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GOODS AND SERVICES TAX: CONTEMPORARY CHALLENGES AND ISSUES

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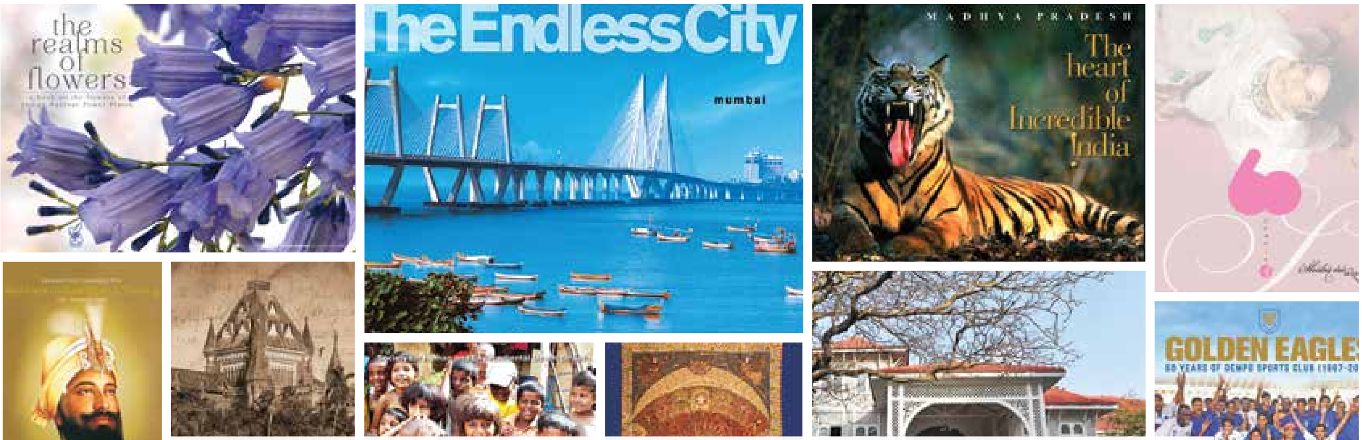
the realms of flowers
The Endless City
mumbai
MADHYA PRADESH
The heart of Incredible India
GOLDEN EAGLES


THE MAGNIFICENCE OF KUMBH
PRAYAGRAJ 2019
FOOTPRINTS IN THE SAND
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- **THE INSTITUTE OF COST ACCOUNTANTS OF INDIA** (erstwhile The Institute of Cost and Works Accountants of India) was established in 1944 as a registered company under the Companies Act with the objects of promoting, regulating and developing the profession of Cost Accountancy.
- On 28 May 1959, the Institute was established by a special Act of Parliament, namely, the Cost and Works Accountants Act 1959 as a statutory professional body for the regulation of the profession of cost and management accountancy.
- It has since been continuously contributing to the growth of the industrial and economic climate of the country.
- The Institute of Cost Accountants of India is the only recognised statutory professional organisation and licensing body in India specialising exclusively in Cost and Management Accountancy.

MISSION STATEMENT

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

VISION STATEMENT

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

IDEALS THE INSTITUTE STANDS FOR

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

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Institute Motto

असतोमा सद्गमय
तमसोमा ज्योतिर् गमय
मृत्योर्मामृतं गमय
ॐ शान्ति शान्ति शान्तिः

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

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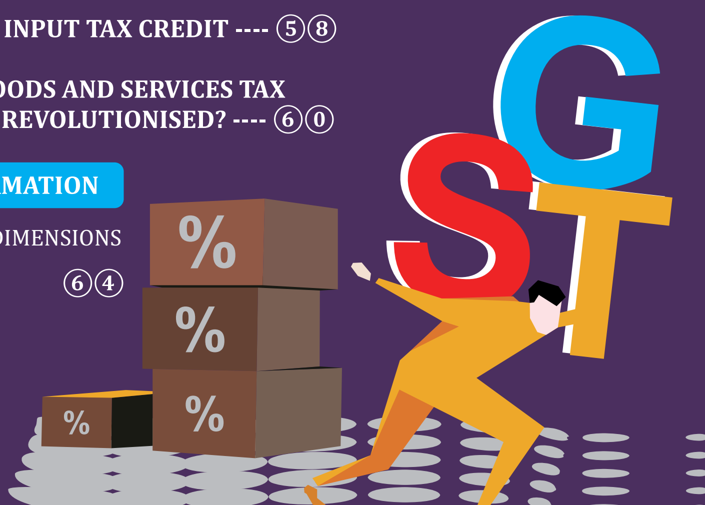

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We have expanded our Readership from **1** to **94** Countries

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EDITORIAL

India marks the fourth anniversary of the Goods and Services Tax (GST) on July 1 this month. 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.

The Goods and Services Tax (GST) has been one of the biggest economic reforms in India post-independence. With its launch on July 1, 2017, GST transformed India's taxation landscape to overcome irregularities inbuilt in the erstwhile indirect tax structure which primarily involved reducing multiple taxes, multiple compliances, eradicating high tax rates and its cascading effects and the creation of a common market. The introduction of GST ushered in an era of transparency and technology and in an era of automation, commensurate with the best practices globally.

Despite continuous efforts put in by the government to streamline the law, GST remains a work-in-progress with changes, improvements and amendments required in every aspect, namely, monthly returns, refunds, input tax credit etc. On the technology front, many actions still need to be completed to make the system fully automated. Thus, automation in compliance is the need of the hour to ease the burden on the taxpayers. In this regard, e-invoice was made effective by the government for certain selective taxpayers only who have aggregate turnover more than 50 crores.

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 recent past, the 44th GST Council 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 COVID-19 related individual items based on the report of Group of Ministers. Earlier in the 43rd GST Council Meeting, held on 29th day of May, 2021; where the GST Council referred the decision over the tax rates on COVID vaccines to a Group of Ministers (GoM) and took several decisions to help the industries affected by Covid-19. The Council had also decided in a previous meeting to reduce the compliance burden of small taxpayers and medium-sized taxpayers and recommended an amnesty scheme for reducing late fee payable, to provide relief to small taxpayers.

The potential of GST to make India an industrial and service hub are immense and need to be tapped. After four years of implementation, it is time to take stock to broaden the tax base by bringing more sectors in the GST folds, the ad hoc mechanism of lowering tax rates and restricting credits need to be done away with to build a true credit chain and finally the tax rates and notifications need to be rationalized to converge to a two-rate structure. It is time that GST contributed its share to the GDP growth and brought in ease of doing business in the country.

Now-a-days the CMAs have an emerging and dynamic role to play in the regime of GST. They can interpret the proposed GST law and may provide required guidance and advisory services to eradicate bottlenecks in finance, production, taxation, administration, supply chain management, etc.; maintain systematic records of credit of input/output service and its proper utilization; assess the impact on business plans, contract review for cost reduction/price revisions, transaction structuring by mapping existing business model; support the businesses entities in providing assistance towards GST registration, claiming tax credits, ensuring all necessary legal compliances, procedural formalities and other administrative follow ups. The CMAs are recognized officially by the Act to act as authorized representatives before the Appellate Tribunals for Dispute Resolution of GST.

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

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
August 2021	Indian Railways: Innovative Measures for a 'Better Tomorrow'	⦿ Indian Railways: A catalyst for generation of employment opportunities ⦿ Safety: the focus area of Railway operations ⦿ Spread of IT in Indian Railways ⦿ Vision 2024 ⦿ Railways: A promoter of environmental sustainability ⦿ Indigenous Manufacturing: a boost to Make in India drive ⦿ Opportunities for International Collaborations ⦿ Role of External Financing ⦿ Digitization of Indian Railways ⦿ Future plans and adoption of best practices in the railway sector ⦿ Performance Costing System of Indian Railways: Role of CMAs
September 2021	Information System Security Audit	⦿ Overview of IS Security & Audit ⦿ Compliance & Security Framework ⦿ Business Continuity & Disaster Recovery ⦿ Cyber Security & Cyber Forensics ⦿ Business Application - Acquisition, Development & Implementation ⦿ IT Audit in Banking Sector ⦿ IT Audit in SAP Environment ⦿ Cloud Computing Management Audit ⦿ Adopting & Migrating to the Cloud ⦿ Role of CMAs in IS Audit
October 2021	Forensic Audit: Tool for Fraud Detection & Prevention	⦿ Forensic Accounting: A way to Detect, Fight and Prevent Fraud ⦿ Early Warning Signals (EWS) and Red Flags ⦿ Digital Forensics, Cyber Security and Cyber law ⦿ Fraud Risk Management Strategy ⦿ Emerging Needs of Forensic Audit in Corporate and Banking Frauds in India ⦿ Forensic Accounting in Stock Market Management ⦿ Growing NPAs and role of Forensic Auditors ⦿ Forensic Accounting and Auditing: Laws and Regulations ⦿ Forensic Accounting and Auditing Practices: India v/s Rest of the World ⦿ Integral role of CMAs in combating financial fraud
November 2021	Blockchain and Cryptocurrency: the Way Forward	⦿ Evolution of Accounting and Auditing with Blockchain ⦿ Enterprise Asset Management with IoT and Blockchain ⦿ Blockchain for Banking and Finance ⦿ Recent development and emerging trends in Blockchain ⦿ Blockchain: Revolutionizing Cybersecurity ⦿ Forensics readiness of Blockchain technologies ⦿ Cryptocurrency in India: Government's stand and legal status ⦿ Decrypting Crypto: Prospects and Challenges ⦿ Bitcoin: The most profound revolution of recent times

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

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

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CMA Biswarup Basu
President
The Institute of Cost Accountants of India

"Man needs his difficulties because they are necessary to enjoy success."

– A.P.J. Abdul Kalam

My Dear Professional Colleagues,

Goods and Services Tax (GST), India's biggest indirect tax reforms completed four year of its implementation on 1st July, 2021. The Institute has been celebrating the 'GST Day' since 2017 and this year also we organized various befitting virtual programs on GST to commemorate the "GST Day". I am happy to inform that the Tax Research Department of the Institute also observed 4th Anniversary of implementation of GST in India by organsing a WEBINT on the theme 'The Journey of GST and Way Forward – Aatma Nirbhar Bharat' on 1st July 2021.

Shri Nitin Gadkari, Hon'ble Union Minister for Road Transport & Highways and Micro, Small and Medium Enterprises graced the auspicious occasion as the Chief Guest. Hon'ble Minister in his speech emphasized and appreciated the efforts of the Institute amidst this pandemic situation. He started off by saying that CMA professionals are playing a catalyst role in successful implementation of GST. He acknowledged the efforts of the Tax Research Department while releasing its six publications on Indirect Taxation and 91st Tax Bulletin on the occasion of GST Day. He also recapitulated the 4 years of journey of GST which is founded on the notion of 'One Nation, One Market, One Tax' having removed the cascading effect of tax mechanism. GST has helped and will be helpful to trade and industry there by putting the Indian economy on a trajectory path to attain a $5 trillion economy by 2025.

GST is intertwined with information technology is such a way that there would be Maximum Governance and Minimum Government. He stressed upon the importance of implementing digital transformation projects under various Govt. schemes which will benefit all members of society. He further added that our country has all the potential to become No.1 Economy in the world and the Government is giving high priority to develop better infrastructure in the Country. He highlighted the recent achievements of the Ministry of RTH & MSME which are now shifting to a technologically driven model. He mentioned that the country is on the right path to achieve the dream of our Hon'ble Prime Minister to become a Self-Reliant Nation with the cooperation and support of all the stakeholders. He explained the importance of Performance Audit an effective tool to ensure public transparency and accountability, improving efficiency and effectiveness of operations in certain critical sectors of economy.

While acknowledging the contribution of the CMAs in Nation Building, he invited suggestions from the Institute and its members to help the Government to further improve the system and make a valuable contribution to the Nation.

I am delighted to inform that Hon'ble Minister of Finance and Corporate Affairs, **Smt. Nirmala Sitharaman** in her letter to the Institute stated that she is happy that "the Institute of Cost Accountants of India is commemorating the "GST Day" on 1st July, 2021 by organising National Webinar". She is of the opinion that, "Today CMAs are contributing extensively towards nation building, especially the AatmaNirbhar Bharat". She also appreciated the different knowledge building efforts of the Institute.

Dr. Subhas Sarkar, Hon'ble Member of Parliament (Lok Sabha) also graced the Inaugural session as Special Guest. He spoke about the history of GST and the impact of GST during the pandemic and how GST has brought in transparency in the Taxation system in India. He also congratulated the CMAs on their efforts in the field of taxation.

The day long Webint featured four panel discussion sessions on the topics (i) Challenges during Pandemics – Trade, Industry & Government, (ii) One-Nation, One-Tax as against Problems faced by Trade & Industry and Resolutions by the GST Council, (iii) Way Forward – GST towards Atmanirbhar, (iv) Digital Audit and Assessment Procedure. Many senior level government officials like **CMA Devendra V. Nagvenkar**, Commissioner of CGST & CX, Kolkata South Commissionerate, **Dr. B. V. Murali Krishna**, Additional Commissioner of Commercial Taxes, Bengaluru, Government of Karnataka, **Shri S V Kasi Visweswara Rao**, Additional Commissioner of Commercial Taxes, Government of Telangana and **CMA A K Tiwari,** Director (Finance) of GAIL (India) Limited chaired the sessions.

I would like to express my gratitude to all eminent guests and speakers who have shared their knowledge during the Webint which was widely admired and appreciated by the participants.

I congratulate CMA Chittaranjan Chattopadhyay, Chairman, Indirect Taxation Committee, CMA Rakesh Bhalla, Chairman, Direct Taxation Committee for the initiative taken and its excellent execution to make the GST Day celebration a grand success.

International MSME and SMP Day Celebrations

The United Nations General Assembly has declared 27th June as Micro, Small and Medium-sized Enterprises Day, to raise public awareness of their contribution to sustainable development and the global economy. On the similar lines, The South Asian Federation of Accountants (SAFA) has decided to celebrate this day as International Small and Medium Practitioners (SMP) Day. To celebrate this occasion of International MSME & SMP Day, the Institute successfully organised a WEBINT on the theme 'SMPs & MSMEs - Adapting to the Changing Business Realities' on 27th June 2021.

Shri Pratap Chandra Sarangi, Hon'ble Minister of State for Micro, Small and Medium Enterprises, Government of India graced the inaugural session as Chief Guest. The Annual Issue of BFSI Chronicle of the Institute was released at the hands of the Hon'ble Chief Guest.

I along with CMA P Raju Iyer, Vice President, all Council Members and CMA Kaushik Banerjee, Secretary of the Institute participated in the event. CMA H. Padmanabhan, Chairman, Committee for Accounting Technicians & AAT Board, Former Vice President of the Institute and Member, SMP Committee, SAFA coordinated the event.

The Inaugural session witness the participation of eminent dignitaries from India and abroad. Mr. Alan Johnson, President, International Federation of Accountants (IFAC), Mr. R Narayan, Founder and CEO, Power2SME and President, FICCI-CMSME, Mr. A.K.M. Delwer Hussain, President, SAFA, Mr. H M Hennayake Bandara, Vice President, SAFA, CMA Rakesh Singh, Past President of the Institute and CA Satish Kumar Gupta, Chairman, SMP Committee, SAFA graced the inaugural session as 'Guests of Honour'. Dr. E. Vijaya, Faculty Member, National Institute for Micro, Small and Medium Enterprises (ni-msme) also shared her views on the topic during the inaugural session.

Eminent speakers like Mr. Rajive Chawla, Founder & Chairman, Integrated Association of Micro Small & Medium Enterprises of India (IamSMEofIndia), CMA (Dr.) S K Gupta, Managing Director, ICMAI Registered Valuers Organisation, CMA Rahul Chincholkar, Practicing Cost Accountant, CMA (Dr.) D.Jagannathan, Practicing Cost Accountant, CMA R. Venkataramani, Entrepreneur, CMA Santosh Sharma, Entrepreneur and CMA Arifkhan, Practicing Cost Accountant participated in the technical sessions of the WEBINT which were specifically designed for the MSMEs & SMPs covering several pertinent topics such as "Challenges & Opportunities for MSMEs", "Role of CMAs & SMPs in development & growth of MSMEs", "SMPs: Adapting to the Virtual Office, a practical way" and "Interview of 4 SMP owners". There was an overwhelming response and all the participants highly appreciated the program.

Representation to National Medical Commission

I wish to inform the members that the Institute has submitted its comments/suggestions to the Chairman, National Medical Commission (NMC) on the draft guidelines prepared by the expert group on determination of fees for MBBS and Post Graduate (PG) Courses and other charges in respect of private medical colleges and deemed to be Universities under Section 10 (1) (i) of the National Medical Commission Act, 2019. We have also requested NMC to give an opportunity to the Institute to devise a principle-based Model Fee Structure (MFS) for all Medical Colleges/Institutions in the country.

Representation to Ministry of Commerce & Industry

The Institute sent a representation to the Ministry of Commerce & Industry, Department of Promotion of Industry and Internal Trade (DPIIT) regarding modifications in the provisions of the Public Procurement (Preference to Make in India) Order, 2017. This was followed by a detailed meeting with the Joint Secretary, DPIIT wherein they accepted the suggestions made by the Institute. The revised provisions are expected to be issued by the DPIIT very soon.

Representation to Banks for participation in their Cost Optimization process

I am pleased to inform that ICWAI Management Accounting Research Foundation (MARF) of the Institute has submitted representation to various Banks expressing its interest to participate in the Cost Optimization process of their respective bank.

MOU with Savitribai Phule Pune University (SPPU)

It gives me immense pleasure to inform that the Institute has entered into a MOU with Savitribai Phule Pune University (SPPU) signed by me and Dr. N.R. Karmalkar, Vice Chancellor, SPPU on 25th July 2021 during an online event. SPPU is one of the premier universities in India, providing education, research and consultancy in various areas of Technology, Science, Humanities and Social Sciences, etc. and popularly known as the 'Oxford of the East'. The MOU provides to stimulate and facilitate the development of collaborative and mutually beneficial programs. I along with CMA P. Raju Iyer, Vice President, my council colleagues CMA Ashwinkumar G. Dalwadi, CMA Neeraj Joshi, CMA Ashish P. Thatte, CMA DebasishMitraand CS MakarandLele, Government Nominee to the Council of the Institute participated in the MOU Signing ceremony virtually. CMA Harshad Deshpande, Chairman, WIRC also participated in the event.

7th International Yoga Day

Yoga is an ancient physical, mental and spiritual practice that originated in India. The word 'yoga' derives from Sanskrit and means to join or to unite, symbolizing the union of body and consciousness. Today it is practiced in various forms around the world and continues to grow in popularity. The International Day of Yoga aims to raise awareness worldwide of the many benefits of practicing yoga.

I had the pleasure of participating in the virtual program organized by NIRC of the Institute in association with NIRC of ICSI and ICAI on the topic "How to rejuvenate from COVID impacts through Yoga" on 21st June 2021. International Yoga Day event was graced by International Yog Guru Swami Ramdev Ji as the Chief Guest and CA. (Dr.) Girish Ahuja, Renowned Tax Guru as 'Guest of Honour'. The event also witnessed the participation of CS Nagendra D. Rao, President, ICSI, CA. Nihar N. Jambusaria, President, ICAI, CMA Harkesh Tara, Chairman, NIRC of the

Institute, CA. Avinash Gupta, Chairman, NIRC, ICAI and CS Vimal Gupta, Chairman, NIRC, ICSI. Program was coordinated by CA. Ashwani Jindal. Such events plays a very important role in spreading awareness among people about the practice of Yoga and the benefits it can bring in their lives.

Virtual programmesby the EIRC of the Institute

I had the pleasure to address students of EIRC on the occasion of Inaugural Ceremony of its 201st session of Oral Coaching classes on 1st June 2021.

On 15th June 2021, I along with CMA P Raju Iyer, Vice President attended a Virtual programme organized by the EIRC of the Institute on "Implementation of New Labour Codes: An Opportunity for Professionals". Shri VivekJalan, Chairperson, Ease of Doing Business Committee- The Bengal Chamber of Commerce was the eminent speaker. CMA Ashis Banerjee, Chairman EIRC and CMA Arundhati Basu, Vice Chairperson, EIRC of the Institute also participated in the event.

I had the privilege of addressing the Virtual Awareness Programme organised by the EIRC of the Institute on "Novel Corona Virus & the effectiveness of Vaccination to reduce the transmission of COVID-19" on 16th June 2021. Dr. Kunal Sarkar, eminent cardiologist was the key note speaker. CMA Harijiban Banerjee, Past President also participated in the event. I congratulate CMA Ashis Banerjee, Chairman EIRC for organizing this program to spread awareness about COVID Vaccination and CMA Arundhati Basu, Vice Chairperson, EIRC of the Institute for coordinating the event.

Webinar by WIRC of the Institute

I am happy to inform that I was invited to address the participants of the Webinar jointly organized by WIRC and Indore-Dewas Chapter of the Institute on the topic "Labour Reforms & Need of New HR Strategy" on 6th June 2021. CMA Ashok B. Nawal, Co-opted member of Indirect Taxation Committee of the Institute was the speaker on the topic. CMA Harshad Deshpande, Chairman, WIRC, CMA Mahendra Bhombe, PD Committee Chairman of WIRC and CMA Aniruddh Gupta, Chairman Indore Dewas Chapter of the Institute also participated in the webinar.

Joint Workshop with the New College Chennai

I am pleased to share that I along with CMA P. Raju Iyer, Vice President of the Institute participated in the Inaugural session of 5 days' Workshop cum Faculty Development Programme [FDP] on "Intellectual Property Rights" jointly organised by the Institute and The New College, Chennai from 14th to 18th June 2021. CMA Balwinder Singh, Immediate Past President, CMA Chittaranjan Chattopadhyay and CMA (Dr.) K Ch A V N S Murthy, Council Members delivered their key note address at different technical sessions. CMA Rakesh Shankar Ravisankar, Co-opted Member, Internal Auditing Standards Board, CMA Sathyanarayanan S, Advocate & Legal Counsel, and CMA T C A Srinivasa Prasad, former Council Member of the Institute were the resource persons. The participants appreciated the detailed discussion which covered various aspects of Intellectual Property Rights.

Webinar by Arka Jain University

I wish to inform that I had the pleasure of addressing the participants of the Webinar organized by Arka Jain University on the topic "Importance of pursuing Professional Education during COVID Scenario" on 5th June, 2021. Despite all the challenges, COVID-19 has provided an opportunity to working professionals to get equipped with future skills. It was not possible in a routine time where companies cannot spare their employees for long-term educational programmes. The changing scenario is a big boost for Executive education for professionals. I also took this opportunity to apprise the students about the benefits of pursing CMA qualification of the Institute.

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

DIRECTORATE OF CAT

⊙ CAT Examination Foundation Course (Entry Level) Part - I Examination – July 2021 term

CAT Directorate issued Notification for the Foundation Course (Entry Level) Part - I Examination - July 2021 Term. The examination will be held through online mode wherein candidates would not be required to go out and can appear using mobile/laptop/desktop/tab from their home only. The last date of receipt of the Examination Application form is 10th July, 2021. I wish students all the best for this exam.

⊙ WEBINT

I congratulate CMA H. Padmanabhan, Chairman, Committee for Accounting Technicians (CAT) & AAT Board and Former Vice President of the Institute for successfully conducting webint on one of the most important topics for CMA fraternity, i.e., Cost Audit- "Creating Right Environment & Framework". I am glad to see a humongous response to this Webint. CMA H. Padmanabhan deserves all praise for spearheading most of the webints conducted by the Institute.

I place on record the active role of Team CAT lead by CMA H. Padmanabhan during the WEBINT 'SMPs & MSMEs - Adapting to the Changing Business Realities' held on 27th June 2021. I am grateful to CMA Rakesh Singh, Former President and Co-opted member of CAT for giving a presentation about CAT course on the topic Journey towards Skill Enhancement & AatmNirbhar Bharat, which showcased highlights of CAT course and its utility in skill development.

DIRECTORATE OF STUDIES

⊙ Campus Placement

I am very much pleased with the kind of response we have been receiving from Corporates across India. There has been a steady rise in interest from PSUs, Indian and global companies visiting the CMA campus for placements. It's a very positive sign that the companies are recognizing the tremendous importance of CMA professionals in the changing business scenario.

Our placement team is working hard relentlessly even during this acute pandemic situation to facilitate maximum number of placements across the industries; around 450 qualified Cost Accountants have received placement offers in reputed organizations so far. The 2nd phase of campus placement drive is still going on and will be followed by the 3rd phase also as many new companies are approaching us to participate in this campus placement process. I am thankful to all these participating companies for the opportunity extended to the budding CMAs to cultivate their professional expertise.

I wish all success for these Campus Placement drives so that the aspiring qualified Cost Accountants of December 2020 batch can build up their professional career with great corporate houses.

CMA National Online Business Quiz 2021

I am pleased to inform that the 1st round of CMA National Online Business Quiz in association with 'The Hindu Group' has been successfully conducted by the Directorate of Studies and Board of Advanced Studies & Research. We have received an overwhelming response and around 9000 participants across India from various strata participated in the 1st round Quiz competition. The 2nd round Quiz contest is scheduled to be held on 11th July 2021 through an online test with 263 successful candidates. The final round of the Quiz contest has been scheduled on 25th July 2021. My best wishes to the participants for the forthcoming event.

BANKING, FINANCIAL SERVICES AND INSURANCE BOARD

Insurance Month in the month of June, 2021

BFSI Board under the Chairmanship of CMA Chittaranjan Chattopadhyay successfully organised a series of WEBINTs in the month of June, 2021 being declared as Insurance Month by the Institute. BFSI Board organized four nos. of WEBINTs on "Evolution of Insurance Industry Pre and Post COVID-19" on 8th June, 2021, "Successful Insurance Sector means: Protection, Investments and Jobs: All in one" on 14th June, 2021, "Digitalisation of Insurance Business: Opportunities and Challenges" on 18th June, 2021and "Impact of Pandemic on Insurance Business – Challenges and Opportunities" on 25th June, 2021. Regulator, top echelons of Insurance Sector both life and non-life graced the programmes such as CMA P.K. Arora, Member (Actuary), IRDAI, CMA G. Srinivasan, Director, National Insurance Academy (NIA), Shri Niraj Shah, CFO, HDFC Life Ltd., CMA G.Vaidyanathan, CFO, Shriram Life Insurance, CMA Delzad D. Jivaasha, AVP- Risk Management, ICICI Lombard General Insurance Company Limited, CMA Kandikonda Srikanth, CFO, Manipal Cigna Health Insurance Company Limited, CMA P.N.Murthy, Insurance Specialist, Shri Anand Pejawar, President - Operations, IT & International Business, SBI Life Insurance Company Ltd, Shri Girish Nayak, Chief- Service, Operations& Technology Customer Services, ICICI Lombard General Insurance Co. Ltd., Ms. Darshana Shah, HOD, Marketing & Digital, Aditya Birla Health Insurance Co. Ltd., Dr. Steward Doss, Faculty, NIA, CMA Mayank Bathwal, CEO, Aditya Birla Health Insurance Company Ltd., CMA Kalpana Sampat, MD & CEO, Pramerica Life Insurance Company and CMA Eswar Natarajan, President & COO, Kotak General Insurance Company. National Insurance Academy (NIA) became partner in two of the WEBINTs held on 18th & 25th June, 2021. All the WEBINTS were highly interactive and received an overwhelming response from the participants.

Special issue of Annual BFSI Chronicle published by the Board

The BFSI Board has published a special Annual BFSI Chronicle. It is the 6th issue since it started publication of the Chronicle from July, 2020 and includes articles from various experts in Banking, Financial Services, Insurance and other allied areas. I am very happy to state that Shri Dinesh Kumar Khara, Chairman of State Bank of India has provided us with his greetings message for the annual issue. I request all to read the issue uploaded in the BFSI portal and hope that it would be an enjoyable reading for all of you.

Certificate Courses on Banking

On 20th June, 2021, the 4th batch of Certificate Course on Credit Management of Banks was inaugurated under the gracious presence and valuable presentation of Shri Rohit Rishi, General Manager, Indian Bank on Credit Management.

The admission for the 4th batch of Certificate Course viz. Certificate Course on Concurrent Audit of Banks and Certificate Course on Treasury & International Banking respectively and 5th batch of Certificate Course on Credit Management of Banks has started. I request all the members and students to enroll for the courses for skill development and capacity enhancement in the Banking Sector.

Certificate Course on Investment Management in association with NISM

The 5th batch of Level-I classes had commenced from 19th June, 2021. We have started the admissions for 6th batch of Level-I. Members and the students are requested to avail the opportunity by registering in the course on Investment Management. The BFSI Board has also approved the Level-IV of the Investment Management Course on Trading for a Living – Integrated Technical Analysis and Advanced Derivative trading strategies in collaboration with NISM (An educational initiative of SEBI) and the details will be soon uploaded in the BFSI portal.

Annual ICAI National Awards - Essay Contest for Bankers

The BFSI Board has received registrations for the Annual ICAI National Awards essay contest on the topic of "Digital Banking and Inclusive Growth". The last date for application was till 15th June, 2021. The top three essays will be published by the BFSI department soon and the winners will be decided by an eminent panel of experts appointed by the Chairman of the BFSI Board. The winners would be felicitated and honoured by the Institute appropriately thereafter.

Webinar

The BFSI Board hosted one webinar on the topic of Asset Reconstruction Companies- ARCs (Role in NPA Resolution) - Opportunities to CMAs on 9th June, 2021. CMA (Dr.) P. Siva Rama Prasad, Former AGM of SBI was the speaker for the Webinar.

Workshop on Credit Management

The BFSI Board organized a workshop on Credit Management on 30th June, 2021 and 1st July, 2021. CMA Nijay Gupta, Consultant was the speaker for the event. The objective of the workshop was to enhance capacity building of the members and to acquaint them with the intricacies of the Inland Letter of Credit.

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.

I am happy to inform that CMAs can apply for appointment of Managing Director (MD) /Whole –Time Director (WTD) in Primary (Urban) Co-operative Banks (Ref: RBI Circular no RBI/2021-22/60 DOR.GOV/REC.25/12.10.000/2021-22 dated 25.06.21). Please apply for such post if you are eligible as per the above circular.

I congratulate the BFSI Board and BFSI department for all the initiatives and endeavors. I am happy to announce that the BFSI Board will come out with more programmes in the month of July 2021 which has been earmarked as Banking Month. The details of the programmes will be available on the website and I call upon all stakeholders to participate in the programmes and make it a grand success.

BOARD OF ADVANCED STUDIES & RESEARCH

Certificate Course in Entrepreneurial Finance

I am overwhelmed to announce the launch of 'Certificate Course in Entrepreneurial Finance' jointly organized by Board of Advanced Studies & Research and National Institute for Micro, Small & Medium Enterprises, Hyderabad. This Course is aimed towards the Entrepreneurs, MSME Owners, SMPs, Partners and Managers of Firms/Establishments, Professionals, Representatives of Family Business, Industry Associations and Government Officials. The Classes will be commenced from the end of August 2021 by the eminent faculty members from the industry and profession. I wish every success of this collaborative activity.

Diploma in Forensic Audit

I feel elated to announce another extremely useful and sought after Course for CMA Professionals – 'Diploma in Forensic Audit'. This 100 hours Course Curriculum is a blend of theoretical discussions, case studies and practical training and is intended to equip the participants with various modern concepts in Forensic Audit which aims at sensitizing Fraud Investigators, Auditors, Security Professionals, and IT executives about the risks and mitigation strategies for an effective business environment.

I must congratulate CMA Debasish Mitra, Chairman, Board of Advanced Studies & Research for his untiring endeavour to cater the professional needs of the CMA fraternity by launching effective Courses that will immensely boost-up our professional strength. I urge CMA professionals and CMA Final level students to join this Course to shape their professional career in the right direction.

5-days Faculty Development Programme in association with Amity University

I feel excited to convey that the Board of Advanced Studies & Research in association with Amity University, Kolkata is organizing a 5-days Online Faculty Development Programme on the theme "Digital Transformation Technologies in Research & Academia" scheduled to be held from 3 - 7 August 2021. Eminent faculty from industry and profession will deliver case study based lectures. I request members with research acumen must participate in the FDP. I congratulate the organizers for organizing such a scholarly and research-based programme to address such a contemporary issue.

MEMBERS FACILITIES COMMITTEE

During the month of June 2021 the Institute granted 208 new Associate memberships and upgraded of 35 Associate members to Fellowship. I convey my warm welcome and congratulate all the members.

Under the able and dynamic guidance of CMA (Dr.) V. Murali, Chairman of the Members Facilities Committee, the membership department is working in tandem with the Information Technology Committee ably headed by CMA Ashwinkumar G. Dalwadi towards planning, conceptualising and implementation of a future ready robust and user friendly new members' online system with a view to offer members a better user experience.

MEMBERS IN INDUSTRY COMMITTEE

I am pleased to share that the Members in Industry Committee and Board of Advanced Studies & Research had successfully organized a National level Virtual Webinar on the theme "CMAs – The Future Ready Professionals: Industry Expectations" on 12th June 2021.

I had the privilege to attend this Webinar along with the distinguished guests. The welcome address of this online event was delivered by CMA Debasish Mitra, Chairman, Members in Industry Committee & BoASR. The inaugural session was graced by eminent personalities viz. CMA H.K. Joshi, Chairperson and Managing Director, The Shipping Corporation of India Ltd. as the Chief Guest and Keynote Speaker, CMA P. Raju Iyer, Vice President and CMA H. Padmanabhan, Chairman, Committee for Accounting Technicians & AAT Board and Former Vice President of the Institute.

The panel discussion session was professionally conducted by six eminent experts from the industry viz. CMA Amitava Mukherjee, Director – Finance, NMDC Ltd., CMA Nayan Mehta, CFO, BSE Limited, CMA (Dr.) Debashis Sanyal, Director, Great Lakes Institute of Management, Gurgaon, Mr. Adil Malia, Chief Executive, The Firm, Dr. Sandip Ghose, Board Member - IIM Bodhgaya, Trustee Director – Motilal Oswal Trustee Co. Ltd. and CMA Debasish Mitra, General Manager (Finance), Konkan Railway Corporation Ltd. and Council Member of the Institute. The whole event was efficiently moderated by CMA (Dr.) Paritosh Basu, Sr. Professor & Chairperson of MBA (Law), NMIMS University School of Business Management, Mumbai. The event was concluded by a 'Vote of Thanks' delivered by CMA (Dr.) D.P. Nandy, Sr. Director of the Institute. This online event has attracted more than 2000 viewers including members and students of the Institute and other corporate representatives.

PROFESSIONAL DEVELOPMENT & CPD COMMITTEE

I am pleased to inform you that on Institute's representation, Sardar Sarovar Narmada Nigam Limited Gandhinagar, Gujarat included the Cost Accountants Firm for GST and other indirect tax matters. PD Directorate submitted representations to various organizations for inclusion of Cost Accountants for providing professional services.

Please visit the PD Portal for Tenders/EOIs during the month of June 2021, where services of the Cost Accountants are required in Bharat Sanchar Nigam Limited, Indian Institute of Information Technology Chittoor, A.B.N. Seal College, Cooch Behar, Sardar Sarovar Narmada Nigam Limited Gandhinagar, Goa Shipyard Limited, Oil and Natural Gas Corporation Limited, CSIR- Institute of Microbial Technology, National Backward Classes Finance and Development Corporation, National Health Mission Pathanamthitta, Bureau of Indian Standards Bhubaneswar, Madras Fertilizers Limited, Indian Institute of Engineering Science and Technology (IIEST)- Kolkata, Chhattisgarh State Power Transmission Company Limited (CSPTCL), Bank Note Paper

Mill India Private Limited, etc.

Professional Development & CPD Committee associated with the PHD Chamber of Commerce and Industry organised webinars on "GST Input Tax Credit - Game Changer Vaccine for Trade and Industry" on 11th and 15th June 2021.

During the month, around seventy 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.

REGIONAL COUNCIL & CHAPTERS COORDINATION COMMITTEE

⊙ Regional Level Chapters Meet for Accounts, Budget and Chapter AGM

I am happy to inform you that CMA (Dr.) K Ch A V S N Murthy, Chairman Regional Council and Chapters Coordination Committee, chaired and held a series of online RC/Chapters Meets to discuss consolidation of Chapter accounts, preparation of Budget, holding of Chapter AGM other relevant chapter issues. I along with my council colleagues namely, CMA P. Raju Iyer, Vice President, CMA Balwinder Singh, Immediate Past President, CMA (Dr.) K Ch A V S N Murthy, Chairman RC&CC Committee attended all the meetings along with my council colleagues of the respective regions and Chairman of the Regional Council as special invitees along with chapter representatives of the region whose views and suggestions were of immense value. The meetings were also attended by officials from the respective RC, accounts and finance department along with RC&CC team from headquarters. The said meetings with RCs were conducted via video conferencing on 27th May, 5th June, 7th June and 9th June 2021.

⊙ Webinar

The Committee under the Chairmanship of CMA (Dr.) K Ch A V S N Murthy organized a webinar on 21st June 2021 jointly with the Information Technology Committee under the Chairmanship of CMA Ashwin G. Dalwadi on the topic "Blockchain Demystified" for which the speaker was CMA Guruprasad V.

I along with CMA P. Raju Iyer, Vice President, CMA (Dr.) K Ch A V S N Murthy and CMA Ashwin G. Dalwadi also addressed the participants who attended in large numbers and the webinar was very well received by all.

TAX RESEARCH DEPARTMENT

I congratulate the Tax Research Department for successfully observing the GST Day on 1st July 2021 by organizing a Webint on GST in a befitting manner. The Department also conducted two important webinars during the month on the topics "Analysis of Important Topics in GST" and GST Departmental Audit-Practical Approach. I am pleased to inform that TRD has released its 89th and 90th Tax Bulletin. The Taxation courses are also being conducted seamlessly and the taxation portal is being updated from time to time. The department also submitted representation for Inclusion of the Name of the Cost Accountants (CMA) in "Tax Professionals & Others" in www.incometax.gov.in.; Inclusion of Cost Accountants (CMAs) in all certification/verification areas of "execution of single B-17 Bond in view of the different bonds being executed at present, by EOUs /EPZ / EHTP/ STP units and Inclusion of name of Cost Accountants (CMAs) in DGFT Portal where CMAs are authorized to certify. The Institute submitted its suggestions to the Ministry of Finance on the issues/glitches in the recently launched e-filing portal of the Income Tax Department and also requested the Ministry to include the members of the Institute to be part of the interactive meeting with Infosys on issues/glitches in the recently launched e-filing portal of the Income Tax Department. We are confident that all the glitches and related issues shall be sorted out with the active support of all the stakeholders.

ICMAI REGISTERED VALUERS ORGANISATION (RVO)

I am pleased to share that ICMAI RVO has organized the Virtual program on How to become an effective Valuer on 2nd June, Learning Session for IPs and RVs on 5th & 6th June, Learning Session for IPs and RVs, Overview of Valuation on 8th & 9th June, Learning Session for IPs and RVs Valuation in the COVID Time on 12th & 13th June, Interactive Session Interface Between IPs and RVs on 15th June, Perspective on Valuation Report under IBC on 19th June, Master Class Emerging Dimensions of Valuation on 22nd June 2021, Master Class Valuation of Startup on 26th & 27th June and 8th Online Batch of seven days program on Plant & Machinery and Land& Building and 2nd Online Regular Batch of seven days program on Securities or Financial Assets during the month.

I am pleased to inform that 14th Online Batch of seven days program on Securities or financial Assets will start from 9th July 2021, 9th Online Batch of seven days program on Land & Building and Plant & Machinery from 16th July 2021. Master Class In Depth Analysis and Interpretation of International Valuation Standards was held on 29th & 30th June 2021.

INSOLVENCY PROFESSIONAL AGENCY (IPA) OF THE INSTITUTE

I am pleased to inform that the Insolvency Professional Agency of the Institute has taken various professional development initiatives during the month for its members such as organizing Pre- Registration Training of Insolvency Professionals from 10th June to 16th June, Master Class on Personal Guarantors to Corporate Debtors from 12th June to 14th June, Interactive Meet on Safeguarding Rights, Privileges and Interests of Insolvency Professionals on 17th June and Round Table to deliberate on the proposed Liquidation Forms and record retention on 21st June 2021.

I wish prosperity and happiness to members, students and their families and pray for the success in all of their endeavors.

Stay safe and healthy!

With warm regards,

Biswarup Basu

CMA Biswarup Basu

July 4, 2021

WORKSHOP CUM FACULTY DEVELOPMENT PROGRAMME ON INTELLECTUAL PROPERTY RIGHTS

PRESS RELEASE

The New College [Autonomous], Chennai in Association with the Institute of Cost Accountants of India organised a week long [5 days] workshop cum faculty development programme on "Intellectual Property Rights" from 14th June 2021 to 18th June 2021. The event was witnessed by around 1048 participants from India, Malaysia, Singapore & Dubai. The Workshop was hosted by Internal Quality Assurance Cell [IQAC] & The Post Graduate & Research Department of Commerce.

The Inauguration was held on 14th June 2021 and it was graced by CMA Biswarup Basu, President, CMA P Raju Iyer, Vice President, The Institute of Cost Accountants of India with their key note addresses. The dignitaries highlighted the role of the Institute in nation building and also pondered on the need of the IPR for MSME's.

The event was presided by Dr. S. Basheer Ahmed, Principal, The New College [Autonomous]. The following staff members co-ordinated the event for the 5 days. Dr. S. Syed Rafiq Ahmed, Head of the Department of Commerce, Dr. Anvar Sadhath Valiyaparambath, Director, IQAC, Prof. K. S. Md. Akmal, Dean – Commerce.

