting Committee (Quorum: 3)

Chairman
1. CMA Neeraj D. Joshi

Members
2. CMA Ashwin G. Dalwadi
3. CMA (Dr.) Ashish P. Thatte
4. CMA H. Padmanabhan
5. CMA (Dr.) K Ch A V S N Murthy
6. CMA Niranjan Mishra
7. CS Makarand Lele, Government Nominee
8. CMA D.C. Bajaj, Past President (Co-opted)
9. CMA Chaitanya Mohrir (Co-opted)

Secretary
Dr. Pradipta Gangopadhyay, Joint Director

24. Coordination Committee of ICAI, ICSI and ICAI (Quorum: 3)

Chairman
1. CMA P Raju Iyer, President

Members
2. CMA Vijender Sharma, Vice President
3. CMA (Dr.) Balwinder Singh
4. CMA Biswarup Basu
5. CMA (Dr.) K Ch A V S N Murthy
6. Shri Manmohan Juneja, Government Nominee
7. CA Mukesh Singh Kushwah, Government Nominee

Secretary
CMA Kaushik Banerjee, Secretary

25. Career Counselling Committee (Quorum: 3)

Chairman
1. CMA Papa Rao Sunkara

Members
2. CMA Neeraj D. Joshi
3. CMA (Dr.) Ashish P. Thatte
4. CMA H. Padmanabhan
5. CMA (Dr.) V. Murali
6. CMA Rakesh Bhalla

Secretary
CMA Shubhro Michael Gomes, Director

26. Public Sector Undertakings Co-ordination Board (Quorum: 5)

Chairman
1. CMA Biswarup Basu

Members
2. CMA (Dr.) Balwinder Singh
3. CMA Debasish Mitra
4. CMA (Dr.) V. Murali
5. CMA (Dr.) K Ch A V S N Murthy
6. CMA Chittaranjan Chattopadhyay
7. Shri Sushil Behl, Government Nominee
8. CMA P V Arun Kumar
9. CMA Subhash Kumar
10. CMA K Sreekant
11. CMA Amitabh Banerjee
12. CMA Harjeet Kaur Joshi
13. CMA G Narayan Rao
14. CMA Rajeev Mehrotra
15. CMA Anil Kumar Chaudhary
16. CMA Narinder Kumar Grover
17. CMA Rajendra Prasad Goyal
18. CMA Yash Paul Bhola
19. CMA Sunil Bhatia
20. CMA S Sridhar
21. Shri Samiran Dutta
22. CMA Parminder Chopra
23. CMA Rakesh Kumar Jain
24. CMA A.K. Gautam
25. CMA Vivekanand
26. CMA Subodh Gupta
27. CMA Amitabh Mitra
28. CMA C.B. Ananthakrishnan

Secretary
CMA Nisha Dewan, Addl. Director

27. Cost Accounting Standards Board (Quorum: 8)

Chairman
1. CMA (Dr.) Balwinder Singh

Members
2. CMA Biswarup Basu
3. CMA Ashwin G. Dalwadi
4. CMA Neeraj D. Joshi
5. CMA Niranjan Mishra
6. Shri Manmohan Juneja, Government Nominee
7. CMA Chandra Wadhwa, Past President
8. CMA Kunal Banerjee, Past President
9. CMA (Dr.) K. Narasimha Murthy, PCA
10. CMA M. Gopalakrishnan, Past President
11. CMA B.B. Goyal, Advisor, MARF
12. Shri Samiran Dutta, Director (Finance), Coal India Ltd.
13. CMA Asim Kumar Mukhopadhyay, VP, Corporate Finance, Tata Motors Ltd
14. Shri Ratikanta Rout, GM, JK Paper Ltd.
15. Shri S Varadaraj, CFO & Head, System & Legal, Godrej Agrovet Limited
16. Ms. Mithlesh, Advisor (Cost), Cost Audit Branch, MCA
17. CMA (Dr.) Ashish Bhattacharya, Academic Expert
18. CMA (Dr.) Shivani Inder, Academic Expert
19. Shri B Rajendran, Regional Director, Southern Region,

SEBI
20. CMA Satpal Garg, Member, PNGRB
21. CS Praveen Soni, Council Member, ICSI
22. CA Anuj Kumar Goyal, Council Member, ICAI
23. Nominee of MCA
24. Nominee of CBIC
25. Nominee of CBDT
26. Nominees of Industry Associations (ASSOCHAM, CII, PHDCII, FICCI)
27. Nominees of Regulatory bodies (CAG, RBI, TRAI, CCI, CERC, IRDA)

Secretary
CMA Tarun Kumar, Addl. Director

28. Cost Auditing and Assurance Standards Board (Quorum: 5)

Chairman
1. CMA Ashwin G. Dalwadi

Members
2. CMA (Dr.) Balwinder Singh
3. CMA (Dr.) Ashish P. Thatte
4. CMA (Dr.) K Ch A V S N Murthy
5. CMA (Dr.) V. Murali
6. CMA Niranjan Mishra
7. CMA I.P. Singh, Addl. Chief Advisor (Cost), Deptt. of Expenditure, Ministry of Finance
8. Ms. Mithlesh, Advisor (Cost), Cost Audit Branch, MCA
9. Ms. Rina Akoijam, Principal Director of Audit (Infrastructure), CAG
10. Shri Amit Sharma, Advisor (F&EA), TRAI
11. Shri Manish Mohan Govil, Advisor (Law), CCI
12. CMA M.K. Anand, Cost Accountant
13. CMA Diwan Chand Arya, Cost Accountant
14. CMA Ashish Bhavsar, Cost Accountant
15. CMA Sankalp Wadhwa, PCA
16. CMA Monika Kansal, PCA
17. CS Chetan Patel, Council Member, ICSI
18. Nominees of Industry Associations

Secretary
CMA Tarun Kumar, Addl. Director

29. Internal Auditing and Assurance Standards Board (Quorum: 6)

Chairman
1. CMA P. Raju Iyer, President

Members
2. CMA Ashwin G. Dalwadi
3. CMA Neeraj D. Joshi
4. CMA Debasish Mitra
5. CMA (Dr.) K Ch A V S N Murthy
6. CMA Chittaranjan Chattopadhyay
7. Shri Sushil Behl, Government Nominee
8. CMA B.M. Sharma, Past President
9. CMA P.K. Ranganathan
10. CMA Mrityunjay Acharjee
11. CMA Bharat Bhushan Gupta
12. CMA Anil Kumar Kaushik
13. CMA (Dr.) V. Gopalan
14. CMA Neeraj Sachdeva
15. CMA Rakesh Shankar
16. CMA B.R. Prabhakar
17. CMA D.L.S. Sreshti
18. CMA Sunil Chacko
19. CMA D Surya Prakasam
20. CMA Mukesh Kumar Gupta
21. CMA Sukrut Mehta
22. CMA Honey Singh
23. CMA Shyam Sunder Sonthalia
24. CMA Prabhakar Mukhopadhyay
25. Nominee of Industry Associations
26. Nominee of Professional Institute
27. Nominee of CAG
28. Nominee of Bank
29. Nominee of Regulatory body

Secretary
CMA Yogender Pal Singh, Joint Director

30. Banking, Financial Services & Insurance Board (Quorum: 5)

Chairman
1. CMA Chittaranjan Chattopadhyay

Members
2. CMA (Dr.) Balwinder Singh
3. CMA Biswarup Basu
4. CMA Ashwin G. Dalwadi
5. CMA Debasish Mitra
6. CMA (Dr.) Ashish P. Thatte
7. CMA H. Padmanabhan
8. CMA Papa Rao Sunkara
9. CMA (Dr.) K Ch A V S N Murthy
10. Shri Sushil Behl, Government Nominee
11. CMA Murali Ramaswami
12. CMA Diwan Chand Arya
13. CMA Sreekant Kandikonda
14. CMA Tanmaya Pradhan
15. CMA Sunder Ram Korivi
16. CMA P N Murthy
17. Nominee of IRDAI
18. Nominee of RBI
19. Nominee of SEBI
20. Nominee of DFS, Ministry of Finance

Secretary
CMA Arup Sankar Bagchi, Sr. Director

Deputy Secretary
CMA Dibbendu Roy, Addl. Director

31. Board of Advanced Studies & Research (Quorum: 3)

Chairman
1. CMA Debasish Mitra

Members
2. CMA (Dr.) Balwinder Singh
3. CMA Biswarup Basu
4. CMA (Dr.) V. Murali
5. CMA (Dr.) K Ch A V S N Murthy
6. CMA Chittaranjan Chattopadhyay

7. CMA Rajneesh Jain
8. CMA Anirban Mukhopadhyay
9. CMA (Prof.) Jayanta Sil
10. Dr. Sandeep Ghosh
11. CMA Harneet Kaur

Secretary
CMA (Dr.) Debaprosanna Nandy, Sr. Director

32. Quality Review Board (Quorum: 3)

Chairperson
1. CA Jyoti Chouhan, Government Nominee

Members
2. Shri Alok Samantarai, Government Nominee
3. Ms. Mausumi Ray Bhattacharya, Government Nominee
4. CMA Kunal Banerjee, Past President
5. CMA (Dr.) A.S. Durga Prasad, Past President

Secretary
CMA Arup Sankar Bagchi, Sr. Director

33. Technical Cell (Cost Audit & Statutory Compliances) (Quorum: 3)

Chairman
1. CMA Chandra Wadhwa, Past President

Members
2. CMA (Dr.) Balwinder Singh
3. CMA Ashwin G. Dalwadi
4. CMA Kunal Banerjee, Past President
5. CMA M. Gopalakrishnan, Past President
6. CMA B.B. Goyal
7. CMA Asim Kumar Mukhopadhyay
8. CMA Somnath Mukherjee
9. CMA (Dr.) Ashish Bhattacharya
10. Advisor (Cost) or his nominated person

Secretary
CMA Nisha Dewan, Addl. Director

34. Task Force on MSME & Start-up (Quorum: 4)

Chairman
1. CMA Chittaranjan Chattopadhyay

Members
2. CMA Ashwin G. Dalwadi
3. CMA Debasish Mitra
4. CMA H Padmanabhan
5. CMA (Dr.) K Ch A V S N Murthy
6. CMA Niranjan Mishra
7. CMA Sushil Behl, Government Nominee
8. CMA B.M. Sharma, Past President
9. CMA P Uday Shankar
10. CMA R. Venkataramani
11. CMA Jyotsana Rajpal
12. CMA M Pandurangan
13. CMA B M Gupta
14. CMA S. Ramesh (Co-opted)
15. CMA Malhar Dalwadi (Co-opted)
16. Nominee from FOSMI
17. Nominee from MSME Chamber of Commerce
18. Nominee from National Institute for MSME

Secretary
CMA Shubhro Michael Gomes, Director

Deputy Secretary
Dr. Madhumita Sengupta, Joint Director

35. Task Force on Agri Cost Management (Quorum: 4)

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

Convenor
2. CMA (Dr.) Sreehari Chava

Members
3. CMA Biswarup Basu
4. CMA Neeraj D. Joshi
5. CMA Chittaranjan Chattopadhyay
6. CMA Santosh Sharma
7. CMA A Gopalakrishna
8. CMA D. Zitender Rao
9. CMA Preet Mohinder Singh
10. CMA Raveender Nath Kaushik
11. CMA Rakesh Sinha
12. Dr. Arup Kumar Mitra

Secretary
CMA (Dr.) Debaprosanna Nandy, Sr. Director

Deputy Secretary
CMA Ria Chowdhury, Asst. Director

36. Task Force on Value (Integrated) Reporting (Quorum: 2)

Chairman
1. CMA P Raju Iyer, President

Members
2. CMA (Dr.) Balwinder Singh
3. CMA A N Raman

Secretary
CMA Yogender Pal Singh, Joint Director

37. Task Force on Election Reforms (Quorum: 2)

Chairman
1. CMA P Raju Iyer, President

Members
2. CMA (Dr.) Balwinder Singh
3. CMA Biswarup Basu
4. CMA Rakesh Singh, Past President

Secretary
CMA Kaushik Banerjee, Secretary

- President is Permanent Invitee to all the committees except Disciplinary Committees, Board of Discipline, Quality Review Board and committees represented by him as Chairman.

- Vice President is Permanent Invitee to all the committees except Disciplinary Committees, Board of Discipline, Quality Review Board and committees represented by him as Chairman.


CMA P. Raju Iyer, President of the Institute extending greetings to Shri Arjun Ram Meghwal, Hon'ble Union Minister of State for Culture and Parliamentary Affairs on 27th December, 2021 during a courtesy meeting and to extend an invitation of the Hon'ble MoS for the Skill Development Programme to be organised by the Institute in the month of January 2022

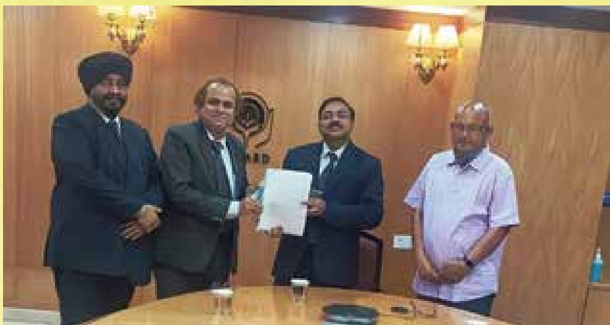
CMA P. Raju Iyer, President along with CMA (Dr.) K Ch A V S N Murthy, Council Member of the Institute, CMA K Rajagopal, Chairman of SIRC, CMA S. Ramesh, Former Chairman of SIRC and CMA B.R. Prabhakar, Former Chairman of SIRC of the Institute extending greetings to Shri C.B. Ananthakrishnan, Director (Finance) & CFO of Hindustan Aeronautics Limited on 17th December, 2021

CMA P. Raju Iyer, President along with CMA Vijender Sharma, Vice President and CMA (Dr.) K Ch A V S N Murthy, Council Member of the Institute extending greetings to Shri Parmod Kumar Arora, Member (Actuary), Insurance Regulatory and Development Authority of India on 16th December, 2021

CMA P Raju Iyer, President ICAI, Vice Chancellor Dr K Pitchumani, Dean of Arts Dr B Revathy, Manonmaniam Sundaranar University and Council Member ICAI CMA H Padmanabhan during exchange of MoU between Institute and University

Glimpses of MOU signing ceremony between the Institute and Manonmaniam Sundaranar University, Tirunelveli Tamil Nadu by CMA P Raju Iyer President ICAI and Dr K Pitchumani, Vice Chancellor and other dignitaries

CMA P. Raju Iyer, President, CMA Chittaranjan Chattopadhyay, Council Member of the Institute and Dr. Madhumanjari Mandal, Principal, Scottish Church College, Kolkata during the MOU signing ceremony between the Institute and Scottish Church College, Kolkata on 3rd December, 2021



CMA (Dr.) Balwinder Singh, Past President & Chairman, CASB and T&EF Committee, CMA Chittaranjan Chattopadhyay, Chairman, BFSIB and CMA (Dr.) Sreehari Chava, Convenor, Task Force on Agri Cost Management presenting Agri Cost Clinic publication to Dr. G.R.Chintala, Chairman, NABARD during a meeting at NABARD Head Office in Mumbai

CMA Neeraj Joshi, Chairman, MAC, CMA Dr. D.P.Nandy,Sr Director, CMA Chittaranjan Chattopadhyay,Chairman, BFSIB, Dr.Partha Ray, Director and Member Secretary, NIBM,Dr. Kaushik Mukherjee, Associate Professor, NIBM and Dr.Arindam Bandyopadhyay,Associate Professor (Finance)

CMA (Dr.) Balwinder Singh, Past President & Chairman, CASB and T&EF Committee, CMA Chittaranjan Chattopadhyay, Chairman, BFSIB and CMA (Dr.) Ashish P. Thatte, Chairman, Corporate Laws Committee in discussion with Shri S.K. Mohanty, Whole Time Member, SEBI during a meeting in SEBI HQ, Mumbai

CMA Chittaranjan Chattopadhyay, Chairman, BFSIB and CMA Debasish Mitra, Chairman, Board of Advanced Studies & Research of the Institute felicitating Dr. CKG Nair, Director, NISM alongwith other officials of the Institute and NISM

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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IS IBC, 2016 A COST-EFFECTIVE RESOLUTION PROCESS FOR BANK NPAs?

Abstract

The Primary Objective of IBC, 2016 is to Consolidate and Amend the Laws relating to Re-organization and Insolvency Resolution of Corporate Persons, Partnership Firms and Individuals", to fix time periods for execution of the law in a time-bound settlement of insolvency (i.e. 180 days) and to Maximize the Value of Assets of Interested Persons.

CMA (Dr.) P. Siva Rama Prasad
Asst. General Manager (Retd.)
State Bank of India
Hyderabad
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THE PREAMBLE TO IBC, 2016

"An Act to consolidate and amend the laws relating to Reorganisation and Insolvency Resolution of Corporate Persons, Partnership Firms and Individuals in a Time Bound manner for Maximisation of Value of Assets of such Persons, to Promote Entrepreneurship, Availability of Credit and Balance the Interests of all the Stakeholders including Alteration in the Order of Priority of Payment of Government Dues and to Establish an Insolvency and Bankruptcy Board of India, and for matters connected therewith or incidental thereto."

OBJECTIVES OF IBC, 2016

- Consolidate and amend the laws relevant to insolvency and bankruptcy cases in India.
- Provide a time bound resolution process of credit / loans advanced by financial institutions / banks / operational creditors of the corporate debtor.
- Maximise the value of assets of the corporate debtor (companies / LLPs) through resolution plans submitted by resolution applicants.
- Enhance / Promote entrepreneurship in India and to attract more investments (both domestic and foreign direct investment) through various reforms and also to create favourable climate for "Ease of Doing Business" in the country.
- Create confidence in Indian financial institutions particularly the bankers who are lending to corporates / LLPs on a continuous basis.
- Establish a Regulator i.e., Insolvency and Bankruptcy Board of India to regulate and supervise the bankruptcy and insolvency cases in India with the help of IPAs, IUs and IPs.

Alter the distribution of liquidation proceeds (in case of liquidation) i.e., priority of payments in liquidation process etc.

MAXIMUM PERIOD OF RESOLUTION:

Section 12(1) of the IBC Code, 2016 requires the corporate insolvency resolution process (CIRP) to be completed within a maximum period of 180 days from the date of submission of the application by the financial / operational creditor / corporate debtor to NCLT to initiate the corporate insolvency resolution process (CIRP).

In terms of section 12(2) of Insolvency and Bankruptcy Code, 2016 this period can be extended (based on the necessity) if the Resolution Professional files an application to the Adjudicating Authority (AA) subject to the approval of Committee of Creditors (CoC) with a minimum 66 per cent voting power.

Under section 12(3) of the Insolvency and Bankruptcy Code, 2016, the Adjudicating Authority (NCLT) can grant only one extension upto a maximum 90 days based on the approval of CoC and subject to certain conditions.

The mandatory period to complete the CIRP is 330 days including time spent on appeal, stay etc. and varies from case-by-case and not a straight through process.

Hence, if we take the period of resolution from the date of filing of application to NCLT by either financial creditor or operational creditor or corporate debtor to the date of closure of CIRP (including the delays etc.), the total period comes to around one year. But in the case of banks / financial institutions, if we take the Initial period of 90 days i.e., standard asset to NPA identification of the loans provided to the corporate debtor, the total period of resolution process comes to more than one year and three months.

IMPORTANT STEPS IN CIRP

The following are the sequential steps in the corporate insolvency resolution process (CIRP) in normal conditions (from the date of submission of application to NCLT either by FC/OC/CD):

Step-1	Submission of application to the NCLT by FC / OC/ CD.
Step-2	Identification and appointment of 'Interim Insolvency Resolution Professional' (IRP) to initiate the CIRP process.
Step-3	Moratorium period will start from the date of application admitted by the Adjudicating Authority either under section 7 or 9 or 10 (FC / OC / CD).
Step-4	Verification and analysis of claims submitted by financial creditors / operational creditors etc.
Step-5	Formation of committee of creditors (CoC) by IRP.
Step-6	Appointment of the Resolution Professional (RP) after completion period of IRP.
Step-7	Acceptance of the 'resolution plan' (Through evaluation matrix): ≈ If a plan is accepted within the stipulated period and is approved by NCLT, handover the company to the successful bidder (i.e., resolution applicant). ≈ If no 'resolution plan' is filed / accepted during the stipulated period then 'liquidation process' of the corporate **will commence .**

FLOW CHART OF CORPORATE INSOLVENCY RESOLUTION PROCESS:

For example, the following calculations are based on the "average debt" borrowed by corporate debtor from the "financial creditor (banks / financial institutions)" and the size of average debt is ₹.30 Crores and the estimated "Resolution process costs" are as follows:

ELEMENTS OF COSTS DURING RESOLUTION PROCESS

(Average Estimated Cost)

(*Based on the Interactions with Bankers / RPs etc.*)

Sl. No.	*Activity*	*Section No. / Regulation*	*Cost (Approx.)*
1	The cost of services offered by Interim Resolution Professional (IRP) at initial period of CIRP- average period taken as 60 days.	Sections 16 (1) and 22	₹.4,00,000
2	Public announcement – Cost of advertisement in two reputed Newspapers – one local language and One national newspaper where the creditors (FC / OC) are situated.	Section 15	₹.1,00,000
3	Appointment authorised representative for "class of creditors" (in certain circumstances i.e., where the class of creditors exist).	Section 21(6A) (b) / Regulation 16 A	₹.2.00,000
4	Committee of creditors (CoC) Meetings – average 6 meetings during total CIRP period.	Section 22(1) / Regulation 19(2)	₹.6,00,000

5	Appointment of Resolution Professional (RP) – average period taken as 7 months.	Section 16(5)	₹.14,00,000
6	Appointment of valuers - two valuations for each land & buildings, plant & machinery, securities or financial assets.	Regulation 27	₹.12,00,000
7	Services cost of Insolvency Professional Entities (IPEs).	--	₹.6,00,000
8	Other services like engagement of Advocates (Legal Advisors), Company Secretary's services (to verify the information with ROC etc.), Chartered Accountant in case of need etc.	--	₹.6,00,000
9	Determination of preferential and other transactions. (like transactional audit / forensic audit). For PUFE transactions are covered under sections 43, 45, 66, and 50 of IBC.	Regulation 35 A	₹.5,00,000
10	Preparation of "Information memorandum-IM" (detailed document about the company assets & liabilities, products manufactured, number of staff, market share, key managerial persons etc. for marketing of "resolution plans" from the prospective resolution applicants).	Regulation 36(1)	₹,3,00,000
11	Invitation of "Expression of interest - EoI" for 'resolution plans' (through wide publicity by using reputed newspapers).	Regulation 36 A	₹.4,00,000
12	Miscellaneous costs (printing, stationery, conveyance to visit to NCLT etc.)	--	₹.1,00,000
13	"Interest cost" on the funds lent by the bank / FIs to the corporate debtor. Average interest "yield rate on advance" of ₹.30 Crores with 10% p.a. Interest (simple interest) i.e., 10 per cent of ₹.30 Crores. = ₹.3.00 Crores. (*Note*: Beginning from July 1, 2002 banks are charging / compounding interest at monthly rests). But in this case, 'interest cost' is taken at simple interest rate and not monthly compounded. *Note:* As mentioned in the earlier paragraphs i.e., the 'maximum period of resolution process (CIRP)' is one year. Hence, interest cost calculated for one year.		₹.3,00,00,000
	AVERAGE TOTAL RESOLUTION PROCESS COST		**₹.3,64,00,000/-**

DETAILS OF VARIOUS COSTS IN CIRP PROCESS

a) Interim Resolution Professional-IRP

The Adjudicating Authority shall appoint an Interim Resolution Professional as per the list provided by IBBI or based on the recommendations of the financial creditors on the insolvency commencement date. The term of the Interim Resolution Professional (IRP) shall continue till the date of appointment of the Resolution Profession in terms of section 22 of IBC, 2016.

On an average IRP will continue for a period of two months (earlier it is 45 days). Hence, the average period taken for IRP services is 60 days. After appointment of Resolution Professional, IRP has to handover the proceedings of CIRP i.e., correspondence that took place from day-1 of his appointment to the Resolution Professional i.e., information / data, various documents filed in Information utility, correspondence, minutes of CoC, list of claims received etc.

Average cost of IRP services: The cost of services taken for Interim Resolution Professional (IRP) is ₹.4.00 Lacs (*₹.2 Lacs per month*) and the average maximum period is taken as 60 Days.

b) Public Announcement

Section 15 of Insolvency and Bankruptcy Code, 2016 read along with IBBI CIRP Regulations, set out the requirements of 'public announcement'. An Insolvency Professional (IP) shall make the "public announcement" immediately on his appointment as Interim Resolution Professional (IRP). That not later than three days from the date of his appointment as IRP. The public announcement shall be made in Form A. The public announcement shall be made as under:

1. One English and one regional language newspaper with wide circulation at the location of the registered office and principal office (if any) of the corporate debtor and

any other location (where, in the opinion of the Interim Resolution Professional-IRP) the corporate debtor conducts material business operations.

2. On the website of the corporate debtor (if available) and

3. On the website designated by the IBBI in this regard.

Average Cost of Public Announcement*:* Public announcement i.e., advertisement to be given in two reputed newspapers i.e., one in local language and the another in a National newspaper. Based on the present prevailing rates of news agencies and also the circulation of the newspaper etc. the average cost taken as ₹.1.00 Lac.

c) Authorised Representatives

The Interim Resolution Professional shall select the qualified insolvency professional, who is the choice of the highest number of financial creditors in the class in Form-CA received under sub-regulation (1) of regulation 12, to act as the authorised representative of the creditors of the respective class. The honorarium / services cost as per the CIRP Regulation is as follows:

Number of Creditors in the Class	*Fee per Meeting of the Committee (₹)*
10 to 100	₹.15,000/-
101 to 1,000	₹.20,000/-
More than 1,000	₹.25,000/-

Average Service Cost of 'Class of Creditors'*:* Appointment of authorised representative is to be approved by CoC based on the recommendations of Insolvency Professional. He will represent in CoC meetings the class of creditor' and the cost of services of authorised representative based on the Regulations and the average cost during CIRP period is taken as ₹.2.00 Lac.

d) CoC Meetings

Under the IBC, a CoC is composed of financial creditors of corporate debtor (CD) or operational creditors, in the absence of financial creditors. The Interim Resolution Professional shall, after collection of all claims received against the corporate debtor and determination of the financial position of the corporate debtor, constitute a Committee of Creditors (CoC) in terms of section 21(1) of Insolvency and Bankruptcy Code, 2016.

Average Cost of Conducting CoC Meetings*:* The cost CoC meetings means the expenditure incurred for conducting CoC meetings like Insolvency Resolution Professional's incidental expenditure i.e., travelling and boarding expenses, take preparation and circulation of minutes of the meetings to the members of CoC and also miscellaneous expenditure incurred in conducting the meetings of CoC etc.

The number of such meetings during CIRP period is around twelve and it may be more depending on the size of financial creditors debt / operational creditors debt / issues involved etc.

Based on the historical data the cost incurred in this regard for an average number of CoC twelve meetings is taken as ₹.6.00 Lacs for the entire period of CIRP.

e) Resolution Professional-RP

The first meeting of the committee of creditors shall be held within seven days of the constitution of the said committee.

The committee of creditors, may, in the first meeting, with a majority vote of not less than sixty-six per cent. of the voting share of the financial creditors, either resolve to appoint the Interim Resolution Professional as a Resolution Professional or to replace the Interim Resolution Professional by another Resolution Professional (RP).

Average Cost of Services of RP*:* The appointment of Resolution Professional will happen after appointment of the IRP and last till the end of the CIRP and this may extend based on the litigations / extensions period approved by Adjudicating Authority etc.

Hence, the Average period is taken as seven months and average fees to be paid to the Resolution Professional is taken as ₹.14.00 Lacs (@₹.2.00 Lacs per month).

f) Valuers

In terms of section-27 of IBC, 2016, two registered valuers are required to be appointed by the Resolution Professional within 7 days to determine the fair value and liquidation value.

Under section-35, if the two liquidation values significantly differ the RP may appoint another registered valuer who shall submit an estimate computed in the same manner; and the average of the two closest estimates shall be taken as the liquidation value.

Average Cost of Valuers*:* Valuers are to be appointed to value the assets of the corporate debtor to arrive the 'fair market value' and 'liquidation value'. As per the IBBI Regulations two valuers are to be appointed by the Resolution Professional with the approval of CoC. If there is a wide variation in the two valuations given by the valuers, a third valuer needs to be appointed by the Resolution Professional.

The average cost of valuations services for valuing land & buildings, plant & machinery, securities or financial assets etc based on the prevailing market rates is taken as ₹.12.00 Lacs.

g) IPE / Advocate Services

IRP / RP can use the services of Insolvency Professional Entities and also legal advisors (based on the requirements). The cost of these services are to be approved by the CoC. For smooth completion of CIRP, the services of IPE and legal advisor are essential in certain cases.

Average Cost of IPE / Advocate Services: As the guidelines the IP can avail the service IPE based on the need subject to the approval of CoC. Hence, the cost of services provided by the IPE is taken at ₹.6.00 Lakhs. For the entire CIRP Period.

In addition to this cost in most of the cases, the IP requires the "advisory / assistance" from advocates, company secretaries, chartered accountant etc. Hence, the average cost of service taken as ₹.6.00 Lacs.

h) Preferential and Other Transactions

Section 43 requires, transactional / forensic audit under Insolvency and Bankruptcy Code for the following transactions:

- Section 45: Undervalued transactions.
- Section 49: Consequence of entering into an undervalued transaction.
- Section 50: Extortionate credit transactions.
- Section 66: Wrongful and fraudulent trading.
- Section 65: Fraudulent initiation of insolvency process This is another important provision touching frauds under the Insolvency and the Bankruptcy Code.

***Appointment of Transaction Auditors*: This is a regular requirement of the Resolution Professionals. The forensic auditor can identify the fund diversion, siphoning of funds and other related activities, which may be carried out by the management of the company. With the support of forensic audit report, the committee of creditors (CoC) can identify and inform frauds to the promoters / directors of the corporate debtor company to enable them to take necessary mitigative and preventive steps.

Average Cost of Transactional Audit: In most of the cases, funds diversification / misutilization of funds take place in corporates, whereby the CD is not in a position to liquidate the borrowed amount to the financial creditors. To identify these transactions, the IP can appoint transactional auditor (forensic auditor) to determine the preferential and other transactions of the corporate debtor. The average cost of services offered by the transactional / forensic auditor is taken at ₹.5.00 Lacs.

i) Information Memorandum

In terms of section-5 (10) "information memorandum" means a memorandum prepared by the Resolution Professional under sub-section (1) of section 29.

The primary purpose of an information memorandum-for decision is to support decision making. It also "Helps (or sometimes influence) a decision-maker to make a better decision in a particular problem situation than he might otherwise have made without such analysis". The other purposes that the briefing note can serve include

- Conveying information.
- Informing decisions.
- Making a request.
- Providing a response to a question.
- Making a suggestion.
- Presenting an informal report.
- Proposing a solution to a problem.
- Documenting a reference for future use.

Cost: The preparation of information memorandum (A Detailed Document about the Company) requires specialised knowledge. This is a marketing brochure and it is useful to the prospective resolution applicant to participate in the bid. For preparation of information memorandum, the RP can take the services of an expert in this regard subject to the approval of CoC. The average cost of services for preparation of information memorandum to be charged by experts is around ₹.3.00 Lacs.

j) Expression of Interest

Under section 25(2) (h) of the IBC, the Resolution Professional invites expression of interest (EoI) from interested and eligible potential resolution applicants for the purpose of submission of resolution plan for the corporate debtor in terms of the provisions of the IBC, 2016

Average Cost of Expression of Interest: Invitation of expression of interest for resolution plans (wide publicity through newspaper advertisement) to get the resolution plans from the prospective resolution applicants involves substantial cost. To get a greater number of resolution plans, the IP has to give newspaper advertisements (by choosing wide circulation news agencies). For this activity, the average cost to be incurred by the CoC would be around ₹.4.00 Lacs.

k) Miscellaneous costs

Provision for miscellaneous costs has been estimated at Rs.1.00 Lac. i.e., for printing, stationery, uploading the information in information utility charges, visit to the NCLT (travelling costs) to submit the various documents from time to time and also to attend hearings at NCLT etc.

Miscellaneous cost is therefore taken for total CIRP period at ₹.1.00 Lac.

I) Interest Portion on the Funds lent by Financial Creditor

Money value is more at present than in the future because of its opportunity cost for the waiting period. In addition to this loss, if we don't get on it right away, inflation gradually erodes its value and purchasing power.

The maximum time for resolution process is 180+90+60 = 330 days subject to approval of NCLT. Banks provide funds to the corporate debtor out of deposits of bank depositors. The main obligation of the Banks is to pay the principal amount of deposit along with interest to the depositors.

Once the bank funds get blocked in the resolution process the following challenges surface:

- *Liquidity Problem*: Once the depositor wishes to withdraw the deposit funds, the bank may not be able to pay the depositors due to unrecovered loan amount and ongoing resolution process.
- *Recycling of Funds*: If the corporate borrower is not paid from the funds borrowed from the Bank, then the turnover of the Bank will come down i.e., once, the loans are not paid intime, funds are not available to the bank for further lending (new loans). Recycling of funds will not happen once the funds are blocked in CIRP.
- *Hair Cut*: If the full amount of loan along with interest is not recovered from the borrower, the problem to the banker is the loss on lending activity (difference between outstanding amount and realized amount). This loss is to be debited either to the profit and loss account or to the provisions account (if adequate provisions are made by the bank). Ultimately the profit of the bank will reduce. This is one of the main reasons of losses incurred by the commercial banks.
- ***Average Interest Cost of Loan Fund***: If we take ₹.30 crores as the loan from a bank to the corporate debtor and, this amount is blocked in resolution process i.e., CIRP for one year, Then the interest cost on ₹.30 crores will be around ₹.3 crores (average yield on advance is 10% p.a.). This amount may not be recovered by the banks through CIRP process. Hence, the time value of money of CIRP process is around ₹.3 Crores towards financial debt of the banks. (maximum period of CIRP period taken under various conditions is 330 days i.e., average 1 year).
- ***Remarks***: The total resolution costs to the financial creditor i.e., banks is around ₹.3.64 Crores and is around 12.13% of the loan provided by the bank. If the bank does not get the full amount of loan through CIRP process i.e., principal with interest, then 12.13% of resolution costs is an additional burden to the banks.
- ***Note***: If there is no recovery of loan extended by financial institutions / banks to the corporate debtor, then the loan is to be classified as non-performing assets and the banks / financial institutions has to follow the "Income recognition and asset classification" norms of the RBI. Hence, no interest is to be charged by the banks as per the RBI Directives. Due to this, for one year the bank will lose ₹.3.00 crores by way of loss of interest (average yield on advances of bank loans is ~10% with simple interest not monthly compounded).

RESOLUTION COSTS IN OTHER COUNTRIES

The resolution cost of ₹.3.64 crores is 12.13% on financial debt of ₹.30.00 crores. This is high cost aspect of the resolution process to the bank / financial institutions. As compared to the 'resolution costs' in other countries, in India it is on a high side.

Name of the Country	*Resolution Cost Percentage of Loan*
India	12.13
Brazil	12.00
Germany	8.00
Finland	3.50
Japan	3.50
Korea	3.50

SUGGESTIONS TO MINIMIZE THE RESOLUTION COSTS

Following are some suggestions to minimize the resolution costs in incurred in the process of recovery of NPAs of banks:

- Close monitoring of the IBC cases filed with NCLT / NCLAT. For each case the "date charts" are to be prepared. If in any of the cases, the activities of CIRP extends beyond the prescribed time limits, special attention needs to be paid to address the same. Time limits mentioned in the CIRP Regulations are outer limits, and hence every activity of CIRP should be completed within the time limits prescribed in the CIRP Regulations.
- Use PERT / CPM methods of project implementation as control tool. As CIRP is also like a "project" it is to be completed within the time schedule with the help of IRP / RP.
- Provide extensive training to the officials of credit wings of credit intensive Branches and also Stressed / NPA Specialized Branches and staff members on CIRP and related areas.
- While allotting the cases to the IPs, the background verification / checking i.e., knowledge in credit management along with IBC Code, Rules and Regulations and also past record like how many cases completed within the time schedules etc. are to be verified by the financial creditors.
- Segregation of costs related to CIRP into controllable and un-controllable costs. Special focus should be given to controllable costs.
- Card rates charts are to be prepared or the service cost for various activities of CIRP by the Banks should be fixed like, IRP fees, RP fees, transactional audit fees, valuation fees, uploading of the information with information utilities, supplementary services to be used by IP i.e., IPE / advocate fess etc. and the same are to be circulated to credit intensive branches / stressed assets branches for implementation.
- Developments / modification of Rules and Regulations of CIRP as mentioned in IBBI web-site from time to time to be shared to the concerned Branch Heads / Credit Managers etc. In addition to this, learning curves (one page briefs of the cases admitted / dismissed with various NCLTs / NCLTs / Supreme Court etc.) as given in "ICSI IPA" web-site and also IBBI Quarterly Journal are to be shared with the concerned officials of bank branches to enhance / enrich the knowledge relating IBC, cases.
- Standard operating procedures (SOPs) are to be developed by the banks for CIRP, PPIRP, IIRP etc. and the same are to be circulated to the concerned branches. Thereby knowledge gaps in IBC will get minimized to a large extent at operating levels of the banks.