The details of sessions are as follows:

Date	Technical Session	Resource Person	Session Highlights
14th June 2021	**Overview of IPR – Economies & Legal Framework**	**Dr T Pavan Kumar, Senior Scientist** CSIR-Institute of Minerals and Materials Technology (IMMT)	Insisted Faculties to concentrate more on IPRs. Highlighted the Importance of IPR for economy.
15th June 2021	**Patents & Designs**	**CMA Rakesh Shankar Ravisankar** Co-opted **Member** **Internal Auditing and Assurance Standards Board** Assistant Professor, PG & Department of Commerce, Dwaraka Doss Goverdhan Doss Vaishnav College [Autonomous]	Highlighted the importance of 2D, 3D Graphical Designs in Business and it is important for a company to protect its designs from being copied. He explained the Role of WIPO in protecting the IPRs.
16th June 2021	**Copyrights in India – Practical Perspective**	**CMA Sathyanarayanan S** Advocate & Legal Counsel	Highlighted the Copyrights Law in India and their functioning. Explained about Copy Right Infringement and remedies for infringement.
17th June 2021	**Trademarks & Geographical Indicators**	**CS Madhusudhanan C.V** **Partner – KSR & Co.,** Company Secretaries	Highlighted the importance of registering the Trademark for companies to avoid piracy.
18th June 2021	**Scope and Opportunities in IPR for Educational Institutions, Academicians and Professionals**	**CMA T C A Srinivasa Prasad** **ERP & Management Consultant & Trainer** Advisor [ERP] – NMDC Limited Former Executive. Director (F&A), Steel Authority of India Limited [SAIL]	Highlighted the scope and opportunities of IPR for Educational Institutions, Academicians and Professionals.

Valedictory Address was delivered by Janab. Ashfaque Ahmed Mecca, Managing Director, FARIDA Group and he stressed on the IPR to be introduced in the curricula as skill based courses and training to the students. The entire Workshop was scheduled and streamed by Dr. A. Mohammed Yunus and Prof. R. B. Syed Ahamed Jalalutheen – Organising Secretary with CMA Rakesh Shankar Ravisankar, Chennai. Participants had given a positive feedback about the workshop cum FDP for all the 5 days. Participation Certificates were issued jointly by The New College (Autonomous) and the Institute of Cost Accountants of India to all the participants.

WEBINAR

CMAs – THE FUTURE READY PROFESSIONALS: INDUSTRY EXPECTATIONS

Organized by

MEMBERS IN INDUSTRY COMMITTEE

in association with

BOARD OF ADVANCED STUDIES & RESEARCH

The Members in Industry Committee in association with Board of Advanced Studies & Research of The Institute of Cost Accountants of India organized a National level Webinar on the theme ***"CMAs – The Future Ready Professionals: Industry Expectations"*** on June 12, 2021 from 5:30 pm to 8.00 pm.

CMA Debasish Mitra, Chairman, Members in Industry Committee & BoASR, ICAI gave the welcome address.

During the inaugural session of the webinar, **CMA H. Padmanabhan, Chairman, Committee for Accounting Technicians & AAT Board, ICAI** in his special address heartily congratulated the efforts for organizing such an enriching event and bringing Industry Stalwarts under one umbrella for dissemination of knowledge among the CMA fraternity.

CMA P Raju Iyer, Vice President, ICAI in his inaugural address asserted that predictive skills and proactive approach in decision making and sound technical skills are very much essential for the CMAs and CMAs should develop new ideas in service sector especially in effective cost control, time lag reduction, services for clients etc. for the growth and benefits of industry. **CMA Biswarup Basu, President, ICAI** in his presidential address said that the opportunities for professional accountants in industry are huge if they accept challenges and work proactively to shape their future career.

The Chief Guest of the webinar, CMA H.K. Joshi, Chairperson and Managing Director, Director (Finance) (Additional Charge), The Shipping Corporation of India Ltd in her address vividly described on the topic and said that being "Future Ready" is required not only for the young budding CMAs, even for those who have been professionally qualified a long time back. In today's digital world the future of any business is disruptive. CMAs need to keep reinventing by nurturing their existing skill sets and constant upgradation of knowledge and skill are crucial in today's ever-changing world. CMAs with their technical skillsets have the power to not only

develop individual businesses with competitive advantages but also to contribute collectively to enhance competitiveness of the business sector as a whole.

CMA (Dr.) Paritosh Basu, Sr. Professor & Chairperson of MBA (Law), NMIMS University School of Business Management, Mumbai as a panel moderator in the technical session stressed on the concept "Future Ready" from the perspective of Finance professionals and CMAs. He asked insightful and thought provoking questions to the eminent panellists like how do the CMAs foresee the expectation of industry and understand the dynamics of expectations, how do CMAs reorient themselves, how do they equip themselves in the hybrid environment of work from home and work from office, how do CMA professionals search for excellence for minimisation of value destruction and maximization of value creation etc.

CMA Amitava Mukherjee, Director – Finance, NMDC Ltd, an eminent speaker of the panel discussion of technical session stated that there are four trends that are emerging from this uncertain world: Greater Connectivity, Increase in Automation, Lowering Transaction Costs and Change in Demographics. Rethinking, Realignment, Reinvention, Upskilling and Rebuilding in this new normal situation are to be performed by CMA professionals and they should consider these as opportunities rather than challenges. Cross Functional vision and knowledge, soft skills and continuous updation of professional skills are some of the essential ingredients that the CMA professionals must look into.

CMA (Dr.) Debashis Sanyal, Director, Great Lakes Institute of Management Gurgaon, Former Vice Provost & Dean, NMIMS University, School of Business Management, Mumbai, another distinguished speaker of the panel discussion session opined that trustworthy brand is necessary and business should embrace trust since investment in trust creates value. CMAs with professional proficiency have to garner expertise in providing unique services. CMAs should develop the mindset of customer focused approach and have the ability to see the opportunity of new services they can provide to the clients to help and enhance new network, he further added.

"Being Future Ready has always been part and parcel of our life; because of the transformative changes, the unprecedented and the relentless changes have just become fast forward", **Dr. Sandip Ghose, Board Member - IIM Bodhgaya, Trustee Director, Motilal Oswal Trustee Co. Ltd, Former Director - NISM, Principal Chief General, Manager & Head - HRM – Reserve Bank of India,** eminent speaker of the technical session asserted. CMAs must not only confine themselves to the area of accounting, they should expand their domain in risk, financial management and other spheres as well, he proposed. He also discussed on effective stress management strategies for the budding CMA professionals to be happier, healthier, and more productive.

Technologically and technically the CMA professionals will be pushed by the market for their upgradation, **according to Mr. Adil Malia, Chief Executive, The Firm,** one of the esteemed speakers of the panel discussion of the technical session. He further briefed on Emotional Intelligence consisting of Self Awareness, Self-Regulation, Motivation, Empathy and Social Skills which collectively contribute for the synergistic success of the organization.

If CMA professionals need to grow and sustain themselves they have to be continuously updated of the latest developments and evaluate its applications in their organization, they are to be well observant and also diplomatically correct, **CMA Nayan Mehta, CFO, BSE Limited,** another distinguished speaker pointed out in the panel discussion session. Training is very important and professionals should not categorize and must equip themselves in any kind of work to become future ready, he appended.

Importance of Remote Accounting and Auditing that is the Cloud Based Accounting Technologies has gained popularity during this Covid situation and System Security issues is also a major concern where the CMA professionals can play a major role by safeguarding against cyber-attacks - suggested by **CMA Debasish Mitra, General Manager (Finance), Konkan Railway, Corporation Ltd., CCM and Chairman, Members in Industry Committee & BoASR, ICAI and one of the speakers of the technical session**. Professionals must have adequate knowledge on Business Model while formulating the Financial Model, he said. Mindset of the Institute is to create an Accountant first, but this is not the last word. The Institute is extending its horizon and has already taken initiatives by launching various attractive and new age courses organized by various departments to make CMA professionals "Future Ready", he informed.

The event concluded with the Vote of Thanks by CMA Dr. D.P. Nandy, Sr. Director, ICAI.

The webinar was highly informative and enlightening and attracted a large number of participants including members and students of the Institute and other corporate representatives.

THE HINDU

ENTERPRISE CONNECT

Virtual Webinar organised by ICAI

The Members in Industry Committee and Board of Advanced Studies & Research of The Institute of Cost Accountants of India organised a National level Virtual Webinar on the theme "CMAs – The Future Ready Professionals: Industry Expectations". The welcome address of this online event was delivered by CMA Debasish Mitra, Chairman, Members in Industry Committee & BoASR, ICAI. The inaugural session was graced by eminent personalities including CMA H.K. Joshi, Chairperson and Managing Director, The Shipping Corporation of India Ltd. as the Chief Guest and Key Note Speaker, CMA Biswarup Basu, President, ICAI, CMA P. Raju Iyer, Vice President, ICAI and CMA H. Padmanabhan, Chairman – Committee for Accounting Technicians & AAT Board, ICAI. The panel discussion session conducted by six eminent experts was moderated by CMA (Dr.) Paritosh Basu, Sr. Professor & Chairperson of MBA (Law), NMIMS University School of Business Management, Mumbai. The online event attracted more than 2200 participants so far including members and students of the Institute and other corporate representatives.

*Published in **THE HINDU**, Dated: June 23, 2021*

BRIEF OF GST DAY OBSERVATION 2021

BY TAX RESEARCH DEPARTMENT

Tax Research Department organized a virtual program to observe 4th Anniversary of GST Implementation on 1st July 2021 throughout the day. Shri. Nitin Gadkari- Hon'ble Union Minister for Road Transport & Highways and Micro, Small and Medium Enterprises, Govt. of India , Dr. Subhas Sarkar , Member of Parliament and several eminent speakers , dignitaries graced the occasion.

Dr. Subhas Sarkar, Member of the Lok Sabha informed that the GST collection for the month of May recorded more than Rs. 1 lakh crores for 8 months in a row which indicated a lower than expected impact of lockdown in the 2nd wave of Covid-19 pandemic. He also briefed the 4 years journey of GST and benefits of GST.

Shri Nitin Gadkari appreciated this virtual program amidst this pandemic situation. He also acknowledged the effort of theTax Research Department for publishing 6 Indirect Tax Books as well as 91st Tax Bulletin on the red letter day of 1st July. All these books were released by the Minister on this occasion. He also recapitulated the 4 years of journey of GST and mentioned that *One Nation , One Tax , One Market is the main theme behind the implementation of GST*. He expressed that *with the help of GST in very near future Indian Economy will reach 5 Trillion economy. He stressed upon the facts like GST has removed the so long years cascading effect of tax mechanism*, *GST mechanism is being developed in such a digitized way so that there would be Maximum Governance and Minimum Government*, *Petroleum Products are still out of GST and in near future it might be included under GST after consultation with State Govt. Etc*.However there are lot of obstacles and he urged to all types of taxpayers to comply with due dates.He mentioned about the requirement of detailed performance audit rather than financial audit. Apart from above , he also informed that as of there are 22 Green Expressway like Chennai to Bangalore green highway, 38 Green Highways are in pipeline, introduction of Electric Public Transport for pollution control, India becoming an manufacturing hub of automobile industry etc. Mr. Gadkari has also encouraged to use alternative resources of Petrol and Disel and also encouraged for proper utilization of Manpower, for skill development, lowering of dependency on import and manufacturing itself, for conversion of knowledge into wealth, for enhancement of innovative skill to be self reliant Indian Economy. He acknowledged the contribution of the CMAs in Nation Building.

Hon'ble Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman, blessed the occasion of Observance of GST Day with her message where she acknowledged the Institute's contribution to the Country as whole and wished success of the Institute for all future endeavour.

There were total 4 sessions on 4 different topics such as**(i)** *Challenges during Pandemics – Trade, Industry & Govt***(ii)** *One-Nation, One-Tax"as against Problems faced by Trade &Industry and Resolutions by the GST Council***(iii)***Way Forward – GST towards AAtmnirbhar***(iv)** *Digital Audit and Assessment Procedure*.At the end , valedictory session was chaired by **Shri Devendra V Nagvenkar - Commissioner CGST & CX, Kolkata South Co1missionerate**.

Panel Discussion 1- Challenges during Pandemics – Trade, Industry & Govt

CMA B. B. Goyal – Moderator
Former Addl. Chief Adviser
Ministry of Finance, and
Head of Indian Cost Accounts Service

Mr. Goyal mentioned the following :

1. Most affected industry is healthcare. Other than that hospitality, travel and airlines are also badly affected.
2. Education system is hampered most affecting students worldwide.
3. Govt is taking remedial steps.
4. Trust in Govt should be maintained.

CMA V. S Datey –Speaker
Author – Indirect Taxation

1. He mentioned that the effect of Pandemic on GST is indirect.
2. He presented with a presentation highlighting achievements and failures of GSt.
3. He also highlighted the relief packages introduced by Govt.
4. He mentioned some litigation prone issues in his presentation

CMA Mrityunjay Acharjee –Speaker
Balmer Lawrie Ltd-Vice President (A&F - Taxation)

1. He mentioned that trade and industry stepped back in last one and half years.
2. He also mentioned about the infrastructural benefit to the trade and industry in respect of GST given by the Govt.
3. He pointed out that digitisation is the main challenge of industry, especially for small and medium sized trade association/ organisation.
4. He expresses his concern regarding the security of data being uploaded and suggested a data security audit as a solution.
5. He explained that data sanitization as the biggest challenge of the present era.

CMA Amit Sarker –Speaker
Partner - Deloitte Haskins & Sells LLP
Taxation

1. He mentioned about the transformation of tax administration & compliance.
2. He also mentioned about the digitisation of tax administration.
3. He discussed several requirements of digitised tax

administration system.

4. He suggested to bring clarity on certain issues of rate of taxes on infrastructural projects.

Panel Discussion 2-Journey of GST – "One-Nation, One-Tax" as against Problems faced by Trade &Industry and Resolutions by the GST Council

Dr. B. V. Murali Krishna – Chairperson
Additional Commissioner of Commercial Taxes

1. He shared some data relating to collection of GST in last 4 years.
2. He discussed about the importance of ITC and advanced ruling in GST.

CMA Rahul Renavikar– Moderator
Managing Director of Acuris Advisors Pvt. Ltd

1. He welcomed all the panelists of the session and smoothly moderated the session.

CMA Ashok Nawal –Speaker
Practicing Cost Accountant

1. He presented a ppt on Journey of GST.
2. He explained the difficulties of achieving the target of One Nation One Tax.
3. He discussed some case studies on various aspects of GST.
4. He spoke about some other important issues of GST.

CMA Debasis Ghosh –Speaker
Vice President-Group of Indirect Tax in the Peerless General Finance & Investment Co

Mr. Ghosh mentioned the following :

1. Transaction in GST comprising goods and services.
2. Also described concept of Composite supply
3. Related Person and Distinct Person are also other important concept.

CMA B.M Gupta –Speaker
Senior Vice President – Taxation Practices @ ArBhar Consulting Pvt Ltd

1. He showed a presentation on the technical challenges faced by the taxpayers.
2. He suggested some changes in the GST Portal to ease the challenges.

Panel Discussion 3- Way Forward – GST towards AAtmnirbhar

CMA A K Tiwari –Chairperson
Director (Finance) of GAIL (India) Limited

Mr. Tiwari mentioned the following :

1. GST has made business system user friendly and transparent.
2. It has boosted the export as well as manufacturing activities and reduced the compliance costs of many Industries.

CMA Waman Parkhi –Moderator
Partner, Indirect Tax-KPMG India

Mr. Parkhi mentioned the following :

1. CMAs should concentrate for Value Creation instead of checking arithmetical accuracy in Audit.
2. Instead of Audit, health check and due diligence in GST by a team of experts might be there to reduce litigation and cost in longer run.

CMA Sanjay Bhargave –Speaker
Practicing Cost Accountant

Mr. Bhargave mentioned the following :

1. Suggested Govt. to include Petroleum and Gas products in GST to reduce price of the petroleum by 4% to 5%
2. Industries as well as General Public will be benefited if Petroleum and Gas products would be included under GST

CMA Viswanath Bhat–Speaker
Practicing Cost Accountant

Mr. Bhat. mentioned the following :

1. GST was introduced to remove the cascading effect.
2. After introduction GST Govt. has eliminated so many import exemption to protect local manufacturers and there is also less compliance burden to industry.
3. Advance Ruling Mechanism is minimizing the litigation.

CMA Shiba Prasad Padhi –Speaker
Practicing Cost Accountant

Mr. Padhi mentioned the following :

1. GST is a catalyst to Aatmanirbhar Bharat.

2. Stakeholders participation is required to make Aatmanirbhar Bharat

3. GST Grievance Redressal system should be active.

Panel Discussion 4- Digital Audit and Assessment Procedure

MR. S.V KASI–Chairperson

Authority for Advance Rulings in State of Telangana

1. He pointed that the concept of Audit and Assessment is for ensuring the collection of intimated tax.
2. He also mentioned that the Audit should be conducted in scientific and objective manner so that tax administration becomes cost effective and ensures higher possible compliance.

CMA M.S Mani–Moderator

Partner in the Deloitte India Tax practice

CMA M S Mani spoke about

1. Digitization in taxation being an interactive interface between taxpayer and consultant.
2. The Govt has collected the highest amount of data through implementation of GST and everything can be traced out digitally.
3. Using this data Govt. can do data analysis and statistical survey for future betterment of Indian Indirect Tax Structure
4. CMAs can help in better utilisation of this data and maintenance of data secrecy from misuse

CMA Shailendra Saxena–Speaker

Practicing Chartered Accountant

CMA Shailendra Saxsena spoke about

1. The inter relationship between sec 35 and sec 57
2. Digitisation would be a fruitful exercise since both the department officials and the professionals dealing in GST are qualified hence exchange of knowledge being easy it would be a win win situation.

CMA Anil Sharma–Speaker

Practicing Cost Accountant

CMA Anil Sharma Spoke about

1. Digitization needs properly skilled through management of people and proper knowledge support
2. Huge Large amount of Investment, high speed internet connectivity everywhere, technologically and professionally literate professionals etc are required for implementation of a digitised environment.
3. Complete digitalization for Audit and Assessments under law as systems requires more refinement. At present resolution of any litigation on a digital platform would not be fruitful.

CMA Navneet Jain–Speaker

Practicing Cost Accountant

CMA Navneet Jain spoke about

1. Digital audit is beneficial as all the data are available on the digital platform of GST.
2. By doing away GST audit 30,000 crore rupees annually for industries
3. GST consultation by professionals would be more beneficial since they will look into all aspects of the organisation rather than merely looking into from an audit perspective.
4. Even receiving of ITC has also become easier

VALEDICTORY SESSION

CMA Devendra V. Nagvenkar–Chairperson

Commissioner CGST & CX, Kolkata South Commissionerate

CMA Devender Nagvenkar spoke about

1. Though the main focus of the Government is securing the but it is not blind folded towards the concerns of the assessees rather the Government is concerned.
2. Amendments made the Govt on GST laws are based on three pillars - (i) Beneficial (ii) Revenue Safeguarding & (iii) Court Judgements
3. He has urged Professionals like CMAs to come up with their views and hindrances they are facing while working, which would help the Govt to understand the scenario better and also cater to the needs of the assesses hence help in nation building
4. The GST audit is expected to be fully digitized and be rolled out afresh

CMA Suraj Prakash –Speaker

Former Director (Finance) of BEML Limited

CMA Suraj Prakash spoke about

1. He spoke about the different advantages that the implementation of GST has bought to our country across all sectors and industries.

At the end , CMA Chittaranjan Chattopadhyay summed up this session with Vote of Thanks. We look forward for another successful year of GST

For the full program please go to the below youtube link :
https://www.youtube.com/watch?v=HDzlNfAkzAo

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OBSERVANCE OF JULY 2021 AS BANKING MONTH

The COVID-19 pandemic still continues to keep the world on the edge. COVID-19 has led to significant structural and behavioural changes in the form of social distancing, drive for economic rejuvenation, and increasing regulatory and government interventions. These changes, such as disruptions to physical operations, impact on asset quality and liquidity, and demand pressure on digital channels, have posed challenges to financial institutions especially the Banking Sector across key functions.

In view of the significance of the Banking sector in the Indian economy and to spread the awareness of various schemes in Banking especially during this pandemic it is felt that the Institute should **observe July 2021 as the Banking month.**

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

The webints would be graced by many chieftains of the Banking fraternity with eminent CMAs in the helm of affairs.

CMA Biswarup Basu
President

CMA P. Raju Iyer
Vice President

CMA Chittaranjan Chattopadhyay
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Lists of Tentative WEBINTS (Streaming Link will be made available on the Institute's website)

- 52nd year of Nationalization - Role of PSBs and RRBs- Impact on various sectors of Economy and the Society
- RBIA in UCBs- How the Cooperative Banks are gearing up
- Combining RegTech and Fintech Systems
- Shifting from LIBOR to SIBOR and many more…

Behind every successful business decision, there is always a CMA

GST PROCEDURE SIMPLIFICATION: ANALYSING TAX PAYER'S RELIEF

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Abstract

This article deliberates how time and again government had come up with various simplifications in the procedure for ease of business of the stakeholders involved, at large. Although the article notes that various positive outcomes have come, still the author suggests that there is a scope of further simplifications in various other areas as well which are required at this juncture. An attempt has been made in this research paper to highlight both simplification made and simplification required to be made for the relief of taxpayers.

Introduction

Come 1st July 2021and it will be an another landmark day for the Government as it will touch the milestone of 4 years of GST implementation which has been undoubtedly one of India's biggest tax reform post its introduction on 1stJuly 2017. While it has been a roller coaster ride for the government, varied industries as well as consumers due to the plethora of changes and reforms introduced in these past four years, it is pertinent to mention that these would not have been easier without the support of several simplifying procedures placed at regular intervals by the Government.

Let us now look at the procedures which were simplified in the recent times along with the analysis of the same:

- **Expedited and automated processing of GST refunds to exporter of goods and services–** In spite of the liquidity crunches faced by the Revenue in unprecedented times due to COVID outbreak, the Special Refund and Drawback Disposal Drive from 15.05.2021 to 31.05.2021 was launched by Central Board of Indirect Taxes and Customs vide Instruction No. 10/2021 - Customs dated 13.05.2021 to provide immediate relief to the business entities amidst difficult times. As a result, this was implemented by issuing of Public Notice No. 36/2021 dated 15.05.2021 by the Office of the Principal Commissioner of Customs (Port) wherein various types of issues were covered which an assessee may opt for considering the relevant bracket under which it falls. It is needless to say that a special cell was constituted to prioritize the disposal of Drawback and IGST refunds.
- **Option of Issuing a single debit/ credit note for multiple invoices–** Under the relaxation given through the amendment in Section 34 of the GST Act, a taxpayer can issue a consolidated credit or debit note against one or more tax invoices raised in a financial year. Although this amendment was effective from 01.02.2019, but technically the said feature was implemented on GSTN portal in the month of September 2020. This facility has reduced the disclosure burden on the taxpayers to a great extent while filing GSTR-1 returns and also mitigated the practical difficulties involved in issuing of a credit or debit note against multiple invoices as tagging of single credit or debit note to multiple invoices was not possible.
- **Withdrawal of Refund application–** With the introduction of sub-rule (5) and (6) in Rule 90 of GST Rules, the assessees are now allowed to withdraw their refund application at any time before the issuance of provisional sanction order, refund sanction order, payment order, refund withhold order or even before issuance of any notice. Such facility will allow assessees to withdraw their application if filed erroneously and

will also auto credit the amount debited earlier while applying for withdrawal without any hiccups.

- **PMT-09**– With effect from April 2020, the Government has notified Form GST PMT-09 which allows inter-head transfer (IGST, CGST and SGST) of cash ledger balances for tax, penalty and fees for offsetting liability. This facility has helped in effective management of funds lying in the electronic cash ledger leading to optimum usage of working capital in the hands of taxpayers.
- **Return through EVC (Notification No. 07/2021 – Central Tax dated 28.04.2021)** – During the nationwide lockdown in the year 2020 and also during the lockdown imposed by respective State Governments on account of second wave of COVID-19 pandemic, the Government was quick in announcing that the registered persons under Companies Act, 2013 can file their Form GSTR-1 and GSTR-3B using EVC method (i.e. Electronic Verification Code) on GST portal instead of using digital signature for a considerable time period. This led to hassle free compliances by the taxpayers who were working from home to file their returns on time.
- **GST Return Filing** – As per the recommendations made in the 43rd GST Council meeting held on 28.05.2021, it was being proposed to make relevant changes in the provisions of the Act in order to make GSTR-1 and GSTR-3B as the default return filing system in GST. This will maintain uniformity in return filing for future periods as well since the new format of return would have only led to unnecessary complications in the hands of return filers.
- **Simplification of Annual Return** – The annual return i.e. GSTR-9 and audit report i.e. GSTR-9C have been relaxed to simplify the filing process. One of the major mandatory requirement which have been done away with is that there is no requirement for expense-wise reporting of ITC or reconciliation of outward and inward supplies with the books of accounts. Further, there have also been a recommendation in the recently held 43rd GST Council meeting, for taxpayers to self-certify form GSTR-9C, the reconciliation statement.

On one hand frequent amendments in the GST provisions do indicate shortcomings on the part of tax administration in framing laws, on the other hand, it also does highlight their dynamism and determination to curb tax evasion

- **Improved system of E-Way bill** – Earlier Rule 138E of the CGST Rules restricted generation of e-way bill by a non-compliant taxpayer with respect to both outward as well as inward supplies if there was a default in non-compliance of filing GST returns for two consecutive tax periods. But, the recent amendment to Rule 138E of the CGST Rules vide Notification No. 15/2021 – Central Tax dated 18.05.2021 now allows a compliant taxpayer to generate e-way bills for inward supply made from a registered person even if the supplier has not furnished his GSTR-3B or GSTR-1/IFF for two consecutive tax periods.

The above procedural changes by the Government have been a welcome move which were appreciated by the industries at large.

As simplification of GST is an ongoing process, we expect more such simplification procedures in the near future as well keeping in mind other major challenges which are being faced by the industries such as:

- **Blocking of Input Tax Credit due to non-reconciliation**– Rule 86A was introduced vide notification No. 75/2019 – Central Tax dated 26.12.2019, giving Department a legal right to block the input tax credit without any intimation to the taxpayer if the same is ineligible or has been fraudulently availed by the taxpayer. The introduction of this rule have created hardships to the genuine taxpayers as they have to be extra cautious in selection of their suppliers. The said Rule should be simplified as it gives Revenue the power to impose restriction without issuing a show cause notice under Section 74 of the CGST Act or even without giving the taxpayer an opportunity of being heard under Section 75 of the CGST Act.
- **Non-formation of Appellate Tribunal leading to disputes remaining unsettled**– As per Section 112(1) of the GST Act, any person aggrieved by an order passed against him under section 107 or section 108 of this Act, may appeal to the Appellate Tribunal against such order within three months from the date on which the order sought to be appealed against is communicated to the person preferring the appeal. Although recently on 08.03.2021, the Allahabad High Court has directed the Central Government to specify by notification under section 109(6) of the CGST Act, the functioning of GST Appellate Tribunal latest by 1st April 2021,there are no such signs of formation of the said forum. As a result, the assessees who have received an unfavorable order under section 107 or section 108 are handicapped as they cannot even file an appeal to the GST Appellate Tribunal in spite of the recourse being made available to them.
- **Restriction on refund of Compensation Cess on "Exports made with payment of IGST"** – In the GST regime, coal is subject to compensation cess as per The GST (Compensation to States) Act, 2017. Although the provisions of the Act allow a registered person to claim refund of any unutilized

Input Tax Credit of compensation cess on exports made by it, Circular No. 79/53/2018 - GST dated 31.12.2018 clarified that the eligible refund of Compensation Cess would not be applicable in respect of consignments exported on payment of IGST. The same appears to be ultra-vires the CGST Act, IGST Act and the Cess Act as no such restriction is evident under the said Acts.Moreover, if we go by the recent decision of the Hon'ble High Court of Madras dated 26.03.2021 involving similar kind of dispute in the case of M/s Chaizup Beverages LLP v/s Assistant Commissioner, Coimbatore (2021-TIOL-953-HC-Mad-GST dated 26.03.2021), it was held that a circular cannot stand in the way of a benefit offered under a statutory scheme and accordingly refund was sanctioned by the Hon'ble Court. In spite of the same, the matter will remain litigated until and unless the above circular is withdrawn.

- **No procedure prescribed for reporting negative supply –** While filing the monthly return in Form GSTR-3B, the major problem arising for taxpayers is that when the total sales return in a particular month is more than the total sales, it is not possible to report negative figure in the return as the system does not allow the same resulting in excess tax payment in the hands of taxpayers. This also resulted in mismatch between the net sales reflected in GSTR-1 and GSTR-3B.To overcome this issue and also to bring uniformity in filing of GST returns, the GST portal has started generating auto-populated data in GSTR-3B return on the basis of sales recorded in GSTR-1 but still there are no signs of capturing of negative value in Table 3.1(a) of GSTR-3B Outward Supplies leading to blockage of working capital in the hands of taxpayers.

Conclusion

On one hand frequent amendments in the GST provisions do indicate shortcomings on the part of tax administration in framing laws, on the other hand, it also does highlight their dynamism and determination to curb tax evasion and help the industry in the ease of doing business in the long run. It shall certainly take considerable period of time till the law attains stability. MA

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MAINTENANCE OF ACCOUNTS AND CONSEQUENCES OF NOT MAINTAINING ACCOUNTS UNDER GST LAW

Abstract

The Goods and Service Tax Act, 2017 ("The Act") has mandated to keep accounts and records by every registered person. The compliance verification like scrutiny of returns, audit or documentary checks is done by the tax authorities on the basis of accounting records. The Act is prescribed a list of accounts, records and other relevant documents which are to be maintained by the business entities. The Act is also emphasised the period for preserve and retain the accounting records. The article has elaborated the relevant provisions for maintaining accounts and on the other hand, the consequences are also discussed when the accounts are not maintained as per the provisions of GST Laws.

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INTRODUCTION

Accounting is one of the important functions of any management. The main functions of Accounting are to record, store and analyse financial information. The business firms having proper accounting records can easily access to and assess by the various stakeholders including Tax authorities. Basically, the books of accounts comprises of journals, vouchers and ledgers. In case of indirect taxes like GST, the accounting records play an immense role for the business entities to assess various parameters including computation of tax liability, utilisation of tax credit and tax planning as well. In spite of various benefits by keeping proper books of accounts, the GST Law mandated to maintain and retain such records and documents.

IMPORTANCE OF BOOKS OF ACCOUNTS

The books of accounts are the place in which all of the financial transactions of an organisation are recorded. They enable business owners to understand what money is coming in and out of the business. They are also important for preparing financial reports, budgets and cash flow forecasts. There are two types of book-keeping such as (i) Manual books of accounts and (ii) Computerized books of accounts. In the manual accounting system, physical books, journals and ledgers are maintained and the financial transactions are recorded by hand. On the other hand, computerised books of accounts are system generated accounts. In this system, business transactions are recorded with the help of Accounting Software programs.

Compliance is another important reason for an organisation to have books of accounts.The various statues like the Companies Act, 2013, the Income Tax Act, 1961, the Limited Liability Act,2008, the Goods and Services Tax Act, 2017, etc. mandated to maintain books of accounts in the prescribed manner by the business entities.

ACCOUNTS, RECORDS & DOCUMENTS UNDER GST ACT

Chapter-VIII of the CGST Act, 2017 read with Chapter-VII of the CGST Rules, 2017 deals with the maintenance of

In spite of various benefits by keeping proper books of accounts, the GST Law mandated to maintain and retain such records and documents

Accounts and Records. The following sections and rules are prescribed under the GST Laws in regard to Accounts and Records to be maintained by registered persons.

Sec.35 of CGST Act, 2017	Accounts and Other records
Sec.36 of CGST Act, 2017	Period of retention of Accounts
Rule 56 of CGST Rules, 2017	Maintenance of Accounts by Registered Persons
Rule 57 of CGST Rules, 2017	Generation and Maintenance of Electronic Records
Rule 58 of CGST Rules, 2017	Records to be maintained by Owner or Operator of Godown or Warehouse and Transporters

These provisions are discussed in detailed as below.

- Every registered person is required to keep and maintain Books of Accounts at his principal place of business as mentioned in the Registration Certificate.Where more than one place of business is specified in the Registration Certificate, the Books of Accounts relating to each place of business shall be kept at such business places.These books of accounts should be maintained by Registered person who may include Manufacturer, Trader, Service Provider, Works Contractor, Principal of Job worker, Transporter, Owner or Operator of Warehouse, Godown or Storage place.Such Registered Person is required to maintain a 'true and correct' accounts and records.**'True and Correct'** means that the registered person is not only aware of the accounts and records under GST Law, but also maintains the same with 'complete accuracy'.
- Section 35 of the CGST Act, 2017 along with Rule 56 of CGST Rules, 2017 prescribes Accounts, Records and Documents.

(a) Accounts & Records (Sec.35)

(i) Production or manufacture of goods(Production Register)

(ii) Inward Supply of goods or services or both(Purchase Register)

(iii) Outward Supply of goods or servicesor both (Sales Register)

(iv) Supplies under Reverse Charge

(iv) Input Tax Credit availed (Electronic credit ledger)

(v) Output Tax Payable and Paid(Electronic cash ledger, Tax payment Challans)

(vi) Stock of Raw materials, Finished goods and Scrapincluding goods destroyed, disposed of by way of gift and free samples (Stock Register)

(vii) Import of goods or services or both

(viii) Export of goods or services or both

(ix) Advance paid and received Register

(x) The Commissioner vide Sections 35(3) and35(4) has the authority to recommend to a class of registered persons to maintain additional records or to relax the requirement of maintaining records who are facing difficulty in maintaining such records.

(b) Documents (Rule 56)

(i) Tax Invoices of Outward supply and Inward supply

(ii) Bills of Supply of Outward supply and Inward supply

(iii) Credit Notes

(iv) Debit Notes

(v) Receipt Vouchers

(vi) Payment Vouchers

(vii) Refund Vouchers

(viii) Delivery Challans issued and received

(ix) E-way Bills

(x) Self-generated Invoices of Inward supply

ADDITIONAL RECORDS FOR SPECIFIC CLASSES OF PERSONS

(a) Works Contractor

The following additional records are to be maintained by a works contractor.

(i) Name and address of the persons on whose behalf the works contract is executed

(ii) Description, Value and Quantity of goods and services received

(iii) Description, Value and Quantity of goods and services utilised

(iv) Payment details of each works contract

(v) Name and Address of Suppliers

(b) Transporter

Every Transporter whether registered or not under GST Act needs to maintain the following documents:

(i) GSTIN of Registered Consignor and Consignee

(ii) Goods Transported and Delivered

(iii) Goods stored in Transit

(c) Owner or Operator of Warehouse

The owner or operator of Warehouse, Godown or Storage place shall maintain the following records.

(i) Particulars of receipt and disposal of the goods

(ii) Facility to identify the goods owner-wise and item-wise

Note: If the Transporter or Owner or Operator of Warehouse is not registered under GST Act, he shall get Unique Common Enrolment Number by submitting FORM GST ENR-01.

(d) Principal of Jobwork

In the case of a job work, the principal shall maintain the following additional documents.

(i) Particulars of the goods dispatched to the Job worker

(ii) Particulars of the goods received from the Job worker

(iii) Quantity of Wastage or Scrap lying with the Job worker

MANUAL BOOKS OR ELECTRONIC BOOKS (Rule 57)

The registered person can maintain the accounts and records in either manual form or electronic form. Each volume of the accounts is required to be serially numbered. The accounting records should not be altered, erased or overwritten. In case of Electronic records, such records should be authenticated by a digital signature of the authorised signatory. If incorrect entries are made in the accounting books, they shall be scored out under attestation. Thereafter, the correct entry shall be recorded. In case of Electronic records, a log of edited or deleted entry shall be maintained. The proper electronic back-up of records shall also be maintained.

EXCEPTIONS FROM MAINTENANCE OF RECORDS AT ADDITIONAL PLACE OF BUSINESS

The exceptions have been provided from maintenance of records at each additional place of business vide the following circulars.

(i) Circular No. 23/23/2017-GST dated 21.12.2017 provides that Principal of Auctioneer of Tea, Coffee, Rubber, etc. can maintain books of accounts relating to warehouse declared as additional place of business can be maintained at their principal place of business.

(ii) Circular No. 61/35/2018-GST dated 4.9.2018 provides that in the case of Books of accounts in relation to goods stored at the Transporter's godown, the recipient can be maintained at his principal place of business instead of at the Transporter's godown.

RETENTION PERIOD OF ACCOUNTS (Sec.36)

According to the Section 36 of CGST Act, 2017, Every registered person is required to retain the accounts and records for a period of 72 months, i.e., for 6 years. This period shall be reckoned from the due date of filing of the Annual return, therefore the period of retention shall be 81 months from the end of the financial year.

In respect of persons involved in Appeals, Revision or any Proceedings before any Appellate Authority or Revisionary Authority or Appellate Tribunal or Court for an offence under Chapter-XIX of the CGST Act, 2017, the accounts and records shall be retained upto 72 months from the due date of furnishing of the Annual Return or upto One year from the final disposal of appeal, revision, proceedings or investigation whichever is later.

CONSEQUENCES OF NOT MAINTAINING TRUE AND CORRECT ACCOUNTS

- On failure to account for the goods and services, Tax authority can determine the Tax payable on the same under section 73 or 74 of the CGST Act, 2017.
- In case of taxable goods found without valid documents at any place of business of the registered person, then the Tax authority can determine tax liability on the said goods.
- Tax authority can seal any premises or open any premises, electronic devices, etc., where the accounts are suspected to be concealed.
- A Penalty of higher of Tax evaded or Rs.20,000/- will be levied in the following offences:

  (i) Falsification of Accounts and Records intending to evade tax

  (ii) Failure to maintain or retain records and other documents

  (iii) Non-submission of Accounts and Records called for under any proceedings

  (iv) Tampering or Destroying Accounting records which are material evidence
- Imprisonment from 6 months to 5 years with fine for the following offences in case where the amount involved exceeds one crore rupees

  (i) Falsification of Accounts and Records intending to evade tax

  (ii) Tampering or Destroying Accounting records which are material evidence

  (iii) Non-submission or False submission of Accounts and Records

CONCLUSION

In the recent days, accounting functions are being systemized with the help of Accounting Softwares, ERP Softwares, Cloud computing softwares and so on. Further GST Law authorized the business people to maintain Accounting records either in manual form or in electronic form. The registered persons are allowed to file their GST returns in self-assessed method and therefore returned financial data should match with their accounting records. On the other hand, the Tax authorities may call for accounts for the purpose of scrutiny, audit or investigation. It may conclude that it is obligatory to maintain necessary accounts and records in true and correct manner by every registered person under GST Law because ignorance of this matter cannot be excused. MA

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PERCEPTION OF COMMERCE POST GRADUATES OF KERALA STATE ABOUT AMENDMENTS IN CGST ACT 2017 AS PER FINANCE ACT 2021

Abstract

Indian Economy has witnessed a major change since the implementation of a dual GST mechanism in India.CGST Audit and changes in the definition of supply are some of the major amendments in the Finance Act 2021.Perception of Public about CGST, especially the perception of Commerce People, is very significant even during this Covid19 pandemic. Therefore, this Research paper analyses the PERCEPTION OF COMMERCE POST GRADUATES OF KERALA STATE ABOUT AMENDMENTS IN CGST ACT 2017 AS PER FINANCE ACT 2021.

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Introduction

GST is one of the important indirect tax in India which is based on Supply between the supplier of goods or services and recipient of goods or services. The whole process of GST is carried through an electronic platform of GSTN. Registration, Submission of Return and all other transactions are carried out through that e portal. Every person whose turnover exceeds 20 lakhs in the preceding financial year has the liability to get registered and after that, submission of Monthly, Quarterly and Annual Returns is compulsory even though no transactions is to be reported. Nil Return has to be submitted.After the completion of successful Registration a 15 digit Number will be given to the registered dealer. Govt. of India has implemented dual GST mechanism in India w.e.f 01/07/2017. There is an Apex institution in the field of indirect taxes .The Apex institution is known as Central Board of indirect taxes and customs.Both Government of India and state Governments issued so many circulars and notifications to clarify the concept and application of GST in India. Many new concepts like E-Invoice and E Way bill are introduced. Every year through the Finance Act, Govt. of India tries to further ease the entire GST mechanism.

Objectives

1. To understand the Perception of Commerce post graduates of Kerala state about amendments in CGST Act 2017 as per Finance Act2021.
2. To understand about the changes in the CGST ACT 2017 as per Finance Act 2021

Review of Literature

A Hilary Joseph,DKanakavalli[1] 2017 identifies the socio economic background of consumers and also study about their awareness level regarding GST and major rates.In this study authors give more importance to consumer awareness and they made suggestions regarding it. This can be done through awareness programmes which have been meant for college students, employees and senior citizens or by using mass media.

Abraham Ann & Mathew Tony [2]2018 has explored the awareness and satisfaction of consumers in Kerala regarding GST. The study has revealed that consumers had moderate awareness related to GST and awareness on socio demographic variables different. Female consumers were more satisfied than male.

Gowtham Ramkumar[3] 2018 has conducted a study on GST mechanism implemented and also analyse about the opinion of consumer. He also analysed the prevailing rates which may affect their disposable income and spending nature. By this study, it is able to know the different between GSTthat has implemented in India and abroad. The study also conclude that people had a believe that the four tier system of tax rate has reduce GST.

PrabhaL,Bhuvaneswari K, Nandida[4] 2018 made a study on GST and its effect on consumers buying behaviours and also focus on the problems faced by consumers by the introduction of GST while analysing the awareness level towards GST. The authors think that the GST rate has to be revised in future as the needs of consumers may change. They also think that GST is not available to illiterate.

VinayakRevjiGandal[5] 2018 has focused on traders awareness on GST in Khalapur, Taluka of Raigad district Maharashtra in this study, it is able to know that traders were aware of GST and its provision. It also suggested that government has to introduce orientation programmes regarding GST in rural areas

Sample size of the Study

Both primary data and secondary data have been used to study about different aspects of the problem. In order to materialize the first objective of the study, a primary survey was executed through Google form in line with demographic variables of the respondents in different parts of Kerala with a total sample size of 60 who are M.com Degree holders and for this a structured questionnaire was framed covering a variety of inter related aspects, such as respondent's gender, age, experience and Employment status etc.

In order to materialize the secondary objective, secondary data has been collected. Finance Act 2021 published in the e gazette of Government of India is the source of secondary data.

Methodology of the Study

Data obtained through Google form were analyzed using suitable statistical tools and testing of hypothesis (Chi-Square Test). The data measured through nominal scale is analyzed using Chi-Square test.

DATA ANALYSIS

Key amendments in CGST Act as per Finance Act 2021

Following paragraphs show the important amendments in the CGST Act 2017 as per the Finance Act 2021.