CONCLUSION

Even though the resolution costs in CIRP of IBC is a concern to the banks, still there is scope to minimize the same, through various strategies / suggestions as mentioned above. Decision-making process, cost-benefit analysis are very important tools, while filing IBC cases in NCLTs. The vital factors contributing to 'file 'or 'not to file' cases in NCLTs under IBC, 2016 is based on the category of NPA account, ticket size of NPA, collateral security availability, viability of unit, competition for the product / service offered by the company, future prospects of the business activity, availability of resolution applicants, financial strength of the guarantors and also the previous history of the account with the bank are to be taken into account. For small exposure credit limits and SME units (i.e., where the ticket size of NPA account is low) instead of filing the case in NCLT under IBC, 2016, it is better to choose either SARFEASI, 2002 or approach the DRT etc. In addition to the above, strategies for quick recovery of NPAs with reasonable resolution costs available to the banks are:

- Out of court settlement.
- Arbitration/ mediation process.
- Compromise of loans.
- OTS / re-structuring of loans etc.

Based on the above, Banks may explore the best alternate resolution process with the objective of minimizing resolution costs, speedy recovery of NPAs with least haircut of loan outstanding. MA

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1. *Insolvency and Bankruptcy Code, 2016.*
2. *Rules and Regulations of IBC, 2016 issued by IBBI.*
3. *CIRP Regulations issued by IBBI.*
4. *Preamble of IBC, 2016.*

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Behind Every Successful Business Decision, there is always a CMA

E-PAYMENT TRENDS IN INDIA
Amendments in the Income Tax Act for Cashless Economy

Abstract

The volume of electronic payments is increasing significantly, especially after demonetisation in 2016. Internet data revolution in India also contributed to digital payments with the launch of easy to use UPI apps. UPI payments have increased by four times from 2018-19 to 2020-21. At the same time, cheque payments have decreased considerably. After COVID-19 pandemic, people moved from card payments to UPI payments since they preferred to stay in house and carry on online transactions. The Government's focus on digitalisation of economy is evident from the fact that amendments have been made in Income Tax Act after demonetisation to discourage cash transactions.

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INTRODUCTION

Electronic payments play a key role in our monetary transactions. There is a perceptible change in the way payments are being effected. This trend has become more visible since demonetisation in the year 2016. Digital transactions are replacing the cheque payments and cash payments. The Government has always been trying to reduce the volume of cash transactions in the economy. It has taken many measures to encourage digital transactions and reduce cash transactions. The Government has incorporated various provisions in the income tax law for discouraging cash transactions and encouraging digital payments. Digital payments increased from Rs. 920.38 trillion to Rs. 1623.05 trillion over a period of 5 years ending financial year 2020. Despite the fact that digital payments have grown enormously, the data released by RBI revealed that the value of notes in circulation went up from Rs. 17.74 trillion on 04th November, 2016 to Rs. 29.17 trillion on 29th October, 2021.

TYPES OF ELECTRONIC PAYMENTS IN VOGUE

(i) RTGS and NEFT

Electronic payments in India started in the early 2000's. The Reserve Bank of India's Real Time Gross Settlement (RTGS) system started in March, 2004. Later, National Electronic Funds Transfer (NEFT) system was introduced by RBI in November 2005. RTGS and NEFT transactions have reduced the payment cycle time significantly by eliminating the time consuming process of clearing of cheques, especially in the case of out station cheques.

(ii) Card Payments

Debit cards were earlier used only for ATM transactions. With point-of-sale (POS) terminals being introduced at many retail outlets, card payments started replacing cash payments. POS terminals paved the way for increasing electronic payments being made by the consumers. Besides debit cards and credit cards, prepaid cards were also introduced. Now a day, banks are entering into tie ups with major retail franchisees and online retail stores for giving discounts on products purchased through their cards. These incentives are motivating the consumers to make electronic payments using bank cards.

UPI Applications

POS terminals cannot be set up in small retail stores like neighbourhood kirana stores. Hence, the need for further simplification arose. Unified Payment Interface (UPI) is a system in which payments are made through mobile apps. UPI apps can also be used for making funds transfer. UPI payments rose significantly with mobile internet data revolution and forced circumstances due to COVID-19 pandemic situation.

Internet Banking

Electronic payments and online transfer of money can be made using internet banking facility provided by the concerned banks to its customers.

E-wallets

Money can be transferred from bank accounts to e-wallets and used whenever required for making electronic payments or for transferring funds to other e-wallets. Some of the popular e-wallets in India include State Bank Buddy, Airtel Money, ICICI Pockets, Citrus Pay, Freecharge, Mobikwik, JioMoney, Paytm, Samsung Money and Ola Money.

With the advent of smart phones, e-payments have gone to the next level. Those who are not willing to swipe their cards at POS terminals for security reasons started making payments using UPI apps and e-wallets.

REVIEW OF LITERATURE

Iyer, V. M. (2021) observe that in India, digital payments became increasingly prevalent after demonetization, and the trend of digital payments has exploded since then. The Digital India programme is the Government of India's flagship initiative. This programme has the goal of transforming India into a digitally enabled society and knowledge economy. One of Digital India's goals is to be "faceless, paperless, and cashless." There has been a surge in digital payments with the introduction of the Digital India programme. Digital payments have evolved in terms of technology and security over time, with the goal of reducing cybercrime. Businesses are continually enhancing their digital security procedures to protect client safety. Cashless transactions got a robust growth during the epidemic since people do not want to leave their homes to buy commodities and make cash payments. Digital payments facilitate the transparency of transactions. This research paper aims to collect people's thoughts on digital payments and determine whether they believe digital payments are the way of the future in India. The study also looks into the platforms' cyber security capabilities in order to protect consumers' privacy.

Pal, A., De, R., & Herath, T. (2020) opine that through financial inclusion, mobile payment technology contributed to socio-economic growth. The researchers created a methodology based on the theories of two important development economists—Schumacher and Sen—to assess the significance of mobile payments in sustainable human-centric development (Schumacher 2011; Sen 2001). The framework incorporates aspects such as low-cost technology, ease of implementation and operation, local utility, and creative appropriation potential. To evaluate the framework, the researchers conducted an in-depth field study which included interviews with merchants and consumers. Their findings are backed up by secondary survey data. The findings from the study reveal that, in addition to low-cost, simple installation, and operability, mobile payment technology allows for innovative uses such as reflection on past expenses. The findings point to the necessity for more local small-scale merchants to be included in the process.

Sheetal, J. U., Purohit, D. N., & Anup, V. (2019) state that digital payments might be responsible for the shift in Indian society's buying and selling habits following demonetization. Demonetization in 2016 prompted a greater use of technology to streamline and expedite the execution of digital transactions. In 2016, the Indian Government demonetized all bank notes of the denominations Rs. 500 and Rs. 1,000. It left consumers with no choice but to gradually move away from cash transactions. The use of the internet for online services is rapidly increasing. cashless transactions are becoming increasingly popular among business people of all sizes (small, medium, and large). These days, online payment applications are extremely popular. The study aims to determine how the quantity of online payment applications and mobile app usage has changed since demonetization. The way people react to digital transactions following demonetization has a big impact on the society. To ensure the study's validity, an online poll was undertaken.

Rus, A., Rovinaru, M., Rovinaru, F., & Mihut, M. (2019) note that with the rise of the e-environment came a slew of issues, ranging from errors, misunderstandings, and poor operating procedures to outright fraud and identity theft. The risk is much greater in Eastern European emerging economies, which have been slow to develop the electronic side of the sector and are now confronted with difficulties that have already evolved in other markets. This research aims to provide an introduction to risk management in online payments and to establish a framework for a bigger, more comprehensive consideration of risks in the current financial system. The paper takes a theoretical approach while emphasising various practical aspects of coping up with this new type of risk.

Gupta & Asha, D. (2018) opine that digital payments are now on the path of becoming the mainstream payment system. The acceptance of digital payment systems varies in the world with some methods being highly used and other methods being not so popular. There are four broad reasons for rise in digital transactions. The first reason is increasing penetration of smart phones and internet on mobile. Secondly, several non-banking institutions also started offering electronic payment services. Thirdly, customer especially youth are looking for one touch payment solutions, which is best met by UPI payment apps. Fourthly, regulatory framework is also supporting digital transactions. The research paper emphasises on the security concerns of people on digital transactions.

ANALYSIS

The annual report of Reserve Bank of India for the year 2020-21 showed the trend of payments. (Table 1)

TABLE 1*:

VOLUME OF TRANSACTIONS

(In millions)

Srl. No.	Payment mode	2018-19	2019-20	2020-21
1	RTGS	137	151	159
2	Credit transfers	11848	20651	31785
3	Debit transfers and direct debits	491	753	1046
4	Card payments	6177	7238	5784
5	Prepaid payment instruments	4607	5332	4939
6	Paper-based Instruments	1124	1041	670
	Total retail payments (2+3+4+5+6)	24247	35015	44223
	Total payments (1+2+3+4+5+6)	24384	35165	44382
	Total digital payments (1+2+3+4+5)	23260	34124	43712

*Source: Annual report of RBI for the year 2020-21

The above figures include all payments except cash transactions. The volume of electronic payments in total payments is 95 per cent, 97 per cent and 98 per cent respectively for the years 2018-19, 2019-20 and 2020-21 respectively. The volume of paper based instruments like cheques etcetera in the total payments is 5 per cent, 3 per cent and 2 per cent respectively for years 2018-19, 2019-20 and 2020-21 respectively. Thus, the payments through cheque mode are negligible and continuing to decrease every year.

TABLE 2

PERCENTAGE OF VOLUME OF TRANSACTIONS OF EACH PAYMENT MODE*

Sl. No.	Payment mode	2018-19	2019-20	2020-21
1	RTGS	0.6	0.4	0.4
2	Credit transfers	48.6	58.7	71.6
3	Debit transfers and direct debits	2.0	2.1	2.4
4	Card payments	25.3	20.6	13.0
5	Prepaid payment instruments	18.9	15.2	11.1
6	Paper-based instruments	4.6	3.0	1.5

The volume of card payments has decreased from 6177 million transactions in 2018-19 to 5784 million transactions in 2020-21. The proportion of volume of card payments decreased from 25 per cent in 2018-19 to 13 per cent in 2020-21.

The volume of prepaid payment instruments remained almost the same, 4607 million transactions in 2018-19 against 4939 million transactions in 2020-21. The proportion of volume of prepaid payment instruments decreased from 19 per cent in 2018-19 to 11 per cent in 2020-21.

Thus, card payments and prepaid payment instruments decreased by 24 per cent of total volume of transactions during the period. This is compensated by increase in credit transfers like IMPS, NEFT and especially UPI payments during this period whose share in the total volume of transactions rose from 49 per cent in 2018-19 to 72 per cent in 2020-21. Credit transfers like IMPS, NEFT and especially UPI payments increased from 11848 million transactions in 2018-19 to 31785 million transactions in 2020-21, almost an increase of 250 per cent.

CHART 1
VOLUME OF TRANSACTIONS
(In millions)

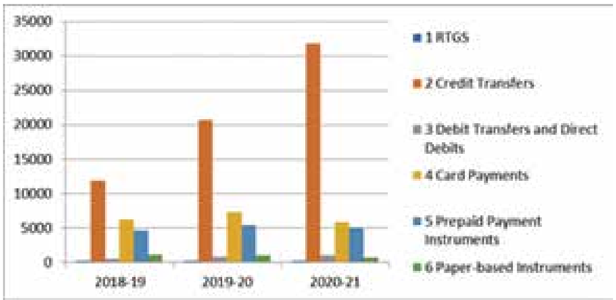

TABLE 3*
VOLUME OF CREDIT TRANSFER TRANSACTIONS
(In millions)

Sl. No.	Payment mode	2018-19	2019-20	2020-21
2.1	AePS (Aadhar Enabled payment Systems - Fund Transfers)	1	1	1
2.2	APBS	1495	1677	1437
2.3	ECS Cr	5	2	0
2.4	IMPS	1753	2579	3278
2.5	NACH Cr (National Automated Clearing House)	883	1129	1645
2.6	NEFT	2319	2745	3093
2.7	UPI	5392	12519	22331
	Total credit transfers	11848	20651	31785

*Source: Annual report of RBI for the year 2020-21

The key point which can be observed is that the volume of UPI transactions increased by more than four times up from 5392 million transactions in 2018-19 to 22331 million transactions in 2020-21.

TABLE 4*
VOLUME OF DEBIT TRANSFER AND DIRECT DEBIT TRANSACTIONS
(In millions)

Sl. No.	Payment mode	2018-19	2019-20	2020-21
3.1	BHIM Aadhaar Pay	7	9	16
3.2	ECS	1	0	0
3.3	NACH (National Automated Clearing House)	483	734	963
3.4	NETC (National Electronic Toll Collection - Linked to Bank Account)	1	9	65
	Total debit transfers and direct debits	491	753	1044

*Source: Annual report of RBI for the year 2020-21

The volume of National Automated Clearing House doubled during the three-year period 2018-19 to 2020-21.

The volume of National Electronic toll collection transactions multiplied extensively.

TABLE 5
VALUE OF TRANSACTIONS
(Rs. in trillions)

Sl. No.	Payment mode	2018-19	2019-20	2020-21
1	RTGS	1357	1312	1056
2	Credit transfers	261	286	335
3	Debit transfers and direct debits	5	7	9
4	Card payments	12	14	13
5	Prepaid payment instruments	2	2	2
6	Paper-based instruments	82	78	56
	Total retail payments (2+3+4+5+6)	363	388	415
	Total payments (1+2+3+4+5+6)	1720	1699	1471
	Total digital payments (1+2+3+4+5)	1637	1621	1415

The above figures include all payments except cash transactions. The value of electronic payments in total payments is 95 per cent, 95 per cent and 96 per cent respectively for the years 2018-19, 2019-20 and 2020-21. The value of paper based instruments like cheques etc. in the total payments is 5 per cent, 5 per cent and 4 per cent respectively for the years 2018-19, 2019-20 and 2020-21. Thus, the payments through cheque mode are negligible and are on decreasing trend.

TABLE 6
PERCENTAGE OF VALUE OF TRANSACTIONS OF EACH PAYMENT MODE

Sl. No.	Payment mode	2018-19	2019-20	2020-21
1	RTGS	78.9	77.2	71.8

2	Credit transfers	15.2	16.8	22.8
3	Debit transfers and direct debits	0.3	0.4	0.6
4	Card payments	0.7	0.8	0.9
5	Prepaid payment instruments	0.1	0.1	0.1
6	Paper-based instruments	4.8	4.6	3.8

CHART 2

VALUE OF TRANSACTIONS

(Rs. in trillions)

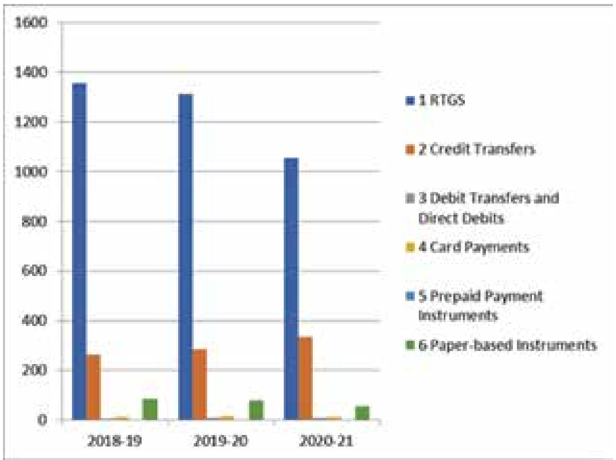

TABLE 7

VALUE OF CREDIT TRANSFER TRANSACTIONS

(Rs. in billions)

Sl. No.	Payment mode	2018-19	2019-20	2020-21
2.1	AePS (Aadhar Enabled payment Systems - fund transfers)	5	5	6
2.2	APBS	862	992	1127
2.3	ECS Cr	132	51	0
2.4	IMPS	15903	23375	29415
2.5	NACH Cr (National Automated Clearing House)	7297	10432	12327
2.6	NEFT	227936	229456	251309
2.7	UPI	8770	21317	41037
	Total credit transfers	260905	285629	335222

It can be observed that the value of UPI transactions rose by more than four and a half times between 2018-19 to 2020-21.

TABLE 8

VALUE OF DEBIT TRANSFER AND DIRECT DEBIT TRANSACTIONS

(Rs. in billions)

Srl. No.	Payment mode	2018-19	2019-20	2020-21
3.1	BHIM Aadhaar Pay	8	13	26
3.2	ECS Dr	13	0	0
3.3	NACH (National Automated Clearing House)	5225	7182	8689
3.4	NETC (National Electronic Toll Collection - Linked to bank account)	0	2	9
	Total debit transfers and direct debits	5246	7197	8726

NACH (National Automated Clearing House) payments constitute the main component of debit transfers and direct debits and rose by 67 per cent over the three-year period 2018-19 to 2020-21. During the same period, it is reported that BHIM Aadhar payments value multiplied by three times.

PROVISIONS OF INCOME TAX ACT

It could be seen from the analysis given in the earlier part of this article that electronic payments constitute more than 95 per cent of the total payments excluding cash payments. The payments through paper based instruments like cheque etc. constitute less than 5 per cent of the total payments. Thus, if we reduce the cash payments, automatically the electronic payments will increase.

The Income-tax Act,1961 has various provisions for discouraging cash transactions and encouraging electronic payments. The main provisions are explained hereunder.

1. **Section 40A (3) disallowance**

   Section 40A (3) of the Income-tax Act provides that in case an assesse incurs an expenditure in respect of which he makes a payment in excess of Rs. 10,000 through cash or bearer cheque, the whole expenditure will be disallowed and cannot be claimed as business expenditure. This will increase the tax liability of the assesse and thus the assesse is discouraged from making cash payments.

   The prescribed modes through which payment can be made include:

   i. Account payee cheque/draft

- ii. Credit card
- iii. Debit card
- iv. Net banking
- v. IMPS (immediate payment service)
- vi. UPI\
- vii. RTGS/NEFT
- viii. BHIM (Bharat Interface for Money)
- ix. Aadhar pay

This limit used to be Rs. 20,000 up to the financial year 2016-17. After demonetisation, the limit has been reduced to Rs. 10,000 vide Budget 2017 to discourage cash transactions being made by business assesses.

2. Penalty under Sections 269SS and 271D

Section 269SS of the Income-tax Act states that a person cannot accept a loan or deposit or any advance relating to transfer of immovable property from another person through cash or bearer cheque, if the amount of such loan or deposit or advance either individually or together equals or exceeds an amount of Rs. 20,000.

Any contravention of the provisions of section 269SS will lead to imposition of penalty under section 271D. The penalty is equal to the amount of loan or deposit accepted.

` The restriction under section 269SS is not applicable if the loan or deposit is accepted from

- a. Government
- b. Banking company, post office savings bank or co-operative bank
- c. Any corporation established by Centrals, State or provincial Act
- d. Government company
- e. Institution or association notified in Official Gazette

3. Penalty under Sections 269ST and 271DA

After demonetisation, the Central Government with the intention of moving towards cashless economy inserted sections 269ST and 271DA in the Income -tax Act through Budget 2017. These provisions came into force from financial year 2017-18.

Section 269ST provides that no person shall receive an amount equal to or exceeding Rs. 2.00 lakhs through cash or bearer cheque.

The aggregate amount received from the same person in a day through various transactions should not exceed Rs. 2.00 lakhs. The amount received in respect of the same event or occasion should also not exceed Rs. 2.00 lakhs even if the amount is received on different days.

Contravention of the provisions of section 269ST will lead to imposition of penalty under section 271DA. The penalty shall be equal to the amount received.

4. Deduction for medical insurance premium

Section 80D of the Income -tax Act provides for deduction of expenditure incurred on medical insurance premium or health check-up. This section provides for a deduction up to Rs. 25,000 for medical insurance premium paid by the assesse for himself or his spouse and children. A further deduction of Rs. 25,000 is available for medical insurance premium paid by the assesse for his parents. The limit of Rs. 25,000 for self has been increased to Rs. 50,000 where the assesse is a senior citizen. The limit of Rs. 25,000 for parents has also been increased Rs. 50,000 where the parents are senior citizens. Thus, the maximum amount of deduction is Rs. 1.00 lakh (where both the assesse and his parents are senior citizens). *This deduction is permissible only if the payment is made otherwise than through cash or bearer cheque.*

5. Enhanced Tax Audit Limit

Section 44AB of the Income -tax Act provides that a person carrying on business should get his accounts audited if the total sales, turnover or gross receipts in business exceeds Rs. 1.00 crore.

This limit has now been enhanced. Tax audit needs to be done only if the total sales, turnover or gross receipts in business exceeds Rs. 5.00 crore (for the financial year 2019-20) or Rs. 10.00 crores (from the financial year 2020-21 onwards) provided that

- a. the aggregate of all receipts in cash does not exceed 5 per cent of the total receipts in the financial year;
- b. the aggregate of all payments in cash does not exceed 5 per cent of the total payments in the financial year

This provision acts as an incentive to the business assesses to reduce cash transactions.

FINDINGS

1. Electronic payments constitute more than 95 per cent of total payments excluding cash payments. The payments through paper based instruments like cheque payments etc. constitute less than 5 per cent of the total payments.
2. The introduction of 4G technology and reduced data charges and smart phone cost contributed significantly to the increase in digital payments.
3. There is a significant decrease in the volume of card payments and payments by prepaid instruments. Their proportion in total payments decreased from 44 per cent in 2018-19 to 24 per cent in 2020-21
4. The proportion of credit transfers like IMPS, NEFT and UPI transactions increased from 49 per cent in 2018-19 to 72 per cent in 2020-21. Thus, it can be seen that people have moved from card payments to UPI payments.
5. There is a phenomenal increase

in the volume of UPI payments which increased by four times during the three-year period 2018-19 to 2020-21.

6. There is a significant decrease in the value of total payments in 2020-21 due to the impact of Covid-19 pandemic and the lockdown.
7. The value of card payments and prepaid instruments payments remained more or less the same but the value of cheque payments sharply declined.
8. The value of RTGS transactions reduced significantly in 2020-21. This reflects the fall in high value business transactions due to economic downturn caused by COVID-19 pandemic.
9. However, Aadhar enabled payment systems, NEFT and UPI payments recorded a rise in the value of transactions even during the pandemic period. This is because people moved to online transactions as a precautionary measure to contain spread of the virus.
10. The focus of Government in moving to digital economy after demonetisation can be observed from the fact that it introduced many amendments in the Income -tax Act vide Budget 2017. This includes the insertion of sections 269ST and 271DA to penalise cash transactions.
11. Budget 2017 also brought down the disallowance limit oin respect of cash payments from Rs. 20,000 to Rs. 10,000 by amending section 40A (3).
12. A positive motivational amendment in Income -tax Act is the increase in the turnover limit of tax audit from Rs. 1.00 crore to Rs. 10.00 crores for moving away from cash transactions.

SUGGESTIONS

1. In view of security concerns, a large number of individuals although intending to move towards digital payments, are not utilizing the facility. If financial institutions provide higher level of security in all methods of digital payment systems, there will be an increased participation in digital payment systems.

The introduction of 4G technology and reduced data charges and smart phone cost contributed significantly to the increase in digital payments

2. In order to attract large population towards digital payments, financial institutions facilitating digital transactions need to reduce the internet banking charges to the extent possible, so that people would not feel burdened.
3. Banks can also consider reduction of the number of free cash withdrawals and cash deposit transactions.
4. Section 269ST of the Income -tax Act should be amended to reduce the limit of cash transaction from Rs. 2.00 lakhs to Rs. 1.00 lakh.
5. Turnover limit for tax audit has been raised from Rs. 1.00 crore to Rs. 10.00 crores in respect of assessees carrying on business have least 95 per cent of receipts and 95 per cent of payments otherwise than in cash. This benefit should also be extended to section 44AD – computation of business profit on presumptive basis. The existing turnover limit of Rs. 2.00 crores for computation of profit on presumptive basis should be increased when 95 per cent of receipts and 95 per cent of payments are effected by otherwise than in cash.
6. The condition in section 80D is that payment should not be made by cash or bearer cheque for allowing deduction in respect medical insurance premium. This condition should also be incorporated for certain other deductions like payment of interest on higher education loan under section 80E, deduction for payment of interest on loan taken for residential house property under section 80EE, deduction on donation under section 80G etc.
7. Literacy on digital payments can be improved by distribution of leaflets or flyers in regional language in rural areas to create awareness and sensitization for use of digital payments.
8. The digital payment process can be made simple with user friendly technologies to make it conducive for use by the rural masses. MA

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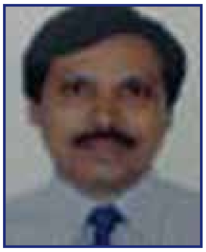
THE RISE & FALL OF YES BANK- A CASE STUDY IN MANAGING BANKING OPERATION

Abstract

This is a research paper which attempts to understand the underlying causes of failure of banks in India by analysing the real circumstances which led to the fall of Yes Bank in February 2020 after a fast paced growth for nearly 15 years.



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Introduction and Background

On 5th March 2020, Yes Bank, the fourth largest private sector bank in the country in terms of asset size was placed under a moratorium by the regulator, sending shockwaves among the depositors and investors. From Rs 400 per share, the share price tumbled to Rs 5 inflicting heavy losses on shareholders. The withdrawals from account was capped to Rs 50000 only creating panic for depositors. The Enforcement Directorate arrested the Managing Director of the bank Mr Rana Kapoor on charges of money laundering to the tune of Rs 4300 crores. This case attempts to analyse the operational and governance issues which led to failure of the bank and in that process imparts a glimpse of operations management in a bank.

Journey of the Bank

Yes Bank started its operation in January 2004 with Ashok Kapoor as Chairman & Rana Kapoor as Chief Executive Officer. In June 2005 the bank floated its IPO of Rs 300 crores. which was oversubscribed 30 times. The Bank rose to popularity very fast because it was never averse to risky lending. It embarked on the path of high risk and high return model. In 2005 it was ranked as 105th most valuable private sector company and the 7th most valuable Bank in India by Business Today. In 2006 it received the Financial Express award as India's best bank. In 2011 it received the award for India's Fastest Growing Bank of the year at Bloomberg UTV Financial Leadership Award 2011. In ten years, it rose to become one of the top five private banks in the country.

There were instances of setback also in this journey. In November 2008, Ashok Kapoor, one of the two founders was killed in the terrorist attack at Hotel Taj, Mumbai. In January 2009, Madhu Kapoor, wife of Ashok Kapoor requested the board to nominate her daughter as director which was rejected citing that it did not meet RBI rules. In June 2013 Madhu Kapoor, approaches Mumbai high court demanding seat in the board. A bitter succession battle began within the family and governance of the bank came under cloud. However the biggest setback was related to regulatory audit for FY 2015-16, FY 2016-17 & FY 2018-19 when the regulator reprimanded the bank for under-reporting the non-performing assets and under-provisioning. Post Correction there was sharp rise in bad loans and profits nose-dived. The bank struggled to raise the capital that it needs to stay above regulatory requirements as it battled high levels of bad loans. In January 2019 the regulator turned down extension of the MANAGING DIRECTOR, Mr Rana Kapoor citing reasons of mismanagement. Finally, on 5th March 2020 the bank was placed under moratorium for failing to meet the regulatory requirement.

Operational Performance of the Bank

The study analyses the performance of the bank for a period of ten years starting from FY 2009-10 to 2018-19. Factors related to business expansion, asset management, liability management, risk exposure and compliance have been considered for the analysis

Branch Expansion

The bank started with 17 branches in 2005, which increased to 1120 in 2019.When we compare its outreach capability with its contemporary, Kotak Mahindra Bank, we find that on 31st March 2019 the latter had 1500 branches (34% more branches) and 2352 ATMs (62% more ATMs) compared to YES bank's 1120 and 1450 respectively. Kotak Mahindra Bank started its operation in 2003, just a year ahead of Yes Bank.

The Bank focussed on expansion through digital mode by leveraging franchisee network. However, this was not sufficient to gain the trust of retail customers to park their hard earned money with the bank.

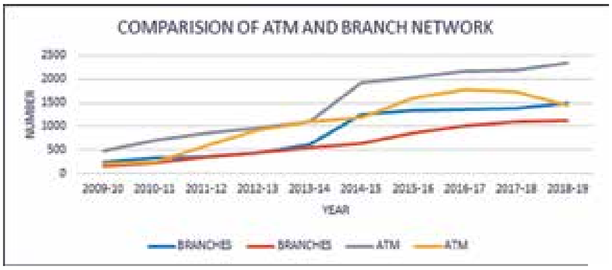

Figure 1 Source: *Annual Report*

Management of Liabilities

Banks mobilise funds from different sources for onward lending. The borrowings have to be at a low cost so that there is sufficient spread between the lending and borrowing, by which the bank can manage its expenses and earn profit also.

Deposit Vs Institutional Borrowings

When we look at the sources of fund, we find that there was 24 percent compounded annual growth in deposits between 2010 and 2019 while borrowings grew **faster at 36 percent during the same period.** The ratio of deposit to institutional borrowings reduced from 5.64 to 2.10 between 2010 & 2019 highlighting the bank's increasing reliance on institutional borrowings over the years (Table 2).

Resource Mobilisation by the Bank

YEAR	BORROWING (Cr. Rs.)	TOTAL DEPOSITS (Cr. Rs.)	DEPOSIT-BORROWING RATIO
2009-10	4749.07	26798.6	5.64
2010-11	6690.9	45939	6.87
2011-12	14156	49152	3.47
2012-13	20922	66956	3.20
2013-14	21314	74192	3.48
2014-15	26220	91176	3.48
2015-16	31658	111720	3.53
2016-17	38606	142874	3.70
2017-18	74893	200738	2.68
2018-19	108424	227610	2.10
AVERAGE	34763.29	103715.56	2.98

Table 1 Source: *Annual Report*

The average deposit to borrowing ratio of Yes bank from 2010-2019 was the second lowest when compared to the five largest[1] private sector banks in the country(Figure 2)

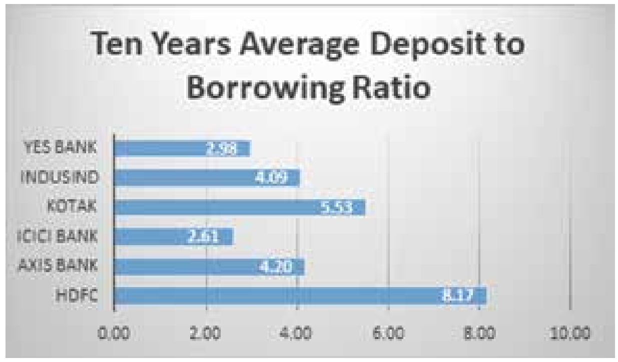

Figure2 Source: *Annual Report*

Within deposit portfolio, Current and savings deposits are cheapest. The average CASA ratio for Yes Bank from 2009-10 to 2018-19 was the lowest compared to the five largest[2] private sector banks for the same period which reveals that the effort to generate CASA was grossly insufficient (Figure 3).

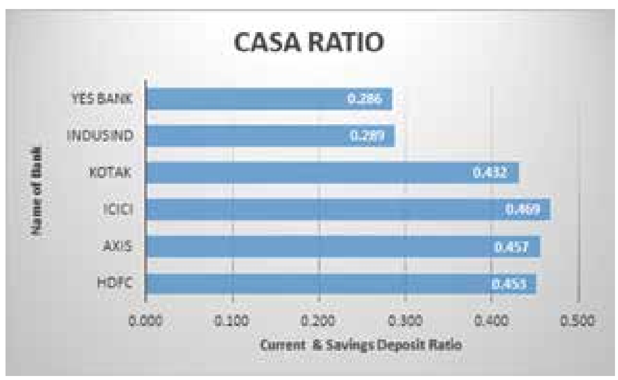

Figure3 Source: *Annual Report*

Capital Mix

The capital mix of the bank, also known as leverage, was highly skewed towards debt when compared with its competing, five largest private sector bank. The average debt to equity ratio during the period 2010 to 2019 was

[1] *Five Largest Private Sector Banks have been chosen based on book size*

[2] *Five Largest Private Sector Banks have been chosen based on book size*

11.1 percent (Table 4) which was the highest when compared to the five largest[3] private sector banks in the country (Figure 4). When recovery of receivables slows down banks normally face problem in debt servicing if equity is not enough to service them and probably that was true for Yes bank.

YEAR	SHAREHOLDER CAPITAL (Cr. Rupees)	BORROWING (Cr. Rupees)	TOTAL DEPOSITS (Cr. Rupees)	TOTAL DEBT (Cr. Rupees)	DEBT EQUITY RATIO
2009-10	3089.6	4749.07	26798.6	31,548	10.21
2010-11	3794	6690.9	45939	52,630	13.87
2011-12	4677	14156	49152	63,308	13.54
2012-13	5808	20922	66956	87,878	15.13
2013-14	7122	21314	74192	95,506	13.41
2014-15	11680	26220	91176	1,17,396	10.05
2015-16	13787	31658	111720	1,43,378	10.40
2016-17	22054	38606	142874	1,81,480	8.23
2017-18	25758	74893	200738	2,75,631	10.70
2018-19	26904	108424	227610	3,36,034	12.49
AVERAGE	12467.36	34763.3	103715.6	138478.9	11.11

Table 2 Source: *Annual Report and Author's Calculation*

Figure4 Source: *Annual Report and Author's calculation*

Management of Advances and Risk

The credit deposit ratio increased to 106 per cent in FY 2018-19 from 83 per cent in FY2009-10 (Table 3, which indicates that the bank's advances exceeded the deposit mobilized by it. To bridge the gap, the bank had to resort to heavy market borrowings between 2016-2017 to 2018- 2019.There was 180 percent rise in borrowings during this period (Table 2).

YEAR	TOTAL DEPOSITS (Crore Rs)	ADVANCES (Crore Rs)	CREDIT DEPOSIT RATIO
2009-10	26798.6	22193.1	0.83
2010-11	45939	34364	0.75
2011-12	49152	37989	0.77
2012-13	66956	47000	0.70
2013-14	74192	55633	0.75
2014-15	91176	75550	0.83
2015-16	111720	98210	0.88
2016-17	142874	132263	0.93
2017-18	200738	203534	1.01
2018-19	227610	241500	1.06
Average	103715.6	94823.61	0.91

Table 3 Source: *Annual Report and Author's Calculation*

[3] *Five Largest Private Sector Banks have been chosen based on book size*

Unsecured Lending

The bank was resorting to substantial unsecured lending. The share of unsecured advances out of total advance was the highest among the five largest competitor private sector banks (Figure 5). Unsecured lending fetches high returns but they also carry very high risk so banks always restrict such loans.