A. Scope of Supply(Sec 7)

The following insertion has been made w.e.f 01/07/2017

The activities or transactions between persons other than an individual for consideration deemed to take place from one such person to another and they can be considered as supply

B. Sec 16, Eligibility and conditions taking input tax credit.

Following additional condition has been inserted to get input tax credit

The supplier has to furnish the details of the invoice or debit note in the statement of outward supplies and its details have been communicated by the supplier to the recipient of such invoice or debit note as per section 37 of the CGST Act 2017

C. GST Audit by CA/CMA

Compulsory GST audit by CA/CMA and a reconciliation statement by the specified professional as per sec 35(5) of the CGST Act 2017 have been omitted.

D.Annual Return as per Sec 44

Sec 44 of the Act has been substituted .As per the new section mandatory requirement of furnishing reconciliation statement has been removed. Besides, the as per new section commissioner of state tax or commissioner of union territory can extend the time limit of furnishing return in the case of certain registered persons

E.Interest on delayed payment of tax as per Sec 50.

F.Sec 73 and Sec 74

As per proceedings under sec 73 and Sec74 have been concluded then penalty under only sec 122 and sec 122 have been deemed to be concluded w.e.f 01/04/2021.

G.Sec 75

Inserted an Explanation to Sec 75 to clarify self-assessed tax

H. Sec 83

As per Amended section Sec 83, the commissioner may provisionally attach any property including bank account of any person specified under subsection (1A) of section 122, in such manner as may be prescribed.

I.Sec 129.Detention seizure and release of goods and conveyances in transit.

Amendment in Sec 129 is as follows-

Goods and Conveyance shall be released (where the owner of the goods comes forward for payment of such tax and penalty) on payment of the tax and penalty which is equal to one hundred percent.of the tax payable on such goods and in case of exempted goods, on payment of an amount equal to two per cent of value of goods or twenty-five thousand rupees, whichever is less

Goods and Conveyance shall be released (where the owner of the goods does not come forward for payment of such tax and penalty) on payment of the applicable tax and penalty equal to the fifty percent of the value of the goods reduced by the tax amount paid thereon and, in case of exempted goods, on payment of an amount equal to five percent of the value of goods or twenty-five thousand rupees, whichever is less.

J.Sec 130

Amendment in sec 130 is as follows

In the case of confiscation of any goods or conveyance, the officer adjudging it shall give to the owner of the goods an option to pay in lieu of confiscation, such fine as the said officer thinks fit and Provided further that the aggregate of such fine and penalty leviable shall not be less than the penalty equal to hundred per cent of the tax payable on such goods

K.Sec 152

As per the Amended section ,Information available as per section 150 or Section 151 of the CGST Act should not be used without giving an opportunity of being heard to the person concerned .Besides Subsection 2 of Section 152 have been omitted.

L.Sec 168

M.Schedule II

Clause Number 7 of Schedule 7 have been omitted wef 01/04/2021

Testing of Hypothesis

Table No. 1

Changes in the Sec 73 and Sec 74 to the business community

	Male	Female	Total
1.Relavant	25 (93)	32(97)	57(95)
2.Not Relevant	02(07)	01 (03)	03(05)
Total	**27 (100)**	**33 (100)**	**60 (100)**

Source: Primary Data. The bracket represents parenthesis

Chi-Square Test can be used to analyze the above data.

Ho: The two attributes namely opinion towards relevancy of Changes in the Sec 73 and Sec 74 to the business community and sex are independent.

The Chi-square statistic is 0.599 The p value is 0.43897. Not significant at p <0.05

Calculated value is less than table value. Therefore, the two attributes are independent.

Table No. 2

GST Audit Non –Compliance to the MSMEs

	Age below 25	Age above 30	Total
1Favourable	24(80)	25(83)	49(82)
2.Not Favourable	06(20)	05(7)	11(18)
Total	**30 (100)**	**30 (100)**	**60 (100)**

Source: Primary Data. The bracket represents parenthesis

Chi-Square Test can be used to analyze the above data.

Ho: The two attributes namely Attitude towards GST Audit Non –Compliance to the MSMEs and experience are independent.

The Chi-square statistic is 0.1113The$p$ value is 0.738649. Not significant at p <0.05

Calculated value is less than table value. Therefore, the two attributes are Independent.

Table No. 3

Changes in the concept of Input Tax Credit

	Not Employeed	Employeed	Total
1. 1. Favourable	30(55)	4 (80)	34 (57)
2. Not Favourable	25(45)	01 (20)	26 (43)
Total	**55 (100)**	**05(100)**	**60(100)**

Source: Primary Data.The bracket represents parenthesis

Chi-Square Test can be used to analyze the above data.

Ho: The two attributes namely Relevancy of Changes in the concept of Input Tax Credit and Employment status are independent

The Chi-square statistic is 1.2094. The p value is 0.271455. Not significant at p <0.05

Calculated value is less than table value. Therefore, the two attributes are independent.

Table No.4
Changes in the Definition of Supply

	Male	Female	Total
1. Favourable	25 (93)	32 (97)	57(95)
2.Not Favourable	02 (07)	01 (03)	03 (05)
Total	**27 (100)**	**33 (100)**	**60 (100)**

Source: Primary Data. The bracket represents parenthesis

Chi-Square Test can be used to analyze the above data

Ho: The two attributes namely Attitude towards Changes in the Definition of Supply and sex are independent.

The Chi-square statistic is 0.599. The p value is 0.43897. Not significant at p <0.05

Therefore, positive awareness about the Tax Laws is the need of the hour. Attitude change is needed to save our country and economy

Calculated value is less than table value. Therefore, the two attributes are independent

Findings

1. There is no significant relationship between opinion towards Changes in the Sec 73 and Sec74 to the business community and sex.
2. There is no positive relationship between opinion towards GST Audit Non –Compliance to the MSMEs and Experience.
3. There is no positive relationship between attitude towards Changes in the concept of Input Tax Credit and Employment status.
4. There is no positive relationship between attitude towards Changes in the Definition of Supply and sex.

Conclusion

Even though public are worried about price changes to the goods and services due to GST and other taxes ,they are reluctant to understand the tax laws and the amendments in the Direct and Indirect Tax as per the Finance Acts. Qualified and Experienced ones do not try to understand the tax system. Instant messaging of the relevant laws is the main source of information among them. Therefore, positive awareness about the Tax Laws is the need of the hour. Attitude change is needed to save our country and economy. MA

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PETROLEUM PRODUCTS UNDER GST: A TRADE-OFF BETWEEN GOVERNMENT REVENUE AND CONSUMER'S WELFARE

Abstract

The Goods & Service Tax (GST) which was introduced in 2017, aimed at creating a single unified market for all products throughout the country. Though it included majority of the products, few products were kept out of its ambit and Petroleum products were one amongst of these exemptions. The reason to exclude petroleum products was simple- Lucrative Tax revenues enjoyed by both the Centre & the states, which would shrink considerably under GST regime. However, in recent times, when the prices of petrol & diesel have skyrocketed, the discussion around bringing these products into GST have again gained momentum. There is a dilemma, on one hand, experts consider that getting petroleum products under GST would reduce the prices and provide support to the consumers, others suppose such move could further dampen the government finances already affected by Covid-19 pandemic.

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1. Exordium

In GST implementation, a foremost obstruction which was faced by the union government was inclusion of petrol & diesel in GST.There were a lot of recommendations and discussions made for it, if implemented would not generate as much revenue for both central & state governments as otherwise. Also, VAT & excise duties provided more elasticity to the governments to manage the prices of fuel in their state as taxes could be increased and decreased. Otherwise, both the Centre & the states would have to jointly agree on a GST rate every time they wanted to change the tax levels on fuel, thereby reducing fiscal autonomy for the states. Interestingly, it was a well-known fact that these fuels, if they come under GST, would offer extremely attractive prices for consumers as it would reduce cascading effect i.e. tax on tax effect & thereby offer more transparency on the price front. However, since no consensus could be reached on a GST rate in 2017, it was decided to let the GST council decide a future date when petrol &diesel could be integrated into

GST. As of today, it's been close to 4 years already and the status quo is unlikely to undergo any change soon (DNA Web Team, 2021). However, the sheer idea of including petrol & diesel under GST is so exciting that this topic keeps getting periodic traction from media houses, economists, experts & netizens, especially when the prices of these fuels surge drastically.

2. Petrol & Diesel in Covid-19 era

All Through the first wave of Covid-19 pandemic, there was a nation-wide rigorous lockdown which harshly restricted movement of people and goods. Since businesses were closed and there was limited mobility on account of lockdown, the demand for fuel had decreased, whereas the supply was constant thereby reducing the global prices as low as $20 per barrel.(Reuters, 2020) However, when we slowly started to open the economy, there was a rise in demand for fuel. However, the Oil producing nations (OPEC) did not augment their production capacities to increase the corresponding supply thereby increasing the prices (Reed, 2020). In the meanwhile, between March 2020 to May 2020, government had increased excise duties by Rs13 & Rs16 on petrol & diesel respectively, which kept on increasing and now stands at Rs31.8 for diesel & Rs32.9 for petrol. (PTI, 2021)). Moreover, various state governments had increased VAT on petroleum products which made petrol & diesel even costlier for the users, so much that the price of petrol had crossed Rs100 per litre in various parts of the country. (PTI, After Rajasthan, petrol crosses Rs 100-mark in Madhya Pradesh, 2021). Amassive rise in prices of petroleum products, rendered people think of the reality of bringing petrol & diesel under GST a better option. (Inamdar, 2021)

3. Just imagine Petrol & Diesel are brought under GST-then

The actual consequences of getting petrol & diesel under GST is considered extensively in an SBI research report which was published on 4th March 2021. The paper extensively discussed the impact of GST on petrol & diesel prices and government finances. The report (SBI, 2021) derives the prices of petrol

Interestingly, it was a well-known fact that these fuels, if they come under GST, would offer extremely attractive prices for consumers as it would reduce cascading effect

& diesel over a range of international crude oil prices and assumes the exchange rate to be Rs73 per US dollar. The GST rate used in this analysis is 28%. The prices as per the research report are as below:

Table 1**Prices after GST at 28%**

Crude Oil Price/ Barrel (in USD)	Petrol Price/ litre(in Rs)	Diesel Price/ litre(in Rs)
75	84	77
70	81	74
65	78	71
60	75	68
50	69	62
40	63	56
30	57	50

Source (SBI, 2021)

The report concludes the average rate to be around US $60 per barrel and thereby the price of Rs75 & Rs68 has been reached at. At these price levels, the report pegs the loss of revenue to Centre at Rs1 lakh crore & Rs 30,000 crores to the state governments. The overall loss to the Centre & states will come down to Rs1 lakh crore if we consider the price elasticity effects of 0.3, on the revenues (SBI, 2021). Hence, if the government is looking to avoid revenue loss, petroleum products might have to be taxed at more than 100% (Kaul, 2021) which might be impractical and from a legislative standpoint the GST Act caps the max rate to 40%.

4. How do Fuel prices impact households & their disposable income?

In manifoldways fuel prices affect we Indians. The direct impact is sensed by the private vehicle owners. We communicated to a small number of people who use personal vehicles. Every Single one of them approved that the recent price hikes has affected their family budget and they are rationalizing their fuel consumption to spend less on fuel. The high fuel prices also affect the sales in automobile sector which impact employment levels in India (Das, 2021). The fuel price multiplier effect across the different sectors of the economy to be kept in consideration. To mention few, transport sector and prices of goods across different sectors witness a surge due to rise in transportation cost. Ultimately it blows the common man. This harsh blow is realized, the RBI has demanded the government to slash fuel prices to ease inflation anxieties. (Dhasmana, 2021)

In such state, if one considers a macro view of the economy and thinks beyond the overall fiscal discipline, including petroleum products under GST would address all the concerns. Once, these products come under GST, the rising prices would automatically come down and there would be no pressure on the RBI to tighten interest rates to control inflation. Low fuel prices would be a boost to automobile sector which would in turn create employment opportunities. With low fuel prices, the households would have more income in their hands which could be spent in creating real demand in the economy or it could be saved/invested in the economy in some other forms such as investment in stock market, money market, and so forth.These investments would further create jobs in those sectors and the cycle drives on. The economy works based on multiplier, and it becomes cumulative and spiraling whether it is up or down movement.

5. Government Budget Restructuring - Is it?

Though there is no question that the government will observe a fall in their revenue, the government would also view substantial fall in expenditure. Whilst exploring the impact of fuel prices on the whole economy, we consider governments' revenue and expenditure which are inter-linked with the economy. On one side, the government will experience fall in tax revenues, on the other frontits expenditure would decrease on food subsidies, (as food subsidies inherently include transport/fuel cost), decreased expenditures on fuel allowances in different departments, rise in profitability of state-run transport enterprises such as BEST in Mumbai. The profits due to low fuel prices in different areas would have multiplier effect on the economy in the form of increased savings, investments, and employment opportunities.

6. Future Insights & Conclusion

In the eras to come, India will deliberately move towards further greener & cleaner forms of energy as the set target of achieving 30% electric vehicle penetration by 2030 (Gupta, 2020). It entails the demand for fuel would drastically reduce in the days to go. Provided such a plunge in demand in the near future, it is be prudent to accept the government revenue would ultimately take a hit, whether petroleum products are carried under GST or otherwise. Even if the tax structure on fuels remain the same, low demand of these products would ultimately drive down the government revenues, despite other benefits such as low carbon emissions, fall in import bills, etc. Hence, it is important that the policy makers start finding sustainable long-term solution for the problem of revenue shortfalls that would eventually arise on account of petroleum products, in one or the other way. MA

The economy works based on multiplier, and it becomes cumulative and spiraling whether it is up or down movement

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GOODS AND SERVICES TAX IN INDIA AND OTHER COUNTRIES: A COMPARATIVE STUDY

Abstract

Taxation is the major source of development of any economy. France was the first country who implemented GST with four tax rate slabs in 1954 in the world. At present, there are 160 countries in the world that have implemented GST/VAT. GST is a single unique tax structure which reduces the cascading effect. As per the World Bank Report, India's GST top slab of 28% is the second highest of the 115 countries. In India Goods and Services Tax was implemented on 1st July, 2017. GST model of India is based on a dual structure like Canada and Brazil. This study highlights the system of GST, threshold limit, and GST rates around the world. This paper compares the structure of GST in India to some other countries of the world. This study is based on the secondary data taken from various sources such as Government websites, articles, research papers, etc.

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1. Introduction

In the world economy, there are various taxes which are broadly classified in two heads, direct taxes, and indirect taxes. Taxation is one of the most important sources of generation of revenue for the development of any economy in the world. According to the most recent estimates from the International Centre for Tax and Development, total tax revenues account for more than 80% of total government revenue in about half of the countries in the world and more than 50% in almost every country.[1] For the smooth functioning of every economy, Government changes its policies and tax structure consistently. Taxation started growing sufficiently after the First World War in 1919. Tax structure has undergone significant changes during the last 20 years in the world. Goods and Services Tax is the result of these changes in the tax system. Many of the emerging economies are introducing new indirect tax systems. Over the last 12 months, India carries out landmark economic reform by introducing the GST, replacing several different taxes at a state or national level.[2]

Goods and Services Tax

Goods and Services Tax is a harmonized sales tax, was first designed by German economist in the 18th century. France is the first country who implemented Goods and Services Tax in 1954. Currently, there are 160 countries in the world that have implemented GST/VAT in the world. The VAT is taken as a substitute of GST in most of the countries. After the implementation of GST in France various counties implemented GST like New Zealand, Singapore, Indonesia, China, etc. In India, GST was implemented in 2017. Some countries have a dual GST model including India, Brazil, and Canada. European Countries have only one single rate of GST.

Goods and Services Tax is a destination based tax or consumption based tax. It eliminates the cascading tax effect which means tax on tax. Earlier tax system did not reduce the cascading tax effect that results into the increase of final prices of goods and services. It avoids the problem of double taxation. The main reason behind implementing GST was to amalgamate all indirect taxes into a single tax and creating efficiencies in tax administration. Tax rate of GST around the world ranges between 0-28 percent.

2. Objectives

1. To know about GST in global perspective.
2. To find out the system of GST, threshold limit, and GST rates around the world.
3. To compare GST in India with some other countries across the world.

3. Literature Review

Agogo Mawuli (2014)[3] studied, "**Goods and Service Tax-An Appraisal**". In this paper, the Researcher discussed the impact of GST on the economy of Papua New Guinea (PNG). The researcher suggested that low-income countries require a low rated- GST. The Researcher observed that many developing countries have a higher GST rate as compare to underdeveloped countries. This paper concluded that GST is not good for underdeveloped countries like PNG and GST is also not provided any broad-based growth. If low-income countries want to implement it then its rate should be less.

Chabot Jean-Hugueseet al. (2013)[4], "**The Evolution of Indirect Taxes**" studied Canadian indirect tax history and evolution of GST in Canada. Researchers found in their studies that European Countries are increasing the standard rates of indirect taxes above the threshold limit. This study noticed

France was the first country who implemented GST with four tax rate slabs in 1954 in the world

that some of the EU countries including France, Greece, Italy, Norway, Poland, Portugal, and the Czech Republic, increased their reduced tax rates.

Gupta Saurabh et al. (2017)[5], studied "**Good and Service Tax: An International Comparative Analysis**" and compared India's GST with other countries on the basis of model, structure, collection of tax and valuation. Researchers presumed that the GST would be significant reform in the indirect tax system in India by merging of Central and State taxes into a single tax system. This study concluded that GST removes the effect of double taxation and lead to easier administration and enforcement. Researchers further found that Denmark and Sweden has a high GST/VAT rate which is 25 %.

John Breen et al. (2002)[6] in their research paper, **"The Impact of the Introduction of the GST on Small Business in Australia"** observed that after the implementation of GST additional cost and compliances are increased. This study concluded that GST put a negative impact on the small business and also found that GST compliance cost ranged between \$3331 to \$30140 per business. However most of the business reported that with the implementation of GST, report keeping of the firms is improved.

Khurana Akanshaet al. (2016)[7] in their study named, "**Goods and Services Tax in India - A positive reform for indirect tax System"** studied the GST in foreign countries like Singapore, New Zealand, Australia, France, Canada, etc. The objective of this study is to examine the benefits, opportunities of GST and its impact on the economy. This study concluded that GST has positive impact on FMCG, Infrastructure, Small Enterprises and Food Industry.

Pope Jeff (2001)[8] in their research paper, "**Estimating and Alleviating the Goods and Services Tax Compliance Cost Burden upon Small Business**" studied ways to alleviate GST compliance cost of small business in Australia. This study revealed that in other countries the threshold limit is high so small businesses does not come in that limit, but in Australia threshold limit for registration under GST is too low so small businesses including micro enterprises have to get registered under GST. This study concluded that the GST put a negative impact on small business and also suggested that GST requires careful consideration of small businesses while modifying its policies.

4. Research Methodology

This paper is based on secondary data taken from books, websites, reports, journals, conference papers, magazines, and other published data from government and non-government institutions.

This study compares India's GST with OECD and ASEAN countries's GST. For the comparison, Canada, Australia, New Zealand, and France are taken from OECD countries and Singapore & Malaysia are taken from ASEAN countries.

5. Analysis

Comparison of GST in India with Other Countries across the World

GST in India

GST came into effect from July1, 2017 through the implementation of 101st amendment of the Constitution of India. The structure of indirect taxes in India (as existing up to 30-6-2017), which includes taxes like VAT, entertainment tax, luxury tax, service tax, surcharge etc. merged into GST.

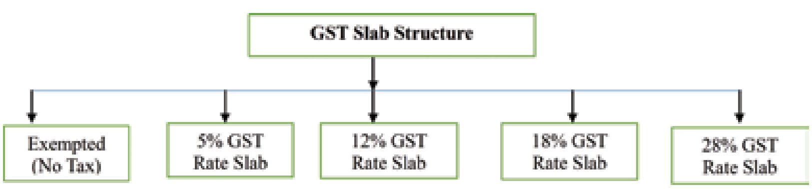

Figure 1: GST Slab Structure

Figure 1 shows the slab Structure of GST, which includes 4 tax rates. The GST structure of India is based on the dual system which includes: CGST and SGST/UTGST. GST law includes unique principles, inspired by VAT/ GST legislation of EU, Australia, and Malaysia etc., along with International VAT/GST guidelines of the OECD. Some of the changes during past few years include reduction in excise duties in post global financial & economic crisis, alignment of custom tariffs to the levels prevailing in ASEAN countries, introduction of Service tax in 1994-95 besides introduction of the Constitution (115th Amendment) Bill in the Lok Sabha in March 2011 to operationalise 'Goods & Services Tax'(GST).[9]

GST in Other Countries

France was the first country to implement the Goods and Services Tax in 1954. After the implementation of GST in France various countries adopted GST including China, Canada, Singapore, New Zealand, and Australia. China implemented it in 1994 while Russia adopted in 1991.

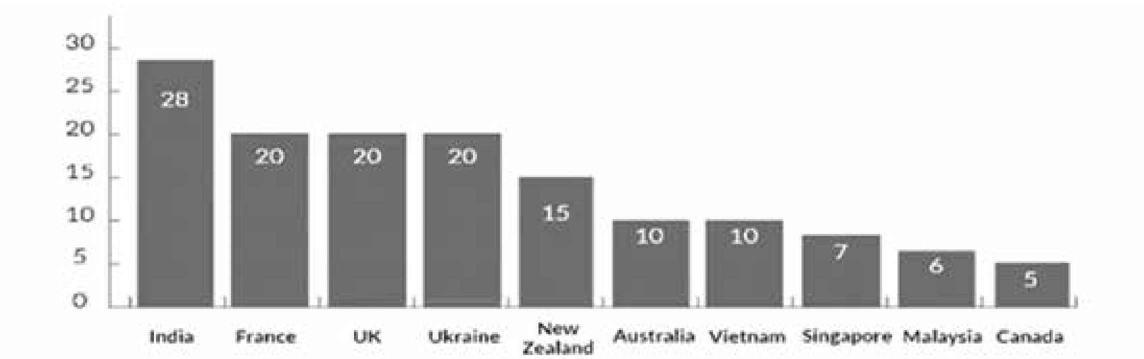

Figure: 2 GST around the World[10]

Figure 2 shows the GST rates around the world. India has the 28 % GST rate and Canada has the lowest rate which is 5% in their respective GST structure.

Comparative Analysis of GST in India with OECD Countries

The comparative analysis of GST in India is done with four OECD Countries which include Canada, Australia, New Zealand, and France. The comparison is taken on the basis of various basis including return, credit, tax rates, etc.

Table 1: Indian GST model compares with GST in OECD Countries

Basis	India	Canada	Australia	New Zealand	France
Nomenclature for GST	GST	Federal GST & Harmonized Sales Tax	GST	GST	VAT/ GST
Introduced in	2017	1991	2000	1986	1954
Threshold limit	₹20 Lac/ 10 Lac (North-Eastern States)	30,000 (Canadian $)	75000/ 150000(NPO's) (Australian $)	$60,000	€35,000
Return	GSTR	GST34	BAS (Business Activity Statement)	GST101, GST103 (Provisional Tax Return)	VAT Return
Credit	ITC (Input Tax Credit)	ITC (Input Tax Credit)	ITC (Input Tax Credit)	ITC (Input Tax Credit)	Input VAT
Tax Slab	Four	One	Two	One	Four
Tax Rates	0%, 5%, 12%, 18%, 28%	0%, 5%	5.5%, 10%	0%, 15%	2.1%, 5.5%, 10%, 20%
Exempts	Curd, Milk, Fruits, Butter Milk, etc.	Financial services, rent-residence, health, education, etc.	Exports, some medicines, education, charity, etc.	Donated goods and services sold by NPO's financial services, etc.	Health and welfare services, postal services,etc.

Table 1 shows that India has the highest GST rate which is 28% as compared to four OECD Countries. Threshold limit to get register under GST in India is 20 Lac, but in Canada it is 16 Lac (app.), in Australia it is 38 Lac (app.), in New Zealand, it is 29 Lac (app.), and in France this limit, is 28 Lac (app.)

Comparative Analysis of GST in India with ASEAN Countries

The comparative analysis of GST in India is done with two ASEAN Countries which include Singapore and Malaysia. The comparison is taken on the basis of various basis including return, credit, tax rates, etc.

Table 2: Indian GST model compares with GST in ASEAN Countries

Basis	India	Singapore	Malaysia
Nomenclature for GST	GST	GST	GST
Introduced in	2017	1994	2015
Threshold limit	₹ 20 Lac/ 10 Lac (North-Eastern States)	$1 million	MYR 500,000
Return	GSTR	GST F5	GST-03 and GST-04
Credit	ITC (Input Tax Credit)	ITC (Input Tax Credit)	ITC (Input Tax Credit)
Tax Slab	Four	One	One
Tax Rates	0%, 5%, 12%, 18%, 28%	0 %, 7%	0%, 6%
Exempts	Curd, Milk, Fruits, Butter Milk, etc.	Transfer of business, private transactions, third country sales, financial services, etc.	Agricultural products, essential items, exports, financial services, cremation services, etc.

Table 2 shows the comparison of India 's GST with two ASEAN Countries. Threshold limit to get register under GST was 87 Lac in Malaysia and 5 Cr. in Singapore. Singapore has the highest threshold limit as compared to India and Malaysia. GST has been taken back in Malaysia in 2018.

6. Findings

India and Canada

After comparing India's GST with Canada, it has been found that GST is known in Canada as a Federal GST & Harmonized Sales Tax (HST). It has been implemented in Canada earlier than India. Threshold limit to get register under GST in Canada is low as compared to India. GST34 is the return which is filed by the taxpayer in the Canada, but this return in India is known as GSTR. India has four slabs of tax but Canada has the single slab of tax.

India and Australia

GST has been implemented in Australia earlier than India. Threshold limit in Australia is higher as compared to India.Instead of GSTR which is filed in India, Australian tax payers file BAS (Business Activity Statement). India has four slabs of tax but Australia has the two slab of tax. Maximum rate of GST in Australia is 10% and in India this rate is 28%.

India and New Zealand

New Zealand implemented GST 31 years ago than India. Threshold limit of GST in India is lower as compared to New Zealand. GST101and GST103 is filed in New Zealand but in India GSTR is filed. New Zealand has only one single rate of tax but India has four slab of taxes. India's maximum rate of GST is 28% and this rate in New Zealand is 15%.

India and France

After comparing India's GST with France, it has been found that GST is known in France as a GST/VAT. It has been implemented in France earlier than India. Threshold limit to get register under GST in France is higher as compared to India. VAT return is filed by the taxpayer in the France, but this return in India is known as GSTR. India has four slabs of tax similarly France has also the four slab of tax, but the maximum rate of GST is 20% in France which is lower than India.

GST removes the effect of double taxation and lead to easier administration and enforcement

India and Singapore

Singapore implemented GST 23 years ago than India. Threshold limit of GST in India is lower as compared to Singapore. GST F5 is filed in Singapore but in India GSTR is filed. New Zealand Singapore has only one single rate of tax but India has four slab of taxes. India's maximum rate of GST is 28% and this rate in Singapore is 7%.

India and Malaysia

GST has been implemented in Malaysia earlier than India. India is the first country who implemented GST after Malaysia. Threshold limit in Malaysia is higher as compared to India. Instead of GSTR which is filed in India, Malaysian tax payers file GST-03 and GST-04. India has four slabs of tax but Malaysia has only one slab of tax. Maximum rate of GST in Malaysia is 6% and in India this rate is 28%.

7. Suggestions

This study suggested that Government of India should reduce the 28 % tax slab which is highest as compared to other countries and also increase the existing threshold limit, if this limit increases then micro, small, and medium enterprises of India will not come under the GST regime and they need not to pay any taxes.

8. Conclusion

GST replaces all the indirect taxes which were levied on the goods and services. The GST structure around the world is an advancement of the VAT system. The idea behind the implementation of GST is to reduce the cascading effect of taxes. This study compares India's GST with four OECD and two ASEAN countries and found that these countries have the highest threshold limit except Canada. Singapore has the highest threshold limit to get register under GST. These countries implemented GST earlier than India. This study also found that in Canada GST is known as Federal GST and Harmonized Sales Tax. In Australia, GST return is known as Business Activity Statement. This study also found that India tax slab is divided in four parts, low rates for essential items and higher rates for luxurious things. India and France are the only countries which have four slab tax structure and remaining countries have one and two slab tax structure. MA

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GST AND EASE OF DOING BUSINESS IN INDIA: BOTTLENECKS AND SCOPE FOR FURTHER IMPROVEMENT

Abstract

GST, one of the leading structured reforms in the indirect tax domain, has helped India improve its ranking in ease of doing business significantly. Though India improved its rank in ease of doing business for the last two years, the push is attributed to indicators other than GST. This paper analyses India's segment-wise position in paying taxes domain, comparing it with global benchmarks. It explores the teething problems in GST where improvement may bring counterproductive effect to strengthen the DB rank further.

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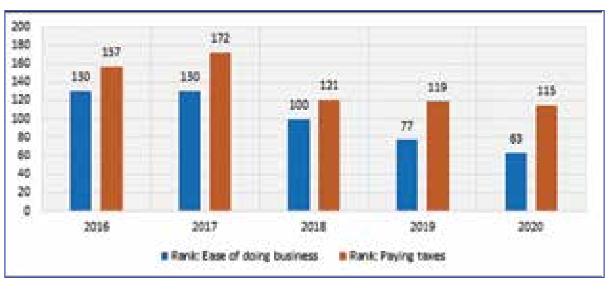
1. Introduction

Ease of doing business has been a buzzing word in the last few years. World Bank Group has already started its 17th publication on doing business 2020 (World-Bank, 2020). The next report on ease of doing business in 2021 is set to come in October this year. Due to GST implementation, India's rank with ease of doing business has been improved from 130 in the year 2017 to 100 in the year 2018 and rank in paying taxes, improved from 172 in the year 2017 to 121 in the year 2018 (World Bank DB rank, 2018). However, even if the rank of doing business improved to 63, the rank in paying taxes has only slightly moved to 115 position in the year 2020 (Figure-1). This depicts the existence of many inconsistencies in paying taxes domain which needs to be done away with urgent priority.

Figure-1: Rank paying taxes and doing business India in last five years

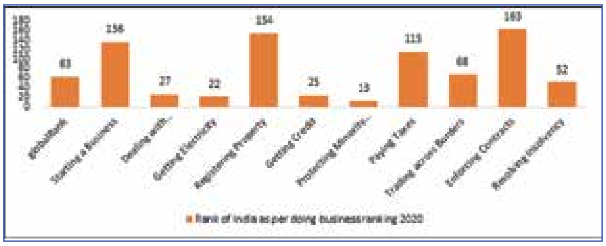


Source: Based on last five years DB rank by World Bank

2. Rank of India in ten key parameters of doing business ranking

The ranking on the ease of doing business is based on ten key parameters, each of which is equally weighted. India ranked 63rd in business regulations across 190 economies globally in 2020 ranking, and according to the economic survey 2019-20, the target is to hit the 50th rank globally. Amidst the COVID-19 outbreak and its continuing second wave, the challenge has gone to the next level of difficulty, necessitating to take even more arduous steps. Four hurdles that are yet to be crossed are enforcing contracts, paying taxes, registering property and starting a business where India lags (Figure-2). In particular, improvements in taxation, business entry regulation, land administration, cross border trade and construction approvals are urgently needed for further upgrading the DB rank (PHD, 2018).

Figure-2- Segment wise rank of doing business India: 2020



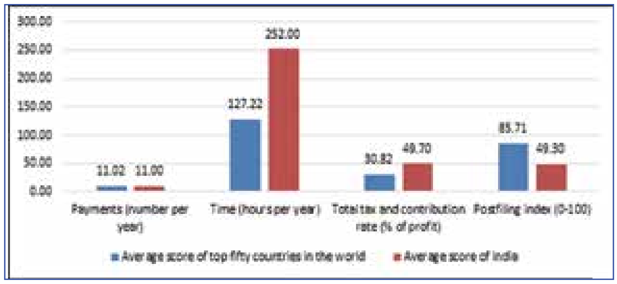
Source: Various publications of World Bank Group on doing business rankings

3. Comparative performance of India with top fifty performers of the world in paying taxes domain

Under the paying taxes segment, ranking is done based on four critical criteria. These are the time to comply, number of payments, total tax and contribution rate and post-filing index. Key findings of the report of paying taxes, 2020 suggest that Brazil and Vietnam brought the downtime to comply by 23% by adopting different technology approaches. Middle East countries are moving towards VAT to reduce the cascading effects of sales tax. Ghana and Romania have also exhibited significant improvement towards total tax and contribution rate (TTCR). Armenia, Egypt and Turkey are moving towards improving post-filing procedures. Thus, nations worldwide are emphasizing to make the tax payment system easier through technological advancements. If the position of India is compared with an average score of the top fifty countries in paying taxes domain, it can safely be argued that India needs a lot of efforts in all four segments of paying taxes except paying taxes numbers (Figure-3).

In comparison, India's GST rate is on the higher side against most developed economies in the World (Sebastian, J. 2018). It is worth mentioning that there are substantial differences in India's scores with an average of the top fifty countries and needs consistent efforts to overcome issues facing currently. Two segments of paying taxes domain that needs immediate attention are the time to comply and the post-filing index. More or less, both are related to procedural complexities and issues related to information technology. The World Bank and PWC Report on paying taxes (2020) also referred to the system's complexity. They suggested incorporating a refund management system with a risk-based tax audit to deal with the post-filing index issues. GST has not positively affected the MSMEs as if they opt composition scheme, and an input tax credit cannot be claimed since invoices cannot be issued by a composition dealer. This provision is discouraging the large units to buy goods from small companies which is a composition dealer (Sebastian, J. 2018)

Figure-3: Comparison of India with average score of top fifty countries in paying taxes



Source: Various publications of World Bank Group on doing business rankings

4. Indian Government's initiatives for improving rank in DB 2021

The Department for Promotion of Industry and Internal Trade (DPIIT) consistently focuses on six parameters to improve DB rank 2021. These parameters are trading across borders, paying taxes, resolving insolvency, starting a business and registering property. Several initiatives have already been taken in this direction. The most important ones include simplification regarding professional tax payment. Now proficient taxpayers have an option to pay both professional tax registration certificate (PTRC) and professional tax enrollment certificate (PTEC) from a single screen instead of making two separate payments.

Further to facilitate the process, the due date has been revised to 31st March from 30th June earlier. Also, annual filing of return in place of monthly filing has been introduced, envisaged to bring down both payment numbers and provide process simplification. The provisional refund process date has been reduced to 22 days from the earlier 60 days in the refund process direction. These steps are expected to boost the post-filing index (Maharathtra, G. O. 2020).

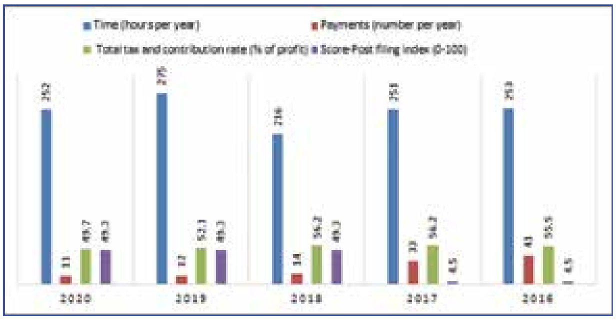
5. Technical glitches in GST acting as hurdles

After 2018, India's rank in paying taxes segment has not shown significant improvement compared to India's rank in ease of doing business (Figure-4). The rank in paying taxes in 2020 is still sticking at 115th. Time to comply in India is showing very marginal improvement over the last five years. The introduction of GST did reduce the downtime to comply from 251 hours in 2017 to 216 hours in 2018. However,

Now proficient taxpayers have an option to pay both professional tax registration certificate (PTRC) and professional tax enrollment certificate (PTEC) from a single screen instead of making two separate payments

technological and procedural complexities further increased this time to 275 hours in 2019. As per the World Bank and PWC (2019) report, lack of communication regarding filing returns, paying taxes, and finding GST rates rendered the issue complex. Before implementation, the considerations of significant stakeholders like consumers and businesses have not been taken into account. (Mukherjee, S., 2015)

Figure-4: Paying taxes India, component wise score in last five years



Source: Various publications of World Bank Group on doing business rankings

GST has significantly contributed to tax payment numbers. From 33 tax payment numbers in 2017, it immediately reduced to 14 tax payment numbers in 2018. In 2020, it further reduced to 11. Again in the post-filing index, the score had significantly improved from 4.5 in 2017 to 49.3 in 2018. However, since 2018, it is stagnant, and no further improvement could be noted. Consecutive cuts in corporate tax rates in 2019 may be seen as a welcome step that has brought down its tax burden. Its impact is visible on the Total tax and contribution rate (TTCR), which improved from 2019. However, putting more reliance on indirect taxes as compared to direct taxes as a source of revenue mobilization have adverse economic consequences (Sharma, J. V. & Rao, M. G. 1987)

Roll out of GST has done away with many compliance issues under the old tax regime. However, certain information technology problems and technical glitches are still prevailing, which may be one reason for the consistent fall in the number of returns under GST. According to the Comptroller and Auditor General of India tax department report, it lacks the details of invoices to verify the details of GSTR-1 with the turnover disclosed in GSTR-3B. The report also indicated a lack of development and testing of GSTN before GST rollout (CAG. 2019). Whatever may be the reason for tax noncompliance, this hurts the Government's tax revenue. It is pertinent to highlight that any new law is likely to face teething problems in the initial phases of its implementation. Undoubtedly, the Government of India has taken several initiatives to address these issues. However, despite every Government's effort for the healthier implementation of GST, it still suffers from several setbacks. Some of these include a multiplicity of tax slabs and rates, complexity of structuring concerning return and refund process and decentralized advance ruling system (Tulsian, P. G. &Tulsian, A. 2019)

6. Concluding remarks

GST can be seen as a tremendous historic reform in the Indian indirect tax domain. It has resolved many compliance issues faced in the earlier tax regime and improved India's business scene. However, there are issues concerning procedural and technical glitches which need further improvement. GST council is making constant efforts to streamline GST's processes and procedures regarding present industry scenarios to enable India to be marked among the top performers in ease of doing business globally. MA

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GOODS AND SERVICES TAX - A STUDY OF BARRIERS IN FILING GST RETURN IN INDIA

Abstract

The Goods and Services Tax Act was passed in the Parliament on 29thof March 2017 and came into effect on 1stof July 2017.GST is levied on the supply of goods and services. Goods and Services Tax in India is a comprehensive, multi-stage, destination-based/consumption-based tax that is levied on every value addition. GST is a single domestic indirect tax law for the entire country.The study mainly focused on the barriers in GST Returns filing experienced by the tax payers/practitioners and it provides some suggestions at the end of the study.

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Introduction:

Tax is one of the major sources of income to the government it may be in the form of Direct Tax or Indirect Tax. The reform of India's indirect tax system was started in 1986 with introduction of Modified Value Added Tax. In 1999 GST was proposed and given a go ahead under Vajpayee Govt. Vajpayee set up a committee headed by Asim Dasgupta (Ex Finance Minister of West Bengal) to design a Goods and Service Tax model. In 2002, Vajpayee formed a task force under Vijay Kelkar to recommend tax reforms. In 2005, Kelkar committee recommended rolling out GST as suggested by the 12th Finance Commission. In August, 2016 GST amendment bill was passed. Finally at historic midnight on 1st July 2017 the GST- which facilitates ease of doing business and having minimum chance for tax evasion that brings prosperity to a country's economy, was launched by the President of India and Government of India. Replacement of several types of indirect taxes like value-added tax, excise duty, service tax and sales tax is the main idea of GST.It is basically imposed on supply of Goods and Services (except petroleum product, alcoholic drinks and electricity) that means it is a comprehensive tax. GST is imposed at every stages step in the production process that means it is multi stage tax. GST is destination/ consumption-based tax. It means it is levied where goods and services are consumed. GST has subsumed almost all the indirect taxes except few taxes. Its main objective is to overcome the limitations of existing indirect tax structure, and creating efficiencies in tax administration.

Literature Review:

- Kothari, H. (2019) in his article'GST In India: Post Implementation Analysis and Findings' studied post GST implementation issues and challenges that arose and conclude with suggestions to solve prevalent problems.
- In the article of Pinki,Kamma, S. and Verma, R. (June 2017) studied, "Study on Impact of goods and services tax implementation in India"focused on goods and services tax implementation in India which is important to understand it as a system as well as a process. They concluded that the organizations as well as the consumers, by embracing the new tax reformation, may help the

government to quicken the growth of the Indian economy.

- Sana, M. (2018) studied challenges in implementing GST and impact of GST on insurance industry, and concluded that the GST regime presents interesting opportunities and challenges for insurers. Insurers need to consider GST as a business transformation lever to strengthen their present business processes activities, they need to identify opportunities and get a first mover advantage.
- Shinde, M. (2019) in his article 'A Study of Impact and Challenges of GST On Various Constituents of Indian Economy' focused on the impact of GST on various constituents of Indian Economy. The article further highlighted challenges which have to face to implement GST In India.
- In the article of Shobha, V. (2017) studied, "Goods and Services Tax: Barriers in Filing GST Return and Its Impact on Accounting" and highlighted on the barriers in GST Returns filing. Researcher found that there is a change in the day-to-day accounting after the introduction of GST and postponement of due dates of filing the returns is a sign of inefficient planning of the Government and between 26-50% increase in the amount of work for a person (either accountant or GST practitioner) to reach the transformation from regular taxation to GST.

Statement of the Problem:

Though GST has launched in India on 1st July 2017 but still there are many issues associated with GST implementation. Tax payers, practitioners, Chartered Accountants, etc. had various problems but had least reachability to the right solutions at right moment to resolve the issues. This study attempts to provide a brief note on the issues with GSTR filing. This study is mainly carried on from the perspective of small and medium taxpayers/practitioners.

Objectives:

The objectives of the present study are:

- To understand the barriers in GST Returns filing experienced by the tax payers/practitioners.
- To suggest some solution to solve prevalent problems.

The 'one nation, one tax' is a very good type of tax, the implementation of this tax system has been one of the most monumental economic reforms in India

Research Methodology:

This study is Descriptive in nature. The data is collected from both primary sources and Secondary sources. Secondary data have been collected from various articles, papers related to GST and data available on Internet through various online websites. Primary data is collected by administering unstructured questionnaires and sent it through online and offline.

Barriers in Filing GST Return in India:

The 'one nation, one tax' is a very good type of tax, the implementation of this tax system has been one of the most monumental economic reforms in India. But there are barriers in GST return filing, which has been experienced by the tax payers/ practitioners. Following are some of the determinants that must be kept in mind.

- If supplier fails to submit return on due date, though recipient have the bill/ invoice but recipient cannot claim Input tax credit for that month. When supplier submits the return then recipient can claim Input Tax Credit.[Here recipient can check whether seller submits the GST return or not through GSTR 2A-(auto populated)].
- Once supplier fails to submit return on particular quarter then recipient need to wait till next quarter to get claim if supplier submits return with in the next quarter.
- If supplier forgets to make an entry of bill/ invoice in their book, then the validity of that invoice/ bill is only one year. Within one year if the supplier forgets to make that bill entry/ invoice entry in their book then recipient cannot get Input Tax Credit related to that bill/ invoice. In this situation it is the responsibility of the recipient to get back the tax (which has already been paid by the recipient to the supplier) from the seller and recipient need to pay that amount of tax to Govt.
- Due to server fault, sometimes though recipient have already paid the tax but recipient's tax payment status does not change, sometimes it displays pending status.
- There is a no option of revised return option in this tax system. Once recipient makes any wrong entry or enter wrong information in their return, recipient cannot apply for any type of revised return facility.
- Whole return filling system is time consuming and very complex in nature. For small business organisations it is very difficult for them to always comply with all rules and regulations related to GST. Sometimes they go to GST practitioner to make more compliant with rules and regulations where some extra cost arose. It increases the operational cost of business. Apart from these businesses need to update their accounting to GST – compliant software or ERP. Adhere to GST return norms has increased operational cost for small businesses and they forced to hire tax professionals to become more GST- compliance.
- Frequently changes in GST return related rules and regulation. It is quite difficult to continuous update with that.
- Frequent changes in GST rates, due dates, return formats, ITC rules. Thus, it is bound to raise doubts in the minds of taxpayers.
- Lack of govt initiative to train small business man regarding GST return submission process.
- If someone fails to submit return

within the due date, the rate of penalty and interest is quite high.

- Some help line related issues also present here. It takes time to resolves your problem over the phone. The help line assistants at GST help lines/ GST help centres to assist the tax payers have little knowledge to provide appropriate guidance to solve return related issues.

Suggestions:

- If someone fails to submit return within due date of a quarter, it is recommended that there should be an option to submit that return within due date immediately the next month.
- There should be an option, if recipient have the invoice, they can claim ITC whether supplier submits return within due date or not. If supplier fails to do that penalty should be imposed upon the supplier.
- Govt. of India should take necessary steps to encounter GST portal server fault related issues. GST portal should be enabled with Real-Time Invoicing process.
- It is suggested that there should be a revised return submission option. So that if recipient makes any wrong entry or enter wrong information in their return, recipient can apply for revised return.
- It is recommended that Govt. of India should make GST return related rules and regulations easier. Govt should reduce number of GST return in a year.
- Govt. of India should take more initiative to train small businessman so that they can efficiently comply with GST return related rules and regulations.
- The Govt. of India should deploy better resourceful officials at GST help lines/ GST help centres to assist the tax payers and practitioners with more reliability.

Conclusion:

As GST has been implemented in India just 4 years, there are several types of barriers lies in the system. As it is in the initial phase of implementation it increases the administrative difficulties and the compliance cost.At the same time like other type of tax, GST also play a vital role on the economy as it is one of the main revenue sources of Govt. and supports government outflows on public services and infrastructure development.GST is expected to bring about efficiency, transparency and equity in the indirect tax mechanism in India. It leads to increase in output, employment opportunities and economic development and progress of India.

Research Limitations and Future Research Scopes:

The present study is descriptive and qualitative in nature and research scope is limited by the number of respondents considered for this study. Due to lack of time and pandemic situation more in-depth and intricate understanding of the problems regarding this issue has been missed up. This area has huge research opportunity, planned and structured questionnaire can be used here for catching different problematic issue and different types of statistical tools can be used for mesmerizing understanding of the core issues. MA

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OBITUARY

The Institute and its Members deeply mourn the sad demise of CMA Tapendra Nath Ghosh (M/30007) a Practicing Cost Accountant who left for heavenly abode on 03 June, 2021.

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

A COMPREHENSIVE STUDY ON THE PROPOSED AMENDMENTS UNDER GST WITH REFERENCE TO THE UNION BUDGET 2021 IN INDIA

Abstract

The recent amendments in GST will possibly make the life of several individuals and business entities lot easier. There has been several proposed amendments in GST under the finance bill as a part of the Union Budget and the researcher tried to study and highlight such amendments and the effect of such proposed changes on the tax payers and its authorities such that it will have a impact on the overall development of our country.

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BACKGROUND OF THE STUDY

The Goods and Services Tax (GST) has bought one tax one system into our economy which was introduced on 1st April, 2010 and whose genesis was laid down on 28th February, 2006 in the budget. GST is a sweeping tax reform that desired to revolutionize the possible way in which tax is collected from professionals and businesses in India. The finance bill was presented on 1st February, 2021 during the Union Budget which was the first digital budget of its kind where the proposed amendments in GST were observed. The proposal of the whole budget was based on six pillars with the aim of jump starting the Indian economy towards growth. There were numerous amendments and measures undertaken in the budget for removing difficulties from the incipient GST regime. The problem with GST is that its effect on various industries are different either it is manufacturing, service, distributing or retail industry and the problem of disputes and litigations was there in the GST law ever since its inception which led the tax evaders to evade tax taking the loopholes of the law. Keeping in mind about the entire problem associated with GST, the amendments were proposed which seek to drive away the disputes faced.

RESEARCH OBJECTIVES

The study has been concentrated on the following research objectives:

1. To study the proposed key Amendments under GST in the Union Budget 2021 of India.
2. To examine the impact on Indian Economy on account of such proposed Amendments in GST.

RESEARCH METHODOLOGY

The study is based on secondary sources of information which is descriptive and exploratory in nature. The secondary sources of available information based on the research objectives have been collected from various journals, news reports, published information, working papers and research works. The researcher also visited various websites to fulfill the research objectives of the study and also to know how the proposed amendments in GST will have an influence in business and economy. For the purpose of the study, the relevant and available information regarding the proposed amendments under GST in the Union Budget was collected by the researcher which was analyzed such that how the changes can be effective for our country in future. Conclusion was then given based on the clear and conceptual analysis of the study through which we can ascertain that the proposed amendments will possibly make life easier for the masses.

ANALYSIS

There have been several changes in the Goods and Services Tax (GST) rates and laws ever since it was introduced for betterment of business operations with the motto of single tax for the nation. The recent finance bill proposed in the Union Budget, 2021 does not have any proposal for the changes in the GST rates but it did propose for several amendments in the GST law. The finance bill has proposed some changes in the Central Goods and Services Tax (CGST) and Integrated Goods and Services Tax (IGST) in order to safeguard government's revenue and to drive away input credit frauds. The proposed amendments of GST in the Finance Bill, 2021 under the Union Budget and its impact on the Indian economy are analyzed as follows:

- The coverage of the term Supply in GST has been expanded and a new clause (aa) in Section 7 (1) of the CGST Act is being inserted which will include the coverage of transactions or activities that involve the supply of goods or services by any person, other than any individual toits constitutes or members for any valuable consideration like cash or deferred payment. This change will have a retrospective effect from 1st July, 2017 and it is applicable to private clubs and association to its members.
- A new clause (aa) in Section 16 (2) is added which determines the conditions and eligibility for Input Tax Credit (ITC) and thus ITC will be available to the buyer or recipient only for the particular invoices which the supplier has uploaded in its return through GSTR-1 or by using IFF/ GSTR-2B. Therefore, for such invoices the recipient are eligible to avail ITC.
- There has been amendment in Section 44 of the CGST Act which will enable individuals to self certify its reconciliation of financial statement which has removed the mandatory requirement of reconciliation in GSTR-9C which is duly certified by Cost or Chartered Accountant. Moreover, the commissioner will have the power to exempt individuals from annual returns. Section 35 (5) of the CGST Act get the omission of sub section 5 which removes the mandatory requirement of submission of reconciliation statements or annual accounts audits by a Cost or Chartered Accountant.
- The amendment of Section 50 (1) will deal in charging interest on the delayed payment of GST on net cash liability and it will be retrospectively effective from 1st July, 2017 and Section 74 is amended to make seizure and confiscation of goods and the conveyances in transit for a separate proceeding from recovery of taxes.
- Self assessed tax is now clarified in sub section 12 of Section 75 which shall include the tax payable in respect of outward supplies, details of which have been not included in the return delivered under Section 39, butwhich have been furnished under Section 37. The amendment of Section 83 of the CGST Act is all about the validity period of the attachment which ensures that the provisional attachment shall remain valid for one year from the date of passing the order.
- The amendment of sub section 6 under section 107 elaborates that an appeal can only be filed against an order made under Section 129 (3), with a pre deposit sum equivalent to 25% of the penalty amount imposed in case of seizure and detention of goods and conveyance during transit.
- The amendment of Section 129 and Section 130 of the CGST Act is related to delink the proceedings in transit for detention and confiscation of goods and conveyances in transit, from the proceedings related to detention and confiscation of conveyances or goods and the levying of penalties thereby.
- Section 151 is about substitution of jurisdictional commissioner's power to call for any information from any person relating to the matter dealt with the CGST Act. The amendment of Section 152 ensures that the information obtained under Section 150 and 151 of the Act shall not be used for any proceedings, without giving an opportunity for the person concerned to hear it.
- The amendment of Section 168 of the CGST Act will enable the jurisdictional commissioner to exercise powers under Section 151 to collect information on annual return. It was also noticed that as the new subsection (aa) in Section 7(1) of the scope of supply of CGST Act was introduced, there has been an omission of paragraph 7 of Schedule II from the CGST Act with effect from the 1st July, 2017.
- The Integrated Goods and Services Tax (IGST) law has been amended in connection to provisions relating to Special Economic Zones (SEZs) under Section 16 of the IGST Act which ensures the supply of goods and services to a SEZ unit or a SEZ developer will now only see a zero rate when the said supply is for any authorized operations and it will be restricted as the zero rated supply on payment of IGST only to a notified supplies of goods or services or to a notified class of taxpayers. It was also mentioned that in cases of non realization of export of goods, it will be liable with refund that will be linked to foreign exchange remittance.

Therefore, it was observed that multiple amendments to the GST framework were proposed that will possibly resolve the earlier problems with GST which will definitely have an impact on our economy. The changes in the GST law aimed at helping the small and medium business entities to get rid of several disruptions along with reducing the compliance burden. The relaxation in mandatory audit requirement was the situational need for small scale businesses which was bit challenging for them. Most of the proposals on GST related amendments under the budget find their roots in the 39th GST council meeting and its agenda notes. The amendments in the budget was also intended to safeguard the interest of individuals by removing the irregularities or anomalies and plugging the loopholes of the GST law which lead to tax evasion or wrongful utilization of Input Tax Credit. The key changes like utilization of ITC in certain specific conditions and determination of interest payable against outstanding tax liability will certainly be effective for the mass population and the economy as a whole. The amendments were proposed keeping in mind that it cannot be misused by some against the genuine tax payers which is very much needed for the development of our economy.

CONCLUSION

The GST amendments were proposed to make tax regime simpler such that there is an overall effectiveness in the structure of GST so that it can be improvised effectively. From the extensive analysis it can be concluded that the amendments of GST elaborated in the finance bill under Union Budget, 2021 will definitely lead towards effectiveness in the tax system which will certainly have a positive impact on our economy. Litigations on certain ground will be less since the government has provided to back up the legislation to streamline it with the rules framed with this regard under the proposed amendments. The key amendments can possibly shift our Indian economy from informal to formal sector which is a positive step towards enhancement and growth. It was also noticed that the Budget missed key items like petroleum products under the fold of GST which is an important price influencer item

The recent amendments in GST under the budget not only made the compliance for small tax payers easy but also the technology based initiatives and its development has made the larger players to streamline compliance easily and effectively

but it aims to enlarge the power in the hands of the tax authorities which is beneficial for our economy. The recent amendments in GST under the budget not only made the compliance for small tax payers easy but also the technology based initiatives and its development has made the larger players to streamline compliance easily and effectively. There have been several changes in the GST law and rates ever since its inception but the success of GST depends largely on the use of technological advancement, political consensus and the capacity of tax officials to adapt new requirements. Therefore, the government along with the policy makers should create a sense of belongingness and make the tax system hassle free for the vast population of our country which will indeed positively impact the country in general. MA

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RESEARCH AWARD

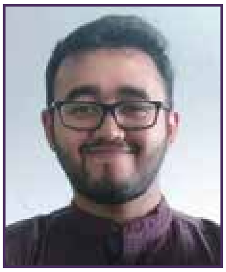
Our heartiest congratulations to **CMA Gopal Chandra Mondal** (M/24288) for being awarded Ph.D degree in Economics by the Vidyasagar University, West Bengal on the research was carried in the areas of **'An Analysis of the Performance of Merger and Acquisition (M&A) of some selected Indian Commercial Banks during 2000–2015'** under the supervision of Prof. Mihir Kumar Pal.

We wish CMA Gopal Chandra Mondal the very best for all his future endeavours.

GST ON PETROL: AN ANALYSIS OF IMPACT ON GOVERNMENT REVENUE

Abstract

The fact is that the introduction of a new system not only curbs an existing old system but also with pros of such new system comes cons as well and that exactly what happened with the introduction of GST in India. But at times too much pros are also not considered good and exactly this happened with GST introduction which led the Indian ministry to face several questions regarding the non-inclusion of Petroleum and its products under the GST system which resulted an excessive increase in the Petroleum prices in comparison to other countries.



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Background

Over the past few months petrol prices have soared high, crossing Rs. 100 per litre for the first time in the country in few states. Petrol is the choice fuel for personal mobility for most and thus any change in its price impacts personal expenditure for most. Before presentation of Union Budget in February 2021, there were indications by the Hon'ble Finance Minister, Nirmala Sitaraman, to talk about including petroleum products under GST, which at present is not included. However, the budget makes no mention of inclusion of petroleum products and thus all hopes ran dry to have the fuel at cheaper price. Our attempt has been to analyse the impact of GST on petrol and diesel alone from the perspective of Government revenue. Since crude oil prices keep changing thereby impacting everyday petrol price, we decided to analyse on the basis of 29th May, 2021.

State Government is also bound to lose revenue, and an important factor for Centre not to consider petroleum products under GST is because the States have demanded compensation for the loss of revenue

All the data are relevant to the aforesaid date.

Present Scenario

On 29th May, cost per barrel of crude oil was $66.65[1], and average exchange rate[2] was Rs. 72.39/$, which translates to a cost of Rs. 30.35/litre. With processing charges and logistics of Rs.2.2/litre and Central taxes of Rs. 32.98/litre and dealer's commission of Rs. 3.75/litre the cost of petrol before State Vat was Rs. 69.28/litre. And for diesel, with processing and logistics and OMC charges of Rs. 4.09/litre, Excise Duty, road cess of Rs. 31.8/litre and commission to dealers of Rs. 2.58/litre, the cost of Diesel before State Vat comes to Rs. 68.82/litre.

Different States and Union Territories

have different tax structure which makes the prices vary throughout the country. A summary of petrol and diesel prices have been presented in Table 1. It is to be noted that one of the major sources of earning for the States are revenues generated from Petroleum products.

Table 1: Showing different price of Petrol and Diesel across different states with respective approximate income per litre

States	Petrol Price	Income	Diesel Prices	Income	States	Petrol Price	Income	Diesel Prices	Income
Andhra Pradesh	87.24	17.96	80.21	11.93	Odisha	94.66	25.38	92.49	24.21
Arunachal Pradesh	87.2	17.92	82.2	13.92	Punjab	93.04	23.76	86	17.72
Assam	89.78	20.5	84.81	16.53	Rajasthan	100.44	31.16	93.66	25.38
Bihar	95.85	26.57	89.87	21.59	Sikkim	94.9	25.62	87.15	18.87
Chhattisgarh	92.23	22.95	91.85	23.57	Tamil Nadu	96	26.72	90.15	21.87
Goa	79.43	10.15	89.26	20.98	Telengana	97.63	28.35	92.54	24.26
Gujarat	90.84	21.56	91.31	23.03	Tripura	94.2	24.92	88.1	19.82
Haryana	91.94	22.66	85.6	17.32	Uttar Pradesh	91.33	22.05	85.17	16.89
Himachal Pradesh	91.85	22.57	84.32	16.04	Uttarakhand	92.02	22.74	85.56	17.28
Jharkhand	90.6	21.32	89.61	21.33	West Bengal	93.97	24.69	87.74	19.46
Karnataka	96.66	27.38	89.61	21.33	Andaman and Nicobar Islands	78.85	9.57	79.27	10.99
Kerala	94.35	25.07	89.78	21.5	Chandigarh	90.41	21.13	84.6	16.32
Madhya Pradesh	102.08	32.8	93.41	25.13	Dadra & Nagar Haveli, Daman and Diu	89.61	20.33	90.05	21.77
Maharashtra	100.39	31.11	91.43	23.15	Delhi	91.39	22.11	82.06	13.78
Manipur	97.87	28.59	88.6	20.32	Jammu and Kashmir	95.35	26.07	87.03	18.75
Meghalaya	89.9	20.62	83.96	15.68	Lakhsadweep	95.92	26.64	90.93	22.65
Mizoram	91.14	21.86	84.14	15.86	Puducherry	76.89	7.61	88.4	20.12
Nagaland	93.24	23.96	86.99	18.71	Ladakh	99.41	30.13	79.77	11.49

Source: economictime.indiatimes.com[5,6], mypetrolprice.com[7,8]; Assumption: In the absence of information it is assumed that Petrol Price and Diesel Prices cost same for all the states and Union Territories, which is Rs.69.28/litre and Rs. 68.82/litre respectively.

As per the reports the Central Government earned Rs. 2.45 lakh crore from taxes on petrol and diesel alone in 10 months[3].This amounts to Rs. 964 crore revenue earned on an average each day. With total tax collection of Rs. 20.16 Lakh Crore[4], which contributes to Rs. 5523 Crore on an average day, Tax earnings from petrol and diesel contribute to 17.45% approximately of total revenue.

GST on Petrol and Diesel: Impact

Impact on Centre: Though there is news that GST council will discuss the matter to include petroleum products under GST yet so far nothing has been announced about its inclusion. There are however practical challenges to include Petroleum under GST and the major deterrent factor are the loss in revenue. After GST (assuming the highest rate of 28%), the revenue for Centre from Petrol and diesel will fall from Rs. 32.98/litre to Rs. 5.082/litre and Rs.31.8/litre to Rs. 5.1828/litre, which is a loss of about 84.6% and 83.7% respectively. The following table 2 reveals the estimated loss on revenue based on last year's result if GST would have been implemented. The range of loss in percentage has been taken from 75% to 85%, to give a better idea as to how much the loss can vary from minimum to maximum. In the absence of proper information, it was thought to represent the table revealing the range of loss the Central Government would have faced had they applied GST last year.

Table 2 Showing Loss of Central Revenue at different levels		
Percentage of Loss	**Loss in Revenue(Rs. crores)**	**Fall in overall revenue (based on Rs. 20.16Lakh crores)**
75.00%	221250	10.97%
76.00%	224200	11.12%
77.00%	227150	11.27%
78.00%	230100	11.41%
79.00%	233050	11.56%
80.00%	236000	11.71%
81.00%	238950	11.85%
82.00%	241900	12.00%
83.00%	244850	12.15%
84.00%	247800	12.29%
85.00%	250750	12.44%

Source: Computed

It is to be noted that the loss in revenue is consistently over Rs. 22000 crores even with the minimum rate, which contributes to overall fall in the present revenue to the extent of at least 10.97%. Comparing with the budget estimates of annual 6% targeted increase in receipts[9]application of GST will in effect reduce the total receipts of the government, making the budget estimate too optimistic.

Impact on State: State Government is also bound to lose revenue, and an important factor for Centre not to consider petroleum products under GST is because the States have demanded compensation for the loss of revenue[10]. Compensating the loss of State Government when the Centre would itself lose revenue seems to be a practical problem. With application of GST on petroleum products the new revenue per litre earned by the states would be the same as that of the Central government. Below is a table that estimates the loss of State Government per litre of petrol and diesel based on May 29, 2021 data. It is noticed that majority of the states would lose about 70%-80% of their present revenue under GST.

Table 3: Showing the loss per litre of Petrol and Diesel on the basis of May 29, 2021 data						
	Petrol			**Diesel**		
States and Union Territories	**Present Income**	**Loss/ltr with GST**	**%age**	**Present Income**	**Loss/ltr with GST**	**%age**
Andhra Pradesh	17.96	12.878	71.70%	11.39	6.2072	54.50%
Arunachal Pradesh	17.92	12.838	71.64%	13.38	8.1972	61.26%
Assam	20.5	15.418	75.21%	15.99	10.8072	67.59%
Bihar	26.57	21.488	80.87%	21.05	15.8672	75.38%
Chhattisgarh	22.95	17.868	77.86%	23.03	17.8472	77.50%
Goa	10.15	5.068	49.93%	20.44	15.2572	74.64%
Gujarat	21.56	16.478	76.43%	22.49	17.3072	76.96%
Haryana	22.66	17.578	77.57%	16.78	11.5972	69.11%
Himachal Pradesh	22.57	17.488	77.48%	15.5	10.3172	66.56%
Jharkhand	21.32	16.238	76.16%	20.79	15.6072	75.07%
Karnataka	27.38	22.298	81.44%	20.79	15.6072	75.07%
Kerala	25.07	19.988	79.73%	20.96	15.7772	75.27%
Madhya Pradesh	32.8	27.718	84.51%	24.59	19.4072	78.92%
Maharashtra	31.11	26.028	83.66%	22.61	17.4272	77.08%
Manipur	28.59	23.508	82.22%	19.78	14.5972	73.80%

Meghalaya	20.62	15.538	75.35%	15.14	9.9572	65.77%
Mizoram	21.86	16.778	76.75%	15.32	10.1372	66.17%
Nagaland	23.96	18.878	78.79%	18.17	12.9872	71.48%
Odisha	25.38	20.298	79.98%	23.67	18.4872	78.10%
Punjab	23.76	18.678	78.61%	17.18	11.9972	69.83%
Rajasthan	31.16	26.078	83.69%	24.84	19.6572	79.14%
Sikkim	25.62	20.538	80.16%	18.33	13.1472	71.73%
Tamil Nadu	26.72	21.638	80.98%	21.33	16.1472	75.70%
Telengana	28.35	23.268	82.07%	23.72	18.5372	78.15%
Tripura	24.92	19.838	79.61%	19.28	14.0972	73.12%
Uttar Pradesh	22.05	16.968	76.95%	16.35	11.1672	68.30%
Uttarakhand	22.74	17.658	77.65%	16.74	11.5572	69.04%
West Bengal	24.69	19.608	79.42%	18.92	13.7372	72.61%
Andaman and Nicobar Islands	9.57	4.488	46.90%	10.45	5.2672	50.40%
Chandigarh	21.13	16.048	75.95%	15.78	10.5972	67.16%
Dadra & Nagar Haveli, Daman and Diu	20.33	15.248	75.00%	21.23	16.0472	75.59%
Delhi	22.11	17.028	77.01%	13.24	8.0572	60.85%
Jammu and Kashmir	26.07	20.988	80.51%	18.21	13.0272	71.54%
Lakhsadweep	26.64	21.558	80.92%	22.11	16.9272	76.56%
Puducherry	7.61	2.528	33.22%	19.58	14.3972	73.53%
Ladakh	30.13	25.048	83.13%	10.95	5.7672	52.67%

Source: Computed

Conclusion

It doesn't seem probable that Petrol and Diesel would be considered under GST any soon. The second wave of Pandemic has at least for now ensured that Government's focus remains on earning more to meet its debt burdens and national growth estimates, any loss of revenue is beyond consideration. Even if economy gets back to normal, pandemic getsover, including petroleum products would come at the cost of higher deficit in Balance of Payments. If the Government is able to raise revenue from alternative source to more than offset the loss from inclusion under GST, only then it would seem practical to include petroleum products under GST. MA

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PRACTICAL ISSUES IN INPUT TAX CREDIT

Abstract

Claiming Input tax Credit involves several issues that needs to be dealt with including when to claim ITC, who can claim it, how it can be claimed, time limit within which ITC can be claimed and how CGST, SGST, UTGST and IGST can be adjusted against each other. It also has to be checked when ITC cannot be claimed and when ITC claimed has to be reversed.

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Goods and Service Tax (GST) Act came into being from 1st July 2017. Prior to that there were several taxes imposed by Central Government, State Governments, Municipalities/Corporations and local bodies. Some of the major taxes applicable prior to 1st July 2017 are given below:

1. Central Excise duty.
2. Additional Excise duty (AED).
3. Specific Act related Excise duty.
4. Custom duty.
5. Additional custom duty (CVD & SAD).
6. Service Tax.
7. Surcharge and Cess.
8. Central Sales Tax / VAT.
9. State Sales Tax / VAT.
10. Purchase Tax.
11. Entertainment Tax.
12. Luxury Tax.
13. Octroi / Entry Tax.
14. Taxes on lotteries.

Input Tax credit was available on some central and state taxes but not all. Moreover, such tax credit was not across the board. For Example:

a) Excise duty could not be set off against sales tax.
b) Sales taxes could not be set off against the Excise duty.
c) Central taxes could not be set off against state taxes.
d) State taxes could not be set off against Central taxes.
e) Service tax could not be adjusted against Excise duty, sales tax or any other taxes.
f) Purchase tax, Entertainment Tax, Luxury Tax, Entry Tax and similar other taxes could not be set off at all.

GST regime has merged most of the taxes and due to such merging of taxes and availability of Input Tax Credit (ITC) seamlessly; end user (consumer) is the ultimate beneficiary. As the name suggests, under GST Act, Input Tax Credit (ITC) can be claimed and adjusted against the GST amount calculated against all the invoices / bills generated during a particular period by the registered dealer. On every purchase of goods or on availing of service, if GST is charged by the service provider or supplier then the amount of GST paid can be adjusted against the GST liability that arises from the sale of goods or service provided by a dealer.

ITC eliminates the tax on tax (cascading effect of tax) that was prevalent prior to GST Act and thus it can be considered as the lifeline or the pulse of the GST system. An example below explains the concept.

Goods purchased for Rs.118 (100 plus GST of Rs.18) are sold for Rs.177 (150 plus GST of Rs.27).Out of total tax liability of Rs.27, GST to be paid is Rs.9 and Input Tax Credit that can be claimed is Rs.18

Above is the transaction that looks very simple. Practical part is the calculation of ITC that can be claimed, who can claim it, how it can be claimed and when it can be claimed. Burden to prove that ITC was claimed correctly rests with the claimant. Due to elimination of cascading effect of taxes and rationalization of GST rates, consumer has benefited by way of reduction in prices.

Who Can Claim ITC

Every registered dealer / person is eligible to claim ITC except a person who has taken the GST registration under composite scheme.

When ITC can be claimed

ITC can be claimed if:

1. Invoice / Debit Note / Credit Note/ Supplementary Invoice are received from the supplier.
2. Goods or Services are received from the supplier or service provider. In case the goods are received in lots,

ITC can be claimed once all goods are received.

3. GST charged is deposited with the Government by the supplier.
4. Return is filed by the supplier showing the sale as B2B (Business to business).
5. Correct GST number of the claimant / buyer / service receiver is entered in the return by the supplier / service provider.
6. Depreciation is not claimed on the GST charged on purchase of Capital Goods.
7. Where transport of goods is the responsibility of the buyer, handing over of goods to the transporter is treated as supply of goods and thus buyer can claim ITC.

How ITC can be claimed

All registered dealers are normally required to report the ITC in their monthly return in form GSTR-3B. For this the supplier must have filed GSTR-1 as well as GSTR-3B. Amount shown on Electronic ledger can be claimed. In addition, provisional amount of upto 5% of credit shown in GSTR-2A can be claimed.

There is certain preference in claiming ITC as given below:

1. Amount CGST credit available can first be adjusted against the dues of CGST and then against IGST. Thus, CGST credit cannot be adjusted against the liability of SGST.
2. Amount SGST/UTGST credit available can first be adjusted against the dues of SGST/UTGST and then against IGST. Thus, SGST/UTGST credit cannot be adjusted against the liability of CGST.
3. Amount IGST credit available can first be adjusted against the dues of IGST and then against CGST. After that it can be adjusted against the dues of SGST/UTGST. Thus, IGST credit can be adjusted against all types of GST.

ITC once claimed shall be reversed by the registered dealer if:

1. Payment for the invoices for which ITC is claimed is not paid within 180 days. However, this provision is not applicable in case the GST is paid under reverse charge mechanism.
2. Goods are used for personal purposes.
3. Goods are lost / stolen / destroyed / written off / gifted / supplied for free.

Time limit for claiming ITC

ITC can be claimed by the earliest of the following dates:

1. One year from the invoice
2. Date of filing of return of September for the next financial year
3. Date of filing of Annual Return

GSTN Portal

All the registered dealers are provided login ID of GST Network popularly known as GSTIN or GST portal. All the data is posted by all the registered dealers / persons on the GST portal. Once it is done, input tax credit available data is automatically reflected on the portal. Since the GST portal is the online system having real time information, all ITC claims have to be filed through the portal only.

GST on Export of Goods / Services

GST is not applicable on Export of goods / services. In such cases input tax credit is refunded to the exporters of goods and services as per the GST rules. In order to claim the refund, burden of proof that ITC claimed is actually for export rests with the organizations. It is subject to audit at various levels or may be different agencies as Government revenue is involved.

GST law requires transparent working and upto date maintenance of accounts. Also returns have to be filed carefully by all the dealers taking into account the following:

1. Filing of returns by the due dates.
2. Segregation of data and filing of returns considering B2B (sale by one business entity to another business entity) and B2C (sale by one business entity to the consumer) supplies.
3. All invoices are available.
4. All Goods or Services are received.
5. Payments are made against the invoices for goods or services within 180 days of issue of invoice.
6. Correct GST number of recipient of goods or services is mentioned by the supplier orservice provider.
7. For amount spent on Capital Goods, depreciation is not claimed on GST portion.
8. Debit or Credit notes should be issued by the seller or service provider in time. In case deductions are made from the Invoices, intimation to the supplier about the deductions must be given so that credit note can be issued.
9. Once it is noticed that goods were used for personal purposes or were lost / damaged / stolen / discarded / gifted / supplied for free / written off there is separate accounting for this. Here not only the stock of the items will get reduced and expenses will be booked accordingly but ITC claimed on such goods will have to be reversed at the GST portal. However, such expenses booked will include the GST amount also as such goods will be treated as consumed by the entity.
10. In case of organizations having export as well as local sales, they have to maintain all the purchase, sale and consumption data very carefully to justify the ITC on export.

Due to all above, working of the organizations have to be adjusted accordingly. In case of big turnkey projects, some retention money is kept. In such cases, contracts have to be made and invoices have to be made keeping GST Act in consideration especially GST provisions where ITC on retention money cannot be claimed.

Thus, accounting data has to be prepared carefully before filing of returns, reconciliation of sale and purchase data has to be done meticulously. Vendor selection becomes a key as unreliable vendors may not file their returns properly and organizations will suffer the loss. During matching and reconciliation of GST data including GSTR-2A returns if it is found that a vendor has not filed the return properly and ITC is not available for the organization to claim, organization may seek to recover the GST amount from the vendor. MA

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REVOLUTIONISING GOODS AND SERVICES TAX IN INDIA: IS IT TRULY REVOLUTIONISED?

Abstract

GST created a business-friendly environment in India which has led to ease of doing business for tax payers. This study has been made to know the performance of revenue collection after the implementation of GST secondly, to compare the revenue earnings pre and post GST period and to know the initiatives taken by Government to enhance GST collections. A paired sample t- Test has been used to analyse the data and it is found that there is a significance difference in the earnings of revenue tax collected at a pre and post GST Period.

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Introduction:

GST has created a business-friendly environment in India by creating a common national market for goods and services. Simplification and automation of processes of registration, returns, refunds, tax payments under GST has led to ease of doing business for tax payers. 17 indirect taxes and 13 cesses have been subsumed into a single tax that has reduced the problem of cascading of taxes, thereby contributing positively to the ease of doing business in India. The Goods and Services Tax (GST) is a destination based tax levied simultaneously by both Centre and State Governments on consumption of goods and services.GST has been implemented in the country w.e.f. 1st July, 2017.

Meaning

GST is a tax on goods and services with comprehensive and continuous chain of set-off benefits from the producer's point and service provider's point upto the retailer's level. It is essentially a tax only on value addition at each stage, and a supplier at each stage is permitted to set-off, through a tax credit mechanism, the GST paid on the purchase of goods and services as available for set-off on the GST to be paid on the supply of goods and services. The final consumer will thus bear only the GST charged by the last dealer in the supply chain, with set-off benefits at all the previous stages.

17 indirect taxes and 13 cesses have been subsumed into a single tax that has reduced the problem of cascading of taxes, thereby contributing positively to the ease of doing business in India

Objectives of the study:

1. To know the performance of revenue collection after the implementation of GST.
2. To compare the revenue earnings of tax pre and post GST period.
3. To know the initiatives taken by Government to enhance GST collection.

Hypothesis:

1. **H0:** There is no a significance difference in the revenue earnings of tax before and after implementation of GST.
2. **H0:** There is no any significant enhancement in the collection of Revenue after the implementation of GST.

Research Methodology:

In order to reflect on the existing GST scenario in India a

Study of the GST in India was conducted for a period of Six Years (April 2015 to June 2017 ie before implementation of GST and for July 2017 to March 2021). Secondary data was used for the study. Especially Central indirect taxes website is used to collect the required information. Lok sabha question and answer session data was also used to analyze the GST performance. Books on GST and journal have been used to collect required information.

Period of the Study:

Data has been collected from April 2015 to March 2021.

Revenue earnings two years prior to implementation of GST, Month-wise:

Table No.1. Showing the Details of Revenue earnings two and plus years prior to introduction of GST (Central indirect taxes [Customs +Central Excise +Service Tax] revenue)

Months	Rs. in Crores	Months	Rs. in Crores	Months	Rs. in Crores
Apr-15	45418	Apr-16	64014	Apr-17	74132
May-15	51045	May-16	68021	May-17	73100
June-15	57366	June-16	71343	June-17	73896
Jul-15	55388	Jul-16	66878	July -17	GST Implementation
Aug-15	54594	Aug-16	65254		
Sep-15	60971	Sep-16	71623		
Oct-15	58630	Oct-16	77644		
Nov-15	54716	Nov-16	69534		
Dec-15	67842	Dec-16	74548		
Jan-16	62318	Jan-17	73678		
Feb-16	64697	Feb-17	67216		
Mar-16	75131	Mar-17	91152		

Source: Central Board of Indirect Taxes and Customs

It is seen from the above table that central indirect taxes revenue earned were higher side in March 2016 as well as in March 2017. Total Rs.1790149 crores was received in last 27 months average of Rs. 66300 crores were received during the mentioned period. In the year 2016-17, 9 times the taxes revenue was earned more than 70 thousand crores.

Month-wise gross collection of Goods and Services Tax (GST) FY 2017-18, FY 2018-19 and FY 2019-20 are as under:

Table No.2.Showing the month-wise gross collection of Goods and Services Tax (GST)

	GST Collection in Rs. Crores			
Months	**2017-18**	**2018-19**	**2019-20**	**2020-21**
April		103459	113865	32174
May		94016	100289	62151
June		95610	99939	90917
July	21572	96483	102083	87422
August	95633	93960	98202	86499
September	94064	94442	91916	95480
October	93333	100710	95379	105155
November	83780	97637	103491	104963
December	84314	94726	103184	115174
January	89825	102503	110818	119875
February	85962	97247	105285	113143
March	92167	106577	97597	123902
Total	**740650**	**1177369**	**1222049**	**1136855**
Average	**89885**	**98114**	**101837**	**94738**

Source: Central Board of Indirect Taxes and Customs.

Figure No 1. Showing Earnings of GST April 2015 to March 2021

The GST collection in any particular month depends upon the total taxable value of goods or services or both supplied in that month. However, it can be seen that the GST collections have been more than Rs. 1 lakh crore for the last three months (Nov, Dec 2019 and Jan 2020) and the collection in January, 2020 has been the second highest since implementation of GST. From July 2017 to January 2020 GST collections have been more than Rs. 1 lakh crore only for ten times. More than 90 thousands crores but less than 1 lakhs crores has been collected for 16 times and less than 90 thousands crores are for 5 times. The gross Goods and Services Tax (GST) collection of September, 2019 was the lowest since Feb, 2018 when the collection was Rs. 85,962 crores. In the last four months -- November 2019-February 2020 -- GST collection surpassed the Rs 1-lakh crore mark. In February, mop-up was Rs 1.05 lakh crore, January (Rs 1.10 lakh crore), December (Rs 1.03 lakh crore) and November (Rs 1.03 lakh crore). GST collections in March slipped below the psychological Rs 1-lakh crore mark for the first time in four months to Rs 97,597 crore as the COVID-19 lockdown that shut most businesses compounded tax collections in an already sluggish economy. GST mop-up in March recorded 8.4 per cent decline over March 2019 collection of Rs 1.06 lakh crore. The collections were lower on account of dip in revenues from domestic transactions as well as imports.

Analysis and Discussion:

A Revenue collection before GST and Revenue collection after Implementation of GST has been analysed by applying paired Sample test.

Paired Samples Test

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Revenue Before GST &	66301.8148	27	9674.76843	1861.91005
	Revenue After GST	93493.1111	27	15787.85795	3038.37468

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	Revenue Before GST & Revenue After GST	27	.592	.001

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Revenue Before GST – Revenue After GST	-27191.29630	12727.05795	2449.32344	-32225.95274	-22156.63985	-11.102	26	.000

Based on the result of the paired-sample t test we now have statistical evidence that the implementation of GST resulted in a significant tax revenue earnings change. It is seen from the Paired sample statistics that there was an increase in mean revenue tax collection readings (66301.8148 - 93493.1111). The Test result shows a t-Statistics of -27191.29630 with 26 degree freedom. The two tailed p-value is 0.000, which is less than the conventional 5% or 1% significance level. Therefore we can reject the null hypothesis at 1% significance level, which means that the revenue earnings of taxes have indeed increased after implementation of GST.

Wilcoxon Signed Rank Test:

Secondly Wilcoxon Signed Rank Test has been used only to confirm that there is a difference between earnings of revenue of tax before GST and after GST implementation and there increase in revenue collection after implementation of GST.

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The Median of Difference Between GST Before Implementation and GST After Implementation equals 0.	Related Sample Wilcoxon Signed Rank Test	.000	Reject the Null hypothesis.
Asymptotic Significances are displayed. The significance level is .05				

The nonparametric test alternative (related –sample wilcoxon test) also found a significance difference for the pre and post test revenue tax earnings. The null hypothesis that the difference was equal to zero was rejected as it was in the paired –sample t test. We now have evidence that there was a significant increase in revenue earnings after implementation of GST.

Government Initiatives:

The Government has made easy the process for filing of returns under GST for all taxpayers, including traders, micro, small and medium enterprises. Besides, the following initiatives have also been taken up to further simplify return filing process for small taxpayers:

i. Taxpayers whose annual turnover is less than 1.5 crore rupees have the option to file return in FORM GSTR-1 on a quarterly basis, instead of monthly basis.

ii. An option has been provided to the composition taxpayers for filing of FORM GSTR-4 on an annual basis, instead of quarterly basis.

iii. Filing of annual return in FORM GSTR-9 and reconciliation statement in FORM GSTR-9C for financial years 2017-18 and 2018-19 has been made optional for small taxpayers whose aggregate turnover in the preceding financial year did not exceed two crore rupees.

iv. The new return model under GST envisages quarterly filing of return for those taxpayers whose aggregate annual turnover does not exceed five crore rupees.

CBECMITRA, a pan-India helpdesk, a national toll-free number and "GST Seva Kendras" have been established to resolve taxpayer grievances relating to GST.

Further, Goods and Services Tax Network (GSTN) has a helpdesk to redress taxpayer grievances regarding the GST portal, which can be accessed through telephonic calls or through Self-Help Grievance Redressal portal (GRP) https://selfservice.gstsystem.in.

As per GST (Compensation to States) Act, 2017, the provisions for compensating loss arising on account of implementation of GST have been made for 5 years till 30th June, 2022.

Conclusion:

GST has led to ease of doing business for tax payers. Total Rs. 1790149 crores was received in last 27 months i.e. before implementation of GST. Taxpayers migrated to GST from the previous law and Total Rs.3140068 crores was received in last 33 months i.e. after implementation of GST. From July 2017 to January 2020 GST collections have been more than Rs. 1 lakh crore only for ten times. There is evidence that implementation of GST resulted in a significant tax revenue earnings change and there was a positive change by showing an increase in revenue earnings after implementation of GST. So GST in India is truly revolutionised and there is a ray of hope that it will become a powerful instrument to earn revenue for the states as well as Country as a whole.

Limitation of the study and scope for Future Research

This study has some limitation as this study has been made which is based upon Secondary data only. Further Research can extend the Current Performance through research in Different states wise collection of GST for variation Period. A future research should include a comparative analysis of GST Collection by different States in India. In addition, a qualitative research shall be done on major factors that could impact GST adoption on SME's in India. Impact of Pandemic COVID-19 on Collection of GST can also be looked as a research area MA

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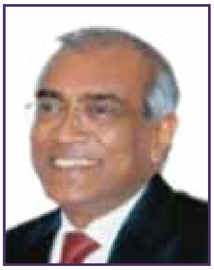
HUMANE AND ETHICAL DIMENSIONS OF DIGITAL TRANSFORMATION



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Introduction

The United Nations General Assembly proclaimed 'The Universal Declaration of Human Rights (UDHR)[1] in December 1948. This is the first universally accepted code of standards for human rights. It was mandated to be achieved for all people by all sovereign nations. The UDHR has been translated into more than five hundred languages and is continuing to serve as the compendium for all legislations enacted by all countries across the world. It has also facilitated negotiation and signing of about seventy treaties connected with human rights which are being applied on an enduring basis across all continents and regions. Any violation of the thirty principles set out in the UDHR are, therefore, to be construed as unethical and a crime against humanity.

The ultimate objective of any effort by any individual or an entity/agency of any form should be to do good for the targeted people and thus, render service to humanity irrespective of whether with or without deriving reasonable profit. Digital Transformation (DT) can in no way be an exception to this cardinal principle. If this is accepted as the maxim, mandates of the UDHR must also be the guiding principles for DT. Therefore, these are also the ethical imperatives for all digital scientists and startups, engaged in designing and/or implementing solutions, as well as government and business entities adopting DT for operations and service delivery.