Exposure to Unsecured Advances

YEAR	Unsecured Advance (Crore Rs.)	Advances (Crore Rs)	Ratio of Unsecured to Total advance
2010	12157.83	22193.1	0.548
2011	14233.4	34364	0.414
2012	10279.24	37989	0.271
2013	15212.64	47000	0.324
2014	17667.98	55633	0.318
2015	23570	75550	0.312
2016	24955	98210	0.254
2017	34091	132263	0.258
2018	55166	203534	0.271
2019	44,312	241500	0.183
Average	251645	948236.1	0.265

Table 4 Source: *Annual Report and Author's calculation*

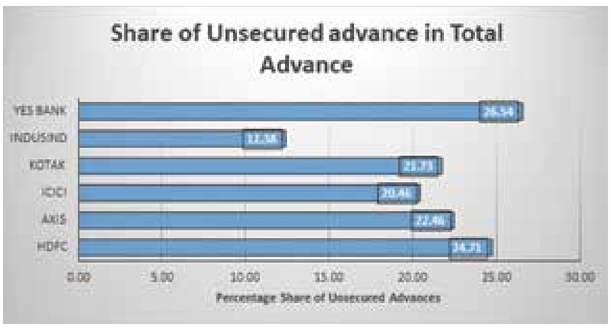

Figure 5 Source: *Annual Report and Author's calculation*

Loans to Commercial Real Estate Sector

The percentage of loan in the commercial real estate sector, which has been classified as high risk sector by RBI, rose from 6% to 12% of total advances between FY 2009-10 to 2018-19. (Table 4). The advances to commercial real estate grew at CAGR of 41.55 percent during this period. The exposure of Yes Bank to Commercial Real Estate Sector was also the highest compared to the five largest private sector competitor banks in terms of book size (Fig 6)

Exposure to Commercial Real Estate Sector Lending

YEAR	ADVANCES (Crore Rs)	Advance to Commercial Real Estate (Crore Rs)	Percentage Exposure to Commercial Real Estate
2009-10	22193.1	1349	6.08
2010-11	34364	1935	5.63
2011-12	37989	2,458	6.47
2012-13	47000	5751	12.24
2013-14	55633	6601	11.87
2014-15	75550	9,855	13.04
2015-16	98210	13,235	13.48
2016-17	132263	16611	12.56
2017-18	203534	25487	12.52
2018-19	241500	34353	14.22
Average	94823.61	11763.5	12.41

Table 5 Source: *Annual Report*

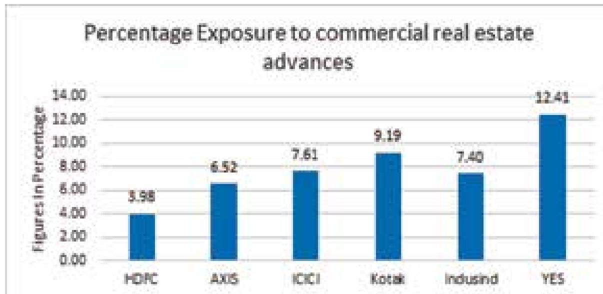

Figure 6 Source*: Annual Report and Author's Calculation*

Loans to Capital Market

The bank was also lending to capital market sector. Yes bank had the highest exposure to capital market lending among the private sector banks (Figure 7)

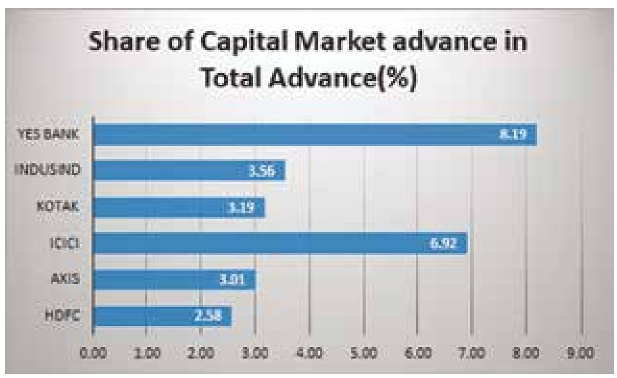

Figure 7 Source*: Annual Report and Author's calculation*

Portfolio Composition

The bank also relied heavily on corporate lending, a wildly ambitious growth strategy in a subdued economic environment especially after 2016-17 when liquidity of corporates was badly affected by demonetisation.

Retail & Wholesale Advances[4]

YEAR	Retail Advance	Corporate Advances
2018-19	16.7%	63%

[4] *Data was available for five years only. This is not a mandatory disclosure for a bank*

2017-18	12%	67.90%
2016-17	10%	67.70%
2015-16	11%	68.90%
2014-15	6.97%	65.4%

Table 6 Source: *Author's Calculation*

Asset Quality Management

The percentage of bank's Gross Non- Performing Assets (NPA) and Net Non- Performing Asset have increased every year, but the provision coverage ratio has reduced to below 50%, which indicates that bank was under-provisioning (Table 7). The bank was unable to make adequate provision, indicating that it was stressed for a cash requirement.

Non- Performing Assets and Provisions

YEAR	ADVANCES (Crore Rs)	GROSS NPA (Crore Rs)	NET NPA (Crore Rs)	GROSS NPA/ GROSS ADVANCES	NET NPA/NET ADVANCES	PROVISION FOR NPA (Crore Rs)	Provision Coverage ratio
2009-10	22193.1	60.2	12.98	0.27	0.06	47.21	0.78
2010-11	34364	80.52	9.15	0.23	0.03	71.37	0.88
2011-12	37989	83.85	17.46	0.22	0.05	66.39	0.79
2012-13	47000	94.32	6.99	0.2	0.01	87.33	0.92
2013-14	55633	174.92	26.06	0.31	0.05	148.85	0.85
2014-15	75550	313.4	87.72	0.41	0.12	225.67	0.72
2015-16	98210	748.98	284.47	0.76	0.29	464.5	0.62
2016-17	132263	2018.55	1072.26	1.52	0.81	946.28	0.46
2017-18	203534	2626.8	1312.7	1.28	0.64	1314	0.50
2018-19	241500	7882.5	4484.8	3.22	1.86	3397	0.43

Table 7 Source: *Annual Report & Author's calculation*

Comparison of risk management parameters with five largest private sector banks during the ten-year period reveals that provisioning for non-performing assets was the lowest while the ratio of Gross NPA to Advances was one of the highest. ICICI bank also has high gross NPA to advances but it is secured by adequate provisioning (Figure 8).

Figure 8 *Source: Annual Report*

Profitability and Dividend

When the bank was reeling under the burden of stressed assets, high provisioning requirements, declining profits, the strain on capital, and liquidity stress, it continued distributing dividends, which entails bulk outflow of cash

Earnings and Dividend

Year	OPERATING REVENUES (Figures in Crore Rupees)	OPERATING PROFIT(Figures in Crore Rupees)	PROFIT(Figures in Crore Rupees)	Dividend (Figures in Crore Rupees)	Dividend Pay-out Ratio	Earnings Per Share
2009-10	1363.5	863.35	477.7	50.95	0.1066	15.65
2010-11	1870	1190.19	727	101	0.1389	21.12

2011-12	2473	1540.47	977	164	0.1678	27.87
2012-13	3476	2141.47	1301	250	0.1921	36.53
2013-14	4438	2689	1618	338	0.2088	44.92
2014-15	5534	3250	2005	453	0.2259	49.34
2015-16	7279	4302	2539	506.15	0.1993	60.62
2016-17	9954	5837	3330	659.3	0.1979	78.89
2017-18	12961	7748	4225	659.81	0.1561	18.43
2018-19	14399	8134	1720	750.39	0.4362	7.45

Table 8 Source: *Annual Report*

Case Analysis & Discussion

The Yes Bank story is on chasing high growth relying on wholesale lending with a sole focus on technology and a high risk-high return game supported by heavy borrowings. The bank was not focused on retail business so it did not concentrate on increasing retail branches and ATM network.

Since the bank lacked retail network, it relied on bulk borrowing for resource mobilisation instead of retail deposits which are cheaper and stable. The attempt to increase the portfolio of retail deposit through B2B2C model by utilising the network of franchisees failed because customers prefer keeping deposits in a bank directly rather than investing through franchisee or through online mode. The bank aspired to become a digital savvy bank, oblivious of the fact that majority of customers may not be digital savvy. Since the cost of funds was high, the bank was constrained to lend to high risk clients for availing better margins. It followed the high risk, high return model by aggressive borrowing and lending. This model is sustainable, only when credit checks are very stringent and the bank continues to receive timely repayment. Once there was default in repayments the bank ran into liquidity problem and faced difficulty in repaying high interest obligations that arise from borrowings. It also continued to give higher dividend pay-out instead of preserving cash to solve the liquidity crisis.

The bank failed in Governance measures also. Bank duped its investors and shareholders by under-provisioning and reporting inflated profit in its annual report. The Kapoor family was the single largest share-holder in the bank (Table 9). Allegations were made that the family owned businesses received gratification from corporates who got loan from the bank. The same is under probe by the investigating agencies. The Managing Director, Rana Kapoor was arrested on charges that he obtained gratification or pecuniary advantage from various companies who were otherwise not eligible for a loan thereby causing huge losses to Yes Bank.

Share-Holding Pattern as on 31st March 2019

Shareholding Category	No. of Shares	Percentage Shareholders
Promoters' Shareholding	458365025	19.80
Other institutions	1415218464	61.13
Other Non-Institutions	58513858	2.53
Individuals	323120553	13.96
Trust	11098315	0.48
Non Resident Indian	20619073	0.89
HUF	7365612	0.32
Clearing Members	16340940	0.71
Foreign Nationals	1235	0.00
NBFC registered with RBI	170595	0.01
Alternative Investment Fund	4097090	0.18
IEPF	118511	0.01
Total	2315029271	100

Table 9 Source*: Annual Report 2018-19 FY*

Regulator should seriously introspect whether the MD of banks should be given limited term so that they do not become so powerful that the board dare questions them. In long term the agency problem also arises because the self- interest of the Managing Director and senior management over-rides the obligation of the bank towards other stakeholders. Bank Auditors were also implicit with the management in under reporting the Non- Performing assets. Also, whether family holding should be gradually reduced is another matter of debate. MA

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RBI RETAIL DIRECT INVESTMENT SCHEME: MECHANISM, PROS AND CONS

Abstract

The recent launch of RBI Retail Direct Investment Scheme is one of the critical steps taken by the government to reform the prevailing debt market in India. The scheme will not only benefit the retail investor but also facilitate the Central Bank of the country to perform its responsibilities efficiently by regulating the trading in Government securities. This article discusses the scheme and its advantages to the investors. It also highlights the limitations of the scheme. The trading of Government securities through online platform is a significant breakthrough for retail investors as they can invest in Government securities in easy, direct, safe and low cost manner.

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INTRODUCTION

The RBI Retail Direct Scheme was launched by Prime Minister Mr. Narendra Modi by virtual mode on 12th November 2021. The scheme was announced by RBI in its monetary policy of February 2021.The objective of the scheme is to provide safe, secure and direct platform to investors to deal in government securities. It is a significant milestone in facilitating the market of Government securities (G-Sec) by simplifying the process of investment. The following government securities are covered under the scheme:

1. Government of India dated securities
2. Treasury Bills (T-bills)
3. State Development Loans (SDL)
4. Sovereign Gold Bonds (SGB)

OBJECTIVES

This article aims to provide an overview of the newly launched "RBI Retail Direct Scheme". It also highlights the advantages and limitations of the scheme.

RESEARCH METHODOLOGY

This article is based on secondary data taken from RBI website, newspaper articles and other published resources.

HOW THE SCHEME WORKS?

The scheme allows retail investors to buy and sell Government securities online through the portal *rbiretaildirect.org.in.* The investors can invest in both primary and secondary markets. The procedure for dealing in the G-secs through online portal is explained in the following paragraphs.

1. Registration on the online portal

In order to register on the online portal, investors can fill the online form by authenticating the information through OTP received on the registered email ID and mobile number. Once the registration is done, 'Retail Direct Gilt (RDG) Account' can be opened singly or jointly and details will be shared via email/SMS. Retail investors can also open and maintain RDG account with RBI. However, to open RDG the retail investor must comply with the following requirements:

a) Presence of rupee saving bank account

b) Valid PAN issued by the Income tax authorities

c) Valid email id.and mobile number

d) Valid Aadhaar card, voter card for KYC norms

Furthermore, non-resident retail investors are eligible under the scheme if they are eligible to invest in Government securities under Foreign Exchange Management Act, 1999.

2. Buying and Selling of G-sec

After the RDG account is opened, the retail investors can buy or sell the G-secs in both primary and secondary market.

2.1 Trading G-Sec in primary market

The participation and allotment of securities will be as per the terms and conditions laid down in the scheme for participation in the primary auction of G-Sec and guidelines for sovereign bond issue. Investors are allowed to make one bid per security. Upon submission of the bid, the amount payable will be displayed on the screen. The payment to aggregator will be debited from the account of the investor through banking / UPI facility linked to the account. This scheme allows investors to use ASBA facility wherein the required funds will be blocked in the linked account of the investors at the time of submission of the bid but will be debited when securities are allotted. In case no securities are allotted, refund will be granted within specified timelines. On the contrary, securities are credited to the RDG account of the investor on the day of settlement.

2.2 Trading in G-sec in secondary market

Trading in the secondary market is accessible through the link "NDS-OM (Negotiated Dealing System-Online Matching) secondary market" available on the online portal. NDS-OM is the screen based, anonymous electronic order matching mechanism for Government securities trading in the secondary market. To buy Government securities, the investor should transfer funds to the designated account of CCIL before the trading hours or during the day. Based on the funds transfer/success message, buying limit will be given for placing "buy" orders. The excess funds lying to the credit of investor will be refunded at the end of the trading session. The securities bought will be credited to the RDG account of the investor on the settlement day. To sell Government securities, the securities identified for sale will be blocked at the time of placing the order till the settlement of the trade. Proceeds from sale are credited to the linked account of investor on the settlement day.

The objective of the scheme is to provide safe, secure and direct platform to investors to deal in government securities. It is a significant milestone in facilitating the market of Government securities (G-Sec) by simplifying the process of investment

BENEFITS OF THE SCHEME

The scheme offers numerous advantages to the investors including the following:

1. There are no charges for opening and maintaining the RDG account. There is no expense ratio as in mutual funds. Investors pay only the payment gateway fees. Further, nomination facility is available on this account
2. There are no charges for submitting bids in the primary auctions.
3. Account statement will be available on the online portal which will reflect the transaction history and balance position of securities holdings in the RDG account. Similar to saving account, all transaction alert will be provided using email/SMS.
4. An Investor can obtain loan against the securities held in RDG account.
5. Government securities held in the RDG account can be gifted by retail investor to other retail investors.
6. The Public Debt Office of RBI, Mumbai will handle/resolve any query or grievances related to the scheme.
7. The minimum investment for T-bills, Government bonds and SDL is Rs 10,000 which makes them affordable for the small retail investors.
8. It is possible to buy sovereign gold bonds in the secondary market without having a DEMAT account through this scheme.
9. The scheme offers sufficient flexibility to the investors as they can choose bonds as per their cash flow requirement.

THE OTHER SIDE OF THE STORY

The scheme is not free from limitations. The interest rate of small savings instruments (SSIs) pose the biggest challenge to this scheme. The interest rates of SSIs are based on a formula, suggested by the Shyamala Gopinath Committee in 2016. It is linked to the yields of Government securities. Although yields have hardened over the last six months, interest rates of the SSIs have been left unchanged. The interest rates offered by Government securities is much lesser as compared SSIs. This makes SSIs far more attractive than investing in Government securities directly.

Another issue related to this scheme is the liquidity. It is hard to navigate the securities market. If the investor wants to sell securities, there has to be a buyer. It is difficult to get buyer for Government bonds unless the Government makes them attractive. In that case, it will be more of a buy and hold security.

Though there is no default risk on Government securities, they are prone to interest rate risk. When interest rates are rising, these bonds can suffer sharp mark -to -market losses if sold before maturity.

Gilt mutual funds pose threat to this scheme as amateur investors will prefer diversified portfolio managed by experienced fund managers to deal with mark -to -market volatility.

There is no tax relief on interest income from Government bonds in contrast to debt mutual funds which offer tax advantages

CONCLUSION

There is no doubt that this scheme will provide an excellent opportunity to retail investors to deal in Government securities, bonds etc. This scheme is first of its kind to offer investment in Government schemes in an easy and direct manner. It will also bring retail trading of Government bonds under its purview which was earlier handled by SEBI. Understanding the criticality of G-Sec market, this move will enable RBI to discharge its responsibilities such as authority for monetary policy, regulator of interest rate and payment and settlement systems, Government debt manager and many more. The success of the scheme depends how the Government will keep the scheme attractive for the investors and the extent of liquidity offered by these bonds at the time of selling. MA

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IMPACT OF COVID-19 ON BANK'S GROWTH: A STUDY FROM THE PERSPECTIVE OF BANK EMPLOYEES

Abstract

This research study is targeted at bank employees' perceptions of COVID-19, which was formed because of key policy changes effected by the Reserve Bank of India and its impact on the bank's working environment and growth. The study intends to measure bank employees' perceptions of the bank's growth during the COVID-19 period. The study finds that policies and measures had a significant impact on bank growth during COVID-19, implying that policies like moratoriums, payment delays, and due date relaxation had a significant impact on bank growth during the pandemic.

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1. INTRODUCTION

The COVID-19 outbreak dealt a significant shock to the Indian economy. At the macro level, it has impacted all sectors across the country. The economy was already in an unstable state prior to the outbreak of COVID-19 and following the shutdown of economic activities and nationwide lockdown, the economy is experiencing a prolonged period of slowdown. With a large population and an increased reliance on informal labour, as well as unsystematic banking practices, the economy has become unstable. The economic damage is much more than what was anticipated.

Banks constitute the heart of the economy; they keep the system running and perform most of the functions required to keep the country's economy running smoothly. Banks play an important role in providing financing to businesses that want to expand and invest. Loans and business investments are critical components of economic growth. The century's black swan event, COVID-19, has had a significant impact on the Indian banking system also. The pandemic added another challenge to the country's banking industry as a result of which it has become very difficult for bankers to manage the day-to-day operations of the banks to ensure that banking services are not interrupted and that there is no long-term effect on the market price of bank shares.

Considering the COVID-19 pandemic, the RBI made several assessments of the current and evolving macroeconomic environment, as well as future stability. As a result, the RBI came up with several measures including a moratorium on the payment of all loan instalments due between March 1, 2020 and August 31, 2020. The RBI also increased a bank's exposure to a group of related counterparties from 25 to 30 per cent of its eligible capital

Banks constitute the heart of the economy; they keep the system running and perform most of the functions required to keep the country's economy running smoothly

base. The new limits were to be in place till June 30, 2021 (RBI, 2021). During COVID-19, the banking sector was designated as an essential service and was partially exempt from lockdown orders, allowing some banks to call up to 50 per cent of their workforce to avoid disruption (Business Standard, 2020). Thus bankers were present to do their jobs even during the lockdown.

Based on the above discussion, this study aims to examine bank employees' perceptions of the impact of COVID-19 on the Indian banking sector and assess the impact of RBI policies and measures implemented during COVID-19 on the working environment of banks and bank growth.

2. REVIEW OF LITERATURE

In their 2020 study, *Murpin JS., Fatihudin, D., Mochklas, M., and Holisin,* concluded that banking companies should be more concerned about remuneration, whether in the form of salaries, incentives, benefits, bonuses, and commissions, as well as more equitable benefits, in order to improve employee performance during the COVID-19 pandemic conditions.

The researchers analysed and compared the pre- and post-COVID-19 banking structures in India in their research paper "Analysis of the Banking Sector in India: Post COVID-19". In another study it was observed that the online banking infrastructure has improved a lot (*Bagewadi & Dhingra,* 2020).

In the research work "A Study on the Impact of COVID-19 on the Banking Sector: An Indian Perspective"(Thakor, 2020). the researcher evaluated the impact of COVID-19 on the banking sector in India and concluded that the future of banking is based on two items. Firstly, banks will now operate in a system where liquidity will be at risk and interest rates will be low. Secondly, the Government of India will be an important player in the financial sector, both as a borrower and an investor. The future of the banking sector depends on how soon the economy recovers from the pandemic.

Li, Strahan, & Zhang, (2020) i9n their study "Banks as Lenders of First Resort: Evidence from the COVID-19 Crisis" analysed that COVID-19 and lock downs have led to the largest liquidity shock to the banking system ever. Liquidity demands on banks reached unparalleled levels by late March 2020. The research also concluded that even the largest banks were under liquidity strain because their funds were spent and not saved. The funds left with the bank has resulted in insufficient liquidity ().

The report of Deloitte Touche Tohmatsu India LLP, (2020) titled "Weathering COVID 19-Impact on Banking in India" states that the duration and scale of the COVID 19 pandemic will determine the economic impact and could lead to short-term, medium-term, or long-term scenarios. The overall impact of COVID-19 on credit growth is expected to be negative across most sectors of the economy. For the banking sector, a short-term disturbance is likely to lead to accessibility concerns. The pandemic is likely to lead to a reduction in loans and a transformation of employees' roles. Banks are beginning to reply to some of the immediate imperatives to facilitate business continuity.

Dev & Sengupta, (2020) in their study "Impact of COVID-19 on the Indian Economy: An Interim Assessment" analyse the Indian economy in the pre-COVID-19 period and evaluate the potential impact of the shock on major segments of the economy. The study also analyses the policies that have been announced so far by the Central Government and the Reserve Bank of India in response to the financial shock and puts forward a set of policy recommendations for specific sectors. The study has concluded that Central and State Governments have recognized the challenge and have responded, but this response should be just the beginning. The eventual damage to the economy is likely to be significantly worse than the current estimates. The study also concluded that, on the demand side, the Government needs to balance income support. Lawmakers also need to be ready to scale up the response as the events unfold so as to minimize the impact of the shock on both the formal and informal sectors and pave the way for a sustained recovery.

In the research paper titled **"Impact Analysis in the Banking, Insurance, and Financial Services Industry Due to the COVID-19 Pandemic,"** (Ramasamy, 2020). the author has concluded that about 35 per cent of the borrowers have availed of the moratorium in the banking industry. Before COVID-19, the collection ratio was around 90 per cent from defaulted customers, and during COVID-19, the collection ratio was about 60 per cent. Though there are efforts from the banks' side, customers are not able to pay due to a lack of money flow. Due to various restrictions during COVID-19 and the availability of the employees, branches that were running with a low number of employees have been closed

The above review of literature indicates that banking companies should be more concerned with remuneration, whether in the form of salaries, incentives, benefits, bonuses, and commissions, or more equitable benefits. The banking sector's future is dependent on how quickly the economy recovers from the pandemic. The eventual economic damage is likely to be far greater than the current estimates. The Government's income support programme must be balanced. Lawmakers must step up their response to reduce the impact of the shock on both the formal and informal sectors. It was also discovered that the online banking infrastructure has significantly improved.

3. HYPOTHESIS

H1: There is no significant impact of policies and measures on the banks' working environment during COVID-19.

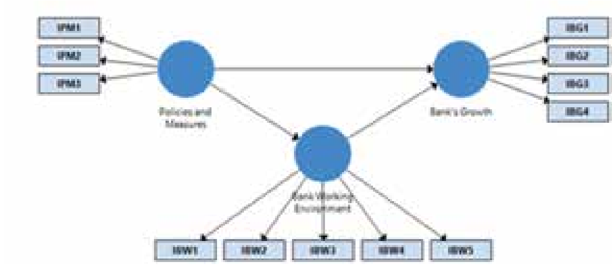
H2: There is no significant impact of policies and measures on bank's growth

H3: There is no significant impact of banks' working environment on their growth during COVID-19.

4. CONCEPTUAL FRAMEWORK

Recently, we've seen volatile environmental conditions, greater competition, and unforeseen technological advancements, all of which have been compounded by the COVID-19 pandemic, which struck on a global scale and had massive implications for the long-term viability of all businesses. With the introduction of information technology, banks have been able to transit from old banking methods to new and modern banking approaches that are supported by technology, but COVID-19 measures like strict social distancing have significantly changed the banking structure and the bank's working environment. As a result, it is necessary to assess the influence of COVID-19 on the banking sector's working environment and growth (Figure 1). The study is based on bank employees' perspectives and hence the questionnaire was filled out by bank employees. From the perspective of bankers, three constructs were evaluated for the study: (i)RBI policies and measures; (ii)the banks' working environment and (iii) banks' growth.

FIGURE 1: CONCEPTUAL FRAMEWORK*

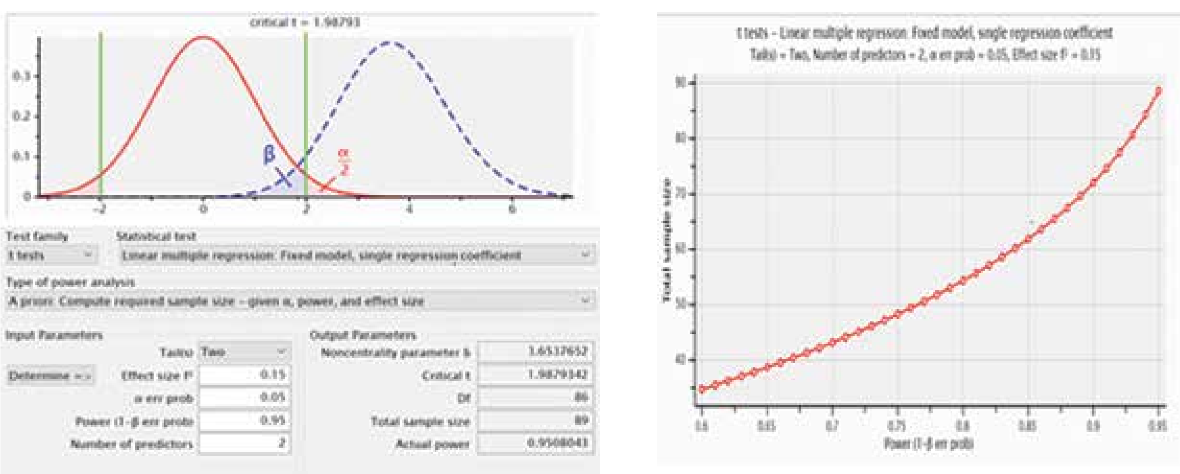


*Source: Authors' own creation using SmartPLS.

5. RESEARCH METHODOLOGY

A structured questionnaire was used to collect the data. G* Power software was used to determine the sample size's appropriateness. Based on the number of predictors (i.e., independent variables) and the desired effect size and probability error, the software calculates the sample size for the study. The software estimated the sample size to be 89 with two predictors (Figures 2 and 3). Even though a sample size of 89 was judged appropriate, the study used data from 102 respondents. One dependent variable, the bank's growth, and two independent variables, RBI policies and measures, and the bank's working environment, were considered for the study. The information was gathered from bank employees using stratified sampling and a Google Form questionnaire. The collected data was then analyzed using Smart PLS SEM.

FIGURE 2 & 3: DETERMINATION OF SAMPLE SIZE*



*Source: Authors' Own Calculation using G*Power

6. FINDING AND ANALYSIS

Demographic

The data was collected from a total of 102 respondents, 50 from the public sector and 52 from the private sector, all of whom worked as bank employees in Bhopal, Madhya Pradesh. There were 64 men and 38 women among the 102 responses (Table 1). 51.5 per cent (52) of all respondents have a Master's degree, 43.5 per cent (44 respondents) have a Bachelor's degree, and 5.5 per cent (5 respondents) have a Ph.D., CA, CS, or other professional degrees.

TABLE 1: SUMMARY OF DEMOGRAPHIC PROFILE*
(Using counts, percentage and cumulative per centage%)

Levels	Counts	% Of Total	Cumulative %
Frequencies of Gender			
Female	38	37.3%	37.3%
Male	64	62.7%	99.0%
Frequencies of Age group			
18-25	17	16.7%	16.7%
26-35	51	50.0%	66.7%
36-50	15	14.7%	81.4%
51 and above	19	18.6%	100.0%
Frequencies of What is the highest degree you have completed?			
Bachelor's Degree	44	43.5%	43.551.%
Master's Degree	52	51.5%	95.0%
Ph.D./ CA / CS or any such professional degree	5	5.0%	100.0%
Frequencies of in which type of bank you are working?			
Private Sector Bank	50	49.0%	49.0%
Public Sector Bank	52	51.0%	100.0%

*Source: Authors Own Calculations using Jamovi.

CONFIRMATORY COMPOSITE ANALYSIS

Measurement Model

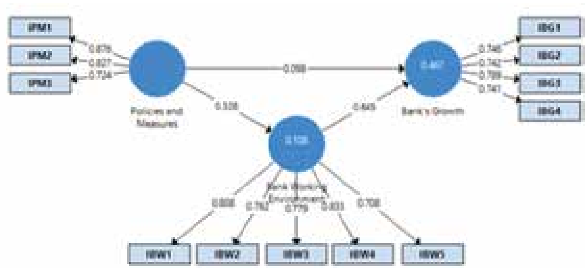
Confirmatory composite analysis was used to assess the reliability of the constructs. For the purpose of the study, Cronbach's Alpha, Composite Reliability, and Rho_A with a value of 0.7 were used. Cronbach's Alpha (Nunnally, 1978), Composite reliability (Hair et al., 2010) and Rho_A (Henseler, 2015) values for all three constructs (Table 2) were greater than 0.7, indicating that the questionnaire was reliable based on this model. Cronbach's Alpha is a measure of internal consistency that expresses how strongly related a group of items is. Composite reliability, unlike Cronbach's Alpha, is a measure of internal consistency reliability that does not assume equal indicator loadings. The average variance extracted (AVE) is a measure of convergent validity that describes how well a latent construct explains the variance of its indicators, and the celling limit for average variance extracted (AVE) is 0.50, which means that anything above 0.50 is acceptable. Table 2 shows that the questionnaire also meets the criteria for AVE. As a result, it is possible to conclude that the data meets all the criteria for reliability. The factor loading in Smart PLS software is calculated using partial least squares and should be greater than 0.70. Because the factor loading for all indicators is greater than 0.70 (Figure 4), it can be concluded that all indicators are appropriate and no indicator should be reduced.

TABLE 2: CONSTRUCT RELIABILITY AND VALIDITY*

Constructs and Indicators	Factor Loading	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Policies and Measures					
IPM1	0.876				
IPM2	0.827	0.775	0.938	0.852	0.658
IPM3	0.724				
Bank Working Environment					
IBW1	0.808				
IBW2	0.762				
IBW3	0.779	0.837	0.840	0.885	0.607
IBW4	0.833				
IBW5	0.708				
Bank's Growth					
IBG1	0.746				
IBG2	0.742	0.750	0.759	0.841	0.570
IBG3	0.789				
IBG4	0.741				

*Source: Authors Own Calculations using Smart PLS.

FIGURE 4: STRUCTURAL EQUATION MODEL*



*Source: Authors' Own Calculation using Smart PLS

Discriminant Validity

Discriminant validity was used to further analyse the variables under study and determine whether they are truly different from one another. Discriminant variables determine whether measurements that do not appear to be related are in fact unrelated. The Fornell-Larcker Criterion (1981) is a degree-to-shared variance method that compares the square root of each construct's average variance extracted with its correlations with all other constructs in the model. Table 3 shows the results of the Fornell-Larcker criteria, which show that the study's discriminating validity is achieved because the square root of the average variance is greater than the cross-correlation constructs.

TABLE 3: FORNELL-LARCKER CRITERION*

	Policies and Measures	Bank Working Environment	Bank's Growth
Policies and Measures	**0.811**		
Bank Working Environment	0.328	**0.779**	
Bank's Growth	0.310	0.677	**0.755**

*Source: Authors Own Calculations using Smart PLS.

The HTMT is the average of all correlations of indicators across constructs, measuring different constructs compared to the average correlations of indicators measuring the same construct. The threshold proposed for HTMT is a maximum of.85 (Kline, 2011, Henseler et al., 2015). From Table 4, it is evident that the value is below.85, and hence it can be concluded that the construct has discriminant validity using HTMT as well. R-square provides an estimate of the relationship between the movements of a dependent variable and the movements of an independent variable. Table 5 gives information regarding R square. It is evident the bank's growth is 46% dependent on policies and measures.

Further analysis for model fit was also done. Table 6 represents calculations for model fit. Under SRMR (Standardized Root Mean Square Residual) a value of less than 0.10 is considered a good fit. (Hu and Bentler, 1999). Table 6 below gives the SRMR as 0.101, thus making it a model fit. Hair et al. (2010) consider model fit less than 0.90 to be model fit (Hair et al., 2010). Table 6 gives NFI as 0.674, and thus the model shall be considered fit.

TABLE 4: HETEROTRAIT-MONOTRAIT RATIO (HTMT)*

	Policies and Measures	Bank Working Environment
Policies and Measures		
Bank Working Environment	0.369	
Bank's Growth	0.324	0.848

*Source: Authors Own Calculations using Smart PLS.

TABLE 5: R SQUARE*

	R Square	R Square Adjusted
Bank Working Environment	0.108	0.099
Bank's Growth	0.467	0.456

*Source: Authors Own Calculations using Smart PLS.

TABLE 6: MODEL FIT*

	Saturated Model	Estimated Model
SRMR	0.101	0.101
d_ULS	0.795	0.795
d_G	0.291	0.291
Chi-Square	172.292	172.292
NFI	0.674	0.674

*Source: Authors Own Calculations using Smart PLS.

Structural Equation Model

A bootstrapping process with 5000 bootstraps was used to test the hypothesis and analyze the predictive power of the model. The results of the analysis are shown in Figure 5 and Table 7. The T test and P-value indicate the results of the hypothesis. A p-value of less than 0.05 is considered statistically significant. It indicates strong evidence against the null hypothesis, as there is less than a 5per cent chance, the null hypothesis is correct. Thus, based on the P value and T test, it can be concluded that hypotheses H1 and H3 are acceptable while hypothesis H2 failed to accept the null hypothesis, implying that policies and measures had a significant impact on banks' growth during COVID-19.

FIGURE 5: RESULTS OF THE ANALYSIS

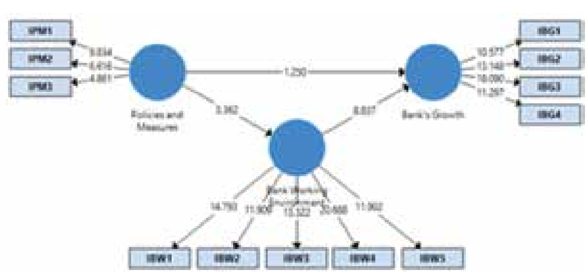


TABLE 7: RESULTS OF HYPOTHESES TESTING*

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values	Supported
H1: There is no significant impact of policies and measures on bankS' working environment during COVID-19.	0.328	0.354	0.097	3.367	0.001	**No**
H2: There is no significant impact of policies and measures on bankS' growth	0.098	0.101	0.077	1.277	0.202	**Yes**
H3: There is no significant impact of bankS' working environment on bank's growth during COVID-19.	0.645	0.648	0.074	8.717	0.000	**No**

Table 8 explains the direct and indirect effects of dependent and independent variables, namely policies and measures, the working environment of the bank, and the growth of the bank. The bank's working environment has a 64.5 per cent direct impact on its growth. It can also be seen that the working environment of banks has a 32.80 per cent direct effect on the policies and measures implemented by banks during COVID-19. It can also be seen that policies and measures have little direct and indirect impact on banks' growth.

TABLE 8: DIRECT AND INDIRECT IMPACT*

Dependent Variables ↓		Independent Variables↓	
		Policies and Measures	*Bank's Working Environment*
Bank's Working Environment	DE	0.328	
	IE	-	
	TE	**0.328**	
Bank's Growth	DE	0.098	0.645
	IE	0.212	-
	TE	**0.310**	**0.645**

*Source: Authors Own Calculations using Smart PLS.

CONCULSION

COVID-19 pandemic and the resulting decreased economic activity had a significant impact on financial institutions around the world in 2020. The impact on banking will be a significant drop in demand, lower incomes, and production shutdowns, all of which will have a negative impact on bank business. Staff shortages, insufficient digital maturity, and pressure on existing infrastructure exacerbate the situation as firms scramble to deal with the impact of COVID-19 on financial services. The current data collected from private and public sector bankers is based on three parameters: policies and measures, the banking working environment, and the growth of the bank. It was found that policies and measures had a significant impact on banks' growth during COVID-19, implying that policies such as moratoriums, payment delays, and relaxation of due dates had a significant impact on banks' growth during the pandemic.

LIMITATION AND FURTHER STUDY

Since this research is limited to bankers' experiences only, results would have certainly changed if customers experiences were also considered. This study's data was mostly acquired from bank personnel in Bhopal and surrounding area, but was limited to Madhya Pradesh. Moreover, data was collected via a Google Form and disseminated to people who knew the researcher either directly or indirectly. The survey left out a larger group of bankers, including those from distant areas, other States in the country, and bankers from all over the world. Their beliefs would almost certainly have influenced the study's findings. Furthermore, the analysis excludes constructs that could have explained the current study's relevance, implying the possibility of future rigorous research on those constructs using cross-country longitudinal data. MA

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GREEN BANKING: VANTAGE POINTS AND WAYS & PRACTICES – CREATING A MODEL FRAMEWORK

Abstract

In the backdrop of the present hyper-competitive business milieu, a major emphasis has been laid upon technological percolations. The stunning developments in the ambit of technology have buoyed the society. Technology has become a fulcrum of the modus operandi of the modern society which has also displayed a strong proclivity towards it and living without it is almost deemed impossible and kamikaze. In this light, deliberating upon the graft between technology and banking is a highly important one. Given the current state of the world and the significance of sustainability, the emergence of green banking was a much needed tonic. The aim of the present study is to gain a brief, yet substantial understanding of the term "green banking" along with its ways and practices and showcase them in the form a model framework.

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BACKGROUND REFLECTIONS

The rampant pace of globalization has not only made the modus vivendi of the society rather easy but has also spurred immense challenges which are herculean to deal with. The break-neck pace of globalization can be hailed as a boon for myriad people across the globe but from the viewpoint of the environment, the skyrocketing of carbon footprints stemming from human activities have escalated massive conundrums for the present as well as future generations. The all-time common surfacing question "how to reduce pollution and be environmentally sustainable" has become the centre of debates and deliberations. In a bid to answer the malaise, the sacrosanct concepts of 17 Sustainable Development Goals (SDGs) and its 169 associated targets developed by the United Nations (UN) has been hailed as a "turning point". People around the world have also been supportive of the hallowed notion and are heavily engaging in a plethora of activities that bolsters sustainability. One such concept that has gained steam in the past few years is 'green banking'. The present study in endeavoured at delving into the domain of green banking regarding its ways and practices and unfurling the various benefits of green banking, highlighting them in the form of an integrated model framework.