Unfortunately, innumerable debates have taken place to ascertain whether confidence in digital technologies can be taken for granted, albeit trust, security, privacy, and safety are the important qualitative factors for assessing success of DT. All these disparagements are there despite AI, ML and Data Analytics are helping decision making on complex and voluminous issues. And all the eight deep digital technologies are helping to design solutions for convoluted and capacious problems with considerable positive economic impacts on all stakeholders, and the societal fabric in general. However, inter alia other concerns, overwhelming dependence on an exceptionally fast-moving and integrated network of interconnected systems magnifies the impacts of failures and threatens resilience.

In this process digital technologies are gradually infringing the areas of human rights, which were hitherto not accessed by information and communication technology. Desperate attempts to gain competitive advantages through DT are also vitiating cultural environment and value systems of business entities. Seemingly there are adverse impacts on the organisational genomics of even long-lived corporations. However, more research is required to further validate these issues.

Objective

Contents of this article can better be understood if one can visualise the environment that is expected evolve in foreseeable future. Therefore, certain megatrends identified by predictive analysts will briefly be narrated to start with for appreciating the emerging environment in which DT will proliferate during

Image Source: https://www.finextra.com/the-long-read/128/using-technology-to-transform-not-run-around-in-circles the present decade. In the light of that and above narratives in introduction segment the first objective of this article is to identify those human rights, as enshrined in the UDHR, which are most vulnerable to violation because of DT. The processes to be crafted for implementation of digital transformation and corner stones for success will be revisited. In the light of all these various humane and ethical dimensions from the perspective of solution designers and implementing organisation will be analysed. Due to limitation of words, it may not be possible to deal with all the eight deep digital technologies which may cross the boundaries of ethics and cause violation of human rights. Therefore, certain concerns arising from applications artificial intelligence (AI) and robotic process automation (RPA) will be taken up for further analyses.

The World 2030 - Nine Megatrends

Digital scientists have provided many 'innoventive' solutions for facilitating successful handling of many critical problems which hitherto were extremely challenging and incomprehensible. Case in point is applications of AI and Data Analytics for predicting natural calamities well in advance with much more accuracy than before. Demand for such solutions will increase as world is expected to face many more unprecedented challenges like that of Covid-19 Pandemic in various other aspects of life and nature's behaviour. That is why it is now a VUCAFU world, with FU being fear of unknown and unprecedentedness of crises in store for humanity.

Professor Andrew S. Winston of the University of Guelph, Canadais is an incredibly eminent psychologist. historian and predictive analyst. He has forecasted the following nine megatrends[2] the world is going to pass through till 2030. According to him these trends will badly impact daily life of all, governmental administrations and business ecosystems across the contintents. While this is subject to validations through more predictive research, readers will be able to appreciate that earlier symptoms of the following nine trends are pervasively visible even from now.

1. **Demographics*:** Mankind will add about 1 Bln. more to reach 8.5 Bln. population.
2. **Urbanisation*:** There will be more concentration of population to cities and two third of population will live in urban areas. World has started experiencing evils of urbanisation due to continuous encroachment of forests and wildlife habitats, including disruptions of waterbodies.
3. **Transparency*:** World will become even more open and less private. Far reaching impacts of social media, espionage into people's networks, habits for sharing information, and repeated data robbing by cybercriminals would increasingly tear open private and personal information of people including their habits and social behaviour.
4. **Climate Crisis*:** Faster climatic changes and extreme weather conditions would pose severe challenges. Repeated wild forest fire, melting of icebergs equivalent of thousands of square miles, ocean warming and rise of levels, temperature in certain parts of North America shooting up to 49^0 Celsius, super severe cyclones in coastal regions of the USA, India, etc. are the indicators for more severe crises to come.
5. **Resource Pressure*:** Because of the above four developments humanity will aggressively confront resource constraints. Crisis will be there for even hitherto freely available natural resources like breathable air and potable water fit for drinking.
6. **Clean Tech*:** Zero carbon technology will most certainly be demanded more! Not only there would be need for minimising carbon emissions but also pulling down of greenhouse gases form the atmosphere.
7. **Technology Shift*:** Internet of Things (IoTs) will influence the way of living life. The present author has written earlier about predictions that a common man will be under direct and indirect influences of about five and twenty IoTs respectively. There will be applications of AI-IoTs, IoTs for RPA, Industrial IoTs, IoTs for smart cities and houses, Internet of Body, Internet of Behaviour, and so on.
8. **Global Policy#:** Netizens will continue to be more open and fearless. They would ask questions on policies and processes and demand responsible actions and accountability from both business and government entities on all matters that impact common people's life.
9. **Populism#:** Having seen liberalism and trends of globalisation in 1980s the new trend would be towards nationalism, protectionism, treaties between friendly countries, etc. The rise of radicalism may not be ruled out.

The author of this article proposes to add two more perceivable trends to those nine megatrends.

10. **World War III*:** May be fought at the cyberspace using weapons designed and inflicted across nations with advanced digital technologies. This will choke and halt large public service facilities like power distribution, healthcare services, business operations. NATO countries have recently recognised cybercriminals and their attacks as potential sources of formidable risks.
11. **Covid-19 Pandemic*:** Unprecedented crises, large scale losses of life and far-reaching negative economic and societal impacts caused by Covid-19 Pandemic will keep haunting human civilisation for more than a decade. The fear psychosis of attacks by such biological weapons may cast shadows over developmental initiatives.

Note

*The author's studies of published literature and use case reports suggest that the risks and challenges thrown by the marked trends can be predicted, proactively actioned upon, monitored, and mitigated to a certain extent by digitally designed and implemented solutions. Business entities also on their part would resort to the same to avert, face, negotiate, revive, survive, sustain, and prosper as they keep facing those risks and challenges.

Challenges and crises arising out of the two marked issues must have to be handled through goodwill, emotional intelligence, collaboration, and cooperation by and between political leadership groups of sovereign nations with interventions of multilateral agencies.

People First - The imperative

On the face of challenges, as delineated above, business organisation will strive every never to retain their respective competitive advantages. Digital tools, which have already been proved to be the game changers, would be the principal resources. None can wish away the probability of such tools being applied in a manner that may cause violation of fundamental human rights.

Prof. Winston has suggested that[2] *"As new technologies sweep through society and business; the change will be jarring. Those changes and pressures are part of why people are turning to populist leaders who promise solutions. Business leaders should think through what these big shifts mean for the people that make up our companies, value chains, and communities."* It is needless to repeat, that adoptions of and resource allocations for DT will gain further pace. But lot will depend on leadership teams in framing strategies for applications of digital technologies with win-win motives for all stakeholders and humanity in the ultimate analysis.

DT and Vulnerable Articles of UDHR

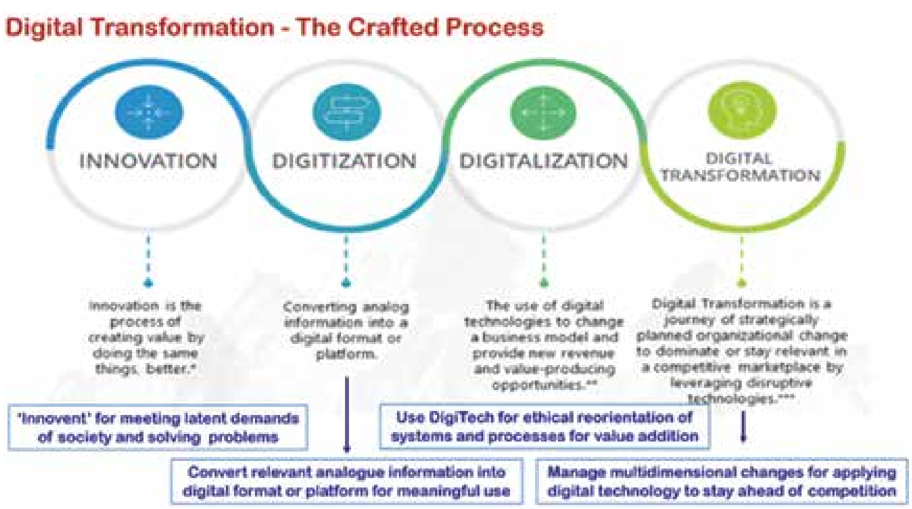
It is a difficult task for an author to identify and exclude any of the thirty Articles of UDHR with the argument that those may not be directly or indirectly applicable to digital transformation. However, for establishing common understanding about the most vulnerable ones in the context of DT, the following five major Articles are briefly being quoted:

Article No.	Brief Description of Rights
Article 1	All human beings are born free and equal in dignity and rights.
Article 3	Everyone has the right to life, liberty, and security of person.
Article 12	None shall be subjected to arbitrary interference with his privacy family, home, or correspondence, nor to attacks upon his honour and reputation.
Article 28	Everyone is entitled to a social and international order in which the rights and freedom can be realised.
Article 29	Everyone shall be subject only to such limitations as are determined by law solely for the purpose of securing due recognition and respect for the rights and freedoms of others and of meeting the just requirements of morality, public order, and the general welfare in a democratic society.

Organisation of Economic Cooperation and Development (OECD) has stated in one of its documents that *"Being able to measure people's quality of life is fundamental when assessing progress of societies*." No debate and validation exercise are needed to establish the sanctity of this statement. Therefore, one of the most important yardsticks to measure the ultimate success of DT and thus Industry 4.0 at macro level should be whether more and more applications of digital technologies are improving and would continue improve quality of people's life across all societal levels and geographic regions. The most important criterion for such a judgement is whether digital technologies have been and will continue to be able to protect at least the above five fundamental human rights as enshrined in the UNO's UDHR.

Digital Transformation - The Process to be Crafted

It will be useful at this stage to revisit the process of DT right from creation, gathering and screening of data to finally adopt and proceed with application of digital tools for value generation. Instead of resorting to narratives it would be useful to understand the four-step process of DT by taking a detailed look at the following illustration.



Source: https://digitaltransformationtrends.com/digital/what-is-digital-transformation/

The author has added a few narratives to the graphic available at the quoted source.

One can observe from the above that adoption of DT, even after implementation of ERP, would mean an entirely new exercise which must be continued while operating in an ever-dynamic external business ecosystem. Adoption of any plan for DT without making it an integrated part of business strategies, duly aligned with the entity's vision and mission, may prove to be a decision taken and implemented with out of place contexts. Without having a well-crafted plan in place embedding digital tools into tactics for implementation of strategies may cause disaster. Both solution designers and business leaders would do well if they remember the following words of wisdom from Sun Tzu, the Chinese General, Military Strategist, Tactician, and Philosopher (544 BC to 496 BC): *"Strategy without tactics is a slow path to uncertain success. Tactics without strategy is the noise before the defeat."*

Deloitte, in one of its documents published in the Harvard Business Review[3] cautioned stating that "*Disruptive technologies create tremendous opportunity for organizations to become smarter, more agile, more flexible, and more responsive. But as employees deploy new applications, they are encountering challenges that create reputational and even financial risks for their organizations. Some companies that don't see technology as their core business may assume that these considerations are irrelevant, even as they increasingly rely on advanced digital and physical technologies to run their day-to-day operations.*"

That respect for data privacy and measures for cyber security and safety are the absolute imperatives, need no overemphasis. Officials responsible for planning, conducting, and monitoring the DT journey must be extremely careful about quality, volume, relevance, privacy, and safety of data. Business leaders must have to inculcate this through a peaceful cultural revolution. Data is regarded as the new oil for Industry 4.0. But it can cause much more devastating fire than what hydrocarbon can do and harm humanity by violating several human rights. Readers might be aware of very many reported data breaches in recent past and the damages those have inflicted to the erring organisations.

Aparna Ashok[4], a Tech Anthropologist and researcher of anticipatory ethics and digital tech wrote that *"Automated decision-making models are moving from research environments to real-world environments, creating new sets of social challenges. Despite how intelligent and mathematically accurate autonomous systems may be, they run into some problems when interfaced with a world populated with unpredictable human beings. Recent examples of this include Cambridge Analytica, self-driving car crashes, security breaches at Facebook and Google."*

Digital Transformation – A Journey with Caution

The author in one of his earlier articles under this Column has written about various wrongful approaches towards digital transformation, viz., 'Me too DT', Lipstick DT, and 'One time or Once for all DT'. An organisation must not implement DT because industry peers have adopted, or for decorating the organisation with fanciful cosmetics called digital tools that would be erased or fade out over time like lipstick coats. An organisation must not adopt DT just for show casing without meaningful applications for deriving and sharing benefits therefrom with stakeholders. DT is not a one-time exercise, rather a journey for moving ahead with sustainable prosperity.

However, intrusion of ulterior motives in the process of solution designing and applications may not be ruled out in situations of top-down pressure to ensure success. Employees, while working in a dynamic environment without measures for effective surveillance and under stiff targets for achieving quantum leap in revenue and ROI, may deliberately or unknowingly resort to unethical tactics that may infringe human rights. Deloitte in one of its publications titled 'Future Risks in the Digital Era'[5] mentioned *"Unintended consequences, including the obsolescence of existing controls, complexity in operations, and the possibility of cascading errors, become top areas of concern. Misalignment between an organization's goals for digital transformation and employee values and behaviour creates new culture risks.*"

Therefore, it is essential in this journey to frequently revisit the following questions, apply nuances Audit 4.0[9] techniques to find answers, and initiate corrective actions to reassure that digitally transformed systems of the company and its employees through human interventions are not:

- Violating in any manner the human rights and doing injustice to humanity in any manner,
- Collecting or using classified and stakeholders' sensitive data without their knowledge and consent solely for realisation of organisational objectives,
- Infringing any terms and conditions in any manner which were contractually committed to be observed while obtaining personal/entity specific data of any stakeholder,
- Sharing sensitive but permitted data of stakeholders with third parties who do not have wherewithal and contractual obligations for protecting the data,
- Contravening various data and digital technology related regulations in all the geographies where they operate, and
- Agile enough to capture legal and regulatory changes in requirements for good governance and initiate immediate action to ensure compliance.

Cornerstones for Success of DT - Humanity First

Human civilisation, since onset of the first industrial revolution in 1770 with steam engines and mechanisation, have experienced ground-breaking technological inventions and innovations over centuries. All those have delivered thousands of products and rendered invaluable services to humanity. Many of those have withered away, lost utilities and/or replaced by new inventions. Digital technologies, in addition to continuing with the same tradition, are helping to solve hitherto perplexing and complex problems. Immutable, cognitive, robotic and immersible technologies, powered by internet and aided by IoTs, are also helping to predict future with near actual accuracies and performing functions with accuracy, transparency at an overwhelming speed.

Source: https://blog.prototypr.io/ethical-principles-for-humane-technology-19f4fb3b0ba2

Any technology, irrespective of being in physical or digital domain can stand the test of time if it fulfils six criteria as detailed in the above graphics. Attributes may differ due to nature of utilities offered by each. Any innovation must ensure maximisation of value creation and minimisation of value destruction. Additionally, the ultimate humane objective of any technology should be all-encompassing growth with inclusive happiness. It must ensure equitable distribution of facilities and values that are created amongst all human beings across all societal strata. That any technology must be developed and applied on the principle of only one version of truth need no special mention.

In his second article[6] on digital solution designing the author reinforced the above views with the axiom - *"The main thing is to keep the 'Main Thing' as the main thing." It is up to the designer to decide what is the 'Main Thing' when she/he designs a solution for an identified problem of affected stakeholders. The more axiomatic point is that the legacies which have brought humanity up to Industry 3.5, will not help to reach the pinnacle of success for Industry 4.0."* Human civilisation has not come this far to reach the present milestone only. It must move ahead with more success. Two questions that are vexing minds of many are:

- Why so much of disparities and gaps exist between 'Haves and Have-nots' despite basking in glories of so many industrial revolutions, inventions, and innovations?
- Why could we not establish a society with equity for inclusive growth and inclusive happiness will continue to haunt mankind?

Objective of this article is not to dig out reasons for the present state of affairs. It is better to move ahead with ideas on initiatives and concrete action steps that can bridge that gap.

Ethics and Humanity - Solution Builders' and Implementers' Perspectives

In many of his keynote speeches in summits and conferences at both national and international levels the author has enunciated his own thoughts and 8WH Principles for digital solution designing.[7] Those can also be validated using words of wisdom from Indian mythology. One such pearl of wisdom is *"We are born into the world of nature. Our second birth is into the world of spirit. But he who with strong body serving mind gives up his power to worthy work."* Albert Einstein cautioned saying, "*The true sign of intelligence is not knowledge, but imagination.*" 'Gurudeb Rabindranath Tagore wrote, *"I slept and dreamt that life was joy. I awoke and saw that life was service. I acted and beheld that service was joy*."

The underlying common thought of these three quotes is that power of mind and spirit, and the sole objective of service to humanity will be the key determinants of success worth the word. Else the world will continue to watch mankind more sharply divided into two groups, viz., people with abundance of wealth and people with profusion of misery. There will be a middle class who will continue to help creating wealth for the former group.

The above thoughts can further be elucidated from the perspective of solution designers through the following points drawn from one of his papers on blockchain technology[8]:

- Technology does not have morality, emotion, ethics, and value generation skill of its own. Technologists have. Success of DT will depend on those humane qualities of solution builders. They must ensure that least possible scope is left for anyone, including internal stakeholders, to exploit their 'innoventive' creations with ulterior motives.
- Frontend users must have options for self-initiated executable contracts with parties anywhere in the world, which are drafted on the foundation of equity instead of being dictated for what is to be done.
- All solutions and their applications must be grounded on the humane foundation of universal altruism and sustainable shared values.
- Humanity is one and the world is its home. Hence there is the need of a global regulatory body for crafting policies and directional guidance, and monitoring applications of digital technologies and outcomes. The regulators' oversight functions should also be driven by insights for ensuring services to humanity.
- Leadership team of every organisation adopting DT must reorient their operations, related cultural attributes and management audit functions to meet demands of the new era. This has been set out by the author in his article on 'Audit 4.0.'[9]

PwC, Netherlands[10] in one of their publications echoed the above thoughts when it states that, *"To the organisation of future, digital ethics is not just another buzzword, but at the heart of its success. It is currently difficult for organisations to implement digital ethics, mainly due to a lack of recognised ethical regulations to strengthen society's trust in the digital* *economy and a lack of staff with the necessary skills to do so*.".

Behavioural scientists Nicholas Epley and David Tannenbaum in their seminal paper titled "Treating Ethics as a Design Problem"[11] (2017), dealt with three 'myths' about morality, which according to them are consistent with three themes, viz.:

- *"Ethics are a property of people, rather than the broader context in which the behaviour takes place,*
- *People's [good or bad] ethical intentions lead to [good or bad] ethical actions, and*
- *Ethical reasoning drives ethical behaviour."*

They have recommended for in-built ethical safeguards even when any activity is being performed with good intentions and objectives. They cautioned leaders not to be tempted and misjudge the efficacy of ethics which employees received as inputs from family, society, academic and professional courses/ training. They must not undervalue the paramount importance of contextual modifications that are to be done and monitored for ensuring ethical behaviour. *"To be effective, policies must treat ethics as a design problem; that is, policymakers should create contexts that promote ethical actions. ... policies and decision environments are more likely to be effective if they are designed to go with the grain of human psychology."*

Humane and Ethical Dimensions of AI and RPA

In the light of the above discourse and for bringing in some degree of real-life contexts to this article it would be useful to briefly deal with two of the most talked about digital technologies, viz., Artificial Intelligence (AI) and AI driven Robotic Process Automation (RPA). These two are often becoming subject matters of controversies and debate with direct correlation to ethics and humanity. Readers may be aware about the event of a robotic killer as reported by the UNO[12] – "*Are killer robots the next threat faced by humanity? A United Nations report claims that a killer drone trailed and attacked a human being without directives to do the same.*" This has happened despite UNO appealing in 2018 for banning of killer robots. At the outset it would be useful to recapitulate the following three stages of AI:

- **Artificial Narrow Intelligence (ANI):** Capability in specific context, e. g., weather forecasting.
- **Artificial General Intelligence (AGI):** Human level of cognitive functions across wide variety of domains, i. e., equal cognitive capabilities of a human being to recognise sound, image, etc.
- **Artificial Super Intelligence (ASI):** Entering the stage of science fiction surpassing all hitherto seen human intelligence.

It is accepted that AI at its present state of development is helping commercial world and governmental agencies in many ways. But in the light of the above event of a robotic killer three questions deserve to be pondered over:

- Will AI be able to a substitute and/or should be allowed to substitute the wisdom of senior people and those we inherit from Indian mythology by mimicking the way their brain works/used to worked for also dealing with issues involving applications of emotional intelligence?
- Will that stage ever come when AI, which is continuing to proliferate with powerful mutations, will overtake human intelligence?
- Will digital scientists be able to give assurance that AI driven tools and RPAs will never make mistakes that may prove to be catastrophic for human beings?

These questions become more quaking when one notes the comment of Yan LeCunn, Director (Research) of Facebook. He is of the view that, *"Despite these astonishing advances, we are a long way from machines that are as intelligent as humans - or even rats. So far we have seen only 5% of what AI can do."* It would be a mindboggling task to predict what would happen to humanity even if half of the balance 95% of AI's capacity is achieved! Therefore, time is here and now to analyse the following illustrative, but in no way comprehensive, questions emanating from applications of AI and RPA as the author have brought in a few of his earlier papers and presentations:

1. Directionless - What happens if there is no directional guidance and regulation for designing solutions? The worst case in point is the aforesaid killer robot?
2. Legal Authority and Mitigation of Loss - What happens if users suffer losses due to advice from humanoids which are artificially made intelligent? Retail banks have started using such humanoids for reducing human interventions.
3. Unemployment - Will AI be able to generate new jobs with more thinking content and creative abilities? This is essential because RPA will reduce human deployment in certain operations. For this the quality of technical education and training must substantially be elevated, and conducive environment has to be offered for people to think and 'innovent'.
4. Collaboration - What happens if RPA and robots fail to collaborate with human beings when applied in areas like manufacturing, assembly shops, robotic surgery and so on. The evil effects and losses from such failures may be far reaching, voluminous and irreparable?
5. Transition - How to ensure transition from human driven processes to AI and RPA driven processes with painless change management and without negative impacts on human psychology?
6. Inequality - How equitable distribution of the wealth, created by AI and RPA, is to be ensured in the absence of directional guidance and code of standards from multilateral agencies?
7. Humanity - How to ensure that human beings not become slaves of networked AI, IoTs and RPAs, particularly keeping in view accelerated pace of using artificially intelligent IoTs?
8. Bias Robots - How to ensure that all bias have been eliminated from artificially intelligent robots and RPAs so that disastrous results are avoided?
9. Security - How to ensure that power of AI is kept safely away from and/or ahead of cybercriminals who are also using AI based tools for spawning

malwares and ransomwares for minting money?

10. Evil Genies - How AI and RPA driven process can safely be designed to prevent unintended consequences being inflicted on the targeted beneficiaries in the absence of policies and guidelines at global level?
11. Singularity - How to ensure that humanity is not commanded and does not remain in control of a complex mesh of intelligent systems?
12. Rights of Robots - How rights of robots are to be defined with humane treatment, to the extent desirable and recognised under rule of laws? Conversely will RPA driven process be able to conserve human rights as enshrined in the UDHR of the UNO?
13. Artificial stupidity - There is no reason to believe that AI and RPA driven processes will not result in stupidity, proof of which are there aplenty. How it is to be ensured that newer varieties of such stupidity do not cause irreparable damages to users?

Digital solution designers, particularly with applications of AI and RPA would do well if they keep in mind the following findings in 2019 from a research jointly conducted by Oxford Insights and International Development Research Centre[13]:

- Artificial intelligence technologies will add ~ US$15 trillion to the global economy by 2030.
- Countries in the Global North are better placed to take advantage of these gains than those in the Global South. The risk is that countries in the Global South could be left behind by the so-called fourth industrial revolution.
- The danger is unequal implementation will widen global financial inequalities.

Keeping in view the above one can conclude and demand that there is an immediate need for multilateral agencies at global level and governments at sovereign nation's level consider the matter in right earnest and pronounce agreed international code of standards for applications of digital technologies duly modified to befit the country specific requirements. It is encouraging to note that guidelines issued by the High-Level Expert Group on Artificial Intelligence (AI HLEG) set up by the European Commission in June 2018[14] recognised that, "*Trustworthy AI has three components:*

1. *it should be lawful, complying with all applicable laws and regulations;*
2. *it should be ethical, ensuring adherence to ethical principles and values; and*
3. *it should be robust, both from a technical and social perspective, given that even with good intentions, AI systems can cause unintentional harm.*

The Guidelines are clear that these components should be met throughout the system's entire life cycle and provide guidance largely in relation to the second and third components: fostering and securing ethical and robust AI."

Conclusion

The author would like to take liberty to conclude by reiterating with all humility the ten commandments for digital transformation as articulated by him. He requests all digital scientists, solution designers, implementors and leadership team members to follow these commandments:

- Humanity first
- Reduce complexities
- Reimagine consumption
- Go for creative destruction
- Manage climate emergency
- Redistribute power and wealth
- Be accountable without discrimination
- Fix imbalance of humanity and technology
- Enhance technology with universal altruism
- Let imagination and ethics lead transformation

The author is of strong conviction that his above directional thoughts, articulated as commandments, will certainly help achieving all objectives of digital transformation in compliance with all imperatives for services to humanity and ethical acts. All these in turn will also help safeguarding human rights with due respect and modesty. MA

Note

This paper is based on the keynote speech of the author delivered on the FinCon Day of The Economic Times DataCon Virtual Summit held on June 16, 2021.

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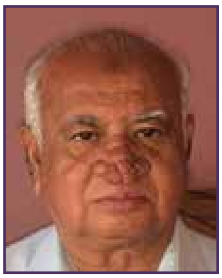
THE FUTURE OF INDIA-US2+2 MINISTERIAL DIALOGUE: EXPECTATIONS FROM BIDEN ADMINISTRATION

Abstract

The newly elected US President Joe Biden received a call from the Indian Prime Minister Narendra Modi congratulating on his win and hoping to have bolstered relations between the two countries in the future. With coming in power of Joe Biden as the US President a significant shift in foreign policy is expected. This will be a concern for the future of India-US 2+2 Ministerial Dialogue. The present article discusses issue of concern for India in the future dialogue under Biden regime.



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Introduction

The newly elected US President Joe Biden received a call from the Indian Prime Minister Narendra Modi congratulating on his win and hoping to have bolstered relations between the two countries in the future[1]. Though, PM Modi has had addressed gatherings for the support of Trump a year back, for the countries to progress it doesn't matter, the bilateral relations should continue amid conflict and cooperation.

Prime Minister Narendra Modi came into power with full majority in 2014 and became the incumbent Prime Minister for the second term, which will end in 2024. Upon his coming into power, India moved on to a new foreign policy, which was a deviation from its old policy of Non-Alignment. Theoretically speaking, India still followed the Non-Aligned Foreign Policy but the evidence suggests the opposite. India under Modi, started looking for becoming the leader of South Asia. This was challenged by China and to compete with it, India needed Developed countries to be on its side. India started aligning with US, wherever it was feasible. During PM Modi visit to US in 2017, it was decided by Modi and Trump to initiate US-India 2+2 negotiations to boost bilateral ties between India and US[2]. Thus, the first India-US 2+2 negotiations was initiated in September 6, 2018. The first meeting was joined by External Affairs Minister Sushma Swaraj (India), Cabinet Member Smt. Nirmala Sitharaman (India), Secretary of State Mr. Pompeo (US) and Secretary of Defense Mr. Mattis (US)[3]. In late December 2019, the second session of India-US 2+2 Negotiations was held and several key issues including defence, counterterrorism, trade were discussed and both countries assured of the required cooperation. With coming in power of Joe Biden as the US President a significant shift in foreign policy is expected. This will be a concern for the future of India-US 2+2 Ministerial Dialogue.

Deepening ties between India and US

The main objective of the 2+2 Dialogue (from the viewpoint of India) is to build new and better ties between both the countries. It is not the first time that India and US are having bilateral negotiations, but only the case is, that it is now more strategic and specific. From the first two 2+2 dialogue, it is crystal clear that India and US are committed to strategic cooperation and collaboration. The underlying intention of both the countries is to increase their dominance in the Indo-Pacific region as well as in South Asia. However, the future of India-US 2+2 Ministerial Dialogue under Biden administration will be determined around three key areas.

The first area is to maintain high level communication between the heads of defence and external affairs for both the countries in order to have better strategic cooperation. Already the Communications and Security Agreement (COMCASA) is initiated between India and US, and its is expected that this will be taken to a new level in upcoming dialogue under Biden as it benefits US. The early signals by the President Biden are to extend cooperation with countries particularly that are natural ally. India has shown tremendous contribution towards the US economy with its workforce contribution and immigrants. Biden has already committed himself regarding relaxations in H1B visa for the workforce suggesting a cooperative trend for the future as well[4].This will reduce the possibility of confusion and discord between the two countries, and instead will lead to cooperation and commitment.

The second area and the most prominent one, is the cooperation in defense sector between the two countries. Both the countries have boosted defense cooperation (in both ministerial meetings), however, the real time activities are yet to be displayed. For example, the number of joint naval exercise between India and US has remained more or less same even after 2+2, excluding the joint military exercises of the Quad. Whether US under Biden administration will be focusing more on real time activities in the Indo-Pacific will remain an

The underlying intention of both the countries is to increase their dominance in the Indo-Pacific region as well as in South Asia

open-ended question. US has announced that India is its Major Defense Partner (MDP) in the first 2+2 dialogue but the same announcement may not be expected from Biden administration. President Biden is more concerned with the internal affairs of US and will leave the room for the policy makers to deliberate and decide about the matter. But cooperation may be expected even without such pompous announcement. Thefar-sighted implications on the bilateral tieswill determine whether a Free Trade Agreement (FTA) can be materialized or not. It has been observed that US MDP has always remained committed to the adherence of US foreign policy. This means that India will have to depart from its erstwhile Non-Aligned Foreign Policy, to which Prime Minister Modi has no objection.

US is willing to sell India more advanced weapons under the Defense Innovation collaboration. India is lagging in advanced weapons and US dominating in advanced weapons, India is therefore bound to purchase such weapons from US[5]. One of such weapons is the missile shield, which India has agreed to buying from US. The future negotiations will include the final decision on purchase of such technology upon a joint agreement.

India-US critical issues for the future 2+2 Negotiations

There are lots of critical issues between India and US to complete the circle of full cooperation. From Indo-Pakistan conflict to India-China conflict, India has a lot to deal with. The two countries cannot ignore the implications of such conflict on its cooperation and bilateral ties.

It will be good to observe the US stand on critical issues one by one and then concluding from the same. India-Pakistan conflict is a long one with Kashmir in the middle. India has always blamed Pakistan for terrorist attacks on its land as well has proved the same several times. India has also fought two wars with Pakistan, one led to the creation of Bangladesh and another to take back Kargil. The recent Balakot air strike by India and the complete unacceptance of Pakistan has raised tensions between the two countries. The recent Kashmir issue has also been a bone of contention between India and Pakistan. US has favoured India on the issue of terrorism but has also supported Pakistan on few issues. Trump showed interest on the visit of Imran Khan to arbitrate between India and Pakistan with respect to Kashmir and border dispute issue. That never happened and was a diplomatic win for India. Biden's administration has issued statement that there will be no change in the policy for India-Pakistan conflict and US will welcome any step towards progress and peace in South Asia region[6]. Thus, this issue of conflict will not be a concern in the future 2+2 negotiations. The future negotiations can only expect statements on maintaining peace and progress in South Asia including India.

The Indo-China territory dispute has remained low in the international arena. However, in the regional arena, it is of major concern. In the future, this issue can become a grave one. Till now India and China has maintained a healthy relationship, and have settled the issue through bilateral talks. US has never entered directly into the Indo-China conflict. Trump administration's policy has focused on not to mention India-China conflict rather talking about peace and progress in general. In the future 2+2 negotiations, Biden administration may push for CPTPP as it stands in opposition to China's BRI. Considering the implementation of RCEP and China playing a significant role in it while India not being part of it; Biden administration will attempt to capture this opportunity of pushing India into CPTPP. As India continues to oppose Chinese BRI, US will take benefit of the same to bring India on its side.

Biden's administration stand

The nature of these issues is geo-political and Biden's administration will not be interfering at this early stage. The focus will be to build defense ties along with strategic partnership and focusing more on altering the dominance of China in the Asia Pacific. US will always pose as an arbitrator in case of Indo-Pakistan conflict. Due to the US image of counter terrorism operations and war on terror, Biden will support India on all counter terrorism initiatives. It may go to push for sanctions on Pakistan in the near future. Tibet policy of US will remain a neutral one but US will also not oppose any move by India towards Tibet political crisis.

India's gain in the future 2+2 Negotiations

India has two advantages and exploiting them may bring US closer before the next 2+2 Dialogue. The first is India being a market of 1.2 billion people. This is a major interest of US to move its companies or products to India. The global economic slowdown due to pandemic has affected all countries but India has a powerful consumer base. India can gain further and firmer support by sharing market opportunities with US firms. The second advantage is the geo-political position of India in South Asia. India's position is strategically important to curtail the dominance of China in the region. China is dominating South Asian region and US does not like it and this will hold true under Biden leadership as well. To counter China's rise, US is looking for a strategic partner. India can become that strategic partner and this will make the US support towards India firmer.

Conclusion

US-India 2+2 Ministerial Negotiations is an opportunity for both the countries to deepen defense and strategic ties. India has its own interest and US want India to be its ally in the long run. The quest for the dominance in South Asia will decide the future of 2+2 negotiations. US intention to curtail Belt and Road Initiative of China by promoting other Asian powers it clear and Biden is expected to continue to stance. Quad, CPTPP and Blue Dot Network are the future opportunities to be considered under 2+2 Negotiations by the two countries in Indo-Pacific region. The future negotiations under Biden administration will witness much strong ties between US and India amid few disagreements. However, India will remain committed to cooperation as India is looking forward to upgrade its military might. MA

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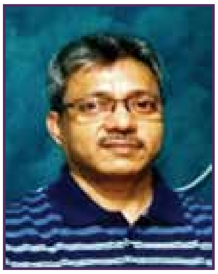
STOP, LOOK, REFLECT ON OUTCOMES AND THEN STEP AHEAD

Abstract

"Good leaders manage team's output well, but great ones connect output to desired outcome. 'Output'gives a close-up view that helps leaders observes individual pixels or components in details whereas 'Outcome'helps envisage the bigger picture, the zoomed-out view of all elements that make up the whole. Thus, focusing on outcome creates greater impact on one's organization, customers and mission."



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Recall earlier years. How often did we hear that dreaded expression -**operation was successful, but the patient died?**You will agree that despite being aghast thinking of such adverse outcome,we firmly believed that operation had been carried out by expert medical professionals, taking all precautionary measures and in accordance with standard operating procedure led down for such operation. But, post-surgery, when the patient could not be brought back alive, we cursed our luck. Hey, stop, stop, stop. Why am I deliberating this and that too among business professionals and management students? Let me explain.

Looking back on such terrible experiences of past, we realize that we could have been trapped in a relatively narrow vision i.e. we were **output focused** and attached lesser importance on the **outcome**. Assumption was, when everyone follows his or her prescribed role diligently, there is no need to be scared of the problem. As all proven measures were in place, we were sure that **the very processes will see us through**.With this belief, we **hoped for a positive outcome**. All right now, tell me, which is more important, a patient's life or a perfect medical procedure? Was eliminating the cancerous tumor flawlessly the primary objective or was it far more important to bring back the patient alive and infairly normalized condition? Trust me, competency or sincerity of medical personnel were never in doubt. Most likely, after every little effort that these experienced professionals had put, they had failed to ask the most pertinent question – were their efforts aligned to the end goal? Were they fixated on the operation procedure or on the outcome?At any point of time, if doctors had slightest of doubt that the operation could be life threatening, did they reflect and realign their responsibilities?Only God knows what was going through doctors' mind. Similar to hospitals,today in business organizations also,every individual is assigned with specific activities and targets to be met.**Key Performance Indicators(KPIs)**and **Key Result Areas (KRAs)**are the basis through which employee performances are measured. However,lots of employees are so focused on meeting these targets that they fail to appreciate the outcome behind their specific assignments. They carry out their tasks mechanically. Sounds familiar? Let me elaborate this, with specific examples.

First, take the example of an executive working in Accounts Payable teamin a large organization. Say, he has been asked by his manager to process at least 50 bills per day. Every morning this executive goes through the list of pending vendors' bills and when they are about to be due,verify them with terms and conditions as mentioned in purchase orders, matches with items received as per goods receipt note (GRN) and processes necessary payment vouchers. Thereafter, he gets these vouchers approved by his manager and forwards them to the Banking team for release of payment. In short, he carries out a series of physical activities which can be seen and measured accurately. Pretty simple isn't it?All right now let me ask some questions. Why do organizations want to ensure timely payment to its vendors? Is it only for sticking to the terms and conditions of payment and meeting contractual obligation or is it for building a long-lasting relationship with vendors? Just ponder, was the executive's activity not linked to a) getting lower quotes in future offers b) an assured delivery when items were required at short notice c) keeping inventory to the bare minimum and d) reducing inventory carrying cost? To be candid,purpose of giving specific target to this executive was way beyond the physical activitie she carried out. In fact, it is the duty of his manager, to narrate the bigger picture to him, so that he understands and appreciates his role with greater clarity. And this broadened vision can help him remain outcome focused. Moreover, attaching importance to these finer points not only has a direct bearing on the profitability of the business but also carry other distinct advantages. Firstly, when actions are reviewed simultaneously, it helps individual take prompt course corrective measure, as and when such need arises. And second, extraordinary yet special requests such as early / additional delivery or early / delayed payment, can be factored in day to day assignments, which can go a long way in establishing a superior and result-oriented engagement between buyer and the seller.

Next, let's take the case of an HR executive. Say, she is responsible to monitor performance of individual employees within the organization and implement the performance-based incentive scheme. If you observe closely, you will notice that she had followed the rule book exactly and never deviated from prescribed norms. Now spare a moment of thought. Ask yourself, has there been any attempt by the HR executive or any of her colleagues to find out whether employees were satisfied with their current assignment or not? Was the overall work environment friendly? Did employees receive requisite support from other colleagues,which had a direct bearing on their performance? Did any employee show interest to work in some other department or project? I do agree, that staffing in any department is always based on organization's requirement, but will it not be beneficial for an organization,

Key Performance Indicators(KPIs) and Key Result Areas (KRAs)are the basis through which employee performances are measured

if it allowed individual employees to excel in their areas of interest? Will the organization not benefit from their enthusiasm and untapped potential? Can some employees not be attached to teams of his or her interest, say at-least on a part-time basis? Will it not motivate employees and create additional value for the organization? Listen, we ought to appreciate that nurturing talents and providing requisite platform for employees to blossom, can have a **domino effect** i.e. it can kindle imagination amongst every employee. Who knows, someone might come up with an extraordinary proposal that can be a redefining moment for the organization?But if organizations are not ready to experimentor provide necessary space and freedom to its employees, it will simply remain output focused. Walking the path to greatness, shall remain elusive.

Thirdly let's take the example of a digital initiative by the marketing team of an organization. After a series of brain storming and intense efforts, it rolls-out an automation programme for monitoring end to end sales cum collection processes. The IT team created a mobile app which tracked customer orders; measured **leadtime** (time taken by organizationto execute customer orders from the time they are placed) and analyzed customer receivables on real time basis. It helped sales team distinguish between sticky customers and sporadic defaulters. As an add-on feature, the app provided a user-friendly payment platform,where in customers could make online payments from anywhere, seamlessly. Above all, the app could generate periodical MIS reports on things like customer preferences, demand cycles, demography etc. Thus, it helped each team remain more agile and nimble. Infact, the digital team had worked relentlessly to guaranteea glitch free experience. A complete sync from ideation to execution.Are markable achievement, isn't it? My apologies that was not the case. Above digitalization initiative missed out a small yet vital point. How did the organization intend to address customers' concerns on quality issues, which has significant bearing on order to cash cycle?Ask yourself, can business afford to disregard such critical piece? Can this initiative be considered a right example of customer centricity? Will this digitalization initiative motivate customers? Executives in your organization might argue that product quality is not a big deal andit can be sorted out simply by passing some additional discount to these customers,in their subsequent orders. Just contemplate, are these executives not nudging the anguished customers to compromise with your product quality issues? Have they anticipated, what happens to such customers' likely loss of reputation among their customers? Always keep in mind, in today's cut throat competition, unless you remain obsessed with customers and their concerns, your competitors will woo them away. You will be left behind.

To reiterate,'**Output is what we do, and Outcome is what happens to us, as a consequence to what we do**.'Leadership consultant, **Ashley Cox** describes output as the hard numbers, data, and metrics of doing business, while outcomes are intangible results and human aspects. By shifting our focus to outcomes, we open ourselves to connect better with our teams, assess what we're doing well and where we're falling short. We create opportunity to learn and grow together. For example, a store owner in a shopping mall, cannot simply count on footfalls to his store and hope that visitors shall buy items from his shop. It doesn't happen that way. He must ensure that visitors are not only drawn to his store, but he delivers products or services that are useful, and prices are competitive.To strike a deal with any visitor, store owner's offering must be perceived as treasurable. Unless his product catches visitors'I magination, they will simply remain as onlookers and eventually move out, may be to the next shop.Similarly, a sales executive could make 1000 phone calls every day to potential home buyers but unless any contract gets sealed, his output may seem to be nothing, but his effort could have developed a unique connect with some of his callers, who may become a customer in near future.

In this connection, I wish to share a very common human behavior where emphasis given appears to be very logical but undoubtably debatable. Look, everyone wishes to make decent and timely progress in their professional career and to keep aligned to this goal, they create their '**things to do**' list and monitor their progress. Usually, each day starts with lots of enthusiasm, keeping a close eye on items in the list and as and when a task gets completed,it is tickedoff from the list happily. However, it is also common that a few items remain pending and gets pushed to next day's to-do list.In all these, did we ever reflect on how our minds work? In most likelihood, we picked up those items first, which were relatively easy and required lesser efforts or time. We proudly call this a very successful strategyviz.,**plucking the low hanging fruits first**. It gives enormous satisfaction that we completed say, 8 to 9 tasks out of the 12 in day's list, without realizing that the completed tasks though important but could have been of lesser impact.Is it not a classic example of being output driven i.e.counting number of tasks completed, instead of assessing the consequence of each task? Who knows, the tasks which were not attempted could have added greater value to our progress or not?