INTRODUCTORY OBSERVATIONS

As the name suggests, "green banking" is oriented towards "going green". "Green" here refers to the concept of eco-friendliness or being environment friendly which caters to the concept of sustainable development or sustainability. Sustainability is defined as "the practice of maintaining productivity by replacing used resources with the resources of equal or greater value without degrading or endangering natural biotic system". At the heart of sustainability lies the 17 SDGs and 169 associated targets with it as framed by the UN in 2015 and adopted by all countries to claim a bright and better future.

FIGURE 1*

UN's Sustainable Development Goals (SDGs)

*Source: sdgs.un.org

As it is almost imperative for major companies and sectors to maintain sustainability and reduce carbon footprints, a very intriguing sector which has garnered prodigious attention of late, has been the banking sector. Adhering to the blueprint of sustainability as well as fine-tuning its competitive aura, the banking sector has been observed to take gargantuan leaps and bounds in this regard. "Green Banking" is actually a sustainable manner to manage finances. In simple words, it is a type of banking that entails sustainable financial services by the usage of green finance for the promotion of sustainable development. Major emphasis of green banking exists in the following areas:

- Lending to individuals and companies who have commitment towards environmental responsibility.
- Providing investment products that have alignment with investor values like carbon offsets and quotas of renewable energy.
- Reduction in its carbon emissions through *sustained operations.*

BENEFITS OF GREEN BANKING

Green banking is primed at reducing the vulnerability of banks, especially risks stemming from the environment and providing finance to metamorphose the economy into a "resource efficient" and "climate resilient" one. Some of the merits of green banking are as follows:

- Reduces carbon footprint
- Saves costs and resources and reduces time
- Environment friendly
- Generates opportunities for innovation in financial market

GREEN BANKING – WHAT ARE THE WAYS

One common method to "go green" with a bank is to use its online banking services which has huge potential to save paper and energy, thus, helping to reduce carbon emissions. The use of ATM for procuring cash as well as the use of debit cards and credit cards for financial transactions are the other methods that foster the green banking. It is noteworthy to mention that currently there are three different types of green banking models which are in use. The US' "Clean Energy Finance Corporation" (CEFC), which aims at the investment of clean power projects and in clean-tech companies. Private Banks like "Banca Monte Dei Paschi di Siena", offer green versions of conventional bank accounts and provides loan for investment in green technologies. Then there is also "Mitsubishi UFJ Financial Group" (MUFG), which is actually a hybrid of the two, where the customer deposits are pooled to finance sustainable projects with up to $500 million. The Bank also conducts several seminars on environmental awareness which discusses topics like recycling and energy efficiency. The "Wuppertal Institute" in Germany provides deep introspection into green banking models which are used by global organizations helping them provide a more responsible banking services to their customers.

GREEN BANKING – WHAT ARE THE PRACTICES?

There are quite a few head turning practices that are currently regarded as the "crème-de-la-crème" in the various practices of green banking. Some such practices that shape up the integrity of green baking is as follows:

Green loans: It is the practice that involves funds provided to a project, especially renewable projects which has environmental benefits.

Eco-loans: This type of loan offers quite low interest rates for consumers who have low credit scores and require them to get involved in environmental sustainable acts.

Carbon Offsetting: These are practices that help reduce carbon footprint by making payment to companies like Terra Pass and Native Energy who ultimately would cover the expense of these reductions through their own "carbon offsets".

Green Buildings: A sustainable building that is energy efficient, manages waste effectively and emphasizes on sustainable development.

BEING A GREEN BANK AND SAVING THE ENVIRONMENT

Green banking primarily has four main aspects centred on all transactions between the banks and the clients. The first approach, is the consideration of antecedents of climate change and social impacts throughout every transaction. Secondly, including sustainability for future generations, which simultaneously burgeons the business as well as the environment is taken care of. Third, is working in an ecological responsible manner by the usage of renewable sources of energy and energy conservation. Fourthly, incorporating sustainable practices at workplaces to know its ultimate impacts. Each bank has a different technique of incorporating green banking into practice; however, there are certain general steps that every bank needs to follow when "going-green". Firstly, they should identify all the risks which are associated with environmental and social issues and make adjustments accordingly. Secondly, setting up guidelines for themselves regarding financial policies, policies about climate change and sustainable goals. This can help the banks understand the way business decisions affect the lives of people.

HOW CAN BANKS "GO-GREEN"?

Delving into this crux issue, the foremost ones are the two ideal ways in which banks could achieve this. The first method is to reduce its energy consumption which will ultimately reduce the carbon footprints. The second is to install sustainable infrastructure within the campus to bolster environmental sustainability. A bank can also "go-green" by lending funds to environmental responsible businesses as they are either driven towards exploring sustainable business models or emphasizing on renewable use of resources. As more awareness would be created by these practices, it is also expected that banks would offer loans with more favourable terms for such ecological responsible companies.

CONCLUSIVE REMARKS

The revolution of green banking has been a nifty driving force in attaining the concept of sustainability. The steam is

The revolution of green banking has been a nifty driving force in attaining the concept of sustainability

growing rapidly and as a result more banks are following suit. Green banks also have enormous experience in helping other companies to achieve the goal of "going-green", as such banks have been in the trend for quite some time now.

GREEN BANKING IN A NUTSHELL – THE MODEL FRAMEWORK

The essence of the study lies in conceptualizing an integrated framework model that showcases the ways, practices and benefits of green banking. The following exhibit is a representation of green banking that best highlights its nature. MA

FIGURE 2: MODEL FRAMEWORK*

*Source: Author's Own Conceptualization

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A CLINICAL STUDY ON GREEN BANKING INITIATIVES IN INDIA WITH SPECIAL REFERENCE TO SELECT PUBLIC SECTOR BANKS

Abstract

Following the global footsteps, the COVID 19 pandemic encouraged the adoption of e- banking practices, as a part of green initiatives. In this perspective, green banking practices have become very significant in public and private sector banks. Public sector banks account for roughly 70 per cent of the total deposits in India. In this article, an attempt has been made to study the present scenario of green banking in India with special reference to select public sector banks. Green banking along with active participation of all the related stakeholders could help in reviving the pandemic-stricken Indian economy, keeping the sustainability goals intact.

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INTRODUCTION

In these days, human life from China to Peru is exposed to a huge survival threat due to environmental challenges like global warming. Continuous exploitation of nature in the post-industrial revolution era has gradually posed several challenges in life, globally. However, with the advancement of science and technology, imminent danger to human existence was perceived in the 90s.Various global conventions on climate change suggested adoption of different green initiatives to safeguard against these ill-effects of nature. In addition, saving trees and going paperless have also become a major focus area, worldwide. In this context, concepts like – green economy, green jobs, sustainable development etc. have become popular nowadays, as measures to check the probable occurrence of natural disasters in future. Green banking, with green finance as one of its inseparable parts, is believed to contribute largely towards developing and flourishing a green economy. Keeping parity with the global practices, the Indian banking industry has also started green banking initiatives over the last few years. As per India Digital Payments Report Q3 2021by Worldline, RBI, net banking-based transactions grew by over 21 per cent in volume and 19 per cent in value sequentially.

LITERATURE REVIEW

Srividya, G and Vijayalakshmi, B (2021), highlighted the impact of the COVID 19 pandemic in the Indian banking industry and elaborated the existing green banking practices.

Sharma, M and Choubey, A (2021), investigated various green banking initiatives in our country and its consequences and challenges involved therein.

Vijai, C. (2018), focussed on customers' awareness on green banking initiatives in Cuddalore district, Tamil Nadu.

Menon, D.G, Sreelakshmi, S. G. &Shivdas, A (2017), reviewed various green banking practices in India.

Vadrale, K. S.& Katti, V.P. (2016), have detailed the green banking initiatives by various Indian banks.

Jaggi, G (2014), evaluated the green banking initiatives taken by SBI and ICICI bank.

IDRBT Report (2013), has emphasized the importance besides outlining the various processes, products, services and strategies of green banks, along with case studies of green banking in the context of Indian banks.

OBJECTIVES OF THE STUDY

1. Understanding the concept of green banking.
2. Reviewing the present situation of green banking in India with special reference to a few public sector banks.

RESEARCH METHODOLOGY

For this study, few research articles, newspaper, research reports etc. have been perused. This is a descriptive study based on secondary data. Public sector banks like SBI, PNB and Canara Bank have been selected for the study to review the green banking practices in India.

GREEN BANKING–AN OVERVIEW

The concept of green or ethical banking is different from that of traditional banking. It is a type of financial institution which mainly involves financing in eco-friendly projects and initiatives in order to promote sustainable development. It also ensures minimization of carbon footprint from banking activities. These banks comply with the environmental, social and governance (ESG) principles and thereby avoid credit risk, legal risk and reputation risk.

Major Green banking initiatives are -

Paperless transactions: Internet banking, mobile banking, NEFT etc.

Card-based transactions: Debit, credit etc.

Green infrastructure: Green buildings, multi-functional kiosks etc.

Green finance: Green loans, green mortgages, green bonds etc.

Using power-saving equipment: Solar ATMs, LED bulbs, solar-powered UPS etc.

The Sustainable development goals replaced the Millennium development goals in 2016, with 17 goals like-climate action for stopping global warming, use of affordable and clean energy etc. by 2030 safeguarding people and planet etc. The United Nations Environment Programme Finance Initiative (UNEP FI) was started in early 1990s to integrate ESG policies with financial performance of the organizations. As far as the global scenario is concerned, developing countries like – Lebanon, China, Brazil etc. have already modified their banking policies to incorporate green financing policies. The UK Government had established the UK Green Investment Bank in 2012. Several other developed nations like – Sweden, Norway, and Denmark etc. had already been issuing green bonds since 2013.Thus, green banks are gradually emerging worldwide towards promoting green economy.

GREEN BANKING IN INDIA

In India, the importance on green finance was first observed in 2007, with implementation of non-financial reporting, corporate social responsibility and sustainable development by the RBI. Gradually, several other measures were undertaken to ensure green initiatives. Tata Cleantech Capital Limited (TCCL) was the first private sector green bank in the world.

Following the global trends, Indian banks have also been practicing green banking over the last few years. In order to sustain competition with technologically well-equipped private banks, the public sector banks have already started investing more in e-infrastructure. Paperless practices like - online banking, internet banking, video banking etc. have already become popular in these banks. A review of some of the initiatives adopted by the selected public sector banks as a part of their green banking policy could provide an overall understanding about green initiatives practiced by the public sector banks.

TABLE: 1*

Green Banking Initiatives Adopted by Select Public Banks

Bank	Initiatives Undertaken
STATE BANK OF INDIA [SBI]	1. Setting up of windmills in the western States of the country, like – Gujarat, Maharashtra etc. 2. Introducing green channel counters and solar ATMs. 3. Providing – • green loans at a low interest rate • green bonds. 4. Formulating a Green Banking Policy to provide solutions to the issues of global warming and climate change. 5. Implementing strategies to reduce carbon footprint in all its activities by adopting energy efficient measures like energy efficient lighting - CFL bulbs, copier machine systems, installing energy savers, water harvesting, efficient water usage method and plantation of fruit bearing trees.

CANARA BANK	1. Providing financial assistance to biogas projects, solar projects etc. 2. Setting up e-lounges with banking facilities based on advanced technologies. 3. Installing water treatment plants. 4. Providing high- tech banking facilities like internet banking, pass book printing kiosk, ATM, online trading, tele-banking and cash/cheque acceptors
PUNJAB NATIONAL BANK [PNB]	1. Involving in eco-friendly activities like – rain water harvesting. 2. Promoting use of solar energy, re-cycled papers etc. 3. Financing eco-friendly constructions, biomass projects, solar power projects etc. 4. Starting "Green PNB" initiatives, to help mitigate wastage of energy. Its digital journey aims to curb paper wastage by adopting digital initiatives such as Internet Banking, Mobile Banking, ATMs, UPI, etc. and encouraging paperless documentation. Huge emphasis has been given on projects with solar/ wind/ geothermal/ tidal energy etc

***Source:** compiled from various articles, reports and websites of SBI, Canara Bank and PNB.

The Indian banks have already been trying to reach to their stakeholders at large, rather than limiting themselves to reporting about their financial performances to their shareholders only, over the past few years. As part of their corporate social responsibility activities, these banks have implemented various green banking strategies, as per the information available from their annual reports. Instances of some of these activities by some select public sector banks themselves provide evidence, as is exhibited in the Table 1 (supra)

RECOMMENDATIONS

Considering the present scenario of green banking in a few public sector banks in India, some initiatives could improve the future green banking practices. These are mentioned hereunder:

- Increasing the awareness on banks' green initiatives.
- Digital literacy of all accountholders.
- Raising more funds and financing more green projects.
- Ensuring adequate training of bank employees regarding various electronic mechanisms.
- Encouraging probable investors by issuing green loans at a low interest rate.
- Ensuring industry-specific and transparent sustainability-related disclosures.
- Creating more green jobs, green infrastructure and green funds.
- Ensuring implementation of a formal environmental policy.

With a huge customer base, traditional public sector banks, can convert themselves into complete green banks; otherwise more green banks will be required for raising the required capital

CONCLUSION

India, being the third largest greenhouse gas emitter in the world is expected to impact the global climate significantly. India is frequently affected by occurrences of natural disasters, due to climate change, affecting the economy. In order to discharge global as well as national responsibility, more green initiatives are required to be adopted. Despite being affected by COVID, the Indian banking industry witnessed some positive changes in customers' behaviour by compelling them to adopt more and more of online banking services. This has helped the banks to save cost, time, and energy and motivated them to 'go green' further.

According to a CNBC TV report of January, 2021, India is required to raise $170 billion approximately per annum for attaining sustainability-related goals, as decided in the Paris agreement. In this context, the Indian banking industry can assume a pivotal role in the future. With a huge customer base, traditional public sector banks, can convert themselves into complete green banks; otherwise more green banks will be required for raising the required capital. Also, in India, banks are yet to comply with the equator principles and UNEP financial initiative statement. Public sector banks have actively undertaken a variety of green banking practices. Many of these banks are creating environmental awareness by increasing green banking habits among their staffs, customers and the people at large. Many of these banks have shifted their focus to practically implementing these initiatives in the form of recycling of wastes, developing water treatment plants, doing rain water harvesting, using solar based equipment, constructing green building etc. more effectively. MA

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BANKING SECTOR IN INDIA: PAST, PRESENT AND FUTURE MARCHING TOWARDS 'ATMA NIRBHAR BHARAT'

Abstract

Recent reforms in the Indian banking sector have been initiated in the wake of the mounting NPAs, low recoveries etc. together with a focus on schemes like 'Atma Nirbhar Bharat'. Another trajectory of these reforms is to turn COVID-19 crisis into an opportunity to revamp the entire economy. Hence, Big Banks of the large corporates, Payment Banks and well-managed NBFCs may float banks to attain social target with a new focus on regulations rather than ownership. The India Post Payments Bank for rural India and Bad Banks for NPAs will be promising measures. In future, traditional branches will no longer survive as every aspect of banking will go online.

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1. BACKGROUND

The Indian banking system has an incredible past, lifeline of the present and dazzling for future $5 trillion economy. The first major transformation occurred in 1969, through nationalization of banks replacing the previous idea of 'social control'. However, reforms, recovery and recapitalisation are three matters that will drive India's banking sector *to meet the specific needs of the emerging economy like India*. In order to maintain their 'public sector character' Government's declared policy of keeping majority share in public sector banks (PSBs) has come at a huge invisible cost.

Today's digital age and requires banks to re-imagine their business continuously. Indian banks are making great strides for digital transformation. Recently, the number of PSBs has been brought down to 12. The objective of the recent reforms of Indian banking system is mainly to develop 'Atma Nirbhar Bharat' to turn COVID crisis into opportunity. Accordingly studying the future structure of the banking system in India will be an interesting facet.

2. OBJECTIVES OF THE STUDY

This study has the following objectives-

- To study the transformation in the banking system of India.
- To analyse the role of banks in 'Atma Nirbhar Bharat'
- To predict the future structure of the banking system in India.

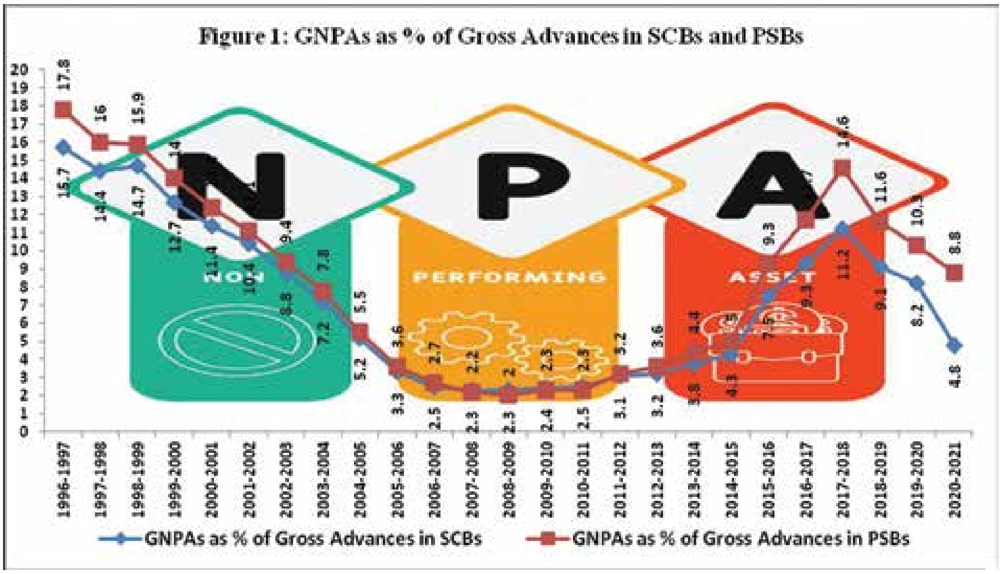
The research methodology used here is entirely based on secondary data.

3. TREND OF GROSS AND NET NPA IN INDIA

Figure 1 reveals that the trend depicting NPA as percentage of net advance is a U shaped curve. The lowest percentage of NPA was recorded in the years 2006-07 and 2007-08, the percentage being 2.5. Incidentally the period 2006 to 2008 was the period of global melt down. In spite of this RBI's prudent monetary policy has stabilized the Indian economy. A steady growth in percentage of NPA is observed between 2010 and 2018.

FIGURE 1

GPA AS A PERCENTAGE OF GROSS ADVANCES IN SCBs AND PSBs



4. MANAGEMENT OF NPA: NEED OF THE HOUR

In order to control the phenomenon of NPA, the Government of India (GOI) adopted mainly six types of measures namely (i) recovery of NPAs through different channels, (ii) capital infusion in PSBs, (iii) NPA write-off (iv) merger of banks, (v) privatization of banks and (vi) creation of bad bank. Let us discuss these issues.

4.1 Recovery of NPA

Indian banks have been making all efforts to reduce their NPAs by setting up Committees and adopting various legal channels like resolutions through Lok Adalats, Debt Recovery Tribunals (DRTs), invocation of SARFAESI and creation of ARC. The cumulative effects of these efforts are reflected in Table 1.

TABLE 1**

NPA RECOVERED FROM DIFFERENT CHANNELS

(Amount in ₹ billion)

Year	Sr. No.	Recovery Channel	LokAdalats	Debt Recovery Tribunals (DRTs)	SARFAESI Act 2002	Total	IBC*
2010-11	1	Amount involved	53	141	306	500	N.A.
	2	Amount recovered	2	39	116	157	N.A.
	3	2 as per cent of 1	3.7	27.6	37.9	31.4	N.A.
2011-12	1	Amount involved	17	241	353	611	N.A.
	2	Amount recovered	2	41	101	144	N.A.
	3	2 as per cent of 1	11.8	17.0	28.6	23.6	N.A.
2012-13	1	Amount involved	66	310	681	1057	N.A.
	2	Amount recovered	4	44	185	233	N.A.
	3	2 as per cent of 1	6	14	27	22	N.A.
2013-14	1	Amount involved	232	553	953	1738	N.A.
	2	Amount recovered	14	53	253	320	N.A.
	3	2 as per cent of 1	6	10	27	18	N.A.
2014-15	1	Amount involved	310	604	1568	2482	N.A.
	2	Amount recovered	10	42	256	308	N.A.
	3	2 as per cent of 1	3	7	16	12	N.A.

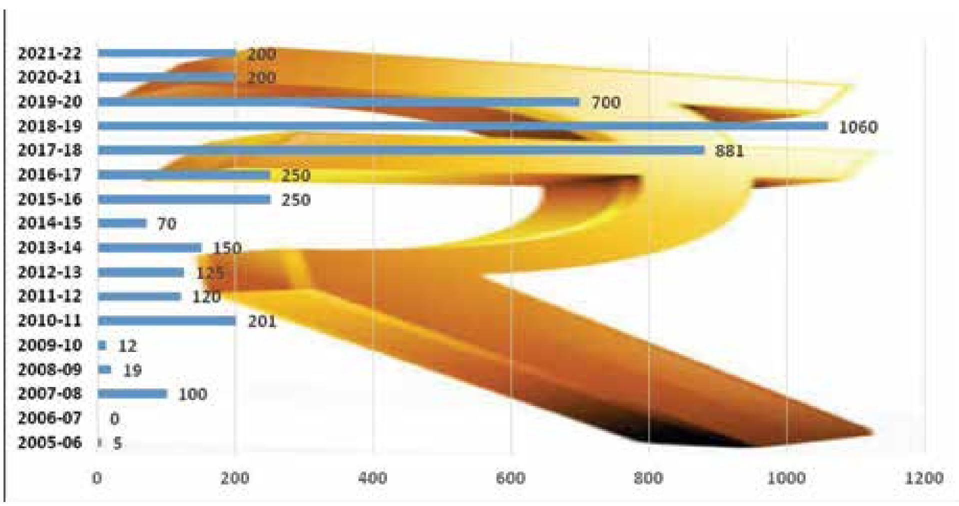
2015-16	1	Amount involved	720	693	801	2214	N.A.
	2	Amount recovered	32	64	132	228	N.A.
	3	2 as per cent of 1	4	9	17	10	N.A.
2016-17	1	Amount involved	1058	671	1131	2860	N.A.
	2	Amount recovered	38	164	78	280	N.A.
	3	2 as per cent of 1	4	24	7	10	N.A.
2017-18	1	Amount involved	45,728	1,33,095	81,897	260720	9,929
	2	Amount recovered	1,811	7,235	26,380	35426	4,926
	3	2 as per cent of 1	4.0	5.4	32.2	14	49.6
2018-19	1	Amount involved	53,484	2,68,413	2,89,073	6,10,970	1,45,457
	2	Amount recovered	2,750	10,552	41,876	55,266	66,440
	3	2 as per cent of 1	5.1	3.9	15.0	9.05	45.7
2019-20	1	Amount involved	67,801	2,45,570	1,96,582	5,09,953	2,32,478
	2	Amount recovered	4,211	10,018	52,563	66,792	1,05,773
	3	2 as per cent of 1	6.2	4.1	26.7	13.1	45.5

*The Insolvency and Bankruptcy Code (IBC) was enacted on 28th May, 2016.
**Source: Reserve Bank of India, statistical tables related to banking in India

4.2 Bank Recapitalisation Plan

Despite the above mentioned regulations, the GOI announced a large-scale bank recapitalisation plan amounting to ₹2.11 trillion to reinvigorate PSBs hostile with extreme levels of stressed assets. Out of ₹2.11 trillion, ₹1.35 trillion will be through recapitalisation bonds and the **residual** ₹760 billion will be provided via budgetary backing (around ₹180 billion) and raising resources from the market (₹580 billion). The PSBs will take advantage of FinTech (Financial Technology) and employee stock option scheme to enhance efficiencies.

FIGURE 2*
CAPITAL INFUSION BY THE GOVERNMENT IN PSBs
(amounts in trillion rupees)



*Source: RBI.

4.3 Adaption of Write-off Policy

The next major attempt by Government is the write-off of NPAs from bank balance sheets. Accordingly, Indian banks wrote-off, a record ₹2.36 lakh crore of bad loans in 2018-19 to show reduced NPAs in their books. This trend continued in 2019-20 when ₹ 2.37 lakh crore was written-off. PSBs alone wrote off ₹1.78 lakh crore of bad loans in 2019-20 and ₹1.32 lakh crore in 2020-21, whereas private sector banks wrote off loans worth ₹53,949 crore in 2019-20.

TABLE 2*

WRITE-OFF GROSS NPA IN INDIA

(Amount in ₹ crore)

Year	Public Sector Banks	Private Sector Banks	Foreign Banks	Small Finance Banks**	All Scheduled Commercial Banks
2009-10	2,897	4,072	2,948	-	9,917
2010-11	5,884	2,339	78	-	8,302
2011-12	2,347	3,262	4	-	5,614
2012-13	7,187	4,115	52	-	11,353
2013-14	30,834	6,541	1,339	-	38,714
2014-15	50,979	7,229	1,988	-	60,197
2015-16	59,445	11,927	1,129	-	72,501
2016-17	82,700	20,700	5,100	27	1,08,500
2017-18	1,29,500	30,800	2,100	415	1,62,815
2018 -19	1,83,391	49,098	4,048	411	2,36,948
2019-20	1,78,305	53,949	4,953	669	2,34,170
2020-21	1,31,894	NA	NA	NA	1,85,038
Total	8,65,363	1,94,032	23,739	1522	9,52,737

** Licensing started November 27, 2014.

*Source: RBI.

4.4 Consolidation/Merger of Banks

Reform of Indian banking industry has been attempted mainly by consolidation or closure, change in ownership, narrow banking and a comprehensive operational and financial restructuring. Surprisingly the GOI continued its 'reforms' by consolidation of PSBs and not closure. Post- consolidation, PSBs have seen an improvement in profitability in the year ended March 2021 despite pandemic induced disruptions. Mergers of PSBs aided in reducing operation costs for the banks. The Government's decision to consolidate PSBs, which came into effect on 1st April, 2020, created fewer but larger banks with more financial strength, better international competitiveness and an ability to support larger lending volumes. Other factors are lower cost of funds, reduced operating expenses and higher gains etc. Over the years, Indian banks have transformed in line with national strategy Atma Nirbhar Bharat.

4.5 Towards Privatisation of PSBs

The Indian PSBs are at a crucial stage. The changed regulatory environment (Basel norms) and the capital constraints they face due to Government ownership are restricting their growth prospects. Though privatisation is a good policy option, its implementation may be problematic. The Government of India had announced the plan of privatising two PSBs as part of the divestment programme of mobilising around ₹ 1.75 lakh crore for 2021-22.

TABLE 3

A PSBS LISTED IN THE STOCK EXCHANGES

Sl. No.	Bank Name	Net Profit/ Net Loss 2020-21 (₹ cr)	Government Shareholding %, as of 30 June 2021	Last Price	% Change	52 week High	52 week Low	Market Cap (₹ cr)
1	SBI	20,410	57.62	494.20	-0.73	500.85	186.00	441,054.30

2	PNB	2022	73.15	44.90	-2.39	47.05	26.30	49,439.46
3	Bank of Baroda	4,143	63.97	90.90	-2.31	99.80	40.00	47,007.68
4	Indian Overseas Bank	831	96.38	22.15	-3.28	29.00	8.80	41,868.84
5	Canara Bank	2558	69.33	194.00	-2.71	204.25	84.40	35,194.13
6	Union Bank	2906	83.49	46.80	-4.39	49.35	23.10	31,986.62
7	Bank of India	2,160.30	90.34	60.70	-2.33	101.45	38.20	24,908.65
8	Indian Bank	3,004.68	78.86	161.15	-6.12	174.50	56.35	20,070.28
9	Central Bank	(-) 888	93.08	22.90	-2.97	29.65	10.04	19,879.35
10	UCO Bank	167.03	95.39	14.42	-1.50	16.30	10.60	17,240.49
11	Bank of Maharashtra	550	93.33	21.75	-0.68	31.95	10.76	14,638.83
12	Punjab & Sind	(-) 2732.90	98.07	18.80	-2.34	23.79	10.42	7,619.0

*Source: www.moneycontrol.com (as on 19 October 2021)

The changes in the ownership structure or consolidation and entry of private and foreign banks are expected to have an impact on the overall competition in the Indian banking sector. Currently all the 12 PSBs have raised capital from the market. All PSBs are now able to raise money from the market. In this way the burden on Government to recapitalize banks will be less. As a result of these combined steps the NPA ratio in the terminal three years of the present study reflects a downward tendency.

4.6 Creation of Bad Bank

The fallout of credit due to the coronavirus crisis has increased the banking sector's stress. Therefore, restoring banks' health, the **Budget 2021**-22 proposed to set up a **National Bad Bank**. A bad bank is a special type of bank that will take bad loans or NPA from across the banking sector at a discounted price and then work for their recovery. The bad bank is an interesting intervention similar to an ARC, where they absorb these loans from the banks and then manage them to recover as much as possible.

5. BANKS ROLE IN 'ATMA NIRBHAR BHARAT'

Banks were cushioned by policy support and were able to bolster their capital positions to mitigate the pandemic's destruction and strengthen the economic recovery. On May 12, 2020, GOI, announced a special economic package of ₹ 20 lakh crore (equivalent to 10 per cent of India's GDP) with the aim of making the country independent and help to empower the poor, labourers, migrants who have been adversely affected by COVID. PSBs have taken various financial stimulus packages including Aatma Nirbhar Bharat package to battle COVID19. In view of this banks have encouraged women in rural areas by providing loans for women led development. For example, Bank of Baroda (BoB) has launched the Atmanirbhar Women Scheme.

6. THE ROAD AHEAD

We are yet to see the final structure of the banking sphere though the pressures of NPAs and outbreak COVID-19 have transformed the structure of Indian PSBs. The IPPBs, big banks and bad banks will be emerging banks of India which will influence through powerful regulations rather than ownership of Government. Traditional branch banking will decline as technology enables every aspect of banking to go online. Cash usage will fade away with increasing e-payment landscape through BigTech/FinTech players like Amazon, Google, Facebook, Apple, Samsung etc. which promote green banking. Banks of the future would encompass more artificial intelligence models and less employees. Accordingly, payment apps and loan apps will become the way of life. Banks may choose cloud over traditional IT infrastructure. Large corporates, payment banks and well-managed non-banking finance companies (NBFCs) may float banks after the Banking Regulation Act is amended. Going forward, the future of banking will not be a continuation of the past, but a very different one in terms of structure and business model to participate effectively in the 'New India' growth story. MA

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BOOK REVIEW

Book: White Collar Crime and Punishment – Major Case Studies with Survey
Author: Shri Radhanath Pyne
Publisher: The Elegant Publications, Kolkata
Pages: 252
Price: Rs.260/-.

With the Modernization of Crimes as we know it, there has been a worrying trend which threatens to Globally Cripple the Economy - Alarming increase in White Collar Crimes and Economic Offences.

White Collar Crimes are highly rampant in the Third World Countries and therefore by no mean a new phenomenon. White Collar Crimes find their footing in history upon intersection of Business and the Law, and its interaction with innovation, moral discourse and public perception, as well as the changing nature of State Policies over the Centuries.

Thus, it won't be out of the way to say that it took a long time for Law to Recognise this kind of Malice Act under the umbrella of Crime, because people who committed White Collar Crimes were not perceived as "Typical Criminals". Rather, there was the impression that White Collar Crimes were in fact Victimless and not as damaging to Society.

Written in this backdrop, the book 'White Collar Crime and Punishment – Major Case Studies with Survey'. According to the author the "Book upholds the Origin, Development and Change in the meaning of the Coinage White Collar Crime, Since 1949".

The major objective of the Author to write the book is to throw light upon the punishment policies of White-Collar Crime.

Chapter-1 Deals with:

- ✓ White Collar Crime, its origin and concepts.
- ✓ The difference between white collar crime and street crime.
- ✓ The impact of globalization on white Collar Crime.
- ✓ The Cost of White-collar crime.
- ✓ The Fraud and Corruption as white-collar crime.

Chapter-2 Discusses the:

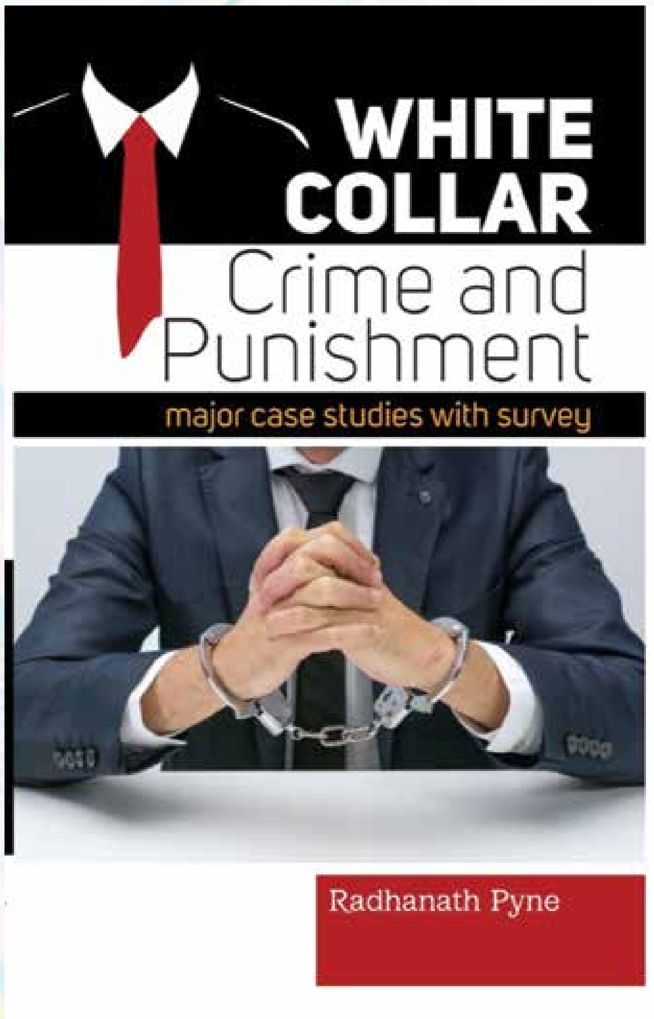
- ✓ Concept of Financial Fraud.
- ✓ Different types of Financial Fraud.
- ✓ Different manipulation techniques.
- ✓ Control of Fraud.

Chapter-3 Provides elaboration on:

- ✓ Punishment Philosophies and White-Collar Crime.
- ✓ Proportional Punishment.
- ✓ Problems of Punishment.

Chapter-4 Delves the highlights of:

- ✓ The role of 'class' in sentencing the white-collar criminals.
- ✓ The functions of court in sentencing the white-collar criminals.
- ✓ Procedural steps in sentencing the white-collar criminals.
- ✓ Role of behavioural psychology and sociology in sentencing the white-collar criminals.
- ✓ Steps in actual sentences of white-collar criminals.
- ✓ Reforms needed in sentencing the white-collar criminals.



Chapter-5 A full chapter has been allotted on the issues of National and International Cases with less than condign punishment. This Chapter provides important Case Studies like:

- ✓ Bofors Case.
- ✓ Fodde scam.
- ✓ Harshad Mahta & Ketan Parekh Scam.
- ✓ 2G Spectrum.
- ✓ Satyam Case.
- ✓ Common Wealth Scam.
- ✓ Saradha Scam.
- ✓ Vodafone Tax Scandal etc. (Total 21 Cases discussed).

And **International Cases** like:

- ✓ Waste Management.
- ✓ Xerox Corporation.
- ✓ Enron Corporation.
- ✓ World dot com.
- ✓ Lehman Brothers.
- ✓ Olympus Corporation etc. (Total 20 Cases were elaborated).

Chapter-6 Deals with 'Perception of Indian Legal and Accounting Professionals'.

Chapter-7 Summarises the Chapters of Chapter 5 and 6 in Conclusion Chapter.

Appendix-A and B: Design the Questionnaire & Response Table based on survey in the question of controlling the white-collar crime the Indian scenario is to bleak in comparison to international cases.

This book has TWO unique features i.e., Discussion of the punishment policies of White-Collar Crime along with the major cases and A survey (ICSSR, F.No.02/11/2016-17/RP) of Indian Accountants regarding their perceptions on White-Collar Crime.

The book stands out for its excellent coverage of the subject and would be a useful guide for Forensic Auditors, Regulators and Policymakers. It would also be of interest to bankers, Academicians and Students with its Well-researched and Rich insights on the Subject.