Thus, we must remain conscious while carrying out our daily assignments. The necessity to complete activities or tasks within the stipulated time or for that matter following a set of standardized processes, as mandated by the organization is fine, but unless these actions either continue to add value to customers or improves business efficiency and effectiveness, sooner or later, both business and jobs shall cease to exist. For that matter, even failing to embrace technological advancement may be a decisive factor for business survival.You are aware how Big Data Analysis, Machine Learning, Artificial Intelligence, Cognitive Computing, Internet of Things, Blockchain, AR-VR etc. have already forced many successful companies of past to either close-down or get decimated to fringe players. Remember, what happened to the leaders in manufacturing of photographic film? They virtually disappeared from their business landscape because neither did they change their old way of doing businessn or anticipated how digital revolution (digital photography) was reshaping the taste and preference of customers.

Another very important aspect of businesses today is, it often focuses on high value customers.I agree that this is of utmost importance, especially for our existing product range or line of business i.e. we must remain focused on sustainable innovation. However, to remain successful and thriving over longer period, we must explore feedbacks even from small customers, their needs and preferences and why they are currently not among high value customers. These responses may provide possible clue to any disruption that could be bre wing somewhere and unless attended timely, may become a serious threat, in days to come.Thus, to me, even a less sophisticated process that keeps customers at the center of all decisions and generate value to an organization,is worth emulating.Mantra to be a great organizationis - Stop following established processes blindly, be agile, reflect on rapid technological advancements and look to create value to stakeholders. Always, make that concerted attempt, to remain close to your customers.To conclude, I am reminded of **Gandhiji's** famous quote, **"A customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an interruption of our work. He is the purpose of it. He is not an outsider of our business. He is part of it. We are not doing him a favour by serving him. He is doing us a favour by giving us the opportunity to do so."** Do remember, it's outcome that mattersthe most. MA

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Kind Attention !!!

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

ORGANISATION STRENGTH & ITS EFFECTIVENESS

Abstract

Leadership effectiveness concerns building and maintaining a high-performing team. Unfortunately, most of the academic research on leadership has failed to appreciate the critical distinction between emergence and effectiveness. As a result, there are many studies of emergence and far fewer on effectiveness.

An organisation with culture of reviews and course corrections well in time will always perform better and lead to consistent growth, long term sturdy atmosphere of sustainability.

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The success or failure of any organization is largely a function of that organization's leadership. In modern organizations, leaders make critical decisions about how to allocate personnel and resources and the cumulative sum of those decisions is reflected in the organization's performance.

While examining the factors that lead to organisation success, Stalwarts, have argued that effective leadership, is a key analysist of organisation success or failure. Nevertheless, many others have disputed that organisational performance cannot be significantly recognised or explained by the leadership of the organisation.

Financial numbers which an organisation generates year on year be it on top line numbers crash gating the previously set higher numbers or improving the bottom-line numbers which have a corelation to the top line, often referred to as higher volumes higher the margins, dip in top line numbers results in dip in the margins. These financial numbers become one of the major yardsticks of growth and recurring yearly growth becomes formidable bench mark of strength of an organisation. These financial numbers achievement is generated by its able Leaders and their Leadership, Managers and their Effective Managerial ship.

Big question however still remains,is strength of an organisation measured or evaluated ? Are Financial numbers alone right measurement of strength and other factors can be ignored or side-lined due to least importance.

Consistent performance and deliverables by effective managers push them to be at the next level to become effective leaders.Would that mean that growth in the numbers is actually proof of effective functioning of leaders and managers within an organisation ?it's a point of contention and discussion as always.

For a moment let's discuss and understand what are the most common problems and bottlenecks which are faced by leaders and managers.

Problems of leaders:

1. A company culture by default
2. Poor Execution
3. Lack of clear vision
4. Lack of alignment
5. Fear of firing
6. Lack of accountability
7. Failure to communicate

Problems of Managers:

1. When it feels like managers don't work as hard as you do.
2. When managers don't want candid feedback (only praise)
3. When managers have to be told what to do, every time
4. When managers won't collaborate
5. When managers don't know they're awesome
6. When managers don't follow through.
7. When managers seem averse to change

How so ever we mix these problems in a basket and reshuffle them, these are the most common among all the management in an organisation, and more importantly looks to be cascading legacy in the organisation if not addressed properly, effectively and with detailed post-mortem understanding and analysis.

Leadership effectiveness concerns building and maintaining a high-performing team. Unfortunately, most of the academic research on leadership has failed to appreciate the critical distinction between emergence and effectiveness. As a result, there are many studies of emergence and far fewer on effectiveness.

Let's take out for a story which is often told and passed on from generation to generation in Indian subcontinent underPanchatantra stories.

Story goes like this,

Once there lived a boy in a village which was famous for its watermelons.

Every year farmers would organize a watermelon eating contest at the end of every harvest season in May. Farmers used to invite kids from all over the village to participate in the contest.

Farmer would keep best watermelons from the harvest for kids to eat at contest. Kids were allowed to eat as many watermelons as they wanted only condition for them was not to bite into seeds of watermelon and spit out all the seeds into a differentiating bowl based on taste, sweetness, colour, size etc.

Years later boy went to college. After completing his study boy came back to his village after 7 years.

Boy was very happy to return to his village and went to the market looking for watermelons but there was nothing like before. All was gone. Watermelon that was available in the market were small. Boy came to know that contest was still held but things were changed now. Whole farming and contest things were now handled by farmer's son.

Farmer's son held contest even now but there was a small difference. When farmer son took over, he realised that larger watermelons would fetch good money in the market so he would sell the larger one in the market and kept smaller ones for the contest. The same thing continued for year after year at last best watermelons were finished from the village.

What went wrong??

How did this change ??

Previously when contest was held best watermelons were kept for the kids to

Consistent performance and deliverables by effective managers push them to be at the next level to become effective leaders

eat and seeds collected in bowls would be used for next harvest of watermelon. This way farmers would get best seeds from next year harvest of watermelons. It would yield even bigger watermelon next year.

Now when his son took over. he would keep the smaller ones for contest because of which next year yield watermelon was smaller, the year later even smaller.

In watermelon, generation was one year but village best watermelons were finished in 7 years.

The above story is a perfect example of a corporate with its leadership and managerial capabilities coupled with strength and performance. How the functioning of leadership and management should be looked into while evaluating the performance of the team.

Farmer represent the top management who would struggle and take pain in putting in place a culture, high benchmarks and DNA, which will have a long term sustained growth and development. This growth and culture are passed on to future leaders and managers, just the way farmer has passed on the business to his son. Son had the option to follow his father's way of doing the business and build on it, or bring up a new model away from his father's legacy. Farmer's son moved away from the legacy and built a new business model. Which he rightly did. The numbers came year on year with new business model. Would these numbers make new organisation model healthy and strong for comparison?

Being right or wrong about his new ways of doing business is point of discussion.

Change in the work culture and standards will bring its own evils and strengths.

In the above story, farmers son had an option of retaining his father's way of work which had its own advantages and goodwill and long-term benefits. Instead, the ways of workings has been changed.

This change fetched, huge profits in the short to medium term and projected as high potential of new team.

With high profits and potential, also brings problems for the leadership. -

These problems of the leadership will also pass on to managers and their managerial ship. Managerial team which has been boosting on good performance in the short and medium term suddenly stand confused and become reluctant to change, collaborate and support the work culture in the long run reasons being earlier fetched results.

Such atmosphere will impact on the churning out of team members both at leadership and managerial level, residual left creates clogged team set-up. Gap created under such churning leads to the combination of problems both at leadership and managerial level as outlined above.

Where do things go wrong in an organisational set-up ?

- The ability of management to steer on clear cut transition and growth path.
- Consistent and through review on leadership and managerial teams.
- Understanding the growth patterns both in the long run and short run.
- Setting corrective actions and plans and clear-cut transition within the systems.

Measure of leadership effectiveness in assessing group performance and the scope to which the goals and objectives of the group are met, to the extent that this can be measured, it is a strong indicator that leaders are able to influence their subordinates and lead them to achieving.

Clearly, successful performance evaluation ensures the development of the organisation, and knowing the success levels of company executives and employees, and learning the reasons for their failures are of great importance in terms of increasing the success of firms in the long term. In addition to the in-house data, enterprises will increase their operating profitability as long as they carefully analyse both financial and non-financial environmental factors related to the business, and their fields of activity, so that enterprises can sustain their existence.

Through performance management

you can see which managers score the highest in their performance reviews. However, another more laser-focused way to assess manager effectiveness is to review your corporate objectives and identify the managers that have delivered the most against them.

Management should understand the difference between consistent reviews Vs Micro managing things. Micro management will bring again its own ill effects and impacts which is much worse for the organisations.

Let's check our story, once again, Farmer's son had changed the way of working. Higher profits earned in the initial years should have been analysed and questioned. Such analysis would have set the tone of course corrections and saved the watermelons size and quality and most importantly goodwill.

Since it remained unchecked from short to medium term, the whole market was gone.

Obviously, the whole process had a denting impact. Similar situations arise in organisations. After successful growth they struggle with situations of stagnation and negative growth.

An organisation with a strong management and leadership will always perform well with the consistent arithmetic progression. There would always be an opportunity thrown once in a while to give extra ordinary growth in the extraordinary conditions. An organisation with strong leadership and management will be able to flatten the growth and make it consistent rather than growth curve dip into negative after exception periods are over.

Take away -

Companies who set up organised systematic review mechanisms without getting into micro-managing, encouraging unconditional two-way communications, set growth path & patterns, clear vision and alignment of teams across board, support healthy conflict, adoptable to change and accept/Encourage Accountability will be able to sustainable strong businesses. Such organisations need not worry about the financial numbers flowing year on year for performance measurement. MA

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BUSINESS CONTINUITY AND DISASTER RECOVERY: TOWARDS BUILDING A RESILIENT ORGANIZATION BY PLANNING FOR FUTURE DISASTERS

Abstract

At present, business security has become a serious concern for any organization since disruptive events occur more frequently and inflict significant damage on enterprises. So, they need to act proactively through Business Continuity and Disaster Recovery (BCDR) planning to improve business resiliency by preparing for, responding to, and recovering effectively from such disastrous events. Thus, the objective of the paper is to provide an overview of the BCDR planning process.

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Background:

The present world is highly complicated and interwoven with many uncertainties where enterprises confront complex circumstances and operate in a fiercely competitive and dynamic environment. Therefore, managing businesses is pretty challenging and requires planning and devising strategies ahead of time. However, businesses are innovating continually to stay competitive and deliver vital and unique services to the customers. Coupled with this, advancement in technology has enabled enterprises to accomplish their diverse strategic goals. However, technological development has not eliminated the threats of disruptions; instead, such events have also evolved along with the technology. Also, the frequency of disruptive incidents has risen over recent years, and the nature and type of such disasters have changed over time.

Business entities are now exposed to various threats in form of technology and critical hardware failure, cyber-attacks, natural disasters, economic recession, and national and international events like wars, strikes, unstable political situations, etc. Any disaster can lead to severe ramifications by way of substantial monetary losses, data loss, loss of customer confidence, legal consequences, supply-chain disruption, market share losses, and loss of reputation and opportunity, and in some extreme cases, cessation of business operation and ultimately leading to business closure. Enterprises that are heavily reliant on technology suffer the most. Therefore, it is indispensable for a business to have an effective plan and data recovery technique to be prepared for any disruptive event. Hence, the readiness of an entity in responding to business disruption is of pivotal importance and is highly relied on how actively the management embraces a Business Continuity and Disaster Recovery (BCDR) plan. The consequent losses faced by entities owing to business interruptions have woken up every company, whether large or small, across the globe to have a BCDR plan in place to continue crucial operations with marginal disruptions and keep business downtime to a minimum. Moreover, many experts in this area view the Covid-19 pandemic as a wake-up call for the organizations.

Theoretical framework:

BCDR planning is considered an integral part of business operations that provides a sound framework to lean on in times of disaster, providing security and stability. It involves identifying the potential effects of a disaster and developing plans to mitigate and manage the repercussions of such events and limit it to the extent the organization can afford. It is an ongoing process of building and improving business resiliency to continue its critical operations during the crisis and recover quickly and effectively from it. However, disaster recovery does not carry the same meaning as business continuity, although both concepts are interweaving most of the time. Disaster recovery is connected with the recovery of the entire set of Information Technology (IT) systems and infrastructure components, whereas business continuity planning deals with restoring entire business processes, including IT systems. Hence, disaster recovery is a sub-component of business continuity planning.

The International Organization for Standardization (ISO) developed ISO 22301, a standard for Business Continuity Management (BCM) that specifies requirements to plan, implement, operate, review, and continuously improve the planning process to protect, minimize the chance of occurrence, prepare for, respond to and recover quickly from business interruptions. These requirements are generic and applicable to all enterprises regardless of their size, nature, and type. However, the degree of the application hinges on the operating environment of the business and its complexity. In India, SEBI issued guidelines for BCDR planning for stock exchanges and depositories in 2012 and market infrastructure institutions in 2019. National Stock Exchange is the first Indian company to implement a full-fledged BCM in 1997.

Steps involved in BCDR planning process:

In today's world, where the occurrence of unprecedented events has increased, an enterprise must have an effective BCDR plan to continue critical operations during the crisis and resume the entire business process without delay. The steps involved in BCDR planning are outlined below:

- ***Project initiation*** – First, businesses should define the scope, objectives, and structure of the project to direct development efforts. The primary tasks in this stage include securing organizational support since, without management support, the BCDR plan would be incomplete and organizing a planning project team, the size of which will depend upon business operations, resources, and requirements.
- ***Risk assessment*** – The second step starts with assessing external and internal risks and threats to detect the entity's vulnerability to potential disruptions and emergencies. It includes both qualitative and quantitative determination of risk value related to the defined threats. Quantitative risk assessment requires an organization to compute the risk and magnitude of probable losses along with the probability of occurrence of losses. However, the risk assessment methods vary based on organizational objectives and defined financial plans.
- ***Business Impact Analysis (BIA)*** – BIA is the foundation of the entire BCDR planning process. It entails analyzing entire business units to identify critical business processes, services, and assets that are vital to keep business operational during and after disruptions and understanding the effect of interruption of these processes on the enterprise. Also, the essential resources and tools (viz. IT infrastructure, software, warehouses, telecommunication, people, etc.) that enable critical processes and services to be executed should be identified. From an IT perspective, the aim is to identify crucial business activities and link those with different IT systems. As a vital part of this analysis, the resource interdependencies should be understood, especially from an IT standpoint. This aids in prioritizing the business systems that require recovery first. For instance, if System-A and System-B are interlinked, it makes no sense for an IT staff to invest 3-4 days recovering System-A when System-B is still inoperative.

Moreover, BIA helps to identify six significant impacts of any disruption viz. delayed or lost sales and income, rise in expenses (e.g., outsourcing cost, labour overtime, etc.), loss of contractual bonuses or contractual penalties, drop in market share, loss of brand reputation and customer confidence, and regulatory fines. Basically, BIA predicts the probable aftermaths of a disaster and furnishes crucial information required for developing business resiliency. It mainly includes-

(i) Detection of critical business processes, people, and technology.

(ii) Computation of financial and non-financial effects of a disaster to the organization.

(iii) Outlining business process inputs, outputs, and interdependencies.

(iv) Determining recovery time objective (time taken to recover from backup) and maximum tolerable downtime (the maximum tolerable downtime period that a specific business process can afford) for each resource.

(v) Identifying business resiliency gaps that involve inappropriate process documentation, single points of failure, lack of third-party review, etc.

These five outputs of BIA make it an invaluable step in BCDR planning.

Without it, an enterprise cannot comprehensively analyze its present landscape and frame adequate BCDR plans. Through incorporating BIA, an enterprise has insights into the components it depends upon when confronted with disruptions.

- ***Framing BCDR strategy***– Following the earlier steps, enterprises should design an appropriate strategy to determine probable disruptive events and responses. A manual should be created containing essential information about the strategies, including tasks, standards, responsibilities, and other details that can be rolled out for any division or department to recover from disruptions. Also, the aim is to devise such procedures under which the enterprise will react to a disruptive incident in the shortest possible time, keep control over the circumstances, and ensure the requisite degree of continuity of critical operations. To frame these strategies, it is vital to plan engagement, the amount and type of critical resources like technologies, finance, people, contracted third-party services, and alternative energy sources.
- ***Drafting plan*** – Based on the strategies, plans should be drafted that include determining alternative resources and sites, preparing a detailed task list, clearly defining who should do what, and ways to recover effectively and quickly from a disaster. Sound planning must include detailed guidance and procedures with all tasks identified, responsibilities assigned, and key processes and communication procedures addressed to restore damaged systems. However, the data restoration process may be immensely challenging without a solid documented plan, and no assurance can be given that it will be successful. One comprehensive plan may be sufficient for small enterprises whereas large enterprises may require more interconnected plans due to the allocation of roles and responsibilities and for simplicity and clarity.
- ***Training, testing, and revision*** – After developing the plan, personnel must be trained on their roles and responsibilities regarding implementing the plan and training them in specific skills for carrying out their roles effectively. Subsequently, the plan should be tested to ensure that all recovery objectives are accomplished. Testing through running trials, desktop review, desktop simulation, and mock drills aid in appraising the effectiveness of a plan as it uncovers discrepancies, weaknesses, and loopholes in the plan and helps to adjust and revise plans accordingly, and the testing process is repeated. Also, while plan testing, the areas can be identified where updated or specialized knowledge or skills will be necessary to successfully execute the plan. These potential skill or knowledge gaps should be noted down and consequently included in the training process. Testing should be carried out at regular intervals to enhance overall plan effectiveness and agency preparedness.
- ***Plan maintenance*** – Continuous maintenance and revalidation of the plan are essential to reliably update the plan to reflect the current requirements of changing technology, systems, business processes, regulations, personnel, etc. Maintenance of a plan includes identifying and monitoring potential sources of change, analyzing the impact of such changes on the BCDR plan, determining ways to address changes in the plan which involves carrying out a modified version of assessing risk, BIA and developing strategies, and lastly the plan need to be updated to incorporate such changes along with keeping the staffs updated.

The BCDR planning process is diagrammatically depicted in figure-1 below.

Figure-1. BCDR Planning Process

Insights gained from practitioners:

It is helpful to gain insights from learning experiences and shortcomings or flaws noted by others in the field. For example, according to a survey led by Forrester Research, the main challenges encountered by the personnel involved in BCDR planning were:

- Plans failed to address internal communication and cooperation adequately.
- Plans failed to consider communication and collaboration with strategic partners properly.
- Lack of adequate training and awareness efforts within the enterprise.
- Plans failed to consider workplace recovery requirements properly.
- Plans lacked proper testing and revision.

A well-thought-out and sound plan becomes ineffective unless adequately communicated to those responsible for implementing it. Communication and coordination with individuals from other departments, divisions, and enterprises are significant keys to successfully executing any BCDR plan. Also, proper allocation of time and accountability of operation stakeholders is essential for a plan to be fruitful. Further, a hierarchy of contracts should be ensured since depending on a single individual for all directions is usually a point of failure. Some entities also fail simply because of a lack of proper decision-making leadership ability. Finally, the BCDR plans are not always tested. Testing a plan is critical for its successful execution as it gives a better understanding of gaps and flaws in the plans that need to be revised before implementation.

Business entities are now exposed to various threats in form of technology and critical hardware failure, cyber-attacks, natural disasters, economic recession, and national and international events like wars, strikes, unstable political situations

Conclusion:

In the face of increasing disruptive incidents, BCDR planning has emerged as a systematic process in companies to counter the impact of such events. It plays a significant role in ensuring the continuity of critical business activities and recovering lost data during and after a disaster. BCDR planning is a holistic approach that requires BCDR managers to consider organizational and technological aspects, effective internal and external communication, assigning responsibility, assessing risk, BIA, designing strategies, developing BCDR plans, and testing and revising such plan from time to time. Also, continuous maintenance and updating the plan as per changing business environment is vital for the plan to be successful and effective. This helps the enterprises to mitigate risks associated with possible future disasters and ensure organizational safety. MA

The readiness of an entity in responding to business disruption is of pivotal importance and is highly relied on how actively the management embraces a Business Continuity and Disaster Recovery (BCDR) plan

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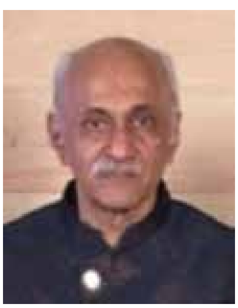

OBITUARY

The Institute and its Members deeply mourn the sad demise of CMA M K Narayanaswamy (M/4626) a Practicing Cost Accountant who left for heavenly abode on 31 May, 2021.

He was Management Committee Member and Past Vice Chairman of Navi Mumbai Chapter. He was also Ex Sr Director Accounting & Taxation at Sanofi India Ltd.

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

COMPANIES (CSR) AMENDED RULES 2021 – IMPERATIVE OF MANAGEMENT ACCOUNTING FOR PARTNER NGOs AND BEST PRACTICES FOR SUCCESSFUL CORPORATE NGO PARTNERSHIP

Abstract

The recent amendments to CSR Rules 2021 under Companies Act 2013, has placed on Corporates the responsibility of monitoring the end use of donations by NGOs and in some cases conducting an impact study of the benefits of such CSR projects. A good management accounting system in the partner NGO is a must for the above purpose. This article discusses the relevant provisions of the Amended CSR rules and also examines the best practices in implementation, accounting and reporting which partner NGOs should follow to enable Corporates to meet the CSR provision requirements in true letter and spirit and most importantly ensure maximum value delivery to the beneficiaries.

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While mandating the corporates to spend 2% of their average net profits on "CSR Activities", Companies Act 2013 permitted them to partner with NGOs for the implementation of CSR Programs, enabling a win / win situation for all the stakeholders. The Companies (CSR) Amendment Rules 2021, has imposed additional compliance requirements on the Corporates to certify that their donation has been utilized by NGOs in the manner and for the purpose mandated by Corporate and in specified cases, to conduct an external audit to assess whether the CSR spend has created the intended impact. This has made it imperative for the NGOs to maintain proper Management Accounting records to enable Corporates to Audit the utilization of their Contribution by NGOs and the impact of the same on the beneficiaries.

This article discusses the relevant provisions of the CSR Rules as amended in 2021 and also examines the best practices in implementation, accounting and reporting processes which partner NGOs should follow to enable Corporates to meet the CSR provision requirements in true letter and spirit and most importantly ensure maximum value delivery to the beneficiaries.

Reasons for Corporates partner with NGO in complying CSR provision

CSR Rules permit a corporate to directly conduct the CSR programs as its own activity from internal resources. However, Corporates would prefer to partner with an NGO for the following reasons.

- The NGOs have the experience, expertise and skill sets for conducting relevant CSR programs and would have developed the network to reach the beneficiaries. It would be very costly and time consuming for Corporates to develop such a skill set and reach.

- Cost structure of NGOs would be far more efficient in delivering the intended benefits to the targeted beneficiaries. Due to the demands of high skill sets required for its core activities, Corporates would have higher salary and administrative cost structures, which may result in higher cost administration and implementation costs on CSR activities (If conducted internally) than that of an NGO.
- Scarcest management resources of all i.e., "time and energy of senior management "is well spent on core value adding activities, instead of spreading on non- core activities like CSR.
- All the reasons which would justify a corporate to outsource its non- core activities would rather more strongly apply for outsourcing CSR compliance activity to an NGO.

Eligibility requirements for an NGO

Clause 4 (d) of the Companies (Corporate Social Responsibility) Rules 2014 as amended in 2021, prescribes the following eligibility conditions for an NGO to partner with a Corporate.

i. The NGO must be a registered Trust, or Registered Society or a company established under section 8 of the companies act 2013 (or earlier section 25) of the companies Act. These entities must have registration with Income Tax department under Section 12 A and section 80G of the Income Tax Act.

ii. If the NGO is not an entity established by the Corporate or jointly with any other Corporate (i.e., if it is an independent NGO) then it shall have an established Track Record of three years, in undertaking similar projects and programs.

iii. Such NGOs are required to Register themselves with Registrar of Companies electronically.

Additional Compliance Requirements imposed vide CSR Rules 2021

CSR Amendment Rules makes it mandatory for the Corporates to closely monitor the utilization of their donations by the partner NGOs.

Clause 4 (5) of the amended rules provide as under.

(5) The Board of a company shall satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.

For CSR projects of higher value (i.e., Rs. 1 Crore or more) carried out by Corporates with bigger CSR Budgets (i.e., Rs. 10 Crores ormore) the Rules makes it mandatory to conduct an Impact evaluation study by an independent agency and annex the relevant report to its Annual Report.

Clause 8 (3) of the amended CSR rules provide as under.

(a) Every company having average CSR obligation of ten crore rupees or more in pursuance of subsection (5) of section 135 of the Act, in the three immediately preceding financial years, shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.

(b) The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

Imperatives of a proper management accounting system for an NGO:

Corporates would not be able to comply with the above requirements, unless the partner NGO has proper management accounting systems and record keeping process to enable Corporates to audit the utilization and impact of the CSR project.

In this regard reasonably big size NGOs who are partnering with many corporates are likely to face following challenges.

a) Keeping track of the spend from each Corporate's donations and the beneficiary details linked to that spend, so that both the utilization and its impact can be tracked.

b) If the CSR program is run as one common mega program expenses of which are met through a common pool of funds, allocation of common expenses to each Corporate's contribution on a rational basis and tracking the impact of the same. This is a must to enable each Corporate to audit the utilization and impact of its share of donation separately.

c) Tracking common general administrative and Fund Raising (i.e., Advertising, Donor communication) expenses and allocating the same on a rational basis for different CSR programs funded by different corporates.

d) Keeping track of the "spend" from funds received from each Corporate on Cash basis, so that the funds received from one Corporate is not mixed up and utilized for the programs of another corporate.

Management Accounting Techniques to handle the above requirement:

I. Wherever possible and practicable, treat each CSR Donation from a Corporate as a "Separate Job (project) and apply Job Costing techniques. This include,

- Assigning a separate / unique Job (Project) Code to each CSR donation
- Track all the operational activities and beneficiary details against that CSR project code
- Identifying and collating all the costs incurred directly for the CSR Project (Direct costs identified directly and

Indirect costs allocated to the project on a rational basis)

- Likewise track the revenue earned from these projects (ifany) against the relevant CSR project.

Even where the procurement of goods and services takes place in a consolidated manner to get bulk buying / supply chain efficiencies, the utilization may be tracked against each CSR project Code. This principle can be applied for all the direct costs incurred for each CSR project.

II. Defining proper cost centers for the NGO activities, and accumulating the costs appropriately against each cost center. Care shall be taken while defining the cost center to maintain the clear distinction in following manner.

(a) Program delivery cost centers, (b) Administrative Cost Centers and (c) Fund raising and donor communication cost centers.

III. Proper mode of allocation of common costs to Individual CSR projects on rational basis.

A typical cost sheet of a CSR Project, showing the various elements of cost and the suggested allocation basis are given in next page.

Cost Sheet for a CSR Project		
CSR project: Equipping 100 Rural Government Schools with Digital Infrastructure **Funded by : ABC Ltd.**		
Cost element	**Amount (Rs Lakhs)**	**Remarks**
Material Cost (Personal Computers, Routers, TV Display Monitors etc.,)	50.00	Material procured in bulk for 300 schools in instalments. A proper material ledger ismaintained tracking the purchase of material unique item code wise and Weighted Average cost is calculated on each purchase. Each issue identified to unique CSR project code and valued at the prevailing WA rate at the time of issue.
Installation cost	10.00	Different Work orders placed for each Cluster of schools in a geography, and work order costs directly allocated to the CSR Project as direct cost.
Software and licensing costs	10.00	Software licenses purchased in bulk and allocated to this project based on number of licenses issued to a CSR project
Training Costs - Local	7.00	The cost of locally hired trainers directly identified with CSR project code as direct costs
Training cost - NGO HO	15.00	Cost of NGO's HO Team, accumulated in a separate cost center, allocated to each unique CSR project on the basis of " Man-days" spent on the project
Total Project Delivery Costs	**92.00**	**Costs associated directly with the Value Delivery to the beneficiaries**
Administrative Overheads	3.00	Cost of all activities relating to general management and administration of the NGO. Costs accumulated separately in uniquely identifiable cost center and allocated to the CSR project on the basis of "Project Delivery Costs"
Fund Raising, Donor Communication costs	5.00	Costs of all activities, relating to advocacy, advertising, reaching out to Donors, Donor servicing, and communication, Donor Audits etc., Costs accumulated separately in uniquely identifiable cost center and allocated to the CSR project on the basis of "Donation raised for each project "
Total Cost of the Project	**100.00**	

Best practices to be followed by the NGO in execution, accounting and reporting

1. First and foremost, NGO should work with the sole objective of delivering maximum benefit to the beneficiaries. Some of the best practices to achieve the above goal are given below.
    - The charitable activities should address the specific needs of the targeted beneficiaries.
    - The implementation activities are well thought through in a holistic manner, considering the socio economic and cultural background of the beneficiaries. The financial, cultural and social implications of the change that is proposed to be brought

through CSR activity, the intended and unintended consequences this change would bring about in the life of the beneficiaries, and the positive and negative factors which would ensure or hinder the long term sustenance of the positive change, are to be carefully thought through to formulate an appropriate implementation strategy. Most important is the challenge of bringing about the change in the "*mindset*" of the beneficiaries and adequate time, money and resources are to be devoted to this "soft activity" through appropriate training.

- Towards this end, a well thought out detailed action plan should be laid out comprising of, the sequential list of activities, resources to be deployed, costs to be incurred, the milestone to be achieved etc.,
- The modalities of close monitoring of the project in a holistic manner i.e., in physical, financial and other operational terms are be planned in advance and implemented.
- The wise saying of the Industrial Quality control is "*That which cannot be measured, cannot be improved* ". This saying very much applies for CSR projects also. There has to be a well-defined measurement practices for the following important aspects.
  - ✓ Base line study, i.e., the recording of the existing situation, (before the commencement of CSR intervention) of the parameters in which the CSR intervention is targeted to bring improvements.
  - ✓ Well-articulated definition of milestones to be achieved during intervention
  - ✓ Plans in terms of physical resources to be deployed and costs to be incurred during various stages of the project.
  - ✓ Periodic measurement and reporting of actuals at appropriate milestones covering the above aspects.
- Finally, and perhaps most importantly, the culture and the mindset of the people working in the NGO should be appropriate for the CSR activity. The persons associate with NGOs should be highly committed and passionate about the cause. They should be tenacious in the face of the obstacles and temporary failures that would invariably come up. Finally, they should be highly cost consciousness and strive to deliver maximum value to the beneficiaries at minimum possible cost.

2. The Corporates should evaluate the Partner NGO on the above parameters and select good CSR activities and good NGOs to partner. A formal detailed proposal should be called for from the NGO covering the following aspects
   - ✓ The proposed CSR program, targeted beneficiaries and the benefit it would deliver to the beneficiaries.
   - ✓ Program implementation methodology, expertise and competency of the partner NGO in implementation.
   - ✓ Schedule of activities to be conducted, milestones to be achieved.
   - ✓ The detailed budget of resources to be deployed and costs to be incurred at each stage of the project.
   - ✓ Performance measurement criteria, initially a base line study and finally to measure the success of intervention.
3. Both the parties should enter into a formal Memorandum of Understanding which shall cover the following issues.
   - ✓ Implementation plan, as described in formal proposal as above, committing the improvement that would be brought about due to CSR program.
   - ✓ Commitment from NGO that they shall submit periodic reports covering both physical and financial aspects of the implementation
   - ✓ Provision for periodic audit by external agencies covering financial aspects and operational aspects covering both execution and outcome. The audit can be organized by Corporates also
   - ✓ Commitment of the Corporates to release funds as per the agreed schedule / on achieving agreed milestones.
   - ✓ Commitment of the NGO to assume all the responsibilities both in respect of execution and outcome and to keep Corporates indemnified of any claim which(Godforbid) may arise due to any unfortunate mishap.
   - ✓ Commitment of the NGOs to be fully compliant with all the applicable laws of the land and to keep its status as approved NGO under section 80 G of the Income Tax act as valid throughout the partnership period.
   - ✓ Termination clause covering both (I) voluntary termination without assigning any reason after giving due notice and (ii) termination due to the default of any party, after giving due notice for rectification of default. The consequences of termination, such as course of action for the unutilized funds, for committed expenditure but funds not disbursed etc. are to be clearly spelt out.
4. Since the NGOs can function only on the fund support from Corporates, the funds are *released in advance* as per

the agreed instalments. In this context, Corporate should meticulously keep their part of the bargain, while NGOs should keep their part of the bargain of delivering maximum value to the beneficiaries.

5. Following are some of the best accounting and reporting practices to be followed by NGOs

- ✓ Adopt good decent Governance practices in execution of programs and in recording and reporting, to ensure that not only the money is well spent, but also to demonstrate to the donors that best possible efforts were made to ensure the same. A typical example could be the purchase procedure which will demonstrate (through multiple competitive quotes etc.,) that reasonably best efforts have been put in to ensure procurement at least possible cost on "Total cost of ownership" basis.
- ✓ Adopt decent good financial and cost accounting practices to be completely transparent. Earlier part of this article discussed the details of good management accounting practice.
- ✓ Like wise to keep the administrative and fund raising costs under strict control, the cost accounting techniques of defining cost centers for these activities, accumulation of costs under these categories for periodic review and reporting shall be adopted.
- ✓ Have strict control on cash flows. It is a good practice to track the cash inflow and outflows of the specific program, so that the funds given by a corporate for a specific program does not get mixed up or diverted for any other program. For large scale donations, some donors insist for maintenance of a separate, unique bank account to track the inflow and outflow of funds of a project. Likewise, the interest earned on temporary surpluses of a project are tracked separately and added to that project funds.

It is a good practice to track the cash inflow and outflows of the specific program, so that the funds given by a corporate for a specific program does not get mixed up or diverted for any other program

- ✓ Have an appropriate system of measurement of operational activities, milestone achieved and the outcome expected at that milestone.
- ✓ Have a good, decent Independent internal audit processes which will highlight the areas of lapses and inefficiencies so that corrective / preventive actions could be taken in time. The independent audit process should cover both financial and operational aspects. The Donors also can nominate their own auditors to audit their specific programs.
- ✓ Periodic reporting of the activities to the Corporates so that they can evaluate the performance of the NGO / Project and also comply with the reporting requirements under companies Act.
- ✓ Of course, attaining higher levels of standards in above activities involve, additional time and resources, but they are worthwhile as they would convince the donors with verifiable data that their money is being well spent. The NGOs should strike a balance between the additional costs involved in implementing higher levels of accounting and record keeping governance practices and the benefits of transparency in the form of higher Donor trust and resulting additional CSR funds.

Conclusion

In a country with huge poverty and limited State Capabilities, NGOs play a great role in uplifting the socio economic conditions of the deprived section of society. The partnership between NGOs and Corporates can go a long way in this direction. By adopting the best practices as discussed in this article above noble objective can be met, in addition to legal compliance. MA

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HOW DIGITAL TRANSFORMATION CAN HELP INDIAN MSMEs IN OVERCOMING CONSTRAINTS AND IMPROVING PERFORMANCE? – AN ANALYSIS AND WAY FORWARD

Abstract

MSMEs are under pressure to improve productivity, operational efficiency, competitiveness, innovativeness, adaptability and profitability in this current fast changing globalised world. Digital transformation in Industry 4.0 and related technologies challenged their existing business operations, current business practices, business models and industry assumptions. Their existence and survival becomes difficult owing to potential power of disruptive technologies. Business leaders, owners, executives, governments, industry experts have their own perceptions, myths and understanding about the potential impact on the future of businesses across industry and country. Considering the strategic significance of the MSMEs in context of their contribution in employment, exports and GDP, it's essential that MSME should be strengthened, empowered, grow and developed. Overcoming MSME constraints like lack of technical knowledge and skills, difficulty in investing in research and development, high cost of acquiring technology etc is essential through innovation and adoption of technology. Industry 4.0 which is marked as the new industry revolution has a drastic potential to change the market dynamics, competitive landscape and the existing business models of the companies. MSME need to focus on technological innovations and digitalization to withstand global competition. This article describes the importance of digitalization, myths associated with digital transformation for the overall enhancement of the economic performance and competitiveness of MSME which can be the backbone for the existing and future high growth businesses. The article also addresses the issues, opportunities and challenges of the MSME sector in adopting digitalization.

1.0 Introduction

Talks around 'going Digital' is growing louder and gaining momentum among business leaders. It's being seen as an imperative for gaining competitive advantage as well as spurring growth. With the advent of Industry 4.0 revolution, business leaders see digitalization as an essential tool for survival, growth, sustainability and long term success of business in this rapidly changing globalised world. Business leaders are taking efforts to improve productivity, refine business processes, reduce cost, and improve products and services to give better customer satisfaction. Technology becomes new mantra for business nirvana. Too many business leaders see clouds, artificial intelligence, machine learning, big data analytics,

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mobile, social media, internet of things, augmented reality, robotics etc as must for business success. Studies have shown that companies that leverage digital trends strategically could be up to 30 per cent more profitable than companies that do not. A business framework which ensures customers integration with digital transformation efforts has been a top strategic priority of executives in improving digital customer experience.

Business leaders in every industry and country are seeing opportunities for innovation, cost reduction, productivity improvement, operational efficiency, competitive position, cheaper and better products and services which create value for customers. Digital transformation is considered as powerful strategic tool to deal with VUCA world characterised by volatility, uncertainty, complexity and ambiguity. Large, medium and small scale companies have to effectively deal with these rapidly changing market forces to thrive and prosper in this highly complex and globalised world. The companies across globes are looking at industry 4.0 and resulting digital transformation as constructive weapon to improve competitive position, overcome threats, survive, grow in this changing industry, market and competitive landscape.

1.1 Digitalization and Industry 4.0

Digital technologies have capabilities to influence business models. This phenomenon refers to digitalization. They are used to upgrade processes, create value from new advanced technology through the digital flow of information.

Industry 4.0 is the fourth wave of technology that integrates the digital and physical worlds. It improves effective decisions and generates new ideas by providing tools like predictive algorithms, simulations, and automation.

With the advent of Industry 4.0 revolution, business leaders see digitalization as an essential tool for survival, growth, sustainability and long term success of business in this rapidly changing globalised world

Micro, Small and Medium Enterprises (MSME) has developed as a dynamic and vibrant sector contributing to the social and economic upliftment of the country's economy through promoting entrepreneurship and generating larger employment opportunities. MSMEs are contributing to the inclusive industrial development of the country and producing goods and services for domestic and global market.

India need a Indianised version of Industry 4.0 which largely based on 'Juggad'(Low cost ingenious solution) for smooth transition to Industry 4.0.It covers bringing together all industries, making them organised and structurized them into standards systems and processes as mentioned by one of the Officer -in –Charge and representative of United Nations Development Organisation (UNIDO) while celebrating MSME day on 27th June 2020

1.2 Status of MSME Sector in India

Around 63.38 million Indian MSMEs contribute significantly to the country's economic growth. The MSME sector accounts for 45 percent of manufacturing output, more than 40% of exports, over 17% of GDP and employ about 111 million people. Nearly 90 percent of the industrial units belong to micro and small scale units. The sector produces more than 8000 products and services varying from traditional to high tech precision items. According to the Confederation of Indian Industries, MSMEs currently contribute around 6.11% of India's manufacturing GDP and 24.63% of the GDP from service activities as well as 33.4% of manufacturing output.

Manufacturing and Retail-Fixed Setup have the largest share of enterprises among the industries. They, however, report poor adoption of the Internet at 1% and 3% respectively. Service sector industries like Education (22%), Health Services (15%) and Other Services (10%) report the highest adoption of the Internet. At the national level, nearly 3.96% of all MSMEs use the Internet, as compared to 4.96% of enterprises using computers.

Considering the strategic significance of the MSME sector as a backbone for the future development of businesses and its employment generating potential, exports and GDP contribution, it is essential to strengthen and empower this sector. Despite MSME sector being important component of the country's industry structure, it is in a state of long term decline both in size and it's share of economic activity.

1.2.1 Issues, Constraints and Challenges of MSME Sector

Various past research literature, published government reports and findings of the various commercial associations like FICCI,CII,NASCOMM etc reported major challenges and constraints of the MSME sector as mentioned in Table 1

Table 1: Major Problems, Challenges and Constraints of MSME sector in India

Lack of Market research	Delayed payment	Lack of digital access
Investment in poor opportunity	Lack of timely credit	Competition from larger industry, Internal and external competition
Too much focus on technical skills	Technological backwardness	Poor marketing
Adherence to regulatory norms	Inadequate infrastructure	Lack of sound financial management practices
Procurement at competitive cost	Lack of managerial skills	Lack of managerial and entrepreneurial skills

Poor bargaining power of MSME	Low productivity	Information bottlenecks
Lack of data	Lack of competitive advantage	Absence of credit rating system
Lack of database intelligence	Lack of access and investment in technology; Low level of technology adoption	Inadequate capital

Increasing debtors, delayed payment and cash flow etc are sighted as the major financial problems of MSME owing to which they faced financial difficulty. Viability, liquidity and profitability are major area of concerns besides timely availability of credit. Hence these MSME units become economically unviable or sick.

Considering the context of digitalization, MSMEs are suffering from technological backwardness, low level of technology adoption and lack of access and investment in technology. Besides this they also lack in digital and leadership capabilities owing to poor knowledge of business and management practices. Technical knowhow, entrepreneur education & training and lack of digital infrastructure etc sighted as major enablers for fostering organisational and entrepreneurial capabilities which drives innovation. Their awareness about technology transfer and technology adoption is also inadequate. For their technological needs either they have to depend upon government supports or expert advice.

Making MSME sector globally innovative, competitive, flexible and adaptable is major challenge in front of business owners and executives of business organisations across world.

MSME deals with two crucial issues linked with finance and marketing. Every business activities and operations has financial implications in terms of costs, revenues and profit. Financing, investment and earning decisions are largely guided by solid economic logics while investing in existing and future marketing opportunities which are largely influenced by external environmental forces like changing customers' tastes and preferences, economic trends, demographic trends, technological development & advancements, social & cultural trends, regulatory, legal and policy changes.