Reviewed by:

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INTERVIEW

CMA Suresh Khatanhar

Deputy Managing Director

IDBI Bank, Mumbai

Shri Suresh Khatanhar is the Deputy Managing Director at IDBI Bank; he oversees the Retail Banking, Priority Sector Lending, Structured Retail Advances, Credit Card, Third Party Distribution, Treasury, Centralise Operations, CMS & GBG, Corporate Communication, Retail Recovery, Audit, Legal and Compliance. He possesses 36 years of commercial banking experience, of which, he has been with IDBI Bank for a span of 22 years, wherein he was responsible for varied aspects of commercial banking.

Shri Khatanhar holds a Masters of Commerce (M.Com) degree from the University of Mumbai, and is also a Member of The Institute of Cost Accountants of India and Certified Associate of the Indian Institute of Bankers (CAIIB).

With a cumulative experience of 36 years, Shri. Suresh Khatanhar's portfolio is diversified into commercial banking environments such as Retail Banking Business, Priority Sector Lending, Corporate Banking (Mid corporate and Large corporate), service oriented functions such as Trade Finance, Risk Management, Audit Management, Compliance, Credit Management & Monitoring and other facets of commercial banking.

Q1. What has been IDBI's significant achievement in the recent past after its conversion from Development Finance Institution (DFI) to Bank?

Ans. IDBI Bank has essayed a key nation-building role, initially as a Development Financial Institution (DFI) and thereafter, as a full-service commercial bank. Since its conversion as a banking company, the Bank has been making a difference in the lives of millions of its customers through a gamut of its offerings. IDBI Bank provides the entire gamut of financial and investment solutions to a wide range of customers spanning Retail, Agriculture, MSMEs and Corporates through its network pan-India. The concerns on the profitability, asset quality and capital fronts saw the RBI placing the Bank under the PCA framework in May 2017. We, at the Bank, undertook wide-ranging cohesive strategic endeavours to ensure an expeditious improvement in the Bank's financial health. The relentless thrust on the business strategy has helped us in fuelling a turnaround and we saw tangible improvements in our Bank's operational and financial performance. In FY21, our Bank was back in the black after five consecutive years of net losses. The Bank has been making steady in-roads in the retail banking space despite being relatively a late entrant in the space.

Q2. Could you give us the sense about the segments of Banking and Finance where you see higher stress nowadays?

Ans. Sectors like tourism and recreation-related sectors, commercial real estate, and unsecured retail loans may contribute to higher non-performing loans. However, the banking system's exposure to many of these segments is moderate, and could have only a limited effect.

Q3. Going forward, how do you envisage the growth and sustainability of the banking sector for the next 5 years and IDBI's contribution in it?

Ans. Owing to the increasing consumer expectancies, regulations, economic changes and constant competition, modern banking has embraced technology. This has been more pronounced in the post-pandemic world where banks were compelled to embed newfound speed and agility, identifying the best parts of their response to the crisis and finding ways to preserve them in an unprecedented way. This has also given an edge to digital natives such as fintechs who are vying to grab a larger share of the banking value chain. Furthermore, the financial inclusion agenda has led to several types of banking models–small banks, payment banks, and on tap license for new banks enter the banking space. With several new players entering the banking scene, the sector is set to witness unprecedented changes in the times to come. This is expected to cause a huge disruption in the banking environment as they challenge traditional banks.

In terms of business opportunities, the outlook is optimistic as forecasters have always expected the pandemic to be followed by a period of strong growth as businesses reopen and individuals resume their normal activities. In this backdrop, it is essential that banks to affirm their dual role as sources of stability against the pandemic's upheaval as also help in rebuilding communities in a post-COVID world. The banks will have to ensure that credit flows to the productive segments as they have a crucial role to play to restore and sustain livelihoods in their communities. A health emergency of this magnitude has demanded extraordinary responses and outcomes from all the affected population, businesses as well as policymakers.

Under these circumstances, IDBI Bank remains committed to standing behind its customers and ensuring seamless delivery of financial services and participate in the key sectors of the growth to enable uplift of economic scenario.

Q4. How has Covid-19 impacted IDBI's business operations?

Ans. The economic consequences of the pandemic were more severe than initially anticipated due to the uncertainty regarding its path, duration and magnitude. The banking sector, like most sectors, encountered challenges and uncertainties caused due to the economic disruptions. This warranted timely and co-ordinated policy response at an unprecedented scale from the Government of India (GoI) and the Reserve Bank of India (RBI), to pave the way for gradual revival of the economic activities by putting in place necessary enablers to kick-start the economy on a sustainable basis. As a provider of essential service, the immediate imperative before IDBI Bank was to ensure uninterrupted banking services without compromising on the safety measures for both customers and employees. Apart from ensuring that most branches were functional with proper COVID-19 protocols for providing in-person servicing, where essential, the Bank redirected key business processing activities to alternate locations within the country for uninterrupted and time-bound processing of customer requests. Furthermore, customers were also encouraged to utilise digital and other alternate channels to carry out their banking transactions. To address the economic fallout of the pandemic, the Bank also undertook a number of measures such as providing moratorium to all the eligible customers, extending additional funding by way of Working Capital Term loan to MSMEs/ business enterprises and individual borrowers [Guaranteed Emergency Credit Line (GECL)], launching a Credit Guarantee Scheme for Subordinated Debt (CGSSD) to provide personal loans to the promoters of the stressed MSMEs, introducing Loan Resolution Plan for borrowers having financial stress on account of COVID-19, among other measures, to help its customers. As a precautionary measure, the Bank was closely monitoring the accounts of borrowers who had opted for the moratorium to ensure regular repayment and thereby, avoid stress in asset quality. The Bank is also taking concerted efforts to maintain a comfortable capital and liquidity position to absorb any future disruptions.

Q5. Can you please share the digital initiatives taken by your Bank for both retail and institutional banking?

Ans. The Bank has been actively pursuing measures to scale up its digital capabilities. The pace of digital adoption was further accelerated with the outbreak of the pandemic as restriction on physical movements forced the Bank to restrict much of their face-to-face interactions with customers and step up virtual operations to facilitate customers to remotely on-board without physical visit to the branch. The Bank introduced a number of digital initiatives viz. launch of WhatsApp Banking, New Account Opening/ Re-KYC through Video KYC (VAO), I-Quick mobile application for account opening, launch of a fully digitised

Loan Processing System (LPS) for various MSME and Agri loan products, among others measures, in addition to the existing robust Mobile and Net Banking platforms. The Bank's digital platforms are equipped to handle all routine customer needs starting from a new relationship (new account opening), carrying out banking transactions, including fund transfers and remittances, bill payments and deployment of funds across various investment avenues including FDs to name a few. Customers can, thus, manage all his/ her banking activities using these digital platforms without visiting the branch physically. Bank has taken initiatives to install various Risk mitigating digital engines to fine tune processes and also secure the interest of stakeholders in fast developing digital environment.

Q6. Can you share the initiatives taken by IDBI for implementing the various Government's schemes in fructifying the theme of Atmanirbhar Bharat.

Ans. In terms of the Government schemes/ directions, the Bank has been extending loans under Prime Minister Street Vendor AtmaNirbhar Nidhi (PM SVANidhi), Pradhan Mantri Mudra Yojana (PMMY), Stand-up India, etc. as also to minority communities and weaker sections including Scheduled Caste (SCs)/ Scheduled Tribes (STs). The Bank has launched a new product, Guaranteed Emergency Credit Line (GECL) for MSME units/ business enterprises and Mudra borrowers who were impacted by the COVID-19 pandemic. In line with the Government's announcement, Bank introduced PM Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi) whereby street vendors in urban areas are eligible for loans up to Rs. 10,000. A Credit Guarantee Scheme for Subordinated Debt (CGSSD) was launched to provide personal loans to stressed MSMEs. Besides, the Bank added two new products, viz. Financing under Animal Husbandry Infrastructure Development Fund and Financing under Agriculture Infrastructure Fund, to its bouquet of agriculture-related products.

Q7. India's lending space is witnessing a dramatic evolution in recent years. Is Digital Lending a boon or bane?

Ans. With the Government of India (GoI) and regulators pushing for improved digital financial infrastructure, digital lending has provided a strong impetus to financial inclusion, especially helping borrowers who are otherwise unlikely to benefit from formal sources of finance. New lending platforms are transforming credit evaluation and loan origination, as well as opening consumer lending to non-traditional sources of capital. Many emerging innovations leverage advanced algorithms and computing power to automate activities that were once highly manual, allowing them to offer cheaper, faster, and more scalable alternative financial products and services. With numerous benefits over the traditional lending process, people and businesses are increasingly opting for loans digitally. Moreover, an increasing number of banks offering loans using legacy systems are switching to digital lending by collaborating with fintechs. Digital lending has significant advantages over traditional lending, with the potential to address prevalent credit-related challenges in India. One of the most distinguishable advantages of digital lending is speedier approval of credit. Credit evaluations and loan disbursals on digital platforms have visibly quicker turnaround times than traditional loans – particularly for small-ticket credits and advances, which are most common among new-to-credit borrowers. Another key advantage associated with digital alternative lending models is the higher operating cost efficacy as FinTech lending models do not require physical branch networks, are asset-light and have technology-enabled operating and business models which require minimal human intervention. FinTech lenders are also able to pass on the benefits of lower costs to customers, making their digital lending products more attractive. With emerging new-age technologies, it is undeniable that the digital lending is a boon as it paves the way for greater degree of financial inclusion.

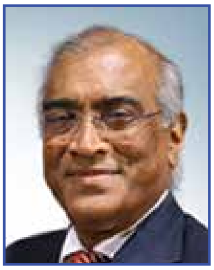
Q8. Please suggest in what ways Cost & Management Accountants (CMAs) may offer their expertise more effectively to overcome challenges and roadblocks of the New-Age Banking.

Ans. In the increasingly competitive world of banking, banks require professionals such as Cost & Management Accountants (CMAs) who have specialized knowledge on business strategy and value creation. It may be said that the CMAs are driving force in all economic activities, as they are the value creator, value enabler, value preserver and value reporter. In addition to a bank's financial statements, the expertise of CMAs may be leveraged to prepare additional management reports that provide specific insights useful to corporate decision-makers, such as performance metrics on specific departments, products, or even employees. The CMAs can help banks in improving cost competitiveness, resource & performance management, financial reporting & strategy, and audit function. In midst of the uncertainty rendered by the pandemic, the role of CMAs in a bank become even more important as they can help in driving profitability in a sustained manner by ensuring optimal use of resources and trimming the unviable drain on resources.

Q9. Parting words of advice to the freshly passed CMA (Cost & Management Accountant) student for their future in employment or in practice for being a professional expert.

Ans. It is really important for all of you to be passionate about the work that you do in order to be productively engaged in it. Our work fills a large part of our lives, and the only way to be truly satisfied is to do what you believe is great work. And the only way to do great work is to love what you do. There's no success without really loving what you do. If you love it, you do it well and are successful as a result. MA

DUE DILIGENCE FOR TRANSACTIONS WITH STARTUPS AND DIGITALLY TRANSFORMED ENTITIES WITH A LONG-TERM PERSPECTIVE



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Introduction

Information and communication technologies started transforming the global business ecosystem at an accelerated pace since 1956 when IBM first proclaimed availability random access storage system. After about forty years from then began the Industry 4.0 era. Advents of powerful digital technologies, their evolutions, and innovative applications by startups and technology giants created both transformational and foundational impacts on business operations with superior financial performance.

More and more corporate entities are transforming themselves with digital technologies for gaining first mover's and/or competitive advantages as well as remaining relevant in the present era. Digital transformations (DT) are also helping exploration of new business models with multiple revenue models. At the other end of the spectrum the world is witnessing emergence of unicorns from the embryos of startups. According to the Hurun Global Index, there are 1,058 unicorns in 2021, when India has become third largest home for 54 Unicorns leaving the UK behind. Indian entrepreneurs have set up 119 unicorns with 65 of them being in the USA[1]. Many more 'soonicorns' (soon to be unicorns) are waiting to join that elite club

All these have been possible due to staking of lifetime savings and boot strapping by 'Startupians'. High-net-worth individuals (HNIs), Angels, Venture Capital, and Private Equity Funds, herein after collectively referred as AIFs, have invested huge funds in technology sector. All these have helped startups designing innovative solutions and developing unique products with applications of digital technologies. All such investors while taking enormous risks in quest of very high returns, have participated in progression of Unicorns. Traditional industry players are continuing to organise hackathons for exacting unique, yet needful digital solutions for befitting their need for DT of operations. These have encouraged young talents and startups to participate in digital revolution,

The process of DT received further momentum through mergers and acquisitions transactions (M&A) by and between corporate entities, unicorns, and startups for inorganic growth with added strength for acceleration and sustainability. There are many instances of collaboration through strategic alliances (SA) and joint ventures (JV) between such entities. For example, FinTech startups collaborated with befittingly designed digital solutions to wrap up traditional banks with DT as a service (DTAS).

The Need for Due Diligence

The above process of DT kept on multiplying because many decisions for investments and collaborations were right, albeit many also were wrong. But the right ones brought fortune for risk taking investors nullifying the negative impacts from wrong investment decisions. Any such decisions can be right when entities follow the rightful process for knowing each other. While remaining invested, PE and VC firms also encourage startups for M&A transactions for attaining critical mass before existing with high returns. When AIFs want to exit though IPO and listing, again DD by underwriters and regulators is an essential process before permitting the entity to go to public for unlocking the value simultaneously with transfer of ownership.

The formal structured process for an investor to know the investee startup, a corporate entity, or a unicorn to know the target startup for M&A or entering into agreements for SA or JV is called Due Diligence (DD). The conventional processes for conducting DD, before any capital investments with one or more specific strategies in mind, e. g., participation in equity, M&A, JV and/or SA, as conducted by traditional business entities may not be applicable in toto to startups and unicorns dealing with digital technologies or digitally transformed corporates.

Objective

In this article the author will first revisit due diligence and bring out its critical importance as a process to be completed before taking decisions for investments and/or inking agreements for strategic alliance with a long-term strategic perspective. Thereafter the nuances for DD will be delineated to establish that traditional concepts and objectives behind conducing of DD is equally applicable to startups, organisations which are driven by digital technologies, and traditional entities which have transformed themselves by digitalisation in present Industry 4.0 era.

The next aim is to deal with DD activities for the specific business and operational aspects of such entities whose business and revenue models as well as deliverables to stakeholders are dependent on digital technologies. Importance of reverse due diligence by the investors for self-introspections would also be highlighted so at the 4Rs of DD, i. e., taking the right investment decision, at the right time, at the right price and for the right investee is achieved.

Due Diligence for Transactions in Industry 4.0 Era

At the outset it would be useful to revisit the fundamentals of due diligence as an imperative action precedent to any transaction with a long-term perspective involving huge stake of money. Such fundamental knowledge would help in strategizing action steps for conducting DD while dealing with startups engaged in applications of digital technologies or digitally transformed entities in traditional sectors.

Tasks for Two-step Due Diligence

Due diligence is a two-step process. Desktop or preliminary due diligence, which in cases of early-stage startups commence with the reverse process called pitching for inviting investments. This is because publicly available information either is not available, or many be sufficient to conduct desktop DD like in cases of established entities. The first step of desk top due diligence is like that of a litmus test enabling that enables the investor to get a first-hand idea of the target entity. The following is an illustrative list of topics/questions for enquiry surrounding the business of the target entity. Answers for these are generally obtained through pitching document/presentation, cold calling of stakeholders and industrial espionage:

1. What is the exact nature of business, product/service and unique/innovative features thereof?
2. Which is the industry sector, sub sector and what are the findings from PESTEL and Porter's Five Point analyses for the industry sector and SWOTC analysis of the entity?
3. What is the exact nature of problem being solved and who are the target customers and in which region?
4. What preliminary details are available regarding nature and stage of digital technology(ies) being used, the capabilities and relevant experience of the founder and team members in critical responsibilities?
5. How the product and/or solution is going to pose challenges for existing players in industry, e. g., by disruption, 'destructive disruption, i. e., 'destruption', and/or business process disruption i. e, 'bizruption'?
6. Is there any earlier instance of funding by an Angel, or VCs, etc., how many series funding has so far been provided and at what valuation of equity shares at respective points of time for funding?
7. Are applications pending for registration of IPR in the form of Patent(s) for products, trademark(s) and/or copyrights of taglines and at what stage those are?
8. What are the business and revenue models and what is the projected business plane in foreseeable future? Is there any Plan B in case the first one does not work?
9. What information could be collected from existing stakeholders of the entity including through cold calling and unanimous visits?
10. What is the present fund requirement?
11. What could be acceptable broad exit strategy to be offered by the investee?
12. What are the broad plans for present operations and future expansions?

Having understood the answers to the above illustrative questions members of the DD team, must first identify what all more questions can be raised befitting to the specificities of target entity for which answers can be obtained through desktop. One must keep in mind that detailed due diligence, as process is very expensive and time consuming.

It requires professional knowledge and experiential learning inputs. Therefore, it is better to put up all possible efforts for as much deep dive diligence as is possible in the first stage itself.

The second step is detailed due diligence post arriving at the conclusion to proceed ahead after the desktop DD and signing of non-disclosure agreement with the target entity. At this stage all tasks are to be performed with due exactitude and objectivity across length, breadth and depth of technology absorption/application, operational, financial, human capital and governance aspects of the target entity. The ultimate objective of this rigorous DD process is to determine whether the final decision for investment and/or collaboration for SA is to be taken in affirmative. The tasks in both the stages majorly involve the following:

- Asking and finding answers to a series of questions for evaluating all aspects of the entity and the opportunity that lie ahead of the done transaction,
- Meticulous review and scrutiny of all major legal documents, past period's financial statements and annual business plans vs. achievements,
- Industrial espionage and cold calling of vendors, customers, employees, bankers/financiers, and other stakeholders for extracting information qualitative information related to corporate and product brand image, as well as success factors in management environment, society and governance,
- Qualitative review of managerial personnel and leadership team with application of responsibility accounting techniques,
- Identifying misrepresentations in documents and other evidence provided by the prospective investee/alliance partner for detailed DD post signing of non-disclosure agreement,
- Articulating and grading critical findings from the DD process for setting assumptions while valuing of business and equity shares of the target entity and framing negotiation strategies based on findings about strengths and weaknesses of the target entity

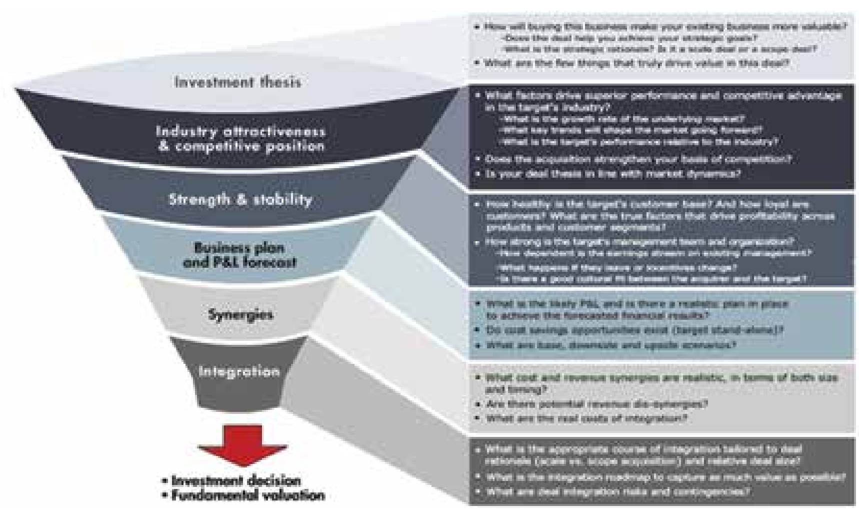
At the outset of commencing the very first process for DD it will be useful to remind oneself about the following four axioms that are prevalent in the commercial world:

- *"Deal Making is glamorous, due diligence is not."*
- *"Due Diligence is neither a pure science nor an art. It is a combination of both. It also demands lots of sixth sense and professional intellect."*
- *"Skeletons in the cupboard are decorated and perfumed with essence."*
- *"A deal is as good or as bad as the quality of due diligence activities performed before the deal."*

DD for Funnel Method of Decisions Making in Digital Era

No two transactions for investment and/or strategic collaboration can be the same. Like in cases of M&A deals certain business/revenue models, operating features, organisational culture of the two involved entities ought to be different from others in the same sector due to uniqueness of variants. This is more so when a transaction is being contemplated by and between two companies dealing with dynamic digital technologies which are evolving almost every day with powerful features and variants. Therefore, some of the probing points for DD also should be different. The DD process would also vary befitting the cognitive features, and not so prima facie perceivable tangible and intangible attributes of the investor and the target investee.

Keeping in view the critical importance of DD the following funnel method for analysing decision variables soaked in findings from DD is a useful process before arriving at any transactional decision. This is rather an imperative particularly when risks involved are high and objectives are to be realised over a longer period. Hence the process and agenda for exploratory DD should also be planned in a manner that ensures success to bring out all conceivable risks elements and impacts thereof. This would help in either initiating and monitoring actions for mitigating risks or appreciate those before taking any conscious decision for entering the transaction. The following graphic may help to appreciate the subject in a detailed way:



Source:
http://www.bain.com/bainweb/media/flash/popup_funnel_chart.asp and *https://www.pinterest.com/pin/2392606024952898/*

The above graphical example and narratives for each category of information input are more suited for M&A related investment decisions. However, one can suitably modify the narratives while deciding to invest large funds for equity stakes in a startup for both initial and series funding. Unique features of products/solution design and superiority in applications of digital technologies should be one of the major groups of input items into this funnel while conducting DD for digitally transformed entities and/or startups dealing with digital technologies. Information requirements from DD regarding 'Integration' as a component should be identified with variations befitting the objectives to be achieved from the transaction, and integration/alignment with the vision and mission of the investing company and/or partners joining hands for strategic alliance. This method can also be useful for taking decisions for collaboration and strategic alliances amongst digitalised entities.

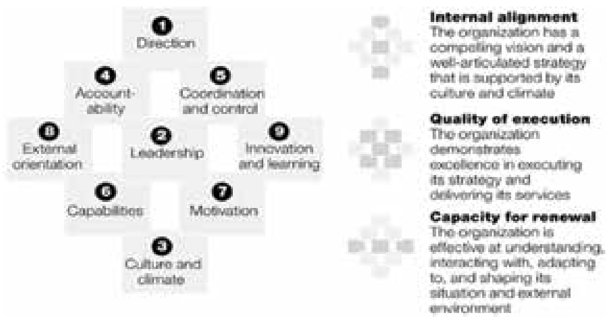
However, the most important yet common requirement for DD activities to ensure success in all types of transactions with long term perspectives are clarities on the following aspects of the deal and the process for DD:

- What objectives are to be achieved from the transactions being contemplated with a long- term perspective?
- How evolutionary developments in the adopted technology(ies) will be featured into the products and solution design in future?
- What are the hidden upside and/or down side effects of certain known and/or to be known features of the target/investee entity on the financial objectives to be achieved from the deal?
- Does the investing/acquiring entity have in-house capabilities for conducting DD or assistance from external professionals are required?
- Whether the tasks for tracking and monitoring of DD processes are being performed with total discipline at each stage of the deal value chain?
- Whether it would be possible to discover what is not known about the target with due transparency and commitment of the investee/target entity during detailed DD process?
- Is the process of DD fully relying on the investee/target for intelligence or the investor/acquirer has sufficient insights about the industry sector, technologies, products, and services?
- What is the possibility of success for sustainable growth and prosperity while dealing with the concerned digital product/solution and what would be the ESG score in the journey?
- What will be the effects on existing business which is intending to invest or sign a strategic alliance agreement with the target entity?

The process of DD is, therefore, a fact a finding mission which facilitates the process of taking the right decisions with a long-term perspective after being equipped with insights of and informed judgements on the target entity. All these in turn help predicting future performance of the entity with reduced range of error margin.

DD for Assessment of Leadership Quality

In the context of all types of long-term transactions assessment of leadership capabilities of the target organisation's officials at the helm of affairs is essential, irrespective of being a startup, a 'soonicorn' (soon to be a unicorn), a unicorn or an established entity.



Source: *https://www.linkedin.com/topic/m%26a-due-diligence*

The above graphics and narratives alongside are self-explanatory. Before commitment for funds and managerial support for acceleration, stabilisation, and/or lifting from distress, as appropriate and needed, AIFs rely more on the technical and leadership capabilities of founders and employees in critical positions. On them largely depend scalability and sustainability scores in future of operations and revenue earnings from goods and services developed with applications of digital technologies. Therefore, in the present digital era three qualitative attributes of the leadership team of digitally driven entities, viz., 'Internal alignment', 'Quality of execution', and 'Capacity for renewal' are equally important like for entities in traditional sectors.

Mapping of Findings from DD

Readers must have been convinced by now that due diligence is an essential requirement for taking right investment decisions at the right time and for the right value, tracking and monitoring of progress in return generation and realisation of the same at the appropriate time in future. However, at this stage it would be worthwhile to remember the famous quote of the Management Guru Michael Porter - "*Exclusive reliance on financial gains promotes short term behaviour that sacrifices long term value for short term performance*"

To make best use of findings from pre-investment DD activities one must adopt a structured and agile approach for conducting DD. One required step for that is mapping of findings from DD to their rightful domain and impacts. This will facilitate estimation of synergy benefits, action steps required for risk-enabled performance management and realisation of desired returns while remaining invested and/or at the time of exit by AIFs. The following is an illustration of such mapping of findings from DD

Domain → / Impacts ↓	Internal	External
Tangible	Product Readiness, Spare Capacities, Product Diversification, Scalability, IT Facilities, Supply Chain, C&CE	Present and Future Market Share, Export Potentials, Input Supply Contracts, Room for Loan, Govt. Grants
Intangible	IPR, R&D and Innovation, Culture, Technical and Managerial Competence, Employee Motivation,	Success Stories, Images of Brand, Promoters and Entity, Customer Loyalty, Service Reliability

Corporate and consulting experience of the author prompts him to write the following points in the context of the above mapping and investment management with a long term persptive:

- Internal tangibles are easy to integrate and derive benefits.
- External tangibles are difficult to integrate and time consuming.
- Internal intangibles are highly potential but need employee retention.
- External intangibles are highly potential but need due care.

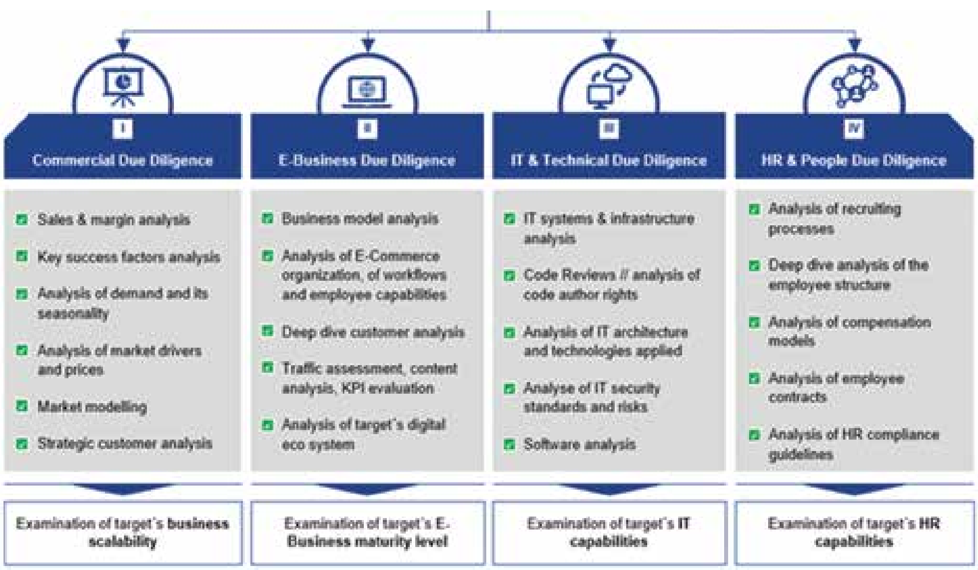
DD of Technology Driven Entities – Specific Aspects

Having understood the multidimensional nuances of due diligence it will be useful to deal with some of the specific aspects of conducting due diligence of business operations of technology driven entities like startups, unicorns, soonicorns, and digitally transformed established organisations. Operations of such business entities can be categorised into the following major groups:

- Online marketplace and eCommerce,
- Digital agencies for service deliveries,
- FinTech, CBDC, trade finance, retail banking, crowd funding, end to end management of financial instruments, wealth management and insurance,
- Physical and mental healthcare, and community services,
- EdTech and online training for skill building,
- Supply chain, with track and trace of products,
- Online content delivery,
- Online digital platform services, SAS and DTAS,
- Agriculture, crop surveillance, harvest management and crop insurance,
- RPA of manufacturing, maintenance, and surveillance of operations,
- Delivery of services by governmental and non-governmental organisations
- Information and data safety, security, and prevention of cybercrimes and so on.

The author is tempted to use the graphics created to delineate 'Portfolio of Due Diligence Services' by Fostec and Company GmbH[2], Germany . Their services range from raising initial 'Red Flag Report' to full scope due diligence reports in respect of one, more or all the above four types of DD activities. Readers may observe from the visual given below and narratives therein that they have divided DD services into the following four major groups related to the target entity's business:

- Scalability of Business - Commercial due diligence
- eBusines Maturity Level - eBusiness due diligence
- Information Technology Capabilities - IT and digital technology due diligence
- HR Capabilities – Human capital and people centric due diligence



The above model may be made more comprehensive by including the following illustrative, but not comprehensive, aspects of the target entity from a long-term perspective:

- Findings from SWOTC analysis assessed in the backdrop of understanding of the macro level PESTEL and VUCAFU analyses of emerging business ecosystem,
- Uniqueness and/or superiority of use cases and applications of digital technologies in solution designing and/or product

developments,
- Effectiveness score in compliance of Environment, Society and Governance (ESG),
- Assessment of differential competitive advantages of the target including first mover's advantages, if enjoyed, the estimated financial impacts and sustainability thereof,
- Risk-enabled performance management (REPM) system if there be any, else recommendation for REPM under the broad framework of COSO,
- Review reports on applications filed for grant of IPRs and status thereof after scrutiny of the claims filed, objections from competitors, and statement of defences submitted which are available from the website of the concerned national Register for IPRs.

Reverse Due Diligence

Due diligence, being a pre-investment activity, should not be considered having one-way traffic only. Biggest mistakes may be committed if DD is conducted only for the target or investee entity assuming that everything is hunky-dory for the investor entity or the larger of the two partners for strategic alliance. The author would recommend the following revers due diligence exercises:

- **Investee Entity**: The investor organisation, particularly the acquirer, before conducting M&A transactions, must also conduct similar DD for their existing business operations as a self-introspection exercise. This would help aligning the proposed investment transaction with its vision and mission. They would also be better equipped to diagnose gaps and maladies in their own organisation and identify the right target which would fill up those gaps and remove maladies by complementary strength and services. This in turn would ensure maximisation of synergy benefits.
- **VC and PE Fund Houses**: AIFs, in addition to meeting the fund-specific objective, should take a detailed look at their own areas of strength and capabilities before investing in targets. Findings from such an introspective DD would help setting appropriate terms and conditions for share purchase agreements and shareholders' agreements. This would also help identifying the need for micro-managing and monitoring performance of the investee entity by positioning their own management professionals.
- **Investee Entity:** Founders and leadership team of the investee/target entity also would do well if they conduct due diligence to the extent needed to better know the entity which is going to be their investor, acquirer and/or controller. This will complete the exercise with a 360^0 approach for better infusion and realising equitable returns by both the groups. The founders of startups would be able to assess whether their passionate journey for actualisation of dreams will continue and/or be accelerated from the prospective association with the investor.

Investment bankers, and underwriters would also immensely be benefitted by conducting similar due diligence exercises before plunging into actions for arranging large funds from private/overseas investors, or IPO and listing of their client's equity shares. This process would not only facilitate the earlier investors exiting the startup entity, but also presenting the client entity to retail and institutional investors from capital market with lots of confidence and with due compliance of regulatory provisions. DD is also an essential necessity in setting assumptions for valuation of shares for IPO and/or strategic selling of investee entity to future buyers.

Digital Tools for Due Diligence

Readers are aware that for conducting any due diligence activity the concerned team will have to deal with both structured and unstructured data and information. Many voluminous documents, physical evidence, news items, videos, static pictures are also to be scrutinised. The investee entity may or may not submit those in logical sequences and linked to each other on time. Some of those may not be of any relevance. Gone are the days when DD activities used to be physically conducted sitting with heaps of documents and data in excel sheets or physical statements. The practice of creating a library, with permissioned access, containing soft copies of all these have started several decades before. However, human efforts continued to be huge because support from IT software and digital tools were not sufficient. With the recent advents of digital tools powered by Artificial Intelligence, Big Data Analytics, Machine Learning, Augmented and Virtual Reality, Digital Libraries of Blockchain Platform and Drones with facilities for GPS mapping, the tasks of DD have become much easier. The author will look for some other opportunity to deal with this aspect in separate article.

Conclusion

The author in his thirty-four years of corporate experience have witnessed many failures of investment decisions and M&A transactions. News items are galore delineating bursting of startup entities even after series fundings. AIFs look for higher committed returns only because many investment decisions go wrong and result in losses. They neutralise those losses by asking for higher returns from investments which are successful. The 4Rs of due diligence are taking right investment decisions, at the right time, at the right price and for the right investee. The author would consider his efforts yielding rewards, if investors and investees commit lesser mistakes and derive higher benefits by taking cues from the contents of this article. The ultimate objective is to increase rate of success and lesser burning of precious cash. In the ultimate analysis all startups, waiting for money to actualise their dream, would get their rightful share to continue with the journey for inclusive growth and inclusive happiness with inclusive smile. MA

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All these websites have been accessed during December 2021.

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CREDIT DELIVERY SYSTEM TO TEA INDUSTRY

Abstract

The story of Indian Tea dates back to early nineteenth century. Since then, India is one of the leading producers of the finest quality tea having regional variation in texture and flavour. In the year 2020, the number of gardens including registered small growers was around 1,50,000 with an annual production of 1300 million kg. Today, the bulk of the tea produced is sold through Auction Centres in India and also to indigenous private buyers. Tea tourism and online retail to reach out to discerning customers are the two emerging areas of operation with immense possibilities. Financing of such activities alongwith strengthening of the existing credit delivery system through cash budget mechanism; bankers should obtain professional help of the CMAs to ensure proper end use of disbursed fund and timely repayment of old cash credit and Term Loan outstanding.

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INTRODUCTION

The growth story of Indian tea indicates heavy investments in tea gardens and tea processing units, continuous innovation, augmented product mix and strategic market expansion. The main tea-growing regions are located in North East India (including Assam) and in north Bengal (Darjeeling district and the Dooars region). Tea is also grown on a large scale in the Nilgiris Hills in South India. The bulk of the tea so produced is consumed locally, India being the world's largest consumer of tea.

Tea production can be classified depending on the production process into certain principal categories. The bulk of India's tea production is CTC, at 90 per cent, while orthodox accounts for 8.4 per cent. The rest comes from green tea. CTC also makes up 60 per cent of India's exports. Orthodox tea from Assam can, on an average, fetch Rs 500 per kg, which is twice as high as CTC. The prime Darjeeling orthodox commands prices three times as much as Assam orthodox. Orthodox also costs around 15 per cent more than CTC and is more labour intensive as leaves have to be plucked with more care than for CTC.

But there are some problems that stop this industry from exploring its full potential. India has the highest cost of producing tea amongst all the tea producing countries of the world. Wage costs have risen more steeply than the rise in sale prices with orchestrated contribution from other inputs like electricity, fuel, pesticide and fertilizers. With rising cost and decreasing margin, tea producers in the organized sector cartel their investment affecting productivity which like a vicious circle leads to further increase in operating cost. The rising wage cost is accompanied by labour shortages due to steady migration of work force and availability of more lucrative employment opportunity elsewhere.

Global climate change has also affected the tea industry with erratic weather pattern being the norm rather than exception with frequent draught, unevenly scattered rainfall, and cycle of dry and over wet weather leading to spurt in pests and diseases affecting the yield and increasing operating cost due to loss of production.

Despite such negative features, the fact is that tea industry which employs more than 2 million people with a large section of women workers, the economy of number of Indian States and regions are closely dependent on its fortune.

It is in this backdrop, we need to analyze the future with particular reference to the technique of bank financing which along with other factors can contribute in rewriting a new chapter for the tea industry in the changing global and national scenario.

CREDIT DELIVERY

There is no uniformity within the banking sector in so far as the credit delivery system to tea industry is concerned. However, successive working groups constituted by RBI have preferred the cash budget system of financing over other traditionally accepted methods for financing tea industry. We would try to establish in this article why cash budget system which is drawn on a seasonal basis factoring on the geographical location of the tea estates is being considered as a better alternative for financing. Tea is a seasonal crop for tea estates located in Assam & West Bengal. The season covers the English calendar month from January to December, although actual production in the garden starts from March onwards with first quarter being kept reserve for carrying out necessary cold weather maintenance and up-keeping of the gardens.