How to align the business processes and operations which delivers business results and improve bottom line which are highly progressive, flexible, adaptable and precise is also crucial challenge for managers and executives of businesses while making business decisions on the basis of sound business management practices?

2.0 Common Myths about Digital Transformation among business leaders and executives

Digital transformation is grabbing the attention of executives, owners and business leaders in every industry and every country. MSME owners and managers are no exception to it. However many owners and managers are guided by pre digital assumptions which may be most of the times based on plenty of bad information or inadequate information and questionable advices about digitalization. Some of the common myths associated with digital transformation are discussed. These myths needs to be objectively assessed and needs to addressed positively considering the past, present and future situation of MSMEs.

Myth1: Technical challenge is more powerful in Digital transformation

Digital transformation is more a leadership challenges than technical challenges.Its leadership capabilities which convert technology into transformation. Technology on its own doesn't create much values unless and until it's integrates with company's vision, employees engagement, governance across silos, IT/business collaboration and raising digital competencies-are essential to driving value creating transformation. More important part of leadership is to integrating right technologies for customer engagement, business operations and business models which drive business results. Hence leadership capabilities are paramount than the digital capabilities.

India need a Indianised version of Industry 4.0 which largely based on 'Juggad'(Low cost ingenious solution) for smooth transition to Industry 4.0

Myth2: Customer experience is only the major consideration in digitalisation

Its true that the company is changing the way they engage with customers and deliver customer experience but on the other side digitally transforming organisation not only cerates efficiency but also enables innovation in customer experiences and business models.

Myth3: More emphasize on bottom up innovation in digital transformation

Digital transformation is strong top down innovation. This is prerequisite for transformative vision which actually inspires actions and truly drives result

Myth4: Hiring a chief digital officer is only responsible for bringing digital transformation

Digital transformation needs leader. Digital officer/Chief Information Officer requires top level support to mobilise resources and overcome organisational hurdles.

Myth5: Pace of digital transformation is too fast for IT organisation

IT must become more agile and leaders more business focussed, while business leaders become more techno savvy and willing to engage more strategically with IT leaders

Myth6: Radical innovation means digital transformation

It's not always about radical business model innovation. Initially through digital technologies, the companies first get good at improving their existing businesses before they leap into radical innovation

Myth7: Wait and watch stand of business leaders considering the less impact of digitalization specific to

industry

Being comfortable with the stability of industry is not an excuse to wait and watch and neglect the emerging market opportunities. The most traditional and stable industries like agriculture and mining observe great opportunities for digital transformation

Breaking the myth of digital transformation is essential to make its wise and relevant application as a strategic tool to improve the business bottom line and creating customer value. Making sure business leaders Challenge common thinking, traditional industry assumptions and set clear vision to drive business growth on sustained innovation.

3.0 Support and the auxiliary framework for MSME

MSMEs comprise the majority of the skilled and semi-skilled workforce in our country. Shifting customer and market demand is major phenomenon owing to technology invasion. Updating Information technology will help the MSMEs to add more value to the global value chain. Supportive and auxiliary framework is essential to ensure the growth and sustainability ofMSME. Training, industry-instititute-government partnerships, technology awareness up gradation and support etc are the key elements of the framework responsible for entrepreneurship development.

4.0 Opportunities

According to the Cisco India SMB Digital Maturity Study 2020, digitalisation of small and medium businesses (SMBs) could add anywhere between $158-216 billion to India's GDP by 2024 and contribute to the country's economic recovery post COVID-19.

- More jobs can be created in India as it has strong technical manpower which can focus on innovations to provide solutions for low-cost automation, data analytics, the Internet of things and simulation.
- Fast developing technologies when adopted can change the Indian manufacturing sector which leads to improvement in organized sectors and new job creation.
- Increase in revenues, expanding customer base, increased in customer engagement, enrichment in customer experiences, increased in operational efficiencies, better business decisions, enhanced business intelligence, improvement in agility and flexibility to bend business according to business dynamics

Industry 4.0 has tremendous potential to make positive impact on the MSME sector considering it's size and resource constraints if properly used by the business owners' and executives of MSMEs. Digital technologies characterised by cyber-physical production system has a significant force to make the drastic changes in the businesses models of the companies in overall business value chain.

5.0 Digital Transformation, MSME and Challenges Ahead

Digital awareness, digital knowledge, digital skills, digital culture, attitude towards risk and change of MSME owners' play significant role in attaining digital maturity. Considering the level of digital maturity, CISCO survey reported India ranked at 9th position in Asia Pacifica region. The following major challenges to be addressed to unleash the potential of digital transformation in improving the status and performance of MSME sector in India.

1. Industries face a huge challenge and enormous chances of digital transformation.
2. It's difficult for thousands of MSMEs to turn to digitization in India
3. Tremendous structural change will be confronted by the national economy due to the digital transformation of industries.
4. Common and concrete concepts and actions need to be taken as digital transformation involves huge and complex framework.
5. The challenges range from an absence of digital infrastructure, digital skills and access to talent, to lack of necessary technologies required for a business overhaul.

MSMEs are under pressure to improve product quality, product efficiency, be competitive, improve safety, security and sustainability and remain profitable. Industry 4.0 will aid them in making machines smarter, process with less waste, more flexible production lines and improved productivity.

6.0 Digital MSME:

Ministry of MSME implemented 'Digital MSME' scheme with an aim and objectives to promote the application of ICT in improving the MSME business operations and processes to reduce cost, improve productivity, enhance quality, increase competiveness, better market orientation and better decisions on the sound basis of reliable, authentic and customer centric data.

6.1 Digital India Corporation (DIC)

Ministry of Electronics and Information Technology formed DIC under section 8 of the Companies Act 2013 with an aims and objective to encourage innovation among MSME through CAD tools, digital technologies and ERP software.

6.2 Schemes offered by Ministry of MSME for Digital up-gradation:

The Ministry of MSME in India is running various schemes to provide financial assistance, technical assistance and up-gradation, infrastructure development, training and skill development, competitive enhancement and market assistance to MSMEs.

1. Financial Support to MSMEs offered under ZED Certification Scheme
2. Credit Linked Capital Subsidy for Technology Upgradation
3. Technology and Quality Up-gradation Support to MSMEs
4. Enabling Manufacturing Sector to be Competitive through QMS&QTT

Apart from the above-mentioned schemes, there are other technology development schemes operated by the Ministry of MSME under the Ministry of Communication and Information Technology and Ministry of Science and technology.

7.0 How digitalization and Industry

4.0 practices help MSMEs?

Digitalization helps MSMEs in all sectors to expand their market base globally. Setting up E-Commerce outlets breaks the limit of time and area. Expansion of Digital payment services for MSME will improve cashless exchanges which gives adaptability and straightforwardness to achieve customer reliability. Misrepresentation and duplication can be avoided by adopting digitalization.

7.1 Digital finance for MSMEs

Adoption of digitalization in finance industry improved customer access, customer convenience through cost effective and user friendly digital tools with the support of mobile and internet technology. Digitalization brings positive impact in enhancing quality of customer service, meeting regulatory deadlines, improving customer experiences and profit margin. Fintech Ecosystem offers innovative applications, processes, products or business models in the financial services industry which gives an end to end process through the internet. MSMEs are the main focus group of Fintech lenders because of the growing technology access and digital payment infrastructure.

7.2 Digital Marketing & MSME

Digital transformation improves decision making capabilities of the marketers on the basis of realistic, relevant and updated data. Optimized marketing plan, more precise formulation of marketing strategies and enhancing overall customer satisfaction become possible through constant understanding, monitoring and supervising the current and future needs of customers. Degree of customer engagements' through customer journey made possible owing to atomisation of marketing systems and processes.

8.0 Dealing with Digital Transformation in MSMEs

Technology has disruptive power and capabilities to bring socio economic change. Past evidences has substantial proof and justification to understand the impact of technology adoption in changing competitive landscapes, refining business operations, reducing costs, enhancing customer value, changing industry competiveness and improving economic performance of the MSMEs.

On the basis of the findings of the past research studies linked to digital transformation and experiences of the industry experts, the 3 step digital transformation framework for MSME can be suggested as mentioned below:

1. Mapping customer journey to identify and prioritise improvement opportunities

MSMEs owners, managers and executives should develop expertise in listening voice of customers, understanding their points of delightedness and frustration during customer journey. Pick those critical touch points in customer journey where customer wants substantial value addition and make biggest difference in customer experience. Matching appropriate digital technology with critical consumer touch points which help in choosing unique selling proposition and building competitive advantage. Customer journey mapping technique can be used to mine opportunities and identifying those top opportunities which make a huge difference in offering customer experience. The caution must be taken that the degree of digitalisation of specific touch points in customer journey is in alignment with digital skill level of the target customer segment.

2. Filling gap between actual and desired degree of digitisation at different customer touch points

Formulating and implementing the action plan to achieve desired degree of digitalization in prioritized improvement opportunities needs to be supported by adequate digital infrastructure, organisational resources, knowledge and skills ,entrepreneurial training and most important thing is leadership capabilities to bring in digital transformation and make technology work for improving the lives of people through process improvisation, cost reduction, better decision making and making lean, thin & agile organisation which are highly adaptable which is prerequisite for survival and growth for long-term success of MSME

Step 3 Building digital readiness of MSMEs

MSMEs across different sectors and industry differ in their level of digitalisation. Some MSMEs are digital savvy and some others are relatively beginners. MSME sector's big challenge is to identify and understand MSMEs currently stand and from where they should start their digital transformation. Objective assessment of the organisational strengths and weaknesses in terms of talents, processes and tools is crucial stage at this juncture in improving and developing required organisational capabilities and competencies. Building digital competencies cover recruitment, selection, training and developing data analysis tools and digital platforms

9.0 Conclusion:

Digital technologies are about doing new things in new ways. Clear business case for adopting new technologies is essential in MSME sector. New tools must enhance the core purpose and competence of the MSME. Essentially a digital transformation in MSME is about improving customer's lives through better and cheaper products and services. Technology delivers best results when targeted at rapid innovation and market creation instead of just cost reduction and operational efficiency. Mere technology adoption doesn't guarantee business success in MSME sector unless it creates and delivers superior customer value. The digital is indeed disruptive and has potential to improve MSME sectors value proposition. However business leaders those who embark upon the journey need to first aware of its scope for their business in particular and as well as challenges lies ahead; and then chart a strategic road map in alignment with their vision, mission, goals and objectives without losing the robust core of business. MSMEs are the second largest employment providing sector after agriculture. Considering the strategic significance of the MSME sector in export and GDP production, it's essential to strengthen and empower the MSME sector. The development of MSMEs will give a solid framework for the countries development and to attain the 5 trillion dollar economy mark by 2024. Digitalization and technology up-gradation serves as a tool for making MSMEs to withstand the Global competition and improve their performance by creating value for the customers. Industry 4.0 provides the foundation for the technology which helps in making the MSMEs smarter, more intelligent, flexible, agile, market centric and strategic in anticipating and adapting market changes not only to withstand competition but to survive, grow and thrive. Achieving this growth has challenges however effective utilization of various government schemes for financial, skill development and infrastructure needs will aid the MSMEs to assimilate digitalization and grow. MA

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APPLICATION OF "EOQ" FOR SOME TYPE OF TRANSPORTATION PROBLEMS

Abstract

A type of transportation problem is analysed on, a) whether the EOQ/EBS formula is really applicable, b) whether the information on "Indifference point" is useful in reducing the total cost and c) how and to what extent, some type of restrictions in the activity, increases the total cost. Also, various intuitive assumptions that appear to save cost, were proved wrong through proper calculations.

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A. Introduction:

Many MSME organisations, pay little attention on inventory. For expensive items produced, like jewellery, precious metal, expensive items like silk saris, the inventory carrying cost (ICC) may be high and require finer calculations to find the impact of various decisions connected to the inventory.

The Case: A power-loom (PL) unit in "Kanchipuram" in T.N,has 24 looms.It runs 24X7 (365days in a year) and produces silk saris, each of S.P. Rs1, 000/mtr.It sells the (woven) silk saris to a "Processor"(buyer), who makes payment in the bank account of the PL-unit,on the 30th day from the time the saris reached him.The PL-unit transports the saris, in a vehicle of capacity to carry 1,800m, at a fixed-charge of Rs400/trip.If necessary,the transporter can make an additional trip on the same day.The unit, always has debit balance in the over draft facility it has in a bank, which charges interest @12% p.a.-on the daily-balance in the account.The Unit has been transporting random quantities of saris and never computed the cost involved in the activity.

B. Applying EOQ/EBS for the transportation problem

A recently joined Accountant of the PL-Unit,studied the transport activity and wanted to save cost in it.To him,the transport activity looked similar to the purchase activity where the formula "EOQ" is applied to get the minimum cost for a period-the latter consisting of, a)Total Ordering cost for a period and b)Inventory Carrying Cost(ICC) for the period. (The period is usually taken as a year).

In the purchase activity where "EOQ"is applied, the inventory builds up once the lot purchased is received and on consumption the inventory gradually reduces to zero(or to a safety level) at which a next lot purchased is received, the inventory rises again, the consumption continues, the inventory reduces to zero(or safety level) and the process goes on.Larger the purchased lot, larger will be the average inventory held in stock and thus larger will be the ICC for a period(say p.a), but less will be the number of times the purchases are made and hence less will be the total ordering cost for a period(p.a).(Fig-1).

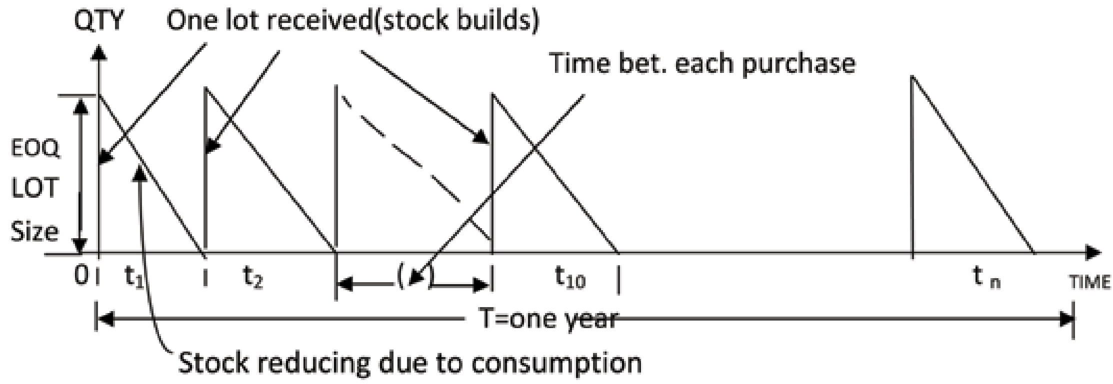
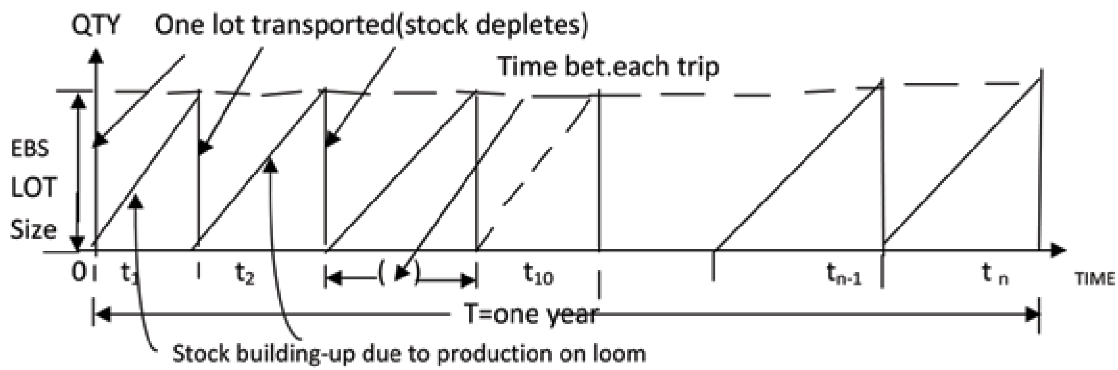


Fig-1:Inventory pattern of EOQ

N.B: $t_1,t_2\ldots t_n$are the time between each purchase.The time interval need not be equal but the sum of them should be =one yearfor which the total purchase/consumption is considered.

In the case of the transportation activity, the saris produced in a year is akin to the total units purchased in a year.The transport cost (per trip) is similar to the ordering cost (per order).The inventory of the saris produced on the looms, builds on each (and all the) looms on production and on reaching the Economic Batch Size (EBS) suitable for transportation, they are removed from the loom (at which the inventory reduces), transportedto the buyer and the process repeats. Larger the EBS for transportation, larger will be the average inventory on the looms. Thus, higher will be the ICC for a period (say p.a).Also larger the quantity transported per trip, less will be the total number of trips for a period (p.a.) Thus, prima facie, both the cases, looked similar for the Accountant. Fig-1 &2 show the similarities and dis-similarities of the cases of purchase activity of EOQ and transportation activity of EBS.



N.B: t_1,t_2,t_n are the time between each doff on a loom….and sum of them=one year

Fig-2:Inventory pattern of EBS for transportation.

In this case, more explanation on how the ICC arises, is needed.As the credit period of 30 days starts only when the saris reach the buyer, any delay in it, will result in the corresponding delay in making the payment by him.For instance, if 1,200 mtrs reach the buyer one day late,the payment for the 1,200m will also be made one day late after the credit period of 30 days. Due to this, the debit balance in the account of the PL unit would remain higher for a day, corresponding to the payment for 1,200m.The interest charged for a day, corresponding to the sales value of 1,200m, is the ICC for the 1,200m delivered one day late. Therefore,the PL-Unit should ensure delivery to the buyerat the "earliest possible time" to avoid the interest.

The term"as early as possible"is important because,when there is a need to transport the saris to reach the buyer at the earliest,the saris produced should not be allowed to stay with the PLunit,or,"no idle time" from the time the saris are removed from the loom and transported to the buyer.Also, to reach the EBS for transportation in a shortest possible time, the PL-unit should get the production in parallel from all thelooms. The production at which the doff on each loom occurs will be="Recommended Lot size for transportation/total number of Looms in production".(If the EBS for transportation is obtained only from a few looms, the time taken to reach the EBS will be more).

C. Concept of Indifference Point(IDP)

It is to be noted that, if the recommended lot size as obtained from the EOQ/EBS formula is more than the capacity of the vehicle, transportation is not possible. If the total mtrs of all the doffs are less than the capacity of the vehicle, can we transport them?….Yes, but the transporter will charge a fixed amount for a trip whether the vehicle is loaded fully or partially. Thus, given a certain fixed quantity to be transported p.a, a partial load will increase the number of trips p.a., but the inventory lying on floor (not transported) will reach the buyer and saves the ICC as explained earlier. Similarly, if some load is not transported to save the transport- cost, they will wait for transportation, to be added to the output of the next day and transported on the next day and so on…where ICC is incurred.

…………………………

(*)[In textile parlance, removing the produced item (here sari) from a producing machine (here loom) is called "doffing"]

Thus, there is a trade off between the saving in ICC and the incurrence of transport cost. The concept called "Indifference point (IDP)" helps us to decide, on the trade-off, in terms of metres of saris above which even a partial load is beneficial to be transported and below which the partial load is not beneficial to be transported. The IDP is applied in this case. (The limitation of the IDP is discussed at a later stage).

D. Cost Calculations

Table-1

Sl.No:	Particulars	Data
1	Mtrs/day/Loom	50
2	# Looms	24
3	Total Mtr(all looms)("1")X("2")/day	1,200
4	Days p.a	365
5	Annual Production(mtr)(365X"3")=	438,000

Table-2

Sl.No:	Particulars	Data
1	Interest rate p.a %	12
2	S.P/mtr (Rs)	1,000
3	ICC per mtrp.a (Rs)("2")X("1")/100	120

Table-3

Sl.No:	Particulars	Data
1	Max. No: Trips/day	2
2	Vehicle Capacity(m)/trip	1,800
3	Cost/trip (Rs)	400

1. Case-1: Cost as per the theoretical EOQ/EBS formula.

As mentioned above,looking at the similarity of the cases, the EOQ/EBS formula is applied by the Accountant of the PL-unit,to arrive at the optimum quantity to be transported in a trip and to assess the total cost p.a. It is assumed that the doffs occur uniformly throughout the entire 24 hrsand as soon as the recommended EBS quantity is reached from the production ,transportation of the saris occurs.Thus the inventory on floor after doffing, waiting for transportation does not arise.(In practice, such inventory do arise when EBS is reached in the night and loading on the vehicle is done only during the day time- say between 7 am and 7 pm but inventories on floor arising due to such reasons are NOT considered in this case).The ICC is calculated based on the average inventory on loom from the time of starting the production till they are doffed as per the requirement of EBS.However, in some cases,the inventory on floor after doffing is considered for ICC calculations ,ONLYif they are not transported for capacity constraint of the vehicle.In case, there is second trip on the same day, the time gap between the first and second trip is ignored for ICC cost calculations.

The ICC per mtr per p.a. is applied on the avg.inventory per day, to arrive at the total ICC p.a. The total transport cost p.a.=(Avg trips/day)X365XCost per trip.To arrive at the average per day (whether for inventory or for transport-trips), the cycle time (in days) in which the inventory/transport trip pattern repeats, is considered.The workings belowfor the above example,will make thecomputations more clear.

EOQ Formula: EOQ=Sq.rt[(2.a.s)/(i)] where,

a=annual production….here,thequantity(m)produced/to be transported p.a.

s=ordering cost per order….here, transport cost/trip

i=inventory carrying cost per unit –here ICC per metre p.a.

EOQ=Sq.rt[(2*438000*400)/120]=1,708.8=**1,709 mtr**

This means, if 1709m is carried per trip, the total cost p.a. (consisting of ICC and transport cost)will be minimum. The total cost p.a. when transporting 1,709m per trip (as per the EBS formula) is:

The ICC p.a. =1/2Xinventory(mtr) carried on all looms for each doffXICC per mtrp.a.=0.5*1709*120=102,540**(It em-A)**. The # trips p.a.= Annual quantity transported/mtrs per trip=43800/1709=256.3. The **Transport cost p.a.** =# trips p.a. X Transport cost per trip=256.3*400(from table-3) =102,520… **(Item-B).**

In fact, for the EBS, both the costs should be equal and the small difference of Rs20/-p.a. in the two costs, is due to rounding up of the EBS to 1,709m.**The total cost p.a as per EBS=Rs 205,060…Item-C.**

The Accountant,wanted to apply the EBSof 1,709 m, whenhe noted that the vehicle capacity of 1800m is suitable for the EBS. The mtr to be doffed on each of the 24 looms=1709/24=71.2(approximated to 1704m/trip to get 71m/loom).As soon as the production from each loom is 71m, the production is doffed and the total production from all the 24 looms is accumulated (to 1704m)and the inventory is immediately transported.The total cost p.a. calculated as per these details is given below.

2. Case-2 EBS=1704m

Table-4:(EBS=1,704m/trip). Doff for each loom=71m

1	2	3	4=(3)X24 loom)	5	6
Day#	**Mtr from each loom**	**Doff(m)from each LM**	**Mtrs from all looms**	**Mtrs to carry**	**Mtr trip1(EBS)**
1	50	0	0	0	0

2	21+29*=50	71	1704	1704	1704
3	42+8=50	71	1704	1704	1704
4	50	0	0	0	0
5	13+37=50	71	1704	1704	1704
6	34+16=50	71	1704	1704	1704
7	50	0	0	1704	1704
8	5+45=50	71	1704	1704	1704
9	26+24=50	71	1704	1704	1704
10	50	74	1776	1776	1776
11	50	0	0	0	0
Doff(cycle) repeats after a very long time of 3,550 days(LCM of 71 &50).For simplification,the doff size on each loom on the 10th day is taken as 74 and the EBS for the 10th day is taken as 1,776 and the cycle time is approximated to 10 days.					
AvgInv(m)/day on LM(IM) =					857.3(WN-1)
AvgInv on floor/day (IF)					0
Avg Trips/day=					0.7(WN-2)

(*) It is the balance (29) of one dayprod'n on a loomi.e 50m less 21m from the previous day's prod'n required to make 71m.

From Fig-3, the total area of all the seven triangles in 10 days=1/2*[(71*1.42*6)}+(74*1.48)]=357.22

Avg.stock on each loom per day=357.22/10=35.722

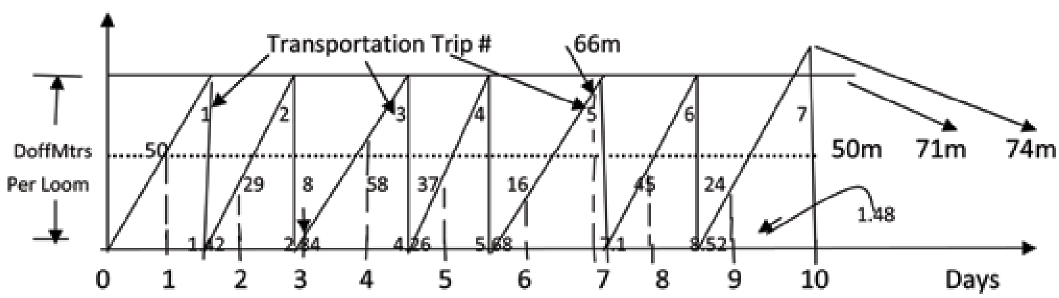
WN-1: Avg inv.(mtr) on all looms per day= Tot LoomsX[35.722]=24X35.722m =857.33m

The ICCp.a=[857.33]X ICC per mtrp.a=(857.33)*120=Rs.102,879----(Item-D)(i.e.282/day)

WN-2: Avg trips/day =Tot trip in the cycle/cycle days=7/10= 0.7.

The transport cost p.a=# trips/day*365* cost / trip=0.7*365*400= 102,200.(item-E) (i.e.280/day)

Total cost p.a(as per 1,704m/trip)=205,079….. (Item-F).(i.e.562/day)



N.B:Each doff occurs at an interval of 1.42 days(except on the 10th day in a cycle).

Fig-3 Showing the change in the inventory over 10 days cycle.

3. Case-3 Transportation to the full capacity(1800m) of the vehicle.

The Production In-Charge of the PL-Unit, who handles the loading of the silk saris, noticed that the vehicle capacity is 1,800m and whether 1,704m or 1,800m is loaded, the transport cost is same per trip and inferred that by loading more quantity per trip, the number of trips p.a. will reduce and more metres of the saris will also reach the buyer earlier, ensuring the payment soon for the extra metres loaded.Thus,he loaded 1800 m/trip.

Table-5 shows the cost when 1,800m is loaded per trip.

Table-5(Transporting 1,800 per trip, Doff for each loom=75m)

1	2	3	4=(3) X 24 loom)	5	6 (EBS)
Day#	Mtr from each loom	doff(m)from (each LM)	Mtr from all looms	Mtr to carry	Mtr trip-1
1	50	0	0	0	0
2	25+25*	75	1800	1800	1800
3	50	75	1800	1800	1800

4	50	0	0	0	0
5	25+25	75	1800	1800	1800
6	50	75	1800	1800	1800
Cycle=3 days. Time per Doff(75/50=1.5 days),					
AvgInv(m)/day on LM =75/2=37.5					900(WN-1)
Avg Trips/day=					0.667(WN-2)
AvgInv(m)/day of doff(IF)-	0				

(*) The 25m= m/day/loom i.e 50m less 25m from the previous day's prod'n to make 75m.

WN-1::Avg inventory on all looms during repeat of 3 days=Tot LoomsX[1/2*(75)]=24X37.5m =900m.

WN-2: The avg. no:of trips in a day =2 trips in 3 days or 2/3(or) 0.667 per day.

The ICC p.a=[Avg stock(mtr)IM/day]X ICC per mtrp.a=(900)*120=Rs.108,000--(Item-D) (i.e.**296/day)**

The transport cost p.a=# trips/day*365* cost/trip=(2/3)*365*400= 97,000.(item-E) (i.e**266/day)**

Total cost p.a(as per 1,800m/trip)=205,000….. (Item-F**).(i.e.562/day)**

4. Case-4 Use of Indifference Point(IDP)

The Manager of the PL-Unit took interest and studied the problem. He wanted to know the Indifference Point (IDP) at which the cost of transporting now even partially, instead of on the next day, equals the ICC of the inventory left not transported for a day. He calculated the IDP as follows:

Cost/trip=Rs400, ICC per mtr per day=120(seeTable-2)/365=0.33, IDP=Cost per trip/ICC per m per day =400/0.33=1,212m. This means,the saving in ICC per day on the 1,212m transported would be equal to the transport costof Rs400/-incurred andIf the partial load of 1212m is not transported,one saves the transport cost of Rs400/- but incursthe same amount of ICC onthe 1,212m fornottransporting them till the next day.For any metre transported above 1,212m(upto the vehicle capacity),the saving from ICC will be more than the transport cost/trip of Rs400/-and therefore,transporting to the full capacity of 1,800m the saving in ICC cost will be more than Rs400/-i.e. the cost/trip.For convenience the IDP is rounded down to 1,200m and the Manager advised the transportation to the full capacity of 1,800 whenever possible and atleast 1,200m when there is partial load, The cost implication of this directive is shown in Table-6.

Table-6(Transporting 1,800m/ trip,(75m/LM &1200m(50m/LM) when there is partial load)

1	2	3	4=(3) X 24 loom)	5	6 (IDP)
Day#	Mtr from each loom	doff(m)from (each LM)	Mtr from all looms	Mtr to carry	Mtr trip-1
1	50	50	1200	1200	1200
2	50	50	1200	1200	1200
Doff(cycle) repeats every day,					
AvgInv(m)/day on LM =					600(WN-1)
AvgInv on floor/day (IF)					0
Avg Trips/day=					1.0(WN-2)
AvgInv(m)/day of doff(IF)=	0				

Days to reach 50 m on each loom=50m/prod'n(m)in a day per loom =50/50=1day

WN-1:MTR on each loom to reach the IDP size =IDP(m) for transportation/# looms= 1200/24=50m.

Avg inventory on all looms during repeat of 1day=Tot LoomsX[1/2*(50)]=24X25m =600m.

WN-2: Avg trips per day in a doff cycle =1/1=(1)

The ICC p.a=[Avg stock(mtr)IM/day]X ICC per mtrp.a=(600)*120=Rs.72,000----(Item-G)(i.e.**198/day)**

The transport cost p.a=# trips/day*365* cost /trip=1*365*400= 146,000.(item-H) (i.e.**400/day)**

Total cost p.a(as per 1,200m/trip)=218,000….. (Item-I**).(i.e.598/day).**

5. <u>Case-5a Lot restriction and cost implication</u>

In transportation problem discussed above, the inventory on loom(IL) occur,but the inventory after doffing lying on floor waiting for transport(IF) does not arise, as the inventory is transported immediately.Suppose the "buyer"wants a continuous length of saris of 100m,then,only after producing 100m on each loom, a “doff” can be made.Let us evaluate the impact of this condition oncosts.

ICC per lot(of 100m) p.a=100X S.PX Interest rate=100X1000X0.12=Rs. 12,000/-….Item-J

IDP=1,200m(approx)=12lots.

It is important to note that 50m from one loom and 50m from another loom cannot be joined to get a doff length of 100m as the requirement is”continuous length of 100m”.Therefore, for the production of rate of 50m/day/loom,there can be doff from any loom ,on alternate days only. Thus, one lot from each loom or 24lots from all the looms are doffed on alternate days.For instance, at the end of Day-2 , after transporting 17 lots as per the recommended EBS, 7 lots will remain on floor for a day and on the Day-3, as there is no doff from any loom,the 7 lots remain for one more day i.e. for two continuous days .tillit is transported on Day-4 after adding the necessary doffs made on Day-4 .The IDP formula,again suggests that two days ICC of 600 m is equal to Rs400/- i.e.the transport cost per trip.Thus, there is an option to transport the partial load of 700m(7 lots) and save more on the ICC of them.In the table below, the transport cost was saved and the ICC incurredare shown.

Case-5a (Lot)

Table-7 Transport as per EBS=1700/100=17 lots or IDP=1200/100=12lot for 1 day

1	2	3	4=(3) X 24 loom)	5= (4)+(9)	6 (EBS)	7=(5)-(6)	8	9
Day#	Mtr from each loom	doff(lot) from eachLoom	Lot from all looms	Lot to carry	Lot trip-1	Lot left after trip-1	Lot-trip-2	Lot left after trip-2
1	50	0	0	0	0	0	0	0
2	50	1	24	24	17	7	0	7
3	50	0	0	7	0	7	0	7
4	50	1	24	31	17	14	14	0
5	50	0	0	0	0	0	0	0

In this Case(5a),a partial load of 7 lots is not transported and hence,the ICC on it was incurred.

The cycle repeats in 4days, AvgInv(m)/day on all LM =1/2XLot per doffX24=1/2X100X24=1200m
One trip on day-2 and two trips on day-4. Avg trip/day=3/4=0.75
AvgInv on floor/day(IF)= (700X2)/4=350m
ICC of IM=1200X120=Rs144,000**395----(Item-K)**
ICC of IF=350X120=Rs.42,000**115---(Item-L),**
Transport cost p.a=0.75*365*400=Rs.109,500 **300---(Item-M)**

6. Case-5b

Table-8(LOT) Transport as per EBS=1700/100=17lots or >= 6lots when idle for 2 days

1	2	3	4=(3) X 24 loom)	5= (4)+(9)	6 (EBS)	7=(5)-(6)	8	9
Day#	Mtr from each loom	doff(lot)from (each LM)	Lot from all looms	Lot to carry	Lot trip-1	Lot left after trip-1	Lot-trip-2	Lot left after trip-2
1	50	0	0	0	0	0	0	0
2	50	1	24	24	17	7	7	0
3	50	0	0	0	0	0	0	0
4	50	1	24	24	17	7	7	0

N.B:In this case(5b),the 7 lots left out are transported on the same day to save the ICC.

The cycle repeats in 2days, Avg Inv(m)/day on all LM =1/2XLot per doffX24=1/2X100X24=1,200m.
Two trips on day-2. Avg trip/day=2/2=1

AvgInv on floor/day(IF)= 0, ICC of IF=0	
ICC of IM=1200X120=Rs144,000**395----**(Item-N)	
Transport cost p.a=1*365*400=Rs.146,000 **400----**(Item-O)	

N.B-1: It is improper to calculate the doff available every day ,from all the looms as: 50mX24=1200m/100m=12lots as ½ lot from each loom can not be doffed.Therefore, for day-1, the Lots from all loom is shown as"0" and on the next day as "24" when one doff is taken out from each loom.Same explanation for day 3 and day-4.

E. Comparison of costs:

Table-9 Comparison of Total Cost p.a/per day

As per	ICC p.a	Transp. Cost pa	Total Cost pa		ICC /day	Transport Cost /day	Total Cost / day
1)EBS(Theory)1709m	102,540	102,516	205,056		281	281	562
2)EBS(Practical)1704m	102879(*)	102200	205,079		282	280	562
3)Transport 1800m	108,000	97,000	205,000		296	266	562
4)Transport 1200m(IDP)	72,000	146,000	218,000		198	400	598
5a)Lot of 100m	144K+42K= 186,000(**)	109,500	295,500		395+115 =510	300	810
5b)Lot of 100m	144,000	146000	290,000		395	400	795

- (*)In Case-2,a slight increase in ICC is due to rounding to 74m the doff/LM for the 10th day of the cycle.
- (**)ICC p.a consists of ICC of IM and IF.
- In Case-3 when 1800m(instead of 1704m) was taken for transportation, the # of trips/day reduced from 0.7 to 0.667 and thus the transport cost reduced by Rs14/day. The avg.inv. increased from 857.3m to 900m and thus the ICC/day increased by Rs.14/day. The net effect is no change in the total cost .
- Case-4:The selection of the option at IDP, does not mean, selection of the optimum option. Note the increase in total cost, in comparison to the EBS, when transportation as per IDP was used.
- In Case 5b, on transporting 7 lots, the saving is more in ICC(Rs42K) than the additional transport cost(Rs36.5K) and so a net saving in the total cost of Rs5.5K p.a.
- In the case of lot restriction to 100m ,choosing the lesser cost option(Case 5b), we notice substantial increase in cost of (795-562=)Rs 233/day(Rs85,045 p.a).Thus, unless the buyer who wanted the lot to be in multiples of 100m, compensates the PL-unit,the latter will lose about Rs 85,000 p.a .on accepting the lot restriction.
- For the cases (2) to (5b),the cycle repeats on 10,3,1,4& 2 days and except in Case-4(daily repeat), none in the other cases,repeat fully in a year of 365days. Thus, cost comparison of them for 365 days brings in some distortions and therefore, the cost per day is calculated, as these figs are comparable.

F. Dis-similarites between "EOQ" of Purchase Activity and "EBS"of Transportation of this case.

Let us look at the dissimilarities between the "EOQ"case and this transportation- case.

In purchase activity where "EOQ"isused, the inventory increases after the receipt of the lot. The ICC varies directly in proportion to the quantity (LOT SIZE) received.

In the transportation case, the ICC varies with the quantity (LOT SIZE) transported. Larger the quantity to be transported, larger will be the doff size on loom and hence higher the ICC. The inventory arises before the inventory is transported.

In the use of "EOQ", for the same ordering cost (per order), any quantity can be purchased per order, i.e. ordering cost, is independent of the quantity per order.

In our case, for the transport cost of Rs400/-only 1800m can be carried away .Further for every 1800m the transport cost changes. Also the quantity that can be carried in a day is limited to two trips/day- each of 1,800m or 3,600m/day. Thus the transport cost does not remain constant for any quantity transported. Therefore, strictly speaking EOQ (or EBS) formula cannot be applied to the transport problem of this nature.

In our case, just by coincident, the economic size arrived at to transport- viz.1709m, suited the capacity of the vehicle(1800m). Had the transport cost was Rs500/-(instead of Rs400),the EBS would be 1,910m and similarly had the prod'n per day per loom was 60m(instead of 50m), the EBS would be 1,872m and

therefore, in both the cases, the recommended EBS would be unsuitable for the vehicle of capacity 1,800m.Incase a higher capacity vehicle suitable to the EBS was available, then the rate per trip for the higher capacity should be Rs400/trip.

G. Conclusion: The various ready made cost saving formulae like EOQ/EBS should be applied after fully understanding the assumptions behind them. The case also shows that when expensive items are produced, the ICC has a significant effect on various inventory related decisions. Any intuitive decisions, may appear to save cost in one area, but may lose more in another area and may thus result in netloss.Therefore,computation is necessary in finding the total cost p.a.The case also points out that the steps taken by one should be known to all concerned –especially to a person(like the Accountant) who knows the overall implication on every step on the total cost . MA

UNDERSTANDING (ADJUSTED GROSS REVENUE) WOES

Abstract

Understanding the Adjusted Gross Revenue woes is very much relevant in the Telecom sector as on date, because the Government policies on Telecom will have a direct impact on the future of Telecom industry and its impact to be felt by all of us in terms of Higher Tariffs and Higher ARPU Realization By Telecom Companies. Much depends again on the stable Government policies; we are a very dynamic country when it comes to policies, we have a mindset that something is wrong when a Government policy works and achieves desired objectives; Success makes us believe that someone is cheating and then we tinker with policy until losses are incurred. At that point when losses appear, we think we have tweaked the policy right. Having said that we are slowly moving ourselves from 4G to 5G which is a welcome Step moving forward.

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Introduction

Some 25 years back on July 31 st 1995, the then CM of West Bengal Sri Jyothi Basu dialled up Sri Sukhram the then Union Communications minister through (Modi-Telstra) Network which later took an new avatar as Spice Telecom. That time both the outgoing and incoming call was charged at Rs 16 &Rs 8 Per Minute totaling in Call Cost of Rs 24 Per Minute. That was the beginning of Mobile telecommunications in India and we have come a long way in this 25 years journey since then.

Telecom sector

We had a National Telecom Policy in the year 1994 and license were given to the telecom majors through license under the Indian Telegraph Act of 1885, initially in the beginning we had a Fixed annual fee which was too high and the initial telecom companies started to default in the payment of their Annual fees to the **DoT(Department of Telecommunication)**.So in the year 1999, A New Telecom Policy was unveiled and there was a migration from Fixed Annual fee based license to Revenue sharing Model. In the beginning it was fixed at 15 % of AGR on Revenue sharing basis which came down to 13 % and later in the year 2013 was brought down to 8%.

Since Telecom sector involves both Licensee fee and SUC (Spectrum Usage Charges),the DoT Started levying anywhere between 3% -5% as SUC Charges towards the actual spectrum usage which is considered too high even now if you compare with other geographical areas in the worlds telecom sector.

The dispute between DoT and the mobile operators has been mainly on the definition of AGR. The DoT argued that AGR includes all revenues (before discounts) from both telecom and non-telecom services.

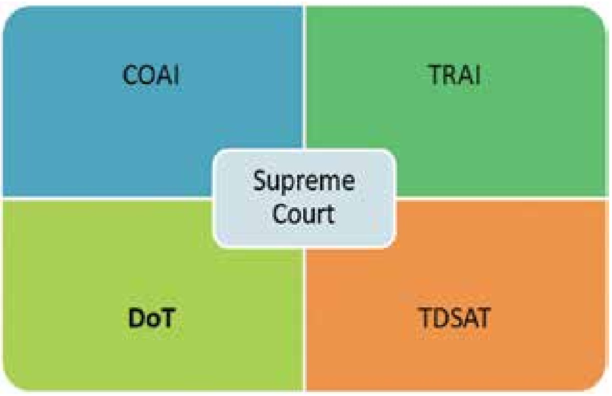
DoT made a claim that Revenue share means it included all earnings and it was challenged by COAI in the year 2005 against the Governments order for including new elements in the definition of **AGR (Adjusted Gross Revenue)** Like :

- Installation Charges
- Value Added Services
- Interest Income
- Dividend Income
- Foreign exchange Gains

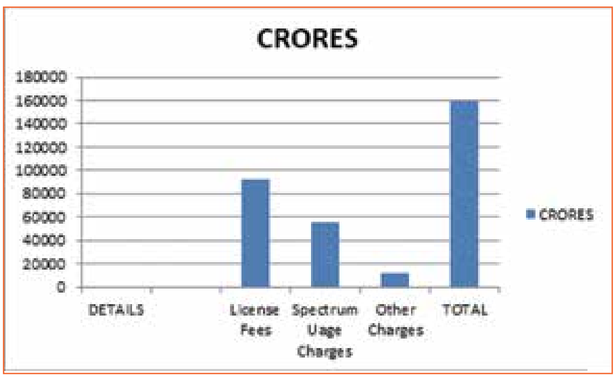
- Profit on sale of Assets
- Insurance claim Received

Which was opposed by **COAI (Cellular Operators Association of India)** and so they approached

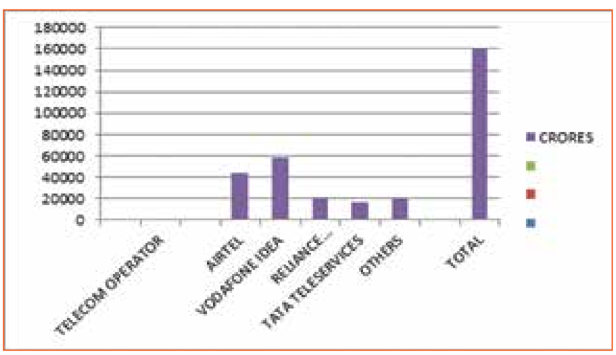
TRAI (Telecom Regulator of India) & TDSAT (Telecom Dispute Settlement and Appellate Tribunal) who gave a favorable ruling towards the Telecom operators, and so in the year 2015, TDSAT excluded Non -Telecom Revenues from the definition of AGR but DoT challenged TDSAT Order, so DoT had no option but to approach **Supreme court (SC)** which gave a judgment in favor of DoT, setting aside TDSAT order the **Supreme Court (SC)** on Oct 24,2019 upheld the definition of AGR as stipulated by DoT.