Because of this type of production cycle, the balance sheet figures cannot be a reliable guide for assessing the working capital requirement of tea gardens. Further, tea production follows a graphical pattern of reaching the peak period from a zero production level and again come down normally from the month of November. Hence the requirement of bank finance will vary from month to month and quarter to quarter - a situation which cannot be addressed through the traditional cash credit system. Cash budget system on the other hand will ensure better monitoring of banks fund by releasing Tea Hypo limit in a phased manner in direct linkage with the production.

It is of interest to mention that the production cycle of tea in South India is different from that prevailing in North Indian garden. As a result, tea plants are harvested throughout the year and industry gets two rush periods, one during March to May and the other during September to November. Financing for South Indian gardens will accordingly be hybrid of cash budget and traditional method of financing. We propose to keep it out from our discussion.

It will be of interest, if we share a typically drawn cash budget for our readers. Our readers will observe that the cash budget has two major components namely (i) production budget and (ii) financial budget.

PRE-GROUND WORK FOR T EA FINANCING

While financing the tea industry in any year, the following pre-ground works are to be completed in the penultimate months of the earlier season:

1. The financer should obtain (i) production performance, (ii) position of inflow and outflow, (iii) position of statutory and other liabilities, (iv) security position, (v) asset/liability position of the promoters/directors, (vi) financial position as on 30th September, (vii) particulars of the tea estates, (viii) valuation, (ix) area and (x) lease status of the tea garden etc.
2. The borrower should submit an application for allowing revenue expenditure during the initial months of January to March for undertaking maintenance and production activities in the gardens pending review/sanction for the upcoming season. Such application should contain certificates from Garden/Estate Manager/GST return, report of unsold stock at factory, certificate from authorized tea broker or the Bank's tea Inspector for stock held with them along with estimated price, certificate from Statutory Auditor for receivables and stock in transit as also certificate of Tea Hypo. outstanding from the operating Branch.
3. On submission of audited Balance Sheet and Profit & Loss A/c by the company/firm, the same have to be analyzed. The bankers also undertake on the basis of available information, internal credit risk rating of the borrower's account.
4. The current asset and liability position as on 30th September submitted by the company/firm should be examined separately since the net working capital position and current ratio position of many tea companies as on 31st March may not reflect the true picture since borrowing from bank during the unproductive months of January to March, is allowed for cold weather maintenance of tea estates without corresponding build-up of current assets as crops start coming from March onwards.
5. Estimated final position of the tea hypothecation account of previous season will be worked out by considering the company's actual performance up to 31st December to be submitted by the company may be analyzed as per the format given herein below:

SEASONAL SURPLUS/DEFICIT CALCULATION

1	Debit Balance in Tea Hypo A/c as on 31st December	:	
2	Unsold stock as on 31st December (as certified by Statutory Auditor/ Authorized Tea Broker/ Garden Manager/Tea Inspector	:	
3	Amount of receivables as on 31st December (As certified by Statutory Auditor)	:	
4	Total value of stock & receivables (2+3)	:	
5	Estimated surplus/deficit (4-1)	:	

6. Simultaneously, proposal for annual sanction of seasonal working capital (tea hypo) limit has to be processed. For assessing the working capital requirement, the prime importance is to find out the unit cost of production of the company in the format furnished herein below:

UNIT COST ANALYSIS

1.	Total expenditure as per audited P/L A/c for the year ended 31st March_______ (Rs.Lacs) Less: Depreciation	: :	
	Sub-Total	:	
	Less: Opening Stock (Rs.Lacs) Add: Closing Stock (Rs. Lacs)	: :	
	Sub-Total	:	
2.	Total production as per audited Balance Sheet for the year ended 31st March________ (Lacs Kg)	:	
3.	Cost per kg (1/2)	:	
4.	From audited Balance Sheet for the year ended 31st March _______ a) Sales (Rs.Lacs) b) Quantity sold (Lacs Kg) c) Average price per kg (a/b) d) Average sale price as per monthly progress report as at 31/10/_____ e) Average of (c) & (d)	: : : : :	
5.	Unit cost allowed last year Add: Upward allowance of 10% Sub-Total	: : :	
6.	Maximum standard unit cost for the area	:	
7.	Unit cost asked by the company as per application	:	
8.	Unit cost allowed for current season assessment	:	

7. After detailed analysis and scrutiny of data furnished in the application of tea hypothecation limit of the company/firm, working capital requirement of the company/firm is to be assessed as under:

(i) Estimated crop (lakh.kg)	:
(ii) Standard unit cost for the area (Rs./kg)	:
(iii) Unit cost allowed for the Co's T.Es.(Rs./kg)	:
(iv) Estimated outflow (i x iii) (Rs.Crore)	:
(v)Estimated peak deficit (45% of iv)(Rs. Crore)	:
(vi) Permissible tea hypo limit for current season (Rs.Crore) (Lower of (v) and limit applied by the company)	:

Estimated Crop

The crop is estimated based on production trend of the applicant borrower for the last three years and considering any capital expenditure that may contribute to productivity or coverage of more area under tea by way of new plantation.

Standard Unit Cost for the Area

Area wise standard unit cost for every year will be determined by the bank based on sample assessment of unit cost of production derived from audited balance sheets and profit & loss accounts of previous years by comparing the balance sheet of few gardens located in the same agro climatic zone. Necessary allowances will also be made keeping in mind the rise in various input cost.

Unit cost

Unit cost for the garden is thus arrived at by following the methodology discussed in the preceding paragraph.

Estimated outflow

The outflow is calculated by multiplying estimated seasonal output arrived at with the unit cost of production.

Estimated Peak Deficit

Let us assume the estimated seasonal outflow of the company is Rs.100 lacs. For brevity's sake, let us further assume that the outflow is evenly distributed over the 12 months period implying a cash outflow of Rs.8.33 lacs per month. The industry normally requires finance for the first five months of its operation when the revenue inflow is either nil or very negligible. It is because of this reality of tea production cycle for gardens in Assam & West Bengal, initially 40 per cent of the seasonal revenue outflow (8.33 X 5) may be allowed with flexibility of going upto 45 per cent of the seasonal outflow. A mid-term review may be made on a case to case basis factoring in the vagaries of nature of any sudden increase in input cost including labour wages.

A pro-forma of cash budget is given hereunder. While drawing the cash budget, the following check points are to be considered:

a. Opening balance of the cash budget should be actual outstanding balance of previous season.

b. Liquidation plan of Tea Hypo dues of previous season should be adequately reflected in the cash budget. Generally, inflow of January, February & March should be at least equal to the opening debit balance at the beginning. In case of inadequacy of inflow and unsold stock as at the end of last season, promoters should bring fund from their own sources for liquidation of previous season's dues.

c. In normal circumstances, the peak limit should not be allowed earlier to August/September. However, depending upon the actual scenario appropriate decision has to be taken on case to case basis.

d. Budgeted closing debit balance as on 31st December should be covered by closing unsold stock of tea and receivables.

SEASONAL CASH BUDGET OF ABC PRIVATE LIMITED

Budgeted Production for the season : 70.00 lakh kg.

Average Cost: Rs. 195.00/kg. , Average Sale Price : Rs.205.00/kg.

Total Outflow Rs.136.50 crore, Tea Hypo Peak Limit - Rs.56.00 crore

Production figure in lakh kgs

Production Budget	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total
Opening Stock	0.00	0.00	0.00	1.30	2.50	4.50	7.00	10.50	14.00	17.50	20.50	19.00	
Production during the month	0.00	0.00	2.00	3.00	5.50	7.50	10.50	11.50	12.50	11.00	4.50	2.00	70.00
Sales during the month	0.00	0.00	0.70	1.80	3.50	5.00	7.00	8.00	9.00	8.00	6.00	4.00	53.00
Closing Stock	0.00	0.00	1.30	2.50	4.50	7.00	10.50	14.00	17.50	20.50	19.00	17.00	
Financial Budget											**Rs. in Crore**		
Cash Inflow including	0.00	0.00	0.00	3.00	7.00	9.00	10.40	11.69	14.70	14.00	13.85	12.41	96.05
Cash outflow	9.00	15.00	16.00	9.05	10.25	11.99	12.40	12.50	15.60	10.63	8.25	5.83	136.50
Surplus(+)/ Deficit(-)	-9.00	-15.00	-16.00	-6.05	-3.25	-2.99	-2.00	-0.81	-0.90	3.37	5.60	6.58	
Opening balance	0.00	-9.00	-24.00	-40.00	-46.05	-49.30	-52.29	-54.29	-55.10	-56.00	-52.63	-47.03	
Closing balance	-9.00	-24.00	-40.00	-46.05	-49.30	-52.29	-54.29	-55.10	**-56.00**	-52.63	-47.03	-40.45	

In the instant case, peak deficit has been assessed at Rs.56.00 crore in the month of September considering the peak deficit of 41 per cent of the seasonal outflow of Rs.136.50 crore. Accordingly, permissible working capital limit for that particular Company is Rs.56.00 crore, which is being regulated through seasonal cash budget to be drawn in conformity with revenue inflow and revenue outflow of the company. Month end outstanding balance will be DP for that particular month.

From the above, it is crystal clear that ascertaining the unit cost of production and estimating the current year production are two essential pre requisites for drawing the cash budget. It is here that CMAs can play an effective role.

Global climate change has also affected the tea industry with erratic weather pattern

Bankers should obtain their professional help to doubly ensure that these elements are correctly calculated for drawing an error free cash budget obliterating the possibility of both under & over financing. Despite these challenges, the tea remains a sustainable business. Producers need to bridge the gap between the auction and retail prices and gain a larger share of the tea value chain. This would require the industry to reach out and come closer to the consumers. Endless possibilities exist like direct supply to tea market, foray into retail and distribution, entry into package tea, branding and setting-up of tea bar and cafes. Tea tourism and online retail to reach out to discerning customers are two emerging areas of operation with immense possibilities. It is anticipated that the industry with its years of experience in tea growing and vest product knowledge should be able to succeed in these areas in the years to come. Financing of such activities by banks along with strengthening of the existing credit delivery system through cash budget mechanism with the help of professionals like CMAs will definitely usher in a new dawn.

RISK APPETITE

Abstract

This article attempts to outline the scope, contents and utility of risk appetite framework (RAF) which constitutes a critical part of an effective risk management and governance system which, if leveraged and adopted in true spirit, would enable effective driving of the entity's performance empowering staff at every level to make risk informed decisions. RAF acts as a defence against unbridled risk taking which often has been the root cause of many a crisis. Risk appetite statement form a basis to trigger healthy and constructive discussions on risks among the board, top management including CRO and internal audit to reappraise decisions in the light of emerging trends and events for course corrections wherever needed. Risk appetite though specifically embedded to many financial service regulations of several regulators, can also help all other non-financial organisation to better appreciate and govern risk and performance. Importance and relevance of risk appetite framework in ERM has been visibly increasing in the corporate corridors also.

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INTRODUCTION

All enterprises, in their pursuit of attainment of business objectives of value creation for the stakeholders, have to face some elements of risks /uncertainty of varying likelihood and impacts, which may be positive or negative. Although the incidence of risk/ uncertainties and their consequential impacts cannot, altogether be, eliminated, optimisation thereof may be possible to protect and preserve the value creation by the entities to a great extent by an effective risk management process. While excessive risk taking which is value spoiling is avoidable, too little risk is also not desirable as it would impede /stifle value creation up to the fullest potential.

An entity must know its key risk exposures. It also should know whether these risks are a sequel to its adopted strategies. It is also important to know whether right risks are being taken for exposure to have competitive advantage. A question the management often grapples with is, whether to assume higher risk for greater value creation or mellowed down performance would be acceptable to limit risk taking.

Risk taking is an unavoidable part of the business. Each business action has associated risks and expected rewards. Good risk management involves making informed and coherent choice of risks an entity would take for attainment of business objectives. Ideally the risk management process should form an essential component of strategy design and execution. New strategic initiatives (e.g., launching of new products, business process reengineering, entering a new market in another country etc.) might bring in new opportunities and the expected potential rewards need be commensurate with the acceptable incremental risks involved therein. For embedding the risk dimension in strategy formulation process, the business requires to know the volume and types of risks it would be in readiness to assume *vis a vis* the expected returns. Thus, an organisation's readiness to take on some elements of risks to attain its business objectives in execution of the strategic plan needs to be inherent in the organisational DNA as otherwise it would not be possible to put the business on sustainable footing.

Risk Appetite Defined

Risk appetite is defined as the type and amount of risk, on a broad level, an organization is willing to accept in pursuit of value (COSO). Risk appetite is a Board approved policy delineating the level of risk that an entity would be in readiness to accept in pursuit of its business and strategic objectives consistent with applicable capital, liquidity, and other requirements and constraints. Risk appetite is a framework providing guidance to an organization in its approach to risk and risk management. It represents a balance between the potential benefits of innovation and the threats that changes inevitably bring (Fed Reserve).

Although risk appetite is applicable to the whole organization, it might be different within various parts of the organization and remain relevant in changing business conditions. Clearly it is focused to risk that need to be assumed to pursue strategies that enhance the prospect of attainment of long-term success. Risk appetite is tied to organizational preferences and choices about how to create and preserve value.

Risk appetite "embraces the level of exposure which is considered tolerable and justifiable should it be realized." Risk appetite is a critical link between strategy framing and attainment of performance goals. Risk appetite is integral to managing the risk.

WIDE ANGLE VIEW OF RISK APPETITE

Risk appetite and risk tolerance are not the same or similar. Risk tolerance refers to an investor's readiness to take risks and capacity to absorb losses. A high-risk tolerance is indicative of the aggressiveness of the investor to assume higher levels of risk in quest of higher rewards.

Risk appetite may be viewed from both risk and performance perspectives. From performance perspective focus would be on the fundamental questions viz., "How much risk am I willing to take to achieve an objective?" If it is considered to be on the higher side, then a change in approach might be needed. It may be seen from the performance perspective as to whether the organization is taking enough risk to achieve the chosen objectives. The question is whether to go in for assuming higher risk for greater reward and better performance or toning down the performance would be acceptable to moderate the risk exposures.

Risk appetite is intricately embedded in strategy formulation process. Therefore, it would be the task of the Board/top management to define the risk appetite of the entity. While setting out the risk appetite of the entity the Board/top management should take into consideration, *inter alia,* the differing expectations of various stakeholders as to the entity's risk appetite philosophy and business activities. For example, in the area of essential services the customers and the regulators will have zero tolerance for disruptions while shareholders would be interested in steady income flow. While defining the risk appetite the prime question to be considered is which risks the entity has greater competency to manage better than its competitors, clients and the suppliers. The risk appetite should be consistent with the capacity and competence to manage the risks emanating from business activities. Taking exposure to risk generates income. Ideally the most remunerative risks which can be taken and can be effectively managed need to be identified. A firm's risk appetite should suitably capture all significant risks and should be in alignment with its risk management capacity.

Risk aversion is definitely not a recipe for business success. Effective and meaningful risk management system, if in place, would help identifying opportunities and associated risks. 'If strategy is doing right things and operation is doing things right then risk management is the capability of doing both effectively under uncertainty'[4]. It enables availing of appropriate opportunities by consciously assuming managed risks, (instead of avoiding them) and judiciously balance risks and opportunities to facilitate delivery of the targeted values. Mindful determination of the organisation's risk appetite is an important consideration in strategy formulation, balancing risks and returns, supporting risk informed decision making and deciding on suitable response to evolving risk.

Mission and vision statement of the organisation delineates the areas which the organisation will tread to meet its value creation objectives. Risk appetite in alignment with the mission and vision highlights the nature of acceptable risk and acts as a dynamic boundary to avoid any possible unbridled risk taking in consummation of the mission and vision. Risk appetite framework enables an organization to identify the diversionary tendencies, if any, tending to impart centrifugal thrust to the activities away from the mission and vision. In such eventualities it would be incumbent upon the management and also the Board, wherever necessary, to revisit the decisions/strategies at play.

Risk appetite forms an important component of strategy and objectives setting exercise. An entity fixes its appetite in alignment with its overall strategy and embeds appetite into the process of setting of the objectives. An organization needs to appraise as to how the chosen strategy can possibly impact the entity's overall risk profile, particularly as to the nature and volume of potential risk exposure.

Executing a strategy invariably entails some new species of risks. New types of risks may also emanate while the organization executes its strategies. Therefore, understanding of the risks and consequences entailed in the execution of set out strategies would be essential. In the light of such understanding organisations may need to consider revisiting their strategies to suitably reconfigure its risk profile. In an ever-changing business landscape, entities have to display ability to dynamically assume risks to innovate, grow and attain business goals adapting to the changing circumstances. This implies that risk appetite should be flexible enough to assume incremental risks and new species of risks in dynamically evolving scenarios, to remain relevant in the business space. Therefore, risk appetite may get reconfigured as the strategies are evolved in response to emerging changes in business climate.

Risk appetite is of significant importance in decision-making. Appropriate use of risk appetite framework can position an organisation to effectively bind appetite and strategy together to proactively reap the values embedded in forward-looking opportunities. Risk appetite if articulated and communicated effectively across the organisation would tend to enhance the organisational awareness of the risks it intends to assume /avoid.

In the eventuality of a company's strategy and associated risk appetite not being commensurate with its financial capacity, the company can explore the option of augmenting its financial capacity through infusion of more shareholders' funds or revise the strategies suitably to be within the comfort zone. Appropriately delineated risk appetite framework brings into reckoning risk factors entailed in every significant strategic or tactical decision to deliberate and answer whether the proposed course of action would be well-matched with the risk appetite or else risk appetite need be revised for ensuring comfortable financial capacity to cope up with the eventualities.

Organizations often use appetite to delineate the risk boundaries. A matrix depicting a statement of risk, key performance measures, targets, actual performance, and appetite boundaries would enable the management to track whether current risks are trending well within its appetite. Such tracking can trigger initiation of discussions as to whether and when to revisit decisions, and appetite or strategy.

Risk Appetite Framework

Risk appetite being at the core of the enterprise risk management system, an organisation needs to put in place an effective and actionable risk appetite framework. With risk appetite framework in place an organisation can actively decide to take exposure to certain volume of particular risks, consistent with its overall business strategy making calibrated conscious risk-reward trade off upfront.

RAF sets out the policies, processes, controls, and systems, aligned to the strategies of the entity, through which risk appetite is established, communicated, and monitored. The RAF should focus attention to significant risks facing the entity including reputational risk. Use of a common vocabulary for terms used in RAFs is desirable to set up an effective communication in the context of risk management, strategy formulation and implementation among both internal and external stakeholders.

An effective RAF in place tends to reinforce a strong risk culture at the institutions. A sound risk culture would oxygenate the organisational climate to quicken recognition of emerging risks having material impact on the institution and/or any activities involving risks taking beyond its risk appetite enabling quicker trigger of timely remedial action wherever required. RAF, thus acts as a defence against unbridled risk taking besides enabling use of risk appetite statement as a basis to trigger healthy and constructive discussions on risks among the Board, risk management and internal audit functions to reappraise management recommendations and decisions in the light of emerging trends and events for course corrections wherever needed.

RAF incorporates a risk appetite statement, defined risk capacity and risk limits, risk profile and also sets out the roles and responsibilities of the active actors vested with the responsibilities of implementation and monitoring of the RAF.

A risk appetite statement is an articulation in writing of the aggregate level and types of risk that an entity is willing to accept, or avoid, in pursuit of attainment of its business objectives. Risk appetite statement is intended to put in place a methodical and comprehensive approach towards control of risk exposures and risk concentrations. It includes qualitative statements as well as quantitative measures of loss and adverse impacts, articulated relative to capital, earnings, risk measures, liquidity and other relevant metric as considered appropriate. Qualitative statements need accompany quantitative metrics laying down the overall tone for the institution's approach to risk taking, expressing clearly the underlying cognitive logic/ considerations for assuming or avoiding certain types of risks, products, country/regional exposures and likes. It ideally should also address the risks which are none too easy to quantify viz., reputation and conduct risks as also money laundering and unethical practices.

Risk appetite statements need to be appropriately worded so as to ensure that an effective and unambiguous communication of the Board level guidance on the risk appetite seamlessly flows across the organisation and the staff can clearly understand them in letter and spirit and apply in their daily activities

Risk capacity is the overall capacity of the entity to absorb potential losses. It is the optimum level of risk an entity can sustain given its current level of resources without subject to regulatory and internally imposed constraints, appropriately factoring in the relevant features of working environment and obligations to and expectations of all its stakeholders. Greater the ability and sharper the skills of risk management, higher would be the risk capacity. Risk capacity can be measured in terms of cash and liquid assets to meet liquidity needs and in terms of capital and reserves to cover potential losses.

Risk limits are set to restrict risk taking within defined risk appetite, taking into consideration the interests of the stakeholders subject to regulatory and internally fixed constraints. Risk limits generally are quantitative measures expressed in relation to the earnings, capital, liquidity or other relevant measures (e.g., growth, volatility). Based on forward looking assumptions, the institution's aggregate risk appetite is mapped to business lines, specific risk categories, risk concentrations, and other levels as considered appropriate. Risk limits may be allocated for each business line consistent with corporate strategy. In an effective RAF the risk limits would help to ensure that the real time risk profile of the firm continues to remain within the relevant parameters as set out in the framework unless new potential business opportunities arise involving higher risks within the set out risk-bearing capacity.

A risk profile is intended to depict the full picture of the organisation's entire risk landscape. Risk profile is a point in time assessment of the financial institution's gross and/or net risk exposures (i.e., after taking into account mitigants) aggregated within and across each relevant risk category taking into reckoning relevant forward looking assumptions. While the current risk profile would capture all underlying risks entailed in business activities, the projected or target risk profile would also include the business plan assumptions.

Accurate and complete risk profile of an entity, involving multi-dimensional range of potential and relevant risk drivers, perhaps can never be known in totality. The risk profile can, however, be estimated based on appropriate and timely assessment of entity's exposure to risks taking into reckoning concentration of risks and inter correlations among various risks types. Instead of knowing a point in time risk profile the shape of 'through the cycle risk exposures' would be of greater importance.

Risk tolerance of an organisation is its readiness and willingness to tolerate residual risk (i.e, after risk treatments) in order to achieve its objectives. Risk treatments include risk avoidance, risk seeking, elimination of risk source, changing probability and impact of risk, risk sharing and risk retention by choice!

CONCLUSION

Risk appetite framework constitutes an important element of corporate governance, strategic planning, and decision-making. Risk appetite is one of the important components of an operative and responsive enterprise risk management (ERM) program. Risk appetite is at the heart of decision making. Besides it facilitates determination that a decision is necessary.

Risk appetite of an organization is directly embedded in its strategy and performance management, risk management and its capital structure. An appreciation of risk appetite is essential for choice of strategies and objectives to steer the organisation towards success.

A responsive Risk Appetite Framework constitutes a critical component of an effective risk management and governance framework driving performance empowering staff at every level to make risk informed decisions

Precise definitions of risk appetite, risk tolerance, risk targets and risk limits at all relevant business levels form an excellent basis for effective ERM, for embedding risk management into day-to-day decision making, for balancing opportunities and risks.

Appetite risk limits and tolerance once established are not sacrosanct but are subjected to continual appropriate modifications, if and when necessary for the business to continue to remain contemporary and relevant in business space in response to needs of the changing business climate amidst disruptive innovations and emergence of new opportunities. Ability to better anticipate and understand the risks emanating as a sequel to the happening changes would enable the entity to adopt itself to the changes and be more resilient in challenging conditions

Effective articulation of risk appetite for the organization will provide the Board and the company deeper governance and execution insight enabling them to be more effective in exercise of appropriate control for course correction whenever needed.

Board should determine and continuously assess the nature and extent of the significant risks facing the organisation *vis some vis* its risk appetite and ensure that planning and decision-making reflects this assessment. Effective risk management system, if in place, would go a long way in supporting risk informed decision making in line with this risk appetite

Supervisory expectations for risk management by financial institutions are on the rise! Financial Stability Board (FSB) expects that effective and actionable risk appetite framework should be more widely adopted by financial institutions at large.

Risk appetite specifically embedded in many financial service regulations of regulators (e.g., US security Exchange Commission, Federal Reserve, Financial Stability Board), BCBS, US Office of the Comptroller of the Currency, European Banking Authority) can help all organizations to better understand and manage risk and performance. Importance and relevance of risk appetite framework in ERM has been visibly increasing in corporate corridors. When assessing the quality and standard of risk management system obtaining in an organization, credit rating agency Standard & Poor's *inter alia* examines whether the entity has in place a clearly articulated risk appetite process and extent of integration thereof with its strategy and culture.

A responsive Risk Appetite Framework constitutes a critical component of an effective risk management and governance framework driving performance empowering staff at every level to make risk informed decisions.

An effective, actionable and well-articulated risk appetite framework will go a long way in instilling greater confidence in all staff to smartly handle issues and function even in risky/ uncertain situations. MA

References

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3. *Risk Appetite critical to success: Committee of Sponsoring organisation of the Tread Way Commission.*
4. *Implementing an Effective Risk Appetite: IMA*

CASE STUDIES ON EFFECTIVE PRICE NEGOTIATION

Abstract

Price negotiation is an effective mode of finalization of purchase cost through a detailed analysis and discussion on the quoted price done in a transparent and fair manner.

This article details two such cases from the actual work experience wherein it was possible to arrive at substantially improved final price through a detailed threadbare analysis and repeated deliberations with the seller which proves that the modality is really useful in reaching a win-win position for both the sides involved in the price negotiation.

Also it should be realized that effective price negotiation is possible only with a very elaborate internal meeting amongst the committee members prior to the actual negotiation meeting so that the essential elements are well understood across the committee.

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INTRODUCTION

Price negotiation is an important tool for rationalization of purchase cost (procurement of materials or services) in commercial dealings and hence if diligently done it is a source of massive cost reduction especially for the entities with high proportion of cost of procured items/service.

Ideally there is always a win-win situation in any commercial deal wherein the buyer gets the right quality material/service at the right price and the seller is able to get a reasonable consideration for the value of the item/service given the best status of the market at the time of the deal. While this win-win point may seem to be the optimum target of the process of price negotiation, it actually depends on the commercial understanding by both the sides and effective only through substantial cost analysis.

While the issues highlighted in this case study may be relevant for commercial dealing between two business entities, this is more relevant for the mechanism of purchases done by Government entities where such negotiations are routinely marred by procedural compliances overriding the commercial impact.

In this article two cases are deliberated in details which will enlighten the readers on the effective price negotiations as a practical tool for price rationalization.

Generally, in a PSU rate negotiation is considered something very exceptional as it may involve undue pressure on the supplier by the buyer and sometimes even for some ulterior motives. But at the same time to curtail the cost as well as the time involved in the alternative retender the option of price negotiation cannot be totally ruled out.

CASE 1

Single tender finalization of the design software package was done after three rounds of negotiation for effective reduction of his first offer price from rupees 15 crore to just 9 crores despite the fact that BHEL did not have any alternative option since renewal of the contract was inevitable.

Basically these software programs do the intricate design calculations for determining various factors such as thermal components of the turbine, generators and other power plant equipment. At the time when renewal was due BHEL already was committed with this agency. The arrangement was renewable every three years subject to revision of the rates. Apart from BHEL Haridwar there were at least 4 other major units including Corporate R&D Hyderabad, Boiler unit based in Trichy, Ancillaries based in Hyderabad and Bhopal etc which were regular users of these multi location licenses of the same agency and first time the renewal was planned under a combined mode to be coordinated by Haridwar as lead agency for finalization of a corporate rate contract applicable for all the units.

The first challenge was to sail over the assumption that being a single tender entity there was effectively very little scope for price rationalization as extension was perhaps the only option for BHEL. Hence the negotiation decision itself was put through detailed internal deliberations and guidance for the committee formed to do the price negotiation.

The second task was compiling the details from all the units on the effective rationalization/ need for the set of software users and arrive at the optimum required numbers for BHEL as a whole which also gave the concrete base for the service providers for the expected volume under the rate contract.

Stages of Negotiation

a. ***Internal meeting*** of the Negotiation Committee to arrive at the same understanding of the details of the scope as well as other techno commercial conditions of the work with detailed sharing of knowledge of the committee members. This also helped in creating a close team spirit and the corporate resolve for arriving at a fair price settlement.

b. ***Formal meeting*** of the BHEL's negotiation committee with the authorized representative of the service provider to understand their position on the offered price and other tender conditions acceptable to them to understand some of the details of their offered price like the component of revenue they were obliged to share with their foreign principal, the exchange rate at which they expected this internal liability to be settled during the three years of the contract and other assumptions based on which they had computed the offer rates to us. At the end of the detailed meeting the party was asked to submit their final negotiated price for consideration of BHEL.

c. ***Negotiated Rate***: Based on the details of discussions in the said meeting the service provider then submitted its negotiated offer of the different components resulting in overall 20 per cent reduction of their pre negotiated offer of approximately Rs 15 crore.

d. ***Exceptional Review***: BHEL committee, in their internal review discussion, post receipt of the negotiated offer, was unanimous that the negotiated rate was still higher than the expected rate despite the substantial reduction. Also the fact that compared to the previous scattered rate contract entered by the individual units of BHEL (and minimum utilization in actual orders) this time around there was much rationalization in the volume as well its probability of expected volume and hence the bidder could still lower the incidence of overall overheads.

e. ***Recommendation***: In view of the above it was recommended by the committee that a re-negotiation (second negotiation) was inevitable and convince the management for the exceptional suggestion. Since this was something very novel, a detailed meeting was held with the set of approving authorities on one hand (mainly consisting of Head of finance and the approving authority as per the approved delegation of powers) and all the members of the negotiation committee on the other hand.

f. ***Re-Negotiation***: Though the committee also had noted the pros and cons of second negotiation through the same committee and suggested constitution of a higher level committee for second negotiation the approving authorities authorized the same committee for second negotiation after which a detailed reply of BHEL was drafted and approved for issue to the service provider citing the decision as well as the reasons for going for one more round of negotiation. Through all this homework done in a closed team manner the final set of negotiation was really meaningful and the final offer of the party resulted in fixing the effective contract price at around Rs 9 crores which was almost 60 per cent of the initial offer price of around Rs 15 crores. The committee then analyzed these rates as being close to the targeted and reasonable price and recommended the same for finalization.

Hence despite the single tender case BHEL was successful in finalizing a very reasonable price through a prolonged set of negotiations and deliberations and also convincing the agency to realize the long term potential of association with BHEL. It is also to be noted that there may-be some quantity rationalization during negotiation which needs to be excluded from pre negotiated price for right comparison of post negotiated price. Also in this case since this design cost is amortized over its useful life, the gross reduction also benefitted the ultimate customer price of products being designed through this design software.

CASE 2

In this project the work involved was supply of components and installation and commissioning of the electronic attendance system for the whole Haridwar unit consisting of nearly 6000 staff. Initially the original estimate of nearly Rs.8 crore was rationalized with bunching of departments and workshop which resulted in 60 per cent reduction of the estimated work to Rs 2.60 crores.

The tender for the job resulted in only 2 bids getting technically qualified for the required supply and commissioning of the equipment. While the L1 quoted Rs.280 lakhs the L2 quoted Rs.290 lakhs. Since the L1 quote was higher than the estimates of Rs 260 lakhs approval was taken from competent authority for price negotiation along with the committee formation for the same.

Similar to Case 1 above the internal analysis/ discussions revealed the variation of different components from the estimated base and formed the detailed strategy for negotiation on these items. While the work involved nearly 50 per cent of imported components the details of their price in international market as well as the exchange rate at which the same were translated into

Indian rupee also formed crucial inputs for the negotiation.

On negotiation the agency came up with the reason for increased cost of imported components but after discussions with the price negotiation committee the L1 bidder reduced his overall quote by nearly Rs.30 lakh to bring down the final quote to Rs.250 lakh.

Unlike the first case it is to be noted that since this negotiation was done under a non-single tender case, the same was conducted without diluting any of the Tender condition as it would vitiate the sanctity of the L2 bid and hence the rate was only criterion for the revised offer from the L1 bidder.

CONCLUSION

The cardinal issue related to price negotiation lies in understanding the rationalized price level at which the supply/services could be rendered without much financial stress on either side and with a reasonable consideration to the provider of the good/services.

While the purchasing department has its own assessment based on presumed cost components and information of current market rates, the seller may come up with convincing contrary data and details on the insufficiency of any such inputs and justify his quoted price. On the other hand, it is also quite possible that the understanding on the scope of supply/works by the bidder who is called for negotiation may not be firm and based on detailed discussions the bidder may be willing to reconsider his bid price just to avoid a retender.

The cardinal issue related to price negotiation lies in understanding the rationalized price level at which the supply/services could be rendered without much financial stress on either side and with a reasonable consideration to the provider of the good/ services

Also it needs to be understood that making a detailed cost analysis and team efforts for price rationalization is one aspect but the response of the bidder is always unpredictable and depends on the alternative the purchasing department may have.

The above two case studies sufficiently show that detailed price analysis by both the sides could lead to substantial price rationalization leading to effective cost reductions. Both the intent and the process including detailed price break up and analysis needs to be fair and transparent for any price negotiation to attain its logical and prudent conclusion. While the service providers expect to make a reasonable margin on any venture it offers to the buyer, the purchaser on the other hand can make effective business only if it buys at reasonable price so that the ultimate end user can expect to buy the final product at market determined fair price. Hence it is not only the soul for win-win situation for seller and the intermediate buyer but also for the end user.

References:

This article has been written with personal participation, as a member of finance department, in the negotiation committee on behalf of BHEL and hence provides a practical idea and the actual impact a reasonably executed negotiation process can yield.

Down The Memory Lane

January 2012

Dr. M. Veerappa Moily, Hon'ble Union Minister for MCA, GOI inaugurating the Regional Cost Convention at Bangalore on 20.01.2012. Seen Shri M. Gopalakrishnan, President, ICWAI (third from right), Shri Rakesh Singh, Vice President (second from right), Shri G N Venkataraman, Past President, ICWAI (at the centre), Shri A. Om Prakash, Council Member, ICWAI (second from left) and other dignitaries.

Inauguration of Hyderabad Centre of Excellence at Hyderabad on 22.01.2012. Seen in the photograph are Shri M. Gopalakrishnan, President and Council Members; Shri T.C.A. Srinivasa Prasad (4th from right); Shri S.R. Bhargave (5th from right); Shri Sanjay Gupta (5th from left) & other officials.

Shri M. Gopalakrishnan, President, ICWAI presenting bouquet to Shri Anil Murarka, the then President of ICSI at ICWAI HQ on 16.01.2012.

January 2002

43rd National Convention of Cost & Management Accountants

Inaugural Session of National Convention in progress: (From left) Kunal Banerjee; Shri Ravi Sankar Prasad, Hon'ble Union Minister of State for Coal and Mines, Govt. of India and V.V. Deodhar

ICWAI team meeting Arun Jaitley, Union Minister of Law, Justice and Company Affairs at Kolkata.

Down The Memory Lane

SAFA Press Meet (left to Right): Lal Narayakkara, Advisor, SAFA; N.D. Gupta, President, ICAI; Z.U. Ahmed, Vice President, SAFA; Pir Mohd. Kaliya, President, SAFA; Ashok Haldia, Permanent Secretary, SAFA; V.V. Deodhar, President, ICWAI; Ashok Chandak, Vice President, ICAI; Aslam Dossa, Executive Secretary, SAFA

January 1992

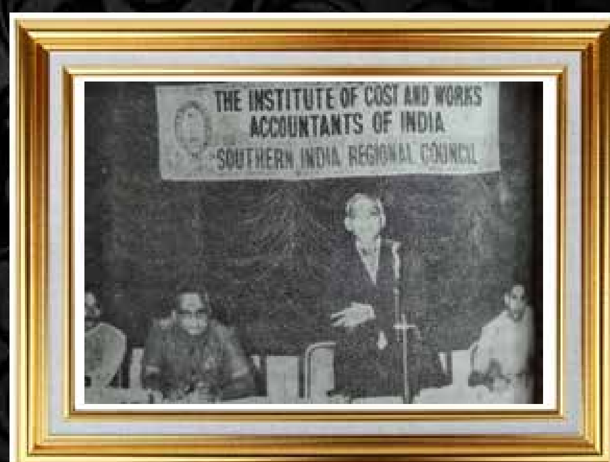
Mr. Bertil Edlund, President, IFAC and Mr. John Gruner, Director General, IFAC met Mr. P.R. Kumarmangalam, Minister of law & Justice and Company Affairs, Government of India alongwith representatives of ICWAI and ICAI. Seen in the picture are from left to right: Shri J.K. Puri; Shri S.R. Acharyya, Shri P.D. Phadke; Mr. Bertil Edlund; Hon'ble Minister Shri P.R. Kumarmangalam; Shri K.G. Somani, Mr. John Gruner; Shri K.M. Aggarwal; Shri N.C. Sunadararajan; Shri A.K. Majumdar and Shri Kanan Ayer.

DPE-ICWAI Programme at Calcutta. Seen on the dais from Left to right S/shri: B.R. Shah; S. Ramanathan; T.C. Dutt, former Chief Secretary, Govt. of West Bengal and Chairman, W.B. Industrial Development Corporation and Haldia Petrochemicals; P.D. Phadke, President and Harijiban Banerjee, Director of the Course.

January 1982

Meeting with Shri K.S. Bhatnagar, I.A. & A.S., Secretary, Department of Company Affairs, Govt. of India. Seen in the picture, Shri K.S. Bhatnagar addressing the Members.

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



South India Regional Cost Conference organized by Bangalore Chapter under the auspices of the SIRC of the Institute on 23-24th January'82 at West End Hotel. Seen in the picture Shri Veerappa Moily, Hon'ble Minister for Finance and Tourism, Government of Karnataka releasing the Souvenir.

NEWS
FROM THE INSTITUTE

EASTERN INDIA REGIONAL COUNCIL

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA BHUBANESWAR CHAPTER

The chapter conducted a WEBINT on the theme "Terminal Benefits - Statutory Provisions, Issues & Challenges" on 17.12.2021. Shri Sachhin Thakkar, Founder and CEO, Triple A Solutions Pvt. Ltd., Kolkata and Shri Joseph Disa, Adviser, Freelance Consultancy (PF related issues), Mumbai delivered on the topic as "Resource Person". CMA Saktidhar Singh, Chairman, PD Committee & Past Chairman of the Chapter felicitated the said WEBINT and delivered keynote address. CMA Santanu Kumar Rout, Vice Chairman of the chapter delivered welcome address and CMA Surya Narayan Tripathy, Secretary of the chapter extended formal vote of thanks.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA SOUTH ODISHA CHAPTER

The chapter organized an evening Talk on 26.11.2021 at Chapter conference Hall, Berhampur on the topic "Role of CMAs in Health Sector". Dr. Prof. Narayan Mishra, Former Prof. & HOD, Pulmonary Medicine, M K C G Medical College, Berhampur, graced the occasion as Chief Guest and delivered in detail on the topic and tips to health care during the pandemic Novel Corona virus (COVID – 19) situation. CMA Bharat Kumar Bhadawat, Chief Commercial Officer, TPSODL, Berhampur graced the occasion as Guest of Honor and highlighted over various aspects of the topic. CMA Ashwini Kumar Patro, chairman of the chapter welcomed all the guests and invitees and addressed over basic points of the topic. CA/CMA Rajkiran Padhi, Secretary of the chapter and a practicing Charted Accountant elaborately discussed on the topic and cleared all the doubts raised by the participants along with CMA Bhadawat. CMA Binod Bihari Nayak, Chairman, Professional Development Committee, welcomed and introduced the guests and extended formal vote of thanks.

NORTHERN INDIA REGIONAL COUNCIL

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA JAIPUR CHAPTER

Insolvency Professional Agency of the Institute organized an orientation program on "Insolvency & Bankruptcy Code and its Emerging Scenario" on 20th November 2021 at its premises in association with Insolvency & Bankruptcy Board of India and Jaipur Chapter. Chief Guest of the program was Shri C. Ramchandra Rao, General Manager, Insolvency & Bankruptcy Board of India. CMA Rakesh Singh, Past President of the Institute was Guest of Honour. In the beginning of the program, CMA S.L. Swami Chairman of the chapter welcomed the guests and all the participants. Key Speaker of the program was CMA Vijender Sharma, Director IPA, ICAI and presently Vice-President of our Institute. He explained in detail the emerging scenario of Insolvency & Bankruptcy Code. The program was conducted by CMA Naveen Vaswani. At the end of the program, CMA Swapnil Bhandari, immediate past chairman thanked all the guests and participants. CMA Biswarup Basu, President of the Institute visited the Chapter on 20th November 2021, alongwith CMA P. Raju Iyer, Vice President, CMA Balwinder Singh, Past President and Central Council Member, CMA Vijender Sharma, CCM, CMA Rakesh Singh, Past President, CMA Hari Kishan Goyal, Past CCM, CMA, Arup Sankar Bagchi, Senior Director (Membership). CMA S.L. Swami Chairman, of the Chapter felicitated all the above dignitaries and highlighted

the various activities of the Chapter in brief. CMA Biswarup Basu, President in his address to the members assured about full cooperation from HQ regarding various issues relating to development of chapter. CMA P. Raju Iyer, CMA Balwinder Singh, CMA Vijender Sharma, and CMA Rakesh Singh also addressed the members. On this occasion, CMA R.S. Bhati, RCM NIRC and CMA R.K. Jain, Joint Director (CAT) were also present. The program was conducted by CMA Swapnil Bhandari, immediate Past Chairman of the Chapter. At the end of the program, CMA Swapnil Bhandari thanked all the guests and participants. The Chapter organised webinar on 27th November 2021 on the Topic "Demystifying Valuation" In the beginning of the program, CMA S.L. Swami, Chairman of the Chapter welcomed all the participants. Key speaker of the webinar was CMA S.K. Gupta, Managing Director, RVO of ICAI (CMA). He explained with examples what is the Concept of Valuation, what are its Dimensions, what is the process of carrying out valuation and different methods, approaches, tools and techniques commonly used in valuation. The program was conducted by CMA Swapnil Bhandari, immediate Past Chairman. At the end of the program he also thanked all the participants. The Chapter conducted career Awareness and Counselling Session at IGM Senior Secondary School, Mansarovar, Jaipur on 30th November, 2021. CMA Harendra Kumar Pareek, Executive member, CMA Akshay Sen, CMA Sapna Chauhan and CMA Shivam Gupta were key speakers of the session who explained in detail about CMA course and its future prospects.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA FARIDABAD CHAPTER

CMAs of Faridabad chapter participated in the Zonal Youth Festival, Faridabad Zone (M.D. University, Rohtak) organized on 14 -16 Dec, 2021 at Pt. J.L.N Govt. College, Sector-16 Faridabad where CMA Institute is sponsored partner & installed a stall. Around 1000 Registration Kits were distributed to 35 colleges students which have been participated in that youth Festival from Faridabad, Palwal & Jhajjar. CMA Varun Sukhija, Chairman, Faridabad chapter along with his team Faridabad invited in the 3 days programme. On 2nd day (15 Dec 2021) of the Programme, CMA Faridabad chapter has been facilitated by the Chief Guest Present, Shri Nayan Pal Rawat Ji, MLA Prithla Constituency Faridabad along with Nehru college Principal (M. K Gupta Ji). CMA Members present – CMA Varun Sukhija (Chairman), CMA Sachin Kathuria (Former Chairman), CMA M R Handa (Former Chairman), CMA Ankit Gupta, CMA Suman Jha & CMA Tarun Verma on that day. Students queries related to CMA course curriculum also addressed at the venue.

SOUTHERN INDIA REGIONAL COUNCIL

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA COIMBATORE CHAPTER

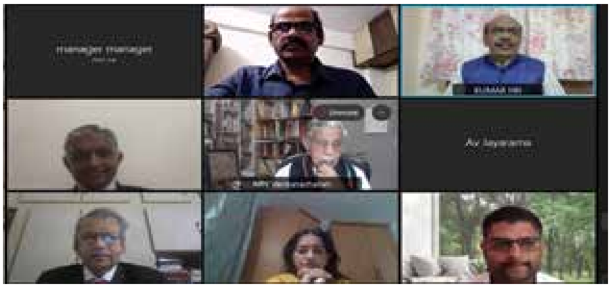
Chairman of the chapter, CMA Mathanagopal.V & MC member, CMA Ravindran. K along with students actively participated in planting 100 saplings as "a part of Azadi Ka Amrit Mahotsav" at Rathnam College of Arts & Science. The Chapter organised a Mega free Medical eye camp jointly with Rotary Club & Sankara Eye Hospital, on 28th November,2021 at Swathanthra Higher Secondary School, Athipalayam, Coimbatore.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA NELLAI PEARL CITY CHAPTER

Skill Development Workshop and Signing of Memorandum of Understanding between Manonmaniam Sundaranar University, Tirunelveli, Tamil Nadu and The Institute of Cost Accountants of India by President, CMA P.Raju Iyer and Vice-Chancellor Dr. K.Pitchumani on 11th December 2021.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA BENGALURU CHAPTER

Practitioners' Forum on "Kannada Rajyayosthava" - Measurement and Weight - Records in the Legislation was organized at the Chapter on November 27, 2021 and Dr. Devarakonda Reddy, President Karnataka Ithihasa Academy, Bengaluru, CMA Kumar H N, Chairman BCCA, CMA Jayaram A V, Secretary BCCA, CMA Satish R, Vice Chairman BCCA, CMA Vishwanatha Bhat, Vice Chairman SIRC, CMA Sreepada H R, Member were the speakers of the programme. Professional Development programmes on "The Constitution of India - Relevance to CMAs", "Managerial Forecasting Techniques", "Role of Accounts in Global Governance and Ethics" in Association with Mysore Chapter and Hosur Chapter at Hotel Woodlands, Bengaluru were organized at the chapter on November 26, 2021, December 13, 2021 and December 17, 2021 respectively. Various career counselling programmes were organised at various dates of November 2021 and December



2021 in various colleges of Bangalore. Press Meet held at Bangalore Press Club – at Bengaluru on December 17, 2021. President addressed the Press personally and explained about the Institute and courses conducted. Vice President of the Institute and CCM AVSN Murthy addressed about MSME. CMA Vishwanath Bhat, Vice Chairman SIRC explained in Kannada to the Media. CMA P Raju Iyer President, CMA Vijender Sharma Vice President, CMA AVS Murthy Central Council Member, CMA Kumar H N – Chairman, CMA Vishwanath Bhat Vice Chairman SIRC, CMA Rajagopal K – Chairman SIRC were the speakers of the meet. DPE Programme conducted on November 16 and 17, 2021 at the chapter through Online for Public Sector Govt.Employees – "Maintenance of Statutory Records, New Developments as per Companies Act." and CMA G N Ventakataraman Past President ICAI, CMA SATISH R Vice Chairman BCCA, CMA Venkanna Past Chairman BCCA, CMA Guru Prasad Member were the speakers of the programme.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA MADURAI CHAPTER

The chapter organized Professional Development meeting on Internal Auditing Standards Way ahead (Interactive Session) on 24th November 2021 at Madurai. The programme was inaugurated with Tamil Thai Vazhthu, lighting of lamps and playing of Motto Song of ICMAI. CMA R.K. Bapulal, Chairman, Madurai Chapter of ICMAI welcomed the gathering. CMA S. Kumararajan, Vice Chairman, Madurai delivered Special Speaker Address. CMA P. Raju Iyer, Vice President of Institute of Cost Accountant of India gave detailed lecture on Internal Auditing Standards Way ahead along with his own personal experience. Subsequently CMA TCA Srinivasa Prasad, Chennai has explained the opportunity available for cost auditors on the Internal Auditing and also conducted the Interactive session. The PD Meeting was concluded with the vote of thanks by CMA. P. Mahalakshmi, Secretary, Madurai Chapter of ICMAI and singing of National Anthem.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA TRIVANDRUM CHAPTER

The Chapter conducted a series of Professional Development Programmes. It was held on online platform Microsoft teams from 16.09.2021, 02.10.2021, 04.10.2021, 18.11.2021, 20.11.2021 and 22.11.2021. The title of the programme was intelligent Investing in Stock markets. In the day one, Central Council Member, CMA H Padmanabhan inaugurated the programme and the function was chaired by CMA Pramode Chandran PG, Chairman of the Chapter. Each day of the program, a separate topic on the subject matter had been discussed with live demonstration and practical examples. Sri Athil Krishna Santhosh, founder of Big Bull India, an advisory service firm explained and gave productive practical lessons to all the participants.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA THRISSUR CHAPTER

The Chapter conducted a webinar on Accounting and Taxation Aspects of Crypto Currency on 7 November, 2021. CMA Praveen Kumar, Chairman, Thrissur Chapter delivered welcome speech. The resource person was CMA Sivakumar A, Assistant professor of Commerce, Sree Neelakanta Govt. College, Pattambi. Vote of thanks was done by CMA Anoop N.G, Vice Chairman of the chapter. The chapter conducted career programme at Sacred Heart College, Chalakkudy on November 24, 2021. Commerce Department HOD, Mr. Najeeb delivered the welcome speech. The resource person was CMA Praveen Kumar, Chairman of Thrissur Chapter. College Principal Sr.Irene FCC, addressed the students. Assistant Professors of Commerce department and students attended the programme. The Chapter conducted career program at

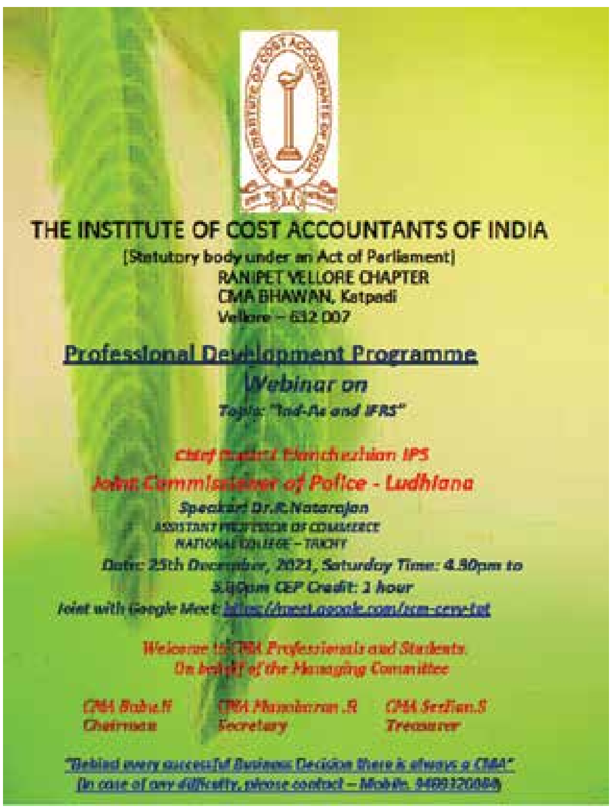
Little Flower College, Mammiyoor on November 19, 2021. Commerce Department HOD, Ms. Athira, delivered the welcome speech. The resource person was CMA Praveen Kumar, Chairman of the chapter. College Principal Sr.Jeesma FCC and Sr.Riyona FCC addressed the students.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA HYDERABAD CHAPTER

The Chapter organized a joint programme in association with Southern India Regional Council and invited Dr. V.S. Ramchandra, Cardiologist, Chairman Sri Sri Hospital, CMA Dr. K.Ch. A.V.S. N Murthy CCM as Chief guest and Guest of honour for this programme. CMA K. Rajagopal Chairman SIRC, CMA Vijay Kiran Agastya Secretary SIRC also participated in this programme. CMA Debaraja Sahu gave detailed presentation and explained about Health Care Scenario in India, MCA Notification, Application of Cost Record & Cost Audit Exemption, Importance of cost records & cost audit, Affordable cost, Relevant Cost Accounting system, Implementing costing system -health care Information on Health Care Business (Types of business, Revenue stream, Variety of Services, Expenditure, MIS & Cost Data Other Factors), P & L and cost statement-components, Cost centers Expenses /Cost trace sheet-xl file. The chapter organized webinar on ‘Refresher Course on FEMA, 1999 and invited CMA Dr.K.Ch.A.V.S.N. Murthy CCM, CMA S. Papa Rao CCM as special invitees. Speaker CMA CA R.Koushik Mukhesh detailed the agenda points Evolution of FEMA, Residential status under FEMA, Transactions under FEMA and legal governance under FEMA, Introduction to current and capital account transactions. The chapter visited the offices of Shri Josekutty V E Registrar of Companies Hyderabad, Shri B Mohanty- Regional Director, Smt Komali Krishna Commissioner of Income Tax (Appeals) - 10, Hyderabad, Sri Kasi Visweswara Rao, Addl. Commissioner, Commercial Taxes, Govt. of Telangana, Ms. Neetu Prasad, IAS, Commissioner of GST, Telangana.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA RANIPET VELLORE CHAPTER

The chapter organized a Professional Development Program on “Ind-As and IFRS” on 25th December -2021 through the Google Meet. Speaker of the program was Dr. R. Natarajan, Assistant Professor of Commerce National College Trichy. The Chief Guest J. Elanchezhian IPS Joint Commissioner of Police- Ludhiana addressed the students, member and Speaker, explained about the career opportunity for CMA at various organizations National and International Level. CMA Babu. N, chairman of the chapter gave introduction of the Chief Guest speaker to the members and students. CMA Manoharan.R, Secretary of the chapter presented formal vote of thanks to the speaker and participants.



WESTERN INDIA REGIONAL COUNCIL

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA SURAT SOUTH GUJARAT CHAPTER

The Managing Committee of the chapter took the initiative to meet Shri Dinesh Patel (IAS- Inspector General of Registration and Supdt. of Stamp) also to meet Shri R.D. Trivedi (Registrar- Audit Cooperative Soc.), Gandhinagar. On 25th November 2021 to represent and include the CMAs for E-Stamping & Audit in cooperative society. By taking all necessary safety precautions & following the Government & HQ guidelines, the chapter organized Teacher’s Meet at the Navjivan Banquet, Surat, on 18th Dec 2021. CMA Bharat Savani- Immediate Past Chairman of the Chapter co-ordinated the program. Teachers from various schools of Surat were invited to the seminar and they were being briefed about the CMA course. CMA Bharat Savani welcomed the August Gathering and gave a brief introduction about the course. CMA Nanty Shah Chairman of the Chapter addressed the gathering and explained about the career as a CMA in practice with examples along with CMA Bhanwar Lal Gurjar Vice Chairman, CMA Mahesh Bhalala Secretary and CMA Kishor Vaghela Treasurer took the queries from the gathering at the end of the session.

CMA Mahesh Bhalala- Secretary thanked the gathering.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA NAVI MUMBAI CHAPTER

The Chapter conducted a webinar CEP programme on "Disruption in Energy Sector due to Emerging Technologies" on 19th December 2021 via Google Meet App. Speaker for this event was CMA Chandrashekhar Chincholkar, Strategic Advisor (Electric Mobility & Clean Tech), KPIT Technologies Ltd. CMA Vivek Bhalerao, PD Committee Chairman of the Chapter welcomed the audience and introduced the speaker and spoke on Emerging Technologies and its impact on industry. The speaker then articulated the transition of energy from conventional energy like coal, oil etc to renewable energy sources like solar, decarbonisation of coal, electrical energy covering electric mobility, its components, and clean mobility solutions. The lucid presentation & the interactive workshop came to an end with the vote of thanks being proposed by CMA Vaidyanathan Iyer Chairman of the Chapter. The Chapter conducted a Career Counselling session on 5th October 2021 to more than 300 Commerce students through a webinar on topic Tax Management through Cost Management in today's Economy. The speaker was CMA K Riyazuddin, Managing Committee Member of the Chapter. CMA Sirish Mohite, Past Chairman of the Chapter introduced the speaker and Managing Committee members to the Students and explained that qualified cost accountant is well trained and skilled to use the cost management techniques to maximize profits. The HOD of Commerce Dept, provided excellent support and co-operation for conducting careering counselling in the college along with the Principal & Vice -Principal. The Chapter conducted a Webinar CEP programme on "KPI Dashboard in Excel" on 21st November 2021 via Google Meet app. The speaker for this event was CMA Jyoti Chaudhary, PCMA, Navi Mumbai. CMA Vivek Bhalerao, PD Committee Chairman of the Chapter welcomed the audience and introduced the speaker and spoke on the importance of KPI Dashboard. The speaker then demonstrated the creation of the KPI Dashboard using sample data and making clusters for Branch wise, Item wise, Mode wise data analysis with automatic data updates. The audience was listening with rapt attention and were deeply enlightened with the facts. The lucid presentation & the interactive workshop came to an end with the vote of thanks being proposed by CMA Vaidyanathan Iyer Chairman of the Chapter. The Chapter conducted a Webinar CEP programme jointly with WIRC on "Enhancing your employability through useful add on qualifications" on 31st October 2021 via Google Meet app. The speaker for this event was CMA Harshad Deshpande, PCMA, Registered Valuer and Insolvency Professional, Ex Chairman WIRC. CMA Vivek Bhalerao, PD Committee Chairman of the Chapter welcomed the audience and introduced the speaker and spoke on the importance of acquiring useful add on qualifications to boost one's career. The speaker then explained the various courses available for professionals to upgrade their skill sets. The lucid presentation & the interactive workshop came to an end with the vote of thanks being proposed by CMA L Prakash Past Chairman of the Chapter.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA PIMPRI CHINCHWAD AKURDI CHAPTER

The Chapter conducted a webinar on 'Data Analysis with Practical Approach' on 29th October 2021 through Google Digital platform. Sagar Malpure, Chairman-PD Committee welcome the audience and introduced the speaker CMA Dhananjay Kumar Vatsyayan, Chairman of PCA Chapter. CMA Dhananjay Kumar Vatsyayan in his speech discussed on theory of Data Analysis. Then he highlighted on case study of Dairy Industry. The Chapter organized a webinar on "Business Intelligence and Power BI-Tool of Data Analysis & Visualization" on 13.11.2021. The Chapter conducted webinar on 'Business Intelligence and Power BI-Tool of Data Analysis & Visualization' on 13th November2021 through Google Digital platform. CMA Dhananjay Kumar Vatsyayan, Chairman of PCA Chapter welcomed the audience and Sagar Malpure, Chairman-PD Committee introduced the speaker Shri Suryakant More, Proprietor SoftMore Enterprises, Kolhapur. Shri Suryakant More in his speech started with Nominal Data and Ordinal Data. Question-Answer session was conducted during the session. There was overwhelming response from the members, professionals and students. CMA B N Mule, Secretary of the Kolhapur Chapter gave a vote of thanks. The Chapter conducted webinar on 'Using the Power of Data Analytics and Dashboard for Improving Organisation Profitability' on 20th November 2021 through Google Digital platform. CMA Harshad Deshpande, P D Committee Chairman, WIRC of ICAI welcomed the audience and Sagar Malpure, Chairman-PD Committee introduced the speaker Dr. BAN Sharma, CEO, Clear Measurement Solutions Pvt. Limited, Hyderabad. He has discussed on the various points Data Challenges, Technical Specs, Development Approach, Data Integration, Information Cycle etc. CMA Mahendra Bhombe, Secretary & Treasurer, WIRC gave the vote of thanks. The chapter conducted a webinar on 'Role of CMA for Effective Project Management' on 18th December 2021 through Google Digital platform. CMA Ashish Deshmukh, Past Chairman of the chapter welcomed and introduced the speaker, CMA Farukh Bhuri, Practicing Cost Accountant, Mumbai. CMA Farukh Bhuri in his speech said a CMA is a key member of the Management Team and plays an important role in effective Project Management as well as works with all functions of an Organisation in order to ensure that projects are managed effectively. Question-Answer session was conducted during the session. There was overwhelming response from the members, professionals and students. CMA Sagar Malpure, Chairman PD Committee, PCA Chapter has ended the session with vote of thanks.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA PUNE CHAPTER

The Chapter arranged CEP Webinar on the subject "Voluntary liquidation under IBC & Fast track merger under Companies Act" on 30th October 2021 through GOOGLEMEET video conferencing tool. CS Rahul Parasrampuriya was speaker for the webinar. CMA Shrikant Ippalpalli, Member of ICAI-Pune Chapter welcomed & introduced the speaker to the participants. The session was very educative & knowledge sharing. CMA Rahul Chincholkar, Managing Committee Member of ICAI-Pune Chapter delivered vote of thanks. The Chapter arranged CEP Webinar on the subject "SAP S/4 HANA -Universal Allocations" on 13th November 2021 through GOOGLEMEET video conferencing tool. CMA Chaitanya Mohrir was Speaker for the webinar. CMA Rahul Chincholkar, Managing Committee Member of ICAI-Pune Chapter welcomed & introduced the speaker to the participants. The session started with a brief introduction on the topic and continued with the elaborated explanation on new Era of SAP software and how useful it could be for industries in future. The session was very educative & knowledge sharing. CMA Shrikant Ippalpalli, Member of ICAI-Pune Chapter delivered vote of thanks. The chapter arranged CEP Webinar on the subject "Innovation Management and Start-Up Challenges (Funding and Finance)" on 19th November 2021 through GOOGLEMEET video conferencing tool. Prof.Manish Maloji Patil was Speaker for the Webinar. CMA Rahul Chincholkar, Managing Committee Member of ICAI-Pune Chapter welcomed & introduced the Speaker to the participants. The session was very educative & knowledge sharing. CMA Rahul Chincholkar, Member of ICAI-Pune Chapter delivered vote of thanks. The Chapter arranged CEP Webinar on the subject "Financial Analysis for Decision Making" on 26th November 2021 through GOOGLEMEET video conferencing tool. CMA Pramod Jain was Speaker for the Webinar. CMA Rahul Chincholkar, Managing Committee Member of ICAI-Pune Chapter welcomed & introduced the Speaker to the participants. The session was very lucid & knowledge sharing. CMA Shrikant Ippalpalli, Member of ICAI-Pune Chapter delivered vote of thanks. The Chapter arranged Career Counselling Programme on 29th November 2021 through ZOOM video conferencing tool. CMA Nagesh Bhagane, Secretary, ICAI-Pune Chapter & CMA Abhay Deodhar, Member-Managing Committee, ICAI-Pune Chapter guide the students about importance of CMA course as a Career & how CMAs would be the preferred source of resources and professionals for the Financial Leadership of enterprises globally. The chapter arranged CEP Webinar jointly with ICAI-Solapur Chapter on the subject "Annual Information Statement on Income Tax New Portal" on 3rd December 2021 through GOOGLEMEET video conferencing tool. CMA Amit Shahane was Speaker for the webinar. CMA Amol Kshirsagar, Managing Committee Member of ICAI-Solapur Chapter & CMA Nilesh Kekan ,Treausrer, ICAI-Pune Chapter welcomed & introduced the speaker to the participants. CMA Amol Kshirsagar, Managing Committee Member of ICAI-Solapur Chapter delivered vote of thanks. The Chapter arranged CEP Webinar on the subject "Fleet Management Business - Upcoming Opportunity for CMA's" on 10th December 2021 through GOOGLEMEET video conferencing tool. CMA Ajay Mahajan, DGM Finance- Tata Motors was Speaker & Dr. M A Lahori, Director- Anekant Institute of Management (AIMS), Baramati was Chief Guest for the Webinar. CMA Rahul Chincholkar, Managing Committee Member of ICAI-Pune Chapter welcomed &

introduced the Speaker & Chief Guest to the participant. CMA Ajay Mahajan discussed about various aspect like market environment activities involved, Pricing, Future opportunities, distribution strategies etc.to upcoming CMA's to guide the clients & stakeholders. CMA Rahul Chincholkar delivered vote of thanks. The chapter arranged CEP Webinar on the subject "Assessments and Annual Return: Points to ponder" on 17th December 2021 through GOOGLEMEET video conferencing tool. CMA Rahul A. Chincholkar was speaker for the webinar. CMA Nagesh Bhagane, Secretary, ICAI-Pune Chapter, welcomed & introduced the speaker to the participants. The session was very lucid & knowledge sharing. CMA Rahul A. Chincholkar discussed on topic Assessments and Annual Return: Points to ponder. CMA Shrikant Ippalpalli, Member of ICAI-Pune Chapter delivered vote of thanks.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA AHMEDABAD CHAPTER

The chapter had organized CEP webinar on Understanding the IBC and how to pass Limited Insolvency Examination on 27th November 2021. CMA Malhar Dalwadi, Chairman of Chapter welcomed present members & introduced speaker CMA Yogesh Chatwani. Speaker CMA Yogesh Chatwani gave detailed presentation and explained on subject of webinar. There was detailed interaction between all the participants on the subjected topic. Large numbers of participants have attended the webinar. CMA Malhar Dalwadi, Chairman Ahmedabad Chapter proposed vote of thanks. During the month of Dec 2021, Chapter has done promotional activities for CMA course. As part of Career counseling activity, CMA Mitesh Prajapati, Secretary and Oral Coaching Committee Chairman along with admin person met principals of different schools, Colleges, universities and owner of Private classes. As a part of career counseling, online promotional lecture conducted at Ganpat University, Kherva by CMA Mitesh Prajapati, Secretary and Chairman Oral Coaching Committee in co-ordination with their Prof. Dharmesh Thakkar. During the session, brief about CMA course, its contents, eligibility and bright opportunities in professional career. Looking to the examination, Revision batches of Foundation course conducted to guide students in a proper way to crash the exam. Practice test sessions were arranged for intermediate and final students for Dec'21 online exams. A session was also arranged to clear the doubt of student's, related to online exam of Dec'21, for intermediate and final students who are going to appear in Dec'21 term exams. The Chapter participated in an exhibition on the theme "Connect Startup Dots"- an Initiative to support and promote innovative startups organized on 1st & 2nd December 2021 at LD College of Engg. Ahmedabad. A MoU between ICAI-Ahmedabad Chapter and Neuberg Supratech reference Laboratories Pvt. Ltd came to an action from 1st Dec'2021 (till 30th June 2022). The objective of this MoU is to provide better and concessional rate medical laboratory testing facilities to the Members, students, staff members and their immediate family member.

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BANKING UPDATES FOR THE YEAR 2021

- Government infuses Rs.14,500 crore capital into four public sector banks.
- Digital payments: India pips China, US, others in 2020, leads global tally in real time on line transactions. 25 .5 billion real-time payment transactions were processed in the country followed by 15 .7 billion in China as per a report by the UK-based payment system company ACI worldwide.
- Payments bank deposit limit hiked to Rs.2,00,000 by RBI
- Government brings ordinance for prepackaged insolvency resolution of MSMEs under IBC
- RBI decides not to activate countercyclical capital buffer at this point of time
- RBI says that banks can pay up to 50% dividend for FY 21 to conserve capital and stay resilient amid the COVID-19 crisis.
- RBI fixes tenure of MD, CEO and WTD; maximum age of 70 years in private banks.
- Supreme Court rejects banks pleas for recall of 2015 verdict asking RBI to disclose information about them under RTI
- RBI Annual Report: Stress tests indicate banks have sufficient capital even in severe scenario
- Banks list Rs. 89 000 crore NPAs for Bad Bank
- RBI raises heat on foreign banks over data storage norms violations
- 15 banks are joining forces to use Blockchain to power letters of credit – a move that would be a boon for MSMEs
- Stand up India Scheme -25 000 crores loans given in the last 5 years
- RBI announced a special on- tap liquidity of Rs.50,000 crores with tenor up to 3 years at repo rate of 4% for lending to emergency healthcare required to fight Covid crisis
- The number of companies being rated as "issuer non-cooperating" has risen sharply for all rating agencies with as many as 45-50 % of the rated entities falling in this category.
- RBI's new norms on inter-operability, put mobile wallets on par with banks.
- The Supreme Court upheld a government move to allow lenders to initiate insolvency proceedings against personal guarantors who are usually promoters of big business houses along with the stressed corporate entities for whom they gave guarantee.
- Banks sanction more than Rs.15 lac crore under Mudra Yojana to 28 crore beneficiaries.
- RBI has decided to extend a special liquidity facility of Rs.16000 crore to SIDBI to support the funding requirements of micro, small and medium enterprises (MSMEs) particularly smaller MSMEs and other businesses, including those in deficient aspirational districts.
- To expand the coverage of the resolution framework 2.0, RBI announced a doubling of the maximum aggregate exposure to Rs.50 crore
- Canara Bank to be the lead sponsor of NARCL (Bad Bank) with 12% stake.
- Banks see 80% average haircut in top NCLT bankruptcy resolutions.
- Centrum - BharatPe SFB to rescue PMC Bank.
- To prevent financial loss due to cyber fraud and build confidence in digital payments the Union Home Ministry has operationalised a help line number 155260 to detect and check such fraud.
- The banking sector has recorded its highest ever profits of Rs.102252 crores in FY21 a year, when the economy was battered by the pandemic. This is a significant turnaround compare to a net loss of nearly Rs.5000 crores for the industry in FY 19.
- RBI prescribed qualification for MDs of urban cooperative banks
- Credit to industries negative in 2021 as per RBI
- Retail and wholesale trade included under MSME. Accepting a long-standing demand, the Centre included retail and wholesale traders under the MSME classification making them eligible for priority sector advances by banks and financial institutions per RBI guidelines. 2.5 Crores traders will also get the benefit of government schemes.
- Banks to exit ARCs as they set up a Bad Bank. Lenders tried to free up capital ahead of the launch of NARCL.
- ECLGS – 2 lakh crores disbursed till mid-July
- The government on July 26 tabled the Insolvency and Bankruptcy Code (amendment) Bill in the Lok Sabha introducing a new chapter on the pre packaged insolvency process that provides a resolution mechanism for stressed micro, small and medium enterprises- MSMEs
- In relief to depositors, Cabinet clears bill to amend Deposit Insurance Act. One can withdraw cash up to Rs.5 lac even if the bank is placed under moratorium

- Prime Minister launched e-RUPI, a digital payment instrument via video conferencing on second August. It is slated to make payments easier and more efficient and to an extent looks like the precursor of a Central Bank Digital Currency (CBDC). e-RUPI is a digital payment system developed by NPCI on UPI platform. The recipient of e-RUPI can use this onetime payment mechanism to get access to your product or service without using a card digital wallet or net banking.
- IBC, other reforms helped banks to recover Rs.5.5 lakh Cr bad debt in the last few years as per finance ministry. This includes close to Rs. 1 lakh crore from accounts that had been technically written off.
- RBI has been working towards a phased implementation of the Central Bank Digital Currency(CBDC) with little or no disruption as per T Rabi Shankar Deputy Governor.
- 10 top lenders including State Bank of India and ICICI Bank jointly launched a Secondary Loan Market Association (SLMA). The Self-regulatory body was set up to promote the secondary corporate loans market in India. The move follows the recommendation of a task force set up by RBI.
- The first reading of RBIs annual Financial Inclusion Index for the period ended Mar 21 has come in at 53.9, with 100 being the full financial inclusion score. Financial Inclusion grew 24% across FY 17-21 as per RBI.
- Home loans defy Covid 19 blues. Banks record 6-14 % growth in first quarter.
- Govt. mulls proposal to bring LLPs, PSBs under CSR ambit.
- Retail loan defaults fall as recovery improves in July.
- Nearly 72% of financial transactions of public sector banks are now done through digital channels with customers active on digital channels having doubled from 3.4 Crore in 2019–20 to 7 .6 Crore in 2020-21
- In what comes as a big relief to consumers in need of cash from ATMs, RBI decided to levy monetary charges on ATMs that run out of cash starting 1 October 2021.
- NPCI global arm ties up with Mashreq Bank for UPI payments in UAE
- IBA moves RBI for license to set up NARCL.
- FM unveiled EASE 4.0 for PSB's customer -centric tech transformation.
- Few takers for restructuring 2.0 amid demand recovery- Crisil
- RBI issues fresh Master Directions on Prepaid Payment Instruments (PPI)
- Core sector output rises 9.4% in July on back of a low base.
- Half of the payroll in Q1 was new jobs according to State Bank of India's economic research report. This indicates labour market disruption were much lower during the Covid 19 second wave.
- Google – Equites deposits deal under RBI's watch. The regulator is concerned with the move by Equites Small Finance bank to tap into the user base of Google Pay for garnering deposits.
- Retail loans take lead as corporate demand slips. Outstanding retail loans stood at Rs.28.58 trillion as of 30th July. Loans to industry stood at Rs. 28.24 trillion as per RBI data.
- NARCL meets RBI Capital norms through rights issue
- Weathering challenges of second Covid wave, micro finance industry grows in Q1 FY 22. Loans disbursements rose to Rs.25 503 crore against Rs.6 186 crore the same period last year.
- Eight major Banks join the account aggregator network - SBI, ICICI,Axis,IDFC First,Kotak Mahindra,HDFC, Indus Ind and Federal.
- Ind-Ra retains 'Stable' outlook on Indian Banking sector in FY 22.
- Banks' NPAs stable in June quarter and looks manageable as per RBI Governor.
- No account freezes till Dec 21 for want of KYC - RBI
- As per DICGC 93% of premium has come from commercial banks
- Credit growth is at 6.7 % in September, YOY
- MNC banks can store limited data abroad
- As per S&P, four Indian banks are among the 20 largest banks in Asia Pacific region in terms of market capitalisation in Q3. They are HDFC Bank, ICICI Bank, SBI and Kotak Mahindra Bank
- As per Moody's, Banking Outlook stable
- Loans to industries at 26%
- Banks explore central repository to tackle gold loan frauds as demand rises
- MSMEs to get USD 100 million fund for digitisation through a four-way partnership forged among HDFC bank, MasterCard, US International Development Finance Corporation (DFC) and US Agency for International Development (USAID)
- Gold loans turned fastest growing segment as banks lean on safety
- RBI eases current account rules
- PMJDY accounts touched 44 Crore till October this year
- Moody's affirms ratings of 9

Indian banks, changes outlook to stable

- RBI eases current account opening rules for exposure below Rs.5 Crore
- Banks extend Rs.11168 Crores loans in outreach program during festive season
- New PCA norms sets in by Jan 22.RBI has revised the terms.
- Credit rebounds at 6.8% in October 21
- Government floats four tier plan for PSB staff accountability
- As per RBI cooperative societies cannot use bank in their names.
- RBI's Bi-monthly Policy Review-Key highlights
- Repo rate and Reverse Repo rates unchanged at 4% and 3.35% respectively
- To maintain 'accomodative' stand
- Marginal Standing Facility (MSF) also left unchanged at 4.25%
- Jan Dhan 3.0 is to focus on digital, doorstep banking.
- Retail borrowers lift credit demand.
- Government may hold 26% in privatised PSBs
- With the DBT, government forecasts saving of over Rs.44 000 Cr in fiscal 2020–21
- Branches added by banks in FY21 at a decade low
- Banks had issued 31.67 Crore Rupay debit cards with free accident insurance cover to PMJDY account holders
- Bank credit grows by 6.84% to Rs.110.4 6 trillion and deposits by 9.94% to
- Rs.157.1 2 trillion in the fortnight ended October 22 as per RBI data
- RBI committee suggest regulating digital loan apps
- Bank credit grew by 7.14% to Rs.111.6 4 trillion and deposits increased by 11.42% to Rs.160.4 9 trillion in the fortnight ended November 15, 2021
- Retail growth at 11.7% in October – YOY
- Rs.26 697 Crore lying in dormant accounts of banks
- PSBs recover over Rs.4 .18 trillion in last three fiscals as per MOS – finance
- Capital infusion in PSBs unlikely this time – FM
- Aadhar- Savings to exchequer Rs.2.25 Trillion
- Retail loan demand steady despite end of festive season
- PSBs profits are up, post-merger as per MOS (Finance)
- Banking sector requires $70 Billion capital to support $5 Trillion economy-SBI Chairman
- Mudra loans disbursal top pre Covid levels.Rs.1.58 Trillion disbursed in this current FY
- Bad Bank to commence operations in January 2022
- As on Sep 21, Gross NPAs at 6.9% - a 6-year low
- SARFESI out performs IBC in FY21 in loan recovery
- RBI not in favour of Industrialists getting bank licenses
- RBI extends tokenisation deadline

Compiled by:

Banking Financial Services & Insurance Board

The Institute of Cost Accountants of India

DIRECT & INDIRECT TAX UPDATES - DECEMBER 2021

DIRECT TAXES

- **Notification No. 134/2021 dated 6th December 2021:** In exercise of the powers conferred by clause (xii) of sub-section (2) of Section 80C of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby specifies the Jeevan Akshay-VII Plan of the Life Insurance Corporation of India, as filed by that Corporation with the Insurance Regulatory and Development Authority, as the annuity plan of the Life Insurance Corporation of India for the purposes of the said clause for the assessment year 2021-22 and subsequent years.
- **Notification No. 135/2021 dated 8th December 2021:** Whereas, the Protocol, amending the Agreement between the Government of the Republic of India and the Government of the Kyrgyz Republic for the avoidance of double taxation and for the prevention of fiscal evasion with respect to taxes on income which was signed at New Delhi on 13th April, 1999, has been signed at Bishkek, Kyrgyz Republic on 14th June, 2019, as set out in the Annexure appended to this notification (hereinafter referred to as the said amending Protocol); And whereas, the date of entry into force of the said amending Protocol is the 22nd October, 2020, being the date of the later notification of the completion of the procedures required by the respective laws for the entry into force of the said amending Protocol, in accordance with Article 3 of the said amending Protocol; Now, therefore, in exercise of the powers conferred by sub-section (1) of section 90 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies that all the provisions of the said amending Protocol, shall have effect in the Union of India.
- **Notification No. 136/2021 dated 10th December 2021:** In exercise of the powers conferred by clause (4E) of section 10 read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct taxes hereby makes the following rules further to amend the Income-tax Rules,1962;

  In the Income-tax Rules, 1962, after rule 21AJ, the following rule shall be inserted, namely: "21AK. Conditions for the purpose of clause (4E) of section 10.-(1) The income accrued or arisen to, or received by, a non-resident as a result of transfer of non-deliverable forward contracts under clause (4E) of section 10 of the Act, shall be exempted subject to fulfilment of the following conditions, namely:— (i) the non-deliverable forward contract is entered into by the non-resident with an offshore banking unit of an International Financial Services Centre which holds a valid certificate of registration granted under International Financial Services Centres Authority (Banking) Regulations, 2020 by the International Financial Services Centres Authority; and (ii) such contract is not entered into by the non-resident through or on behalf of its permanent establishment in India .

  The offshore banking unit shall ensure that the condition provided in clause (ii) of sub-rule (1) is complied with.
- **Notification No. 137/2021 dated 13th December 2021:** In exercise of the powers conferred by sub-sections (1) and (2) of section 135A of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby makes the following Scheme, namely:

  This Scheme may be called the e-Verification Scheme, 2021.
- **Notification No. 138/2021 dated 27th December 2021:** In exercise of the powers conferred by clause (23FF) of section 10 read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct taxes hereby makes the following rules further to amend the Income-tax Rules,1962.

  In the Income-tax Rules, 1962 (hereafter referred to as the principal rules), after rule 2DC, the following rule shall be inserted, namely:

  "2DD. Computation of exempt income of specified fund for the purposes of clause (23FF) of section 10.-(1) For the purpose of clause (23FF) of section 10, income of the nature of capital gains, arising or received by a specified fund, which is attributable to units held by non-resident (not being a permanent establishment of a non-resident in India) in such specified fund shall be computed as under:

  (i) where the specified fund files Form No. 10-II in accordance with sub-rule (2), the Income exempt under clause (23FF) of section 10= [A*B/C], where,

  A = income of the nature of capital gains, arising or received by a specified fund, which is on account of transfer of shares of a company resident in India, by the specified fund and where such shares were received by the specified fund, being resultant fund, in relocation from the original fund, or from its wholly owned special purpose vehicle, and where such capital gains would not be chargeable to tax if the relocation had not taken place;

  B = aggregate of daily „assets under management" of the specified fund which are held by non-resident unit holders (not being the permanent establishment of a non-resident in India), from the date of acquisition of the share of a company resident in India by the specified fund to the date of transfer of such share.

  C = aggregate of daily total „assets under management" of the specified fund, from the date of acquisition of the share of a company resident in India by the specified fund to the date of transfer of such share.

  (ii) where no Form No.10-II is filed by the specified fund, the exempt income shall be NIL.
- **Notification No. 139/2021 dated 28th December 2021:** In exercise of the powers conferred by sub-sections (6B) and (6C) of section 250 of the Income-tax Act, 1961 (43 of 1961), and in supersession of the Faceless Appeal Scheme, 2020 of the Government of India in the Ministry of Finance published in the Official Gazette vide number S.O. 3296(E) dated 25th September 2020 and S.O. 3297(E) dated 25th September 2020, except as respects things done or omitted to be done before such supersession, the Central Government hereby makes the following Scheme.

  This Scheme may be called the Faceless Appeal Scheme, 2021.
- **Notification No. 140/2021 dated 29th December 2021:** In exercise of the powers conferred by sub-section (5) of section 10A 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.

These rules may be called the Income-tax (35th Amendment) Rules, 2021.

They shall be deemed to have come into force from the 29th day of July, 2021.

In the Income-tax Rules, 1962 (hereinafter referred to as principal rules), after rule 16D, the following rule shall be inserted, namely:

"16DD. Form of particulars to be furnished along with return of income for claiming deduction under clause (b) of sub-section (1B) of section 10A.–The particulars, which are required to be furnished by the assessee along with the return of income under clause (b) of sub-section (1B) of section 10A shall be in Form No. 56FF"

In the principal rules, in rule 130,

(a) in sub-rule (1), the figures and letters "16D" shall be omitted;

(b) in sub-rule (2), the figures and letters "56FF" shall be omitted.

- **Notification No. 141/2021 dated 29th December 2021:** In exercise of powers conferred by sub-sections (1) and (2) of section 120 of the Income-tax Act, 1961 (43 of 1961) (hereinafter referred to as the Act) and in supersession of the notification No. 81 of 2020 of Government of India in the Ministry of Finance, Department of Revenue, number S.O. 3309(E) dated the 25th September, 2020 under the Faceless Appeal Scheme 2020, (except as respects things done or omitted to be done before such supersession) and to give effect to the Faceless Appeal Scheme, 2021 (hereinafter referred to as the Scheme) made under sub-section (6B) and 6(C) of section 250 of the Act and published vide Notification No. 139/2021 of Government of India in the Ministry of Finance, Department of Revenue, number S.O. 5429(E), dated the 28th December, 2021 in the Gazette of India, Extraordinary, Part II, Section 3, sub-section (ii), the Central Board of Direct Taxes (hereinafter referred to as the Board) hereby directs that the following Income-tax authorities as specified in column (2) of the Schedule below, having their headquarters at the places mentioned in column (3) of the said Schedule, shall exercise the powers and perform functions, in order to facilitate the conduct of e-appeal Proceedings, in respect of such territorial area or persons or class of persons or incomes or class of incomes or cases or class of cases as specified by the Board in paragraph 3 of the Scheme, with respect to appeals filed under section 246A or 248 of the Act, pending or instituted on or after 29th December, 2021.
- **Circular No. 21/2021 dated 28th December 2021:** In respect of an Income-tax Return (ITR) which is filed electronically without a digital signature, the taxpayer is required to verify it using anyone of the following modes within the time limit of 120 days from date of uploading the ITR: - a) Through Aadhaar OTP b) By logging into e-filing account through net banking c) EVC through Bank Account Number d) EVC through Demat Account Number e) EVC through Bank ATM f) By sending a duly signed physical copy of ITR-V through post to the CPC, Bengaluru.

  In respect of all ITRs for Assessment Year 2020-21 which were uploaded electronically by the taxpayers within the time allowed under section 139 of the Act and which have remained incomplete due to non submission of ITR-V Form pending e-Verification, the Board, in exercise of its powers under section 119(2)(a) of the Act, hereby permits verification of such returns either by sending a duly signed physical copy of ITR-V to CPC, Bengaluru through speed post or through EVC/OTP modes as listed. Such verification process must be completed by 28.02.2022.

  Further, Board also relaxes the time-frame for issuing the intimation as provided in second proviso to sub-section (1) of Section 143 of the Act and directs that such returns shall be processed by 30.06.2022 and intimation of processing of such returns shall be sent to the taxpayer concerned as per the laid down procedure. In refund cases, while determining the interest, provision of section 244A (2) of the Act would apply. It is clarified that this relaxation would be applicable to all such returns which are verified during the extended period.

INDIRECT TAXES

GST

- **Notification No.37/2021 – Central Tax dated 1st December 2021:** In the Central Goods and Services Tax Rules, 2017, (i) in rule 137, with effect from the 30th day of November 2021, for the words "four years", the words "five years" shall be substituted.

  (ii) in FORM GST DRC-03,

  (a) in the heading, after the words "or statement", the words, letters and figures "or intimation of tax ascertained through FORM GST DRC-01A" shall be inserted;

  (b) against item 3, in column (3), for the word and letters "Audit, investigation, voluntary, SCN, annual return, reconciliation statement, others (specify)", the words, letters, figures and brackets "Audit, inspection or investigation, voluntary, SCN, annual return, reconciliation statement, scrutiny, intimation of tax ascertained through FORM GST DRC-01A, Mismatch (Form GSTR-1 and Form GSTR-3B), Mismatch (Form GSTR-2B and Form GSTR-3B), others (specify)" shall be substituted;

  (c) against item 5, in column (1), after the word and figures "within 30 days of its issue", the words, letters, figures and brackets ", scrutiny, intimation of tax ascertained through Form GST DRC01A, audit, inspection or investigation, others (specify)" shall be inserted.
- **Notification No.38/2021 – Central Tax dated 21st December 2021:** In pursuance of sub-rule (2) of rule 1 of the Central Goods and Services Tax (Eighth Amendment) Rules, 2021, No. 35/2021 – Central Tax, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 659(E), dated the 24th September, 2021, the Central Government, hereby notifies the 1st day of January, 2022, as the date from which the provisions of sub-rule (2), sub-rule (3), clause (i) of sub-rule (6) and sub-rule (7) of rule 2 of the said rules, shall come into force.
- **Notification No.39/2021 – Central Tax dated 21st December 2021:** In exercise of the powers conferred by clause (b) of sub-section (2) of section 1 of the Finance Act, 2021 (13 of 2021), the Central Government hereby appoints the 1st day of January, 2022, as the date on which the provisions of sections 108, 109 and 113 to 122 of the said Act shall come into force.
- **Notification No.40/2021 – Central Tax dated 29th**

December 2021: Seeks to make amendments (Tenth Amendment, 2021) to the CGST Rules, 2017.

- **Circular No. 167 / 23 /2021 – GST dated 17th December 2021:** GST on service supplied by restaurants through e-commerce operators. The GST Council in its 45th meeting held on 17th September, 2021 recommended to notify ,Restaurant Service under section 9(5) of the CGST Act, 2017. Accordingly, the tax on supplies of restaurant service supplied through e- commerce operators shall be paid by the e-commerce operator. In this regard notification No. 17/2021 dated 18.11.2021 has been issued.
- **Circular No. 168/24/2021 – GST dated 30th December 2021:** Mechanism for filing of refund claim by the taxpayers registered in erstwhile Union Territory of Daman & Diu for period prior to merger with U.T. of Dadra & Nagar Haveli.

CUSTOMS

- **Notification No. 53/2021-Customs dated 20th December 2021**: In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following amendment in the notification of the Government of India, in the Ministry of Finance (Department of Revenue), No. 48/2021-Customs, dated the 13th October, 2021

  In the said notification, in the Table, against S. No. 4, in column (4), for the entry, the entry "12.5%" shall be substituted. This notification shall come into effect on the 21st December, 2021.
- **Notification No. 54/2021-Customs dated 24th December 2021:** In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No.46/2011-Customs, dated the 1st June, 2011.

  In the said notification, in the Table, -

  (i) against serial number 80, for the entry in column (5), the entry "48.0" shall be substituted;

  (ii) against serial number 81, for the entry in column (5), the entry "48.0" shall be substituted;

  (iii) against serial number 83, for the entry in column (5), the entry "51.0" shall be substituted;

  (iv) against serial number 124, for the entry in column (5), the entry "41.0" shall be substituted; and

  (v) against serial number 125, for the entry in column (5), the entry "51.0" shall be substituted. This notification shall come into force with effect from the 1st day of January, 2022.
- **Notification No. 55/2021-Customs dated 29th December 2021:** 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. 50/2017-Customs, dated the 30th June, 2017.
- **Notification No. 56/2021-Customs dated 29th December 2021:** In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 82/2017-Customs, dated the 27th October, 2017.
- **Notification No. 57/2021-Customs dated 29th December 2021:** Seeks to amend various notifications giving exemption to electronic and defence equipment to align with HSN 2022 w.e.f. 1.1.2022.
- **Notification No. 58/2021-Customs dated 29th December 2021:** In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) read with section 110 of the Finance Act, 2018 (13 of 2018), 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. 11/2018-Customs, dated the 2nd February, 2018.
- **Notification No. 59/2021-Customs dated 29th December 2021:** Seeks to amend notification no. 53/2017-Customs to align with HSN 2022 w.e.f. 1.1.2022.
- **Notification No. 60/2021-Customs dated 30th December 2021:** Seeks to amend FTA/PTA notification to align with HSN 2022 w.e.f. 1.1.2022.
- **Notification No. 61/2021-Customs dated 31st December 2021:** In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following amendment in the notification of the Government of India, in the Ministry of Finance (Department of Revenue), No. 45/2021-Customs, dated the 29 th September, 2021. In the said notification, in paragraph 2, for the figures, letters and word "31st December, 2021", the figures, letters and word "30th June, 2022" shall be substituted.

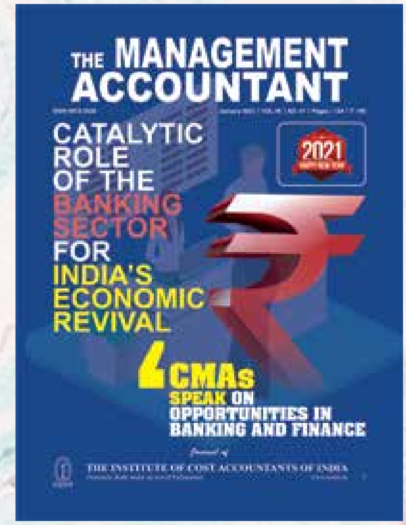
EXCISE

- **Notification No. 10/2021-Central Excise dated 29th December 2021:** In exercise of the powers conferred by sub-section (1) of section 5A of the Central Excise Act, 1944 (1 of 1944), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 03/2019-Central Excise, dated the 6th July, 2019. In the said notification, in the Table, after serial number 26 and the entries relating thereto, the following serial numbers and the entries shall be inserted, namely:

(1)	(2)	(3)	(4)
27	2404 11 00	All Goods	0.5%
28	2404 19 00	All Goods	0.5%

This notification shall come into force from the 1st day of January, 2022.

Sources: incometax.gov.in, cbic.gov.in

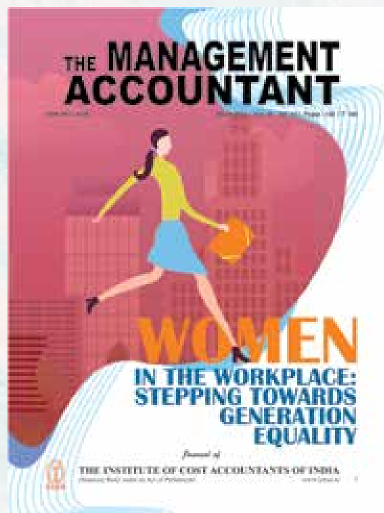


January- Catalytic Role of the Banking Sector for India's Economic Revival

Banks would need to confront ongoing challenges from the pandemic and boost their resilience – whether it is capital, technology, or talent, thus preparing a more comprehensive crisis management. The Government of India and the Reserve Bank of India have been taking various initiatives to inject liquidity into the banking system and provide some respite to customers during the COVID-19 crisis. One such measure was offering a three-month moratorium on term loans. In the month of November 2020, the Government announced the Emergency Credit Line Guarantee Scheme 2.0 under which stressed sectors can avail themselves of debt moratoriums for up to five years, consequently would help revive pandemic-hit companies and encourage them to invest in building new capacities. From different modes of staffing to remote working, more than 80,000 bank branches were operational during COVID-19. Additionally, there has been 90% uptime of self-service machines during the COVID times and around three times increase in Aadhaar Enabled Payment System transactions through micro ATMs, and enhanced doorstep banking support by more than 75,000 Bank Mitras. A comprehensive agenda for smart, tech-enabled banking has been adopted for FY 2020-21, under which PSBs have initiated eShishu Mudra for straight-through processing of loans to microenterprises and digital personal loan for customers. PSBs have started providing customer-need driven credit offers through analytics and partnerships with FinTechs and e-commerce companies. Many PSBs have already started taking steps in line with the reform priorities. Banks are trying to adopt more comprehensive business continuity plans to prepare for unexpected situations like the current crisis. This includes a mix of digital workspace, cloud scalability, intrinsic security and enhanced network capabilities.

February- Healthcare Cost Management in India: The Way forward

In a year when the world was ravaged by the Covid-19 pandemic, the Government of India gives health the attention it merited. In the Budget 2021-22, Health allocation jumped by 137% to Rs 2,23,846 crore in 2021-22 compared with Rs 94,452 crore in 2020-21. Government to set up 17,788 rural and 11,024 urban health and wellness centres. Rs 64,180 crore will be allocated for the new national health programme, Atmanirbhar Swasth Bharat Yojana – over the next six years. The government also declared to set up integrated public health labs in all districts and 3382 block public health units in 11 states; establish critical care hospital blocks in 602 districts and 12 central institutions and set up a national institution for One Health, a Regional Research Platform for WHO South East Asia Region, 9 Bio-Safety Level III laboratories and 4 regional National Institutes for Virology. India is a land full of opportunities for players in the medical devices industry. India's competitive advantage also lies in the increased success rate of Indian companies in getting Abbreviated New Drug Application (ANDA) approvals. Yet, the healthcare industry itself needs much more support for sustainable growth. Incentives to the private sector should be provided to modernize healthcare facilities and increase investment in rural and remote areas. This will also generate employment. Public-private partnerships should be increased for make-in-India and startup-India programs. Evaluating the costs and/or benefits of a public healthcare service, policy proposal, regulatory program, or the introduction of a new medicine is an integral process to health economics. Such evaluations must consider the effect on all stakeholders, any hidden costs and benefits, and the long-run risks due to a variety of outcomes.

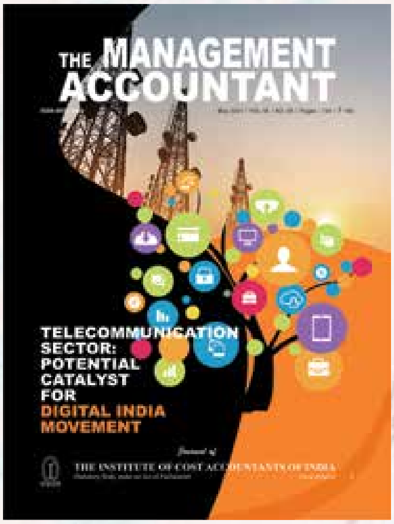


March- Women in the Workplace: Stepping towards Generation Equality

Women are a rising force in the entrepreneurship world. By 2022 more than 1 billion women are set to join the economy as leaders, producers, employers, employees and entrepreneurs. The contribution of women to the economy is at its peak and rising. Recognizing women's contribution to their families, offices, and economic activity would be very important for Women's Empowerment; even acknowledging their contribution would be a very positive step. There is a need to promote non-discriminatory practices at the workplace like pay and career progression, improving work incentives and social security benefits for women to increase the level of female labour force participation rate in India. *Yatra naryastu pujyante ramante tatra Devata, yatraitaastu na pujyante sarvaastatrafalaah kriyaah* is a famous sloka taken from Manusmriti which means where Women are honored, divinity blossoms there, and where women are dishonored, all action no matter how noble remains unfruitful.

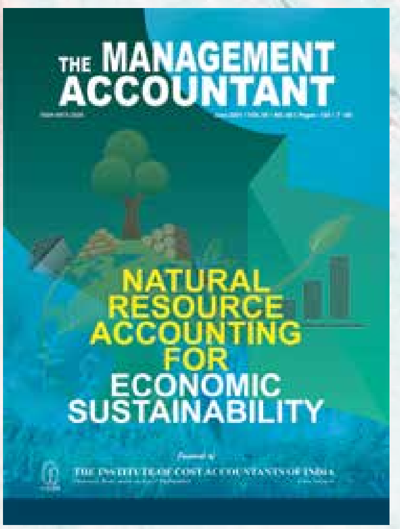
April- Foreign Direct Investment (FDI) and Economic Growth

Apart from being a critical driver of economic growth, Foreign Direct Investment (FDI) has been a major non-debt financial resource for the economic development of India. The country is expected to attract Foreign Direct Investment of US$ 120-160 billion per year by 2025, according to CII and EY report. The Indian Government's favourable policy regime and robust business environment has ensured that foreign capital keeps flowing into the country. The Government has inaugurated the National Infrastructure Pipeline (NIP) Online Dashboard, a one stop solution for all stakeholders looking for information on infrastructure projects in New India. The dashboard is being hosted on the India Investment Grid (IIG). IIG is an interactive and dynamic online platform that showcases updated & real-time investment opportunities in the country. NIP is a first-of-its kind initiative to provide world-class infrastructure across the country and improve the quality of life for all citizens. NIP will improve project preparation, attract investments (both domestic & foreign) into infrastructure, and will be crucial for attaining the target of becoming a $5 trillion economy by FY 2025. Attracting foreign investment is the only viable option for the government to meet its infrastructure and growth deficits. However, to become an attractive investment destination for foreign investors, India needs to improve its business environment doing away with complex red tape and undertaking necessary economic reforms.



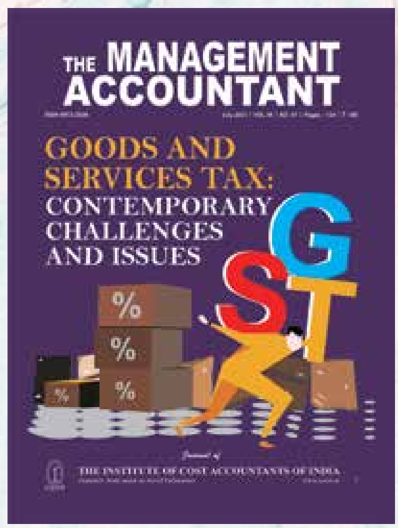
May- Telecommunication Sector: Potential Catalyst for Digital India Movement

India's telecom sector is expected to see some major developments in 2021 which will fuel the growth for all telecom operators such as spectrum auction, likely launch of 5G services and Open RAN adoption. 5G is the next evolution in mobile network technology and is already available in many parts of the world. The network has low latency and presents use cases such as AR/ VR, AI, highspeed broadband, among others. In the recent past Government of India has approved the Production Linked Incentive (PLI) Scheme for Telecom and Networking Products. The Production Linked Incentive (PLI) Scheme intends to promote manufacture of Telecom and Networking Products in India and proposes a financial incentive to boost domestic manufacturing and attract investments in the target segments of telecom and networking products in order to encourage Make in India. Telecom will not just drive the communications industry going forward. It is going to be the core over which social, economic and political activities will develop ushering not just to Digital Economy, but Digital Living. As we celebrate the glorious 25 years of mobility services in India, this is the time to rise up and extensively drive research, thought-leadership and lay the foundation of a magnificent telecom sector in the country.



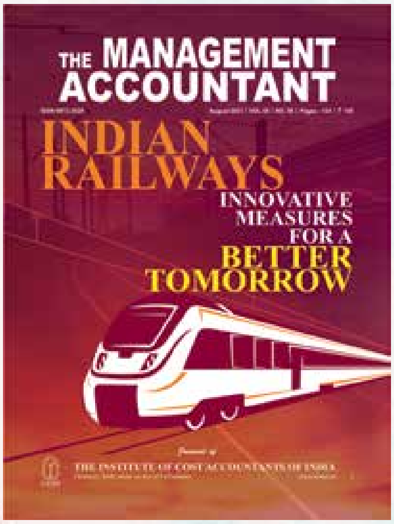
June- Natural Resource Accounting (NRA) for Economic Sustainability

Recent global initiatives like Agenda 2030 for sustainable development call for a much planned and integrated approach. The fundamental of SDGs depends on well planned resource management so there is urgent need to look beyond macroeconomic indicators as a measure of country's sustainable development. NRA will be a great step toward this. Ignorance of such can leads to decline in per capita wealth. NRA aims to provide a framework for organizing information on the status, use, and value of natural resources and environmental assets as well as expenditures on environmental protection and resource management. Natural resource accounts differ from other data as they are organized in terms of stocks and flows. NRA also combines national income and product accounting concepts with analysis of natural resource and environmental issues. The development of resource accounting is generally perceived as having gone along two different paths; these are characterized as "physical" accounts and "monetary" accounts. NRA can also play an important role in assessing environmental aspects of the projects being undertaken, be it by the Government, private or through public-private partnership models.



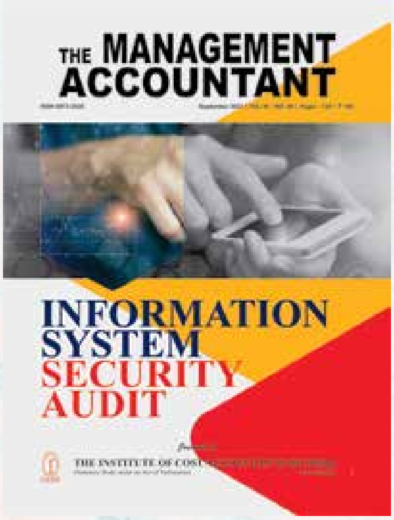
July- Goods and Services Tax (GST): Contemporary Challenges and Issues

As the GST regime completes four years, over 66 crore GST returns have been filed so far and lower tax rates have increased compliance, as per the Ministry of Finance. Despite the coronavirus-induced lockdown across the country, GST revenue collection in India has crossed the Rs. 1 lakh crore mark for the eighth month in a row, the Ministry said. Budget 2021 has brought great relief to small and medium sized businesses in GST annual compliance wherein self-certification of GSTR-9C by taxpayers would lead to faster compliance and reduction of compliance cost. The ambiguities surrounding the qualification of supplies to SEZs as "zero-rated supplies" have been addressed with a clarificatory amendment to the IGST Act to provide that they shall be considered only if they are made for the purpose of authorized operations of such SEZ. In the 44th GST Council, it was decided to reduce the GST rates on the specified items being used in Covid-19 relief and management like hand sanitizers, face masks, gloves, PPE Kits, temperature scanners and others and to take a decision on relief in respect of COVID19. The potential of GST to make India an industrial and service hub are immense and need to be tapped.



August- Indian Railways: Innovative Measures for a 'Better Tomorrow'

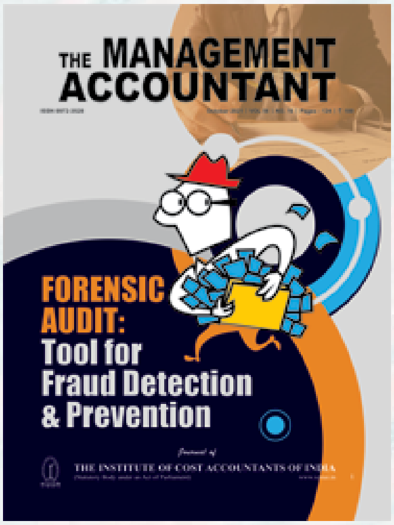
The Vision 2024 of the Indian Railways has surely been supported by strong background data churning, and the empirical shreds of evidence exhort the projected estimates. The anticipated CAGR of 11%-12% in the freight growth to achieve 2024 MT by 2024 is supplemented by a plethora of government measures to support and stimulate the driving forces. Apart from creating a country-wide macroeconomic ecosystem to boost the manufacturing industries, inspire the MSME sector, uplift job creation, and champion the ease of doing business, the government has endorsed the initiatives of the Indian Railways to reduce logistic costs to capture a higher market share. "Dedicated Freight Corridors will enhance ease of doing business, cut down logistic cost"- as stated by the Prime Minister, Indian Railways devised a wide range of policies to materialize it namely Liberalised Automatic Freight Rebate Policy, Rationalisation of Distance Slab, Policy of Long Term Traffic contract with key freight customers, Concession on long lead traffic, Round trip traffic, long lead discounts for clinker traffic, etc. All these add to the broad-based national level initiatives to achieve the 2024 MT target by increasing freight traffic and revenue. The statistical outcomes from this analysis claimed the strength and significance of dependence of the driving forces with the key observable outputs, whereas the predictive analysis has buttressed the future prospect. The policy-level analyses, along with the long-term action roadmap of the industry as a whole, reiterate the strong qualitative underpinning to substantiate the much-cherished vision 2024.



September- Information System Security Audit

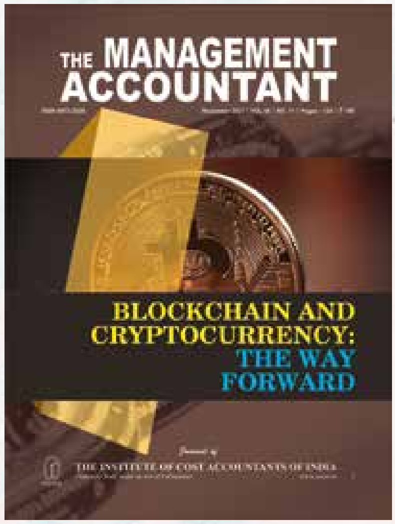
Information Systems Security Audit aims to verify the security controls and evaluate the risk of information systems within the infrastructure of your organization. The audit approach to information systems is based on preventive protection against risks and the occurrence of any kind of loss to the organization. This makes it possible to address all potential weaknesses or omissions of controls and to determine whether this could lead to significant non-compliance with regulatory requirements. The Digital Revolution is transforming the traditional ways of doing business, necessitating realignment of profession to leverage the multipliers of digital technology-enhanced efficiency, scale and speed, effectiveness, agility and giving access to newer markets. In view of the rapid technological changes, it is imperative for Information System and Security Auditors to adapt, be innovative in aiding organizations to improve its control environment and strengthen governance of IT Risks. Adoption of emerging technologies will help them to assimilate vast amounts of data and provide value added analysis in the form of data analysis and business intelligence. Cost & Management

Accountants possess a unique blend of systems and process understanding and expertise in controls and governance, thereby best suited to be the perfect Information System Security Auditor.



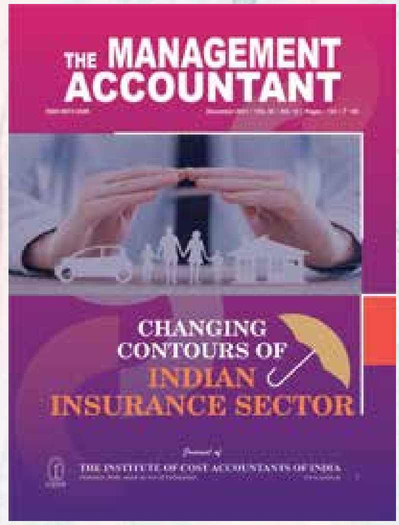
October- Forensic Audit: Tool for Fraud Detection & Prevention

The landscape of the corporate scenario has changed dramatically in the last couple of years. With the increasing business activities, the fraud and financial crimes have also been increased to a larger extent. Unless the same are cracked down, economy of the country will collapse. Our country witnessed various financial scams which involved huge public funds and invited a lot of criticism from various corner. To control over the financial crimes, the accountants' responsibilities have increased to a greater extent. With the increase in white collar crimes and fraud, the accountants' responsibilities have been redefined. This is apart from routine audit and examination of various compliances, adherence to various accounting policies, rules and practices, financial derivatives, international stock tracking etc. It needs a new set of skills that is required to detect the fraudulent transactions in an organisation. Forensic audits cover a wide range of enforcement practises, such as those used to charge a defendant for deception, misappropriation, and other financial offences, bankruptcy filing disputes, company closures, and divorces. As a result of forensic audit proceedings, various types of lawbreaking activities carried out in a business or firm may be identified or documented.



November- Blockchain and Cryptocurrency: the Way Forward

Blockchain has initially emerged as the backbone of bitcoin and is an incorruptible digital public ledger of transactions. Blockchain technology is secure, cryptography-based, and stores transactional records (known as the block) in databases (known as chains) distributed across a network through peer-to-peer nodes, allowing the transfer of digital goods. It works on the principles of transparency, decentralisation, accountability, and immutability. They find wide applications in Smart Contracts, Supply Chain Management, Asset protection through an indisputable record of real-time ownership, Personal data management and Identification, Payment processing, Crowdfunding through cryptocurrencies, tracking drugs in pharmaceutical supply chains, verification of land records and certificates, etc. Globally India is among the fastest-growing FinTech markets. It is expected that 60% of retail and SME credit will be digitally disbursed by 2029. In 2019, fintech investments nearly doubled to $3.7 billion from the previous year's $1.9 billion. The Centre of Excellence (CoE) in Blockchain Technology was launched in Bengaluru for identifying and sharing suitable data and rendering worldclass blockchain services to government departments. It is set up by the National Informatics Centre (NIC) to provide Blockchain-as-aService (BaaS) as a third-party cloud-based infrastructure and management. Institute for Development and Research in Banking Technology (IDRBT), an arm of the Reserve Bank of India (RBI), is working on a model platform for blockchain technology.



December - Changing Contours of Indian Insurance Sector

The insurance industry in India has been growing dynamically, with total insurance premiums increasing rapidly, as compared to global counterparts. The ongoing COVID-19 pandemic drastically shifted consumer needs, habits and expectations, while compelling virtualization of operations. The deadly novel coronavirus triggered a galore of structural changes across all sectors and the insurance industry was no exception. Fortunately, during these tough times, the Indian insurance industry buckled down efficiently. The industry made the best use of technology to provide the greatest possible support to customers in buying the right protection products. The life insurance industry is expected to increase at a CAGR of 5.3% between 2019 and 2023. India's insurance penetration was pegged at 4.2% in FY21, with life insurance penetration at 3.2% and non-life insurance penetration at 1%. In terms of insurance density, India's overall density stood at US$ 78 in FY21. The insurance industry has been spurred by product innovation and vibrant distribution channels, coupled with targeted publicity and promotional campaigns by insurers. In July 2021, non-life insurance premium stood at Rs. 20,171 crore, an increase of 19.5% YoY, as compared with Rs. 16,885 crore in July 2020. The growth was driven by strong performance from health and motor segments. In July 2021, standalone private health issuers registered a premium growth of Rs. 1,753 crore, an increase of 27.5% YoY.

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