The total claim made by DoT is Rs 160,000 Crs Approximately towards both the components (License fees and SUC Included) &Interest and Penalty charges



And the Individual breakup of Individual companies is as follows



Out of this outstanding amount **Vodafone Idea** has paidRs 6,854Crs against demand of Rs 58,254 Crs and **Bharti Airtel** has paid an amount of Rs18,004 Crs against a demand of 43,980Crs and **Tata Teleservices** has paid Rs2,197 Crs against a demand of Rs 13,800 Crs, so in a nutshell **Airtel&Vodafone Idea** have to pay almost Rs77,376 Crs to DoT which includes License fees, SUC, Interest & Penalties.

Customers

If the Telcos are made to pay their outstanding AGR Dues through a staggered payment of 10 years as per the Latest verdict of Supreme court, the possible scenario will be rise in the cost of the telecom charges by the relevant companies to their Customers to offset AGR dues payable by them to tide over the situation and also to improve their **ARPU (Average Revenue Per User),** Mr Sunil Mittal of Bharti -Airtel had recently given his views that ARPU should touch Rs 300 From the present Rs 157 to sustain in the coming 6 months period with low end customers still paying Rs 100 per month**.**

Investors

If you see the Balance sheets of Telcos, they have already provided for the same in their quarterly results as one-off losses but this will translate in to lower EPS and you cannot rule out more debt pile up and financial instability in Assets -Liability mismatch.

Also from the view of customers, it is better if you have 3 companies because competition will be missing if there are only 2 telecom players **(Duopoly)** left out in the race, because if there are only 2 companies in the fray it will be very easy for them to fix the tariffs which normally tend to be expensive and detrimental to the interests of the customers. MA

Sources (For Figures)

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CASE STUDY ON INDO USA DTAA

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Abstract

In 2013-14 BHEL was dragged into an international arbitration case raised by a Russian collaborator on a contractual dispute. For this both side had to engage independent Technical witness since the case involved complex technical interpretations. BHEL engaged an expert technical witness based in USA and as per the agreement with him a very substantial fees was paid to him for the same.

The issue, as detailed under this article, involved the question of TDS on remittance of fees and other reimbursements to this expert and fine interpretations of the various articles of the Double Taxation Avoidance Agreement (DTAA) with USA guided by the related case laws.

A) Introduction:

BHEL was entrusted with renovation of the old Tanda power station units for which it entered into a technical collaboration with the Russian manufacturers of the plant.

During the execution of the renovation works there was some technical default from the Russian agency, subsequent to which BHEL decided to invoke the performance security of the agency.

Aggrieved by this the agency proceeded to lodge an international arbitration case against BHEL in the specified courts of London.

As required by the Arbitrators both the parties under dispute were then required to appoint a Technical witness each who would work out on the technical issues involved and assist the arbitrators after sorting out the minor agreeable issues and reducing the dispute to core differences.

BHEL appointed one USA based technical expert with over 20 years of experience in Thermal projects whose consideration for these activities was exclusive of any Indian Income tax.

Hence the challenge for BHEL was to minimize the impact of the tax implication on the consideration payable.

B) Specific Provision of DTAA:

U/s 50(2) of the Income Tax Act 1961in case of such foreign payments the provisions of the DTAA will have precedence over the provisions of the IT Act and the provisions of the IT Act shall apply only to the extent they are beneficial to the assessee.

In view of the above the DTAA between India and USA was pursued in details for optimization of TDS.

The DTAA with USA has two specific articles to deal with such remittance:

a) **Under Article 12** there is a provision of reduced TDS if such payments are made in pursuance to some collaboration/ royalty etc.

b) **Under Article 15** there is an exemption of TDS on such remittances if:

i) The payment is made for independent professional services;

ii) The recipient is not a corporate entity;

iii) The service provider does not have a regular residential base in India;

iv) The Indian presence if any for the service provided is less than 90 days in the PY.

Hence the issue was to be settled between Article 12 or Article 15 based on the similarity of the factual elements with the provisions of law as interpreted in similar case laws.

C) Relevant Case Laws:

1) MSEB vs. CIT (2004) (Ref#1)

MSEB contracted a London based legal firm for Dabhol project of Enron and based on Article 15 of the DTAA with UK paid them without affecting any TDS.

However the Assessment Officer dis-allowed the benefit of Article 15 as payments were not made to the expert but the firm and as also the limit of 90 days stipulated under DTAA was exceeded by the total man-days deployed by the firm in India.

Having lost the first appeal at CIT stage, MSEB finally received a favorable decision from the ITAT on the following grounds:

- As per the DTAA provisions the payment made does not deter it to be qualified under Article 15 so long as it is not related to any Technical collaboration/ Royalty terms. In this case it was agreed by ITAT that payment essentially was for professional service rendered by legal/technical experts.
- The interpretation of the threshold days based on the total man-days of services rendered in India is not tenable since if 20 persons were deployed simultaneously for 20 days it would result in 400 man-days in a year, which cannot be the intent of the law. Hence the threshold days under the DTAA provisions should be based on solar days and not man-days.

The court further noted "The words ought to be construed ut res magis valeat quam pereat" which means that the words of the statute should be given a sensible meaning so as to make them effective, rather than a meaning which will make the provision redundant."

Finally it noted "We are thus unable to uphold the Revenue's contention that no prejudice is caused to the assessee tax deductor by deducting the tax at source by way of abundant caution, and even when the income embedded therein may not be exigible to tax in India, for that such an interpretation will render the assessee's right of appeal under Section 248 obliterated from the statute."

As we have earlier observed, provisions of the DTAA clearly override the provisions of the Act to the extent

Having lost the first appeal at CIT stage, MSEB finally received a favorable decision from the ITAT on the following grounds

the provisions in such agreements are more favourable to the assessee. Therefore, in case a DTAA provides for lower rate, which includes 'nil' rate, of taxes, such a rate will prevail over the rate given in the Act. As a natural corollary to this proposition, when, in terms of the provisions of a DTAA, an income is not exigible to income tax in India, no tax is required to be deducted under Section 195 from the payment of such income to a non-resident."

2) DCIT vs Chadbourne & Park LLP 2005 (Ref#2)

The assessee is a partnership firm of solicitors based in USA. The assessee filed return of income declaring NIL income claiming refund of TDS on the payment received by it from M/s G.V.K. Industries Ltd., Hyderabad, which is an Indian company. The assessee claimed that as per Artcle 15 of DTAA the aforesaid receipt was not exigible to tax in India and, therefore, the assessee was entitled to the refund of tax deducted at source. The assessee-company rendered professional services to M/s G.V.K. Industries Ltd. through US based lawyers outside India, who do not stay in India.

The AO rejected this argument as according to him Article 12 of the DTAA was applicable in the case of the assessee and, therefore, the receipt was chargeable to tax in India. The AO was of the view that assessee rendered technical consultancy services and not professional services.

The stand of the AO was countered under appeal at CIT who agreed with the Assessee but then the tax department contested the decision of CIT at the ITAT.

<u>Salient points noted in ITAT were as under:</u>

The following conditions are required to be satisfied for a service rendered by the US resident being 'independent personal services' taxable in India under Article 15:

(i) The service should be in the nature of a 'professional service', which includes independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, surgeons, lawyers, engineers, architects, dentists and accountants. In addition, this service should be rendered by an individual or a firm of individuals (other than a company).

(ii) The service should not be in the nature of a commercial or industrial activity, or in the course of employment.

(iii) In addition to satisfying both the above conditions, at least one of the following conditions should also be satisfied:

(a) The person rendering such service has a fixed base regularly available to him in India for the purpose of performing his activities.

(b) The person rendering such service stays in India, in the relevant previous year, for period of 90 days or more.

"In the present case, Article 15 of the DTAA with USA is clearly applicable. This article refers to the income derived by a firm of lawyers which is a resident of a 'Contracting State from the performance of professional services in the other Contracting State. However, the appellant-firm has not rendered any services in India to M/s G.V.K. Industries Ltd., its client, and the entire services were rendered by its personnel based abroad,

Under the circumstances, Article 15 which is normally applicable in the case of 'independent personnel services' rendered by a firm of solicitors is not also applicable in the present case as it did not have a 'fixed base' in India. In other words, it did not have a permanent establishment within the meaning of Article 5 of the DTAA between India and USA. Therefore, no question arises of bringing to tax the fees received by it from M/s GVK Industries Ltd., as business income within the meaning of Article 7 of DTAA.

However, the AO has sought to bring to tax the receipts as the fee as 'fees for included services' by invoking Article 12 of the DTAA. However, the legal consultancy services rendered by the appellant-firm to the Indian company cannot be considered as 'included services' as defined in Article 12(4) of the DTAA and, therefore, these cannot be brought to tax as the 'fees for included services' or 'technical services'.

D) Guiding Determinants

1) Article 12 (sub section 4):

4. For purposes of this article, 'fees for included services' means payments of any kind to any person in consideration for the rendering of any technical or consultancy services including through the provision of services of technical or other personnel) if such services :

(a) are ancillary and subsidiary to the application or enjoyment of the right, property or information for which a payment described in para 3 is received; or

(b) make available technical knowledge, experience, skill, know-how, or processes, or consist of the development and transfer of a technical plan or technical design.

5. Notwithstanding para 4, 'fees for included services' does not include amounts paid to an employee of the person making the payments or to any individual or firm of individuals (other than a company) for professional services defined in Article 15 (Independent Personal Services).

2) Article 15: Independent Personal Services.

1. Income derived by a person who is an individual or firm of individuals (other than a company) who is a resident of a Contracting State from the performance in the other Contracting State of professional services or other independent activities of a similar character shall be taxable only in the first-mentioned State except in the following circumstances when such income may also be taxed in the other Contracting State:

(a) if such person has a fixed base regularly available to him in the other Contracting State for the purpose of performing his activities, in that case, only so much of the income as is attributable to that fixed base may be taxed in that other State; or

(b) if the person's stay in the other Contracting State is for a period or periods amounting to or exceeding in the aggregate 90 days in the relevant taxable year.

E) Conclusion:

The case of BHEL making payments to a USA based technical expert for his services rendered in US and UK clearly qualified under Article 15 and since he did neither have a PE in India nor had to stay in India for 90 days or more as the services were required at USA and UK, there was no TDS required to be affected by BHEL from any sum paid to him for such services.

It was an interesting experience to dig into the legal provisions of the DTAA as well connecting the same to the relevant case laws and doing full compliance while optimizing the tax outgo on the issue and finally able to achieve a substantial savings on tax earlier assumed to be borne by BHEL. (Ref#3)

References

1. *Ref#1-MSEB vs. DCIT (2004) 93 ITD 793 Mum*
2. *Ref#2- DCIP vs. Chadbourne & Parke LLP (2005) 93 TTJ Mum 734*
3. *Ref#3- My opinion favoring Article 15 was initially thought as risky tax planning till all were convinced through the case laws.*

Ref. No. G/128/6/2021 — 28th June, 2021

NOTIFICATION

Sub: Course Fee Waiver Scheme for CMA Students who lost earning parent/guardian due to COVID-19

The Council has granted a course fee waiver scheme in the form of scholarship to the aspiring CMA students at Intermediate and/or Final level who unfortunately lost their father or mother or guardian due to COVID 19, who were earning member of their family. The fee waiver scheme shall be applicable subject to production of proper evidence by the concerned CMA students in this regard.

CMA Kaushik Banerjee
Secretary

DIGITAL OBJECT IDENTIFIER (DOI)

Issue: June - 2021 [Vol. 56 No. VI]

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GLOBAL RECOGNITION OF CMA QUALIFICATION

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

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

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

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

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

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

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

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

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Statutory Body under an Act of Parliament

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Behind every successful business decision, there is always a CMA

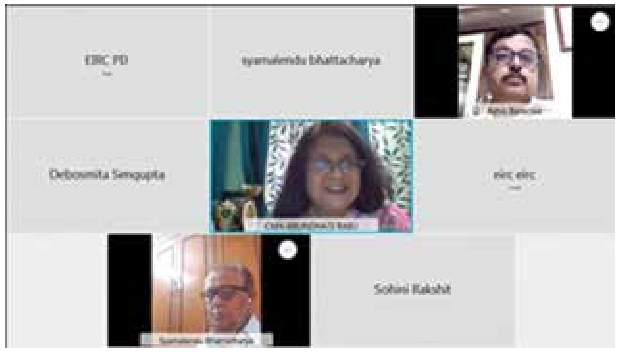
NEWS
FROM THE INSTITUTE

EASTERN INDIA REGIONAL COUNCIL

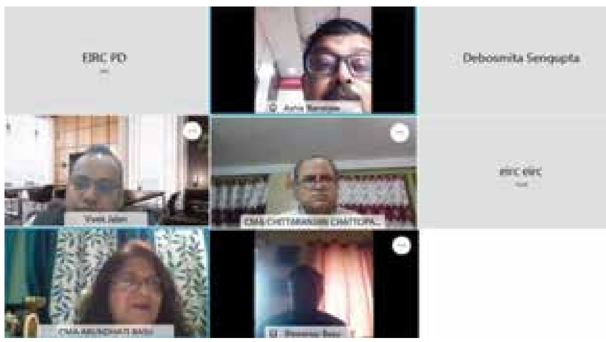
The Region had organized a Virtual CEP on "Indirect Tax : Critical Issues & Developments" on 30th May, 2021 . Shri Vivek Jalan, Chairperson, Ease of Doing Business Committee- The Bengal Chamber of Commerce was the Guest Speaker. Chairman EIRC CMA Ashis Banerjee had welcomed the august gathering. The participants appreciated the programme.

A Virtual CEP on **'' Pre-Packaged Insolvency Resolution Process for MSME - Role of Cost Accountants"** was organised on 4th June, 2021 under the initiative of Seminar & Workshop Committee. CMA Arundhati Basu, Vice Chairperson, EIRC and Chairperson, Seminar & Workshop Committee had welcomed the august gathering. CMA (Dr.) S.K. Gupta Managing Director, ICMAI RVO & Former CEO- IPA ICAI and CMA J.K. Budhiraja CEO-ICWAI MARF Former CEO- IPA ICAI were the Guest Speakers. CMA Vijendra Sharma, Central Council Member & CMA C.R. Chattopadhyay, Central Council Member had graced the occasion as the Honored Guests and addressed the august gathering. CMA Abhijit Goswami, former Central Council Member had also graced the programme. There was an overwhelming response and the participants expressed their heartfelt gratitude to the honoured Guests & to the Guest Speakers for their excellent deliberations during the programme.

The Region had organized a Virtual CEP on **"Direct Tax - Section-Wise Analysis of Amendments to the Finance Act 2021"** on 11th June, 2021 under the initiative of Seminar & Workshop Committee. CMA Arundhati Basu, Vice Chairperson, EIRC and Chairperson, Seminar & Workshop Committee had welcomed the august gathering. Chairman EIRC, CMA Ashis Banerjee had graced the occasion and addressed the august gathering. CMA Syamalendu Bhattacharya, Addl. Assistant Director of Income Tax, Direct Taxes, Regional Training Institute, GOI, Ministry of Finance (Retd) was the Guest Speaker. Participants actively participated and appreciated the programme.



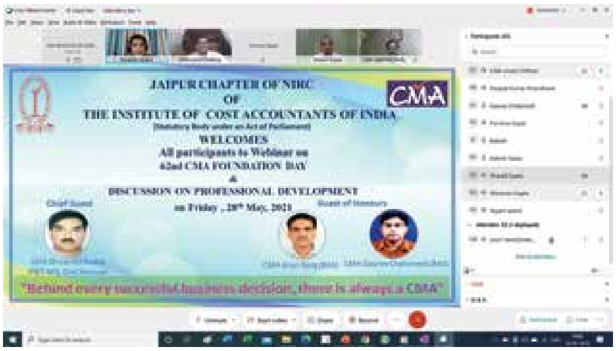
The Region had organized a Virtual CEP on " IMPLEMENTATION OF NEW LABOUR CODES : AN OPPORTUNITY FOR PROFESSIONALS" on 15th June, 2021 . Chairman EIRC CMA Ashis Banerjee had welcomed the august gathering. Shri Vivek Jalan, Chairperson, Ease of Doing Business Committee- The Bengal Chamber of Commerce was the Guest Speaker. CMA Arundhati Basu, Vice Chairperson, EIRC and Chairperson, Seminar & Workshop Committee offered the Vote of Thanks. The participants actively participated and highly appreciated the programme.



NORTHERN INDIA REGIONAL COUNCIL

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA JAIPUR CHAPTER

The Chapter organised Webinar on 7th May 2021 on the Topic "Managing Your Mind – Positive in Crisis" In the beginning of the webinar, Chairman of the Chapter CMA Swapnil Bhandari, welcomed the Key speakers and all the participants. Key Speakers of the Webinar were Shri Naveen Jain, IAS, Secretary Food Civil Supplies & Consumer Affairs and Dr. Nitin Saraswat, International Mind Trainer. Both the speakers jointly explained the topic. They told that we should have positive thinking and keep away from Negativity. The webinar was conducted by Jaipur Chapter Member CMA Deeptanshu Pareek. The Chapter organised the Webinar on above topic on 15th May 2021. In the beginning of the webinar CMA Swapnil Bhandari Chairman of the Chapter welcomed Key Speaker and all the participants.Key Speaker of the Webinar, CMA Nitish Kumar leading tax practitioner told that many hurdles are faced while doing work from home. In order to remove these hurdles and to make the work effective and productive, he explained in detail various



tips and tricks. The webinar was conducted by CMA Tanuj Agrawal, Chairman Professional Development Committee. At the end of the program CMA Sudarshan Nahar, Secretary of the Chapter thanked the Key Speaker and all the participants. The Chapter celebrated the CMA Foundation Day on 28th May 2021 by virtual mode. Chief Guest of the webinar was CMA Shivendu Gupta, IP&T AFS, Civil Services. Guests of Honour were CMA Arun Garg, RAS and CMA Gaurav Chaturvedi, RAS.In the beginning of the webinar, CMA Swapnil Bhandari, Chairman of the Chapter welcomed all the guests and participants.Many senior members expressed their views in the webinar. They highlighted the importance of CMA profession. It was pointed out that many CMA members are on high positions in various organisations. Members gave various suggestions for further development of CMA profession. The webinar was conducted by CMA Vinod Chittora, Past Chairman of the Chapter. At the end of the program CMA Sudarshan Nahar Secretary of the Chapter thanked all the guests and participants. The Chapter organized a webinar on Naturopathy on 5th June 2021. Chief Guest of the webinar was CMA Lalit Maheshwari, IPS (Retd.). In the beginning of the Webinar CMA Swapnil Bhandari, Chairman of the Chapter welcomed all the Guests, and all the Participants. Chief Guest CMA Lalit Maheshwari told about usefulness of the Naturopathy, He told that by adopting Naturopathy, expenditure on medicines can be substantially reduced.Key Speaker of the webinar CMA Kishore Gogar, Naturopathy specialist explained in detail various aspects of Naturopathy. The webinar was conducted by CMA Vinod Chittora, past Chairman of the Chapter. At the end of the program, CMA Sudarshan Nahar Secretary of the Chapter thanked the guests and participants.The Chapter organised a Webinar for students on 6th June 2021 on the above subject. In the beginning of the webinar, CMA Swapnil Bhandari Chairman of the Chapter welcomed all the guests and participants.Chief Guest of the Webinar – Dr. B.K. Gupta Dy. Director, Rajasthan state open school told that stress in life can be removed to a great extent by self confidence and positive thinking.Key Speaker of first technical session was CMA Swati Vijay, Motivational Speaker. She explained in detail on the topic "Behtar Lifestyle." Key Speaker of second technical session was CMA Purnima Goyal, Executive Member of the Chapter. She explained in detail on the topic "Stress Management." The webinar was conducted by CMA Smita Gupta, Career Counsellor. At the end of the program CMA RakeshSharma, Vice-Chairman of the chapter thanked all the guests and speakers.

SOUTHERN INDIA REGIONAL COUNCIL

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA TIRUCHIRAPALLI CHAPTER

Tiruchirappalli Chapter has arranged a Condolence meeting on June 9, 2021 through online for CMA V Kalayanaraman, Past President of ICAI and SAFA demised on 04/06/2021 who was an icon of CMA profession more than six decades. The Managing Committee members, Past Chairmen of Trichy Chapter, Past SIRC council members, SIRC Treasurer Shri K Rajagopal and other members expressed their memories and contributions to the CMA profession by CMA V Kalyanaraman Sir. Very senior members recalled his contributions to the establishment of Trichy Chapter and construction of Chapter building. All the members condoled the death and expressed their heartfelt condolences to the bereaved family, members fraternity and friends. May his soul rest in peace.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA TRIVANDRUM CHAPTER

The Foundation day of the Institute was on 28th May, 2021. As a part of the celebration the chapter organised a Blood Donation programme in association with the Sree ChitraThirunal Institute for Medical Science and Technology (SCTIMST), Trivandrum. The programme was inaugurated by donating blood by CMA Pramode Chandran PG, Chairman of the Chapter followed by members and students.

WESTERN INDIA REGIONAL COUNCIL

The Institute of Cost Accountants of India has signed MOU with Savitribai Phule Pune University (SPPU) to extend academic co-operation & to stimulate and facilitate the development of collaborative and mutually beneficial programs, which will serve to enhance the intellectual life and cultural development in both organizations.SPPU is one of the premier Universities in India, providing education, research and consultancy in various areas of Technology, Science, Humanities and Social Sciences, etc having highest number of students in commerce & management wing.President CMA Biswarup Basu & Vice President CMA Raju Iyer during virtual signing ceremony on 25th June expressed the need for such collaborative efforts.Vice Chancellor of SPPU Prof NitinKarmalkar congratulated ICAI for the initiative & assured all support for the university.CMA Harshad Deshpande, Chairman WIRC facilitated the program & CMA Ashwin Dalwadi, CCM offered vote of thanks

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA AHMEDABAD CHAPTER

On the occasion of 62nd foundation day of the Institute, the Chapter had organised a talk show on "Anxiety Management in Recent Times". The talk was addressed by distinguished Psychiatrist Doctor Navin D Modi and past Chairman of the Chapter, CMA P D Modh. The interactive session was moderated by the Chapter's PD&P Committee Chairman CMA Dakshesh Choksi. The session was conducted through Question-Answer mode and the learned Dr.Navin Modi and CMA P D Modh answered various questions posed by the Moderator and explained how to overcome the fear, Impact of a death in our near social circle, how to overcome depression, how to remain positive in a period of such a grave pandemic and how to keep our mind healthy & fit along with our physical fitness. The session was attended by the CMAs alongwith their family members. The Central Council Member CMA Ashwin Dalwadi, Regional Council Member, CMA Ashish Bhavsar, Chairman of the Chapter, CMA H. P. Bhatt, Secretary of the Chapter, CMA Malhar Dalwadi participated in the program. On the occasion of 62nd foundation day of CMA Institute, Ahmedabad Chapter had organized "Home base -Drawing and Rangoli competition" for CMA Students of Ahmedabad Chapter. It was a very good idea to reach the maximum people and pay tribute to the real heroes the corona warriors of this pandemic situation. "Commemoration of CMA Foundation Day and Prize distribution ceremony of Drawing and Rangoli Competition" was also organized by the Ahmedabad Chapter. CMA Mitesh Prajapati-Chairman Oral Coaching Committee welcomed the Guest of Honour, CMA Ashwin Dalwadi, Central Council Member and Chairman of IT Committee of the Institute, CMA Ashish Bhavsar, Regional Council Member and Secretary of WIRC of ICAI. CMA Miteshprajapati also welcomed Management Committee members and Students. Smt Swetabendave appointed as a Jury member for the Competition, CMA Mitesh Prajapati welcomed the Jury member and gave brief introduction of her. CMA Haren Bhatt, Chairman of the chapter gave introduction of the guests to the audience and addressed the participants. CMA Ashish Bhavsar extended warm greetings of CMA Foundation day and addressed the audience. CMA Malhar Dalwadi, Secretary of the chapter offered the formal vote of thanks.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA SURAT SOUTH GUJARAT CHAPTER

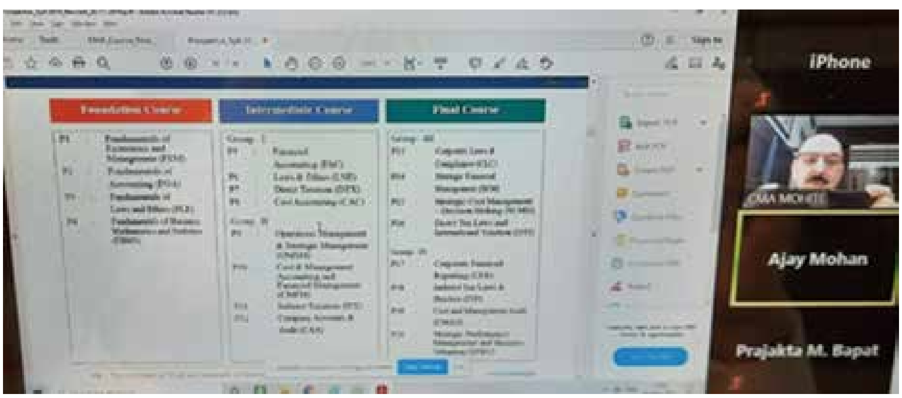
As per the guidelines issued by the Central Government & HQ regarding the COVID19 pandemic, the Chapter held the program on a virtual platform. The Chapter organized a Webinar on "Recent Changes in GST" on 30th MAY 2021 through the Google meet. Speakers of the program were Shree Ramesh ji Kabra- Superintendent, GST, Ahmedabad and CMA Rajendra Rathiji, Past Vice-Chairman-Surat South Gujarat Chapter & GM, Indirect Tax, Reliance Industries Ltd., Ahmedabad. The Chairman, CMA Bharat Savani presented a welcome address and Vice Chairman, CMA Bhanwar Lal Gurjar gave introduction of the Speaker,Shree Ramesh ji Kabra to the members. The Speaker commenced the session and spoke about the Recent change in GST Rate made 43rd GST council met under the chairmanship of union finance minister, amnesty scheme to provide relief to taxpayer regarding late fee for pending returns, concession waiver, simplification of annual return, various notification and clarification with high court and supreme court judgment.Vice Chairman, CMA Nanty Shah gave introduction of the Speaker,CMA Rajendra Rathiji to the members. Mr Rathi spoke about impact of GST under liquidity damage with example and question answer session with Mr Kabraji and concluded session.CMA Rakesh Verma presented formal vote of thanks to the speakers and participants.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA PIMPRI CHINCHWAD AKURDI CHAPTER

The Chapter conducted a webinar on 'Indian Banking: Current Challenges, Resolutions, Trends & Opportunities' on 29th May 2021 through Google Digital platform.CMA Dhananjay Kumar Vatsayan, Vice-Chairman of the Chapter gave welcome speech to all the participants and CMA Pradeep Deshpande, Secretary of the Chapter introduced the speaker CMA Ranjan Gunjal, Deputy General Manager, Godrej & Boyce Manufacturing Ltd., Mumbai. He explained on the Role of Banking Sector. There was overwhelming response by the Members in practice, Professionals, Members from industries and Students. The program ended with vote of thanks.The Chapter conducted webinar on 'Value Analysis, Value Engineering & Profit Optimisation" on 5th June 2021 through Google Digital platform.CMA Dhananjay Kumar Vatsyayan, Vice-Chairman & Chairman-PD Committee of the Chapter welcomed all the participants. CMA Abhijeet Deshmukh introduced the speaker CMA R S Raghavan, Practicing Cost Accountant.He focused on the various aspects on the topic. Before concluding the session, he said, Value Analysis, Value Engineering are very valuable tools to increase profitability in any organization. "Think Alternatively" is the key to Value Analysis. CMAs can play a key role in seeking out opportunities for employing these tools – whether in their capacity as Employees or as Consultant/Cost Auditors.The webinar ended with vote of thanks. The chapter conducted a webinar on 'How to prepare for Departmental GST Audit" on 12th June 2021 through Google Digital platform.CMA Dhananjay Kumar Vatsyayan, Vice-Chairman & Chairman-PD Committee of PCA Chapter welcomed all the participants and introduced the eminent speaker CMA Ashok Nawal, Practicing Cost Accountant and Co-opted member of Indirect Taxation Committee of The Institute of Cost Accountants of India (2020-21). CMA Ashok Nawal in his speech said before start the Audit every Registered person has to understand the business, Understand the Software used for business, Special attention to transactions not appearing in the financial accounts, Registration, Applicability of GST etc. Records are to be maintained properly by the registered persons for each registration separately including principal place of business & additional place of business.Question-Answer session commenced during the webinar. The session was well interactive. There was overwhelming response for the webinar by the Members in practice, Professionals, Members from industries and Students. The webinar ended with vote of thanks.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA NAVI MUMBAI CHAPTER

The Chapter conducted a Webinar CEP programme on **"New Initiatives in HealthCare Sector – Opportunities for CMA's"** on 20th June 2021 through Google Meet app. CMA Sirish Vasant Mohite Chairman of the Chapter welcomed the Speaker CMA Vaidyanathan Iyer and the audience. The introduction of the Speaker was done by the PD Chairman of the Chapter CMA Vivek Bhalerao and he also initiated the programme. The participants consisted of Cost Accountants in Employment as well as in Practice and it were a very good knowledge sharing session.The presentation & the interactive workshop came to an end with the Treasurer of the Chapter CMA Sushant Ghadge giving the concluding remarks and Vote of Thanks. The Chapter conducted on 25th May 2021 through Google Meet app Counselling Session cum Seminar at Pillai College of Arts , Commerce & Science , Centre for Accounting & Taxation . The programme was conducted through the efforts of the active participation of their Faculty in Accounts Ms Prajakta Bapat. CMA Sirish Vasant Mohite Chairman of the Chapter conducted the Seminar on "Cost Management as a Strategy for Profit Management " and the students as well as the faculty appreciated the need for mastery in Costing to survive the current competitive world .CMA Ajay Mohan Secretary of the Chapter introduced to the students the CMA course , as to how to enroll for the course its utility and how it can shape their future , stressing upon the full support of the Chapter in their endeavor.The session ended with the concluding remarks and Vote of Thanks provided by the College Faculty in Accounts Mr Chaitanya Athlye.



DIRECT & INDIRECT TAX UPDATES - JUNE 2021

DIRECT TAXES

- **Notification No. 70 /2021 dated 8th June 2021**: In exercise of the powers conferred by clauses (ii) and (iii) of sub-section (1) of section 35 of the Income-tax Act, 1961 (43 of 1961) read with rules 5C and 5E of the Income-tax Rules, 1962, the Central Government hereby approves M/s Indian Institute of Technology, Bhilai (PAN: AABAI0415K) under the category of 'University, College or other institution' for Scientific Research and Research in Social Science and Statistical Research for the purposes of clauses (ii) and (iii) of sub-section (1) of section 35 of the Income-tax Act, 1961 (43 of 1961) read with rules 5C and 5E of the Income-tax Rules, 1962. This Notification shall be deemed to have been applied for the assessment year 2021-2022 and shall apply with respect to the assessment years 2022-2023, 2023-2024, 2024-2025 and 2025-2026.

- **Notification No. 71 /2021 dated 8th June 2021:** In exercise of the powers conferred by sections 194,194A,194Q, 196D, 206AB and 206CCAread with section 295 of the Income-tax Act, 1961, (43 of 1961) the Central Board of Direct Taxes hereby makes the rules further to amend the Income-tax Rules, 1962. In the Income-tax Rules, 1962 (hereinafter referred to as the principal rules), in rule 31A, in sub-rule (4)

  (a) for clause '(x)' the following clause shall be substituted namely: - '(x) furnish particulars of amount paid or credited on which tax was not deducted or deducted at lower rate in view of the notification issued under sub-section (5) of section 194A or in view of exemption provided under clause (x) of sub-section (3) of section 194A.'

  (b) after clause (xiii), the following clauses shall be inserted namely: -

  "(xiv) furnish particulars of amount paid or credited on which tax was not deducted in view of clause (d) of the second proviso to section 194 or in view of the notification issued under clause (e) of the second proviso to section 194;

  (xv) furnish particular of amount paid or credited on which tax was not deducted in view of proviso to subsection (1A) or in view of sub-section (2) of section 196D.;

  (xvi) furnish particulars of amount paid or credited on which tax was not deducted in view of sub-section (5) of section 194Q with effect from 1st day of July,2021."

  In the principal rules, in Appendix II, in form 26A, in Annexure A, in clause (ii), the words ", who is a resident," shall be omitted.

- **Notification No. 72/2021 dated 9th June 2021:** In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Competition Commission of India' (PAN AAAGC0012M), a Commission established under sub-section (1) of Section 7 of the Competition Act, 2002 (12 of 2003), in respect of the following specified income arising to the said Commission, namely:-

  (a) Amount received in the form of Government grants;

  (b) Fee received under the Competition Act, 2002; and

  (c) Interest income accrued on (a) and (b) above.

  This notification shall be effective subject to the conditions that Competition Commission of India, (a) shall not engage in any commercial activity; (b) activities and the nature of the specified income shall remain unchanged throughout the financial years; and (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961. (d) shall file the Audit report along with the Return, duly verified by the accountant as provided in explanation to section 288(2) of the Income-tax Act, 1961 along with a certificate from the chartered accountant that the above conditions are satisfied.

  This notification shall apply with respect to the financial years 2021-2022, 2022-2023, 2023-2024, 2024- 2025 and 2025-2026.

- **Notification No. 73/2021 dated 15th June 2021:** In exercise of the powers conferred by clause (v) of the Explanation to section 48 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby makes the following further amendments in the notification of the Government of India, Ministry of Finance (Department of Revenue), Central Board of Direct Taxes, published in the Gazette of India,

  In the said notification, in the Table, after serial number 20, the following serial number and entries relating thereto, shall be inserted, namely:

Sl No.	Financial Year	Cost Inflation Index
" 21	2021-22	317"

  This notification shall come into force with effect from 1st day of April, 2022 and shall accordingly apply to the Assessment Year 2022-2023 and subsequent years.

- **Notification No. 74/2021 dated 25th June 2021:** In exercise of the powers conferred by sub-section (1) of section 3 of the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 (38 of 2020) (hereinafter referred to as the said Act), and in partial modification of the notifications of the Government of India in the Ministry of Finance, (Department of Revenue) No. 93/2020 dated the 31st December, 2020,

  (A) where the specified Act is the Income-tax Act, 1961 (43 of 1961) (hereinafter referred to as the Income-tax Act) and,

  (i) the completion of any action, referred to in clause (a) of sub-section (1) of section 3 of the said Act, relates to passing of any order

  (a) for assessment or reassessment under the Income-tax Act, and the time limit for completion of such action under section 153 or section 153B thereof, expires on the 30thday of June, 2021 due to its extension by the said notifications, such time limit shall further stand extended to the 30th day of September, 2021;

  (b) for imposition of penalty under Chapter XXI of the Income-tax Act (i) the 29th day of September, 2021 shall be the end date of the period during which the time limit specified in, or prescribed or notified under, the Income-tax

Act falls for the completion of such action; and (ii) the 30th day of September, 2021 shall be the end date to which the time limit for completion of such action shall stand extended.

(ii) the compliance of any action, referred to in clause (b) of sub-section (1) of section 3 of the said Act, relates to intimation of Aadhaar number to the prescribed authority under sub-section (2) of section 139AA of the Income-tax Act, the time-limit for such the compliance of such action shall stand extended to the 30th day of September, 2021.

(B) where the specified Act is the Chapter VIII of the Finance Act, 2016 (28 of 2016) (hereinafter referred to as the Finance Act) and the completion of any action, referred to in clause (a) of sub-section (1) of section 3 of the said Act, relates to sending an intimation under sub-section (1) of section 168 of the Finance Act, and the time limit for completion of such action expires on the 30th June, 2021 due to its extension by the said notifications, such time limit shall further stand extended to the 30th day of September, 2021.

- **Notification No. 75/2021 dated 25th June 2021:** In exercise of the powers conferred by section 3 of the Direct Tax Vivad se Vishwas Act, 2020 (3 of 2020), the Central Government hereby makes the following amendments in the notification of the Government of India, Ministry of Finance, (Department of Revenue), number 85/2020, dated the 27thOctober, 2020, published in the Gazette of India, Extraordinary, Part-II, Section 3, Subsection (ii), vide number S.O. 3874(E), dated 27th October, 2020, namely:

  In the said notification

  (i) in clause (b), for the figures, letters and words “30th day of June, 2021”, the figures, letters and words“31st day of August, 2021” shall be substituted;

  (ii) in clause (c), for the figures, letters and words “1st day of July, 2021”, the figures, letters and words“1st day of September, 2021” shall be substituted;

  (iii) after clause (c), the following clause shall be inserted, namely: “(d) 31st day of October, 2021 shall be the last date under clause (l) of sub-section (1) of section 2 of the said Act.”

- **Circular No.11/2021 dated 21st June 2021**: Finance Act, 2021 inserted two new sections 206AB and 206CCA in the Income-tax Act 1961 (hereinafter referred to as “the Act”) which takes effect from 1st day of July, 2021. These sections mandate tax deduction (section 206AB) or tax collection (section 206CCA) at higher rate in case of certain non-filers (specified persons) with respect to tax deductions (other than under sections 192, 192A, 194B, 194BB, I 94LBC and I 94N) and tax collections. Higher rate is twice the prescribed rate or 5%, whichever is higher.

  Specified person means a person who satisfies both the following conditions: - (i) He has not filed the returns of income for both of the two assessment years relevant to the two previous years immediately before the previous year in which tax is required to be deducted Icollected. Two previous years to be counted are required to be those whose return filing date under sub-section (1) of section 139 has expired.

  (ii) Aggregate of tax deducted at source and tax collected at source is rupees fifty thousand or more in each of these two previous years.

- **Circular No.12/2021 dated 25th June 2021:** Extension of time limits of certain compliances to provide relief to taxpayers in view of the severe pandemic:

  1) Objections to Dispute Resolution Panel (DRP) and Assessing Officer under section 144C of the Act for which the last date of filing under that Section is 1st June 2021 or thereafter, may be filed within the time provided in that Section or by 31 st August 2021, whichever is later; 2) The Statement of Deduction of Tax for the last quarter of the Financial Year 2020-21 , required to be furnished on or before 31 st May, 2021 under Rule 31A of the Income-tax Rules,1962 (hereinafter referred to as “the Rules”), as extended to 30th June, 2021 vide Circular NO.9 of 2021 , may be furnished on or before 15th July 2021;

  3) The Certificate of Tax Deducted at Source in Form No.16, required to be furnished to the employee by 15th June, 2021 under Rule 31 of the Rules, as extended to 15th July, 2021 vide Circular No.9 of 2021 , may be furnished on or before 31 st July 2021 ;

  4) The Statement of Income paid or credited by an investment fund to its unit holder in Form No. 64D for the Previous Year 2020-21 , required to be furnished on or before 15th June, 2021 under Rule 12CB of the Rules, as extended to 30th June, 2021 vide Circular No.9 of 2021 , may be furnished on or before 15th July 2021 ;

  5) The Statement of Income paid or credited by an investment fund to its unit holder in Form No. 64C for the Previous Year 2020-21, required to be furnished on or before 30th June, 2021 under Rule 12CB of the Rules, as extended to 15th July, 2021 vide Circular No.9 of 2021 , may be furnished on or before 31 st July 2021

  6) The application under Section 10(23C), 12AB, 35(1)(ii) /(iia) /(iii) and 80G of the Act in Form No. 10A/ Form No.10AB for registration/ provisional registration/ intimation/approval/ provisional approval of Trusts/ Institutions/Research Associations etc. required to be made on or before 30th June 2021 may be made on or before 31 st August, 2021 ;

  7) The compliances to be made by the taxpayers such as investment, deposit, payment, acquisition, purchase, construction or such other action, by whatever name called, for the purpose of claiming any exemption under the prov isions contained in Section 54 to 54GB of the Act, for which the last date of such compliance falls between 1st April, 2021 to 29th September, 2021 (both days inclusive), may be completed on or before 30th September, 2021;

  8) The Quarterly Statement in Form No. 15CC to be furnished by authorized dealer in respect of remittances made for the quarter ending on 30th June, 2021, required to be furnished on or before 15th July, 2021 under Rule 37 BB of the Rules, may be furnished on or before 31 st July, 2021 ;

  9) The Equalization Levy Statement in Form No.1 for the Financial Year 2020- 21 , which is required to be filed on or before 30th June, 2021 , may be furnished on or before 31st July, 2021 ;

  10)The Annual Statement required to be furnished under sub-section (5) of section 9A of the Act by the eligible investment fund in Form No. 3CEK for the Financial Year 2020-21 , which is required to be filed on or before 29th June, 2021 , may be furnished on or before 31 st July, 2021;

11) Uploading of the declarations received from recipients in Form No. 15G/15H during the quarter ending on 30th June, 2021 , which is required to be uploaded on or before 15th July,2021 , may be uploaded by 31st August,2021 ;

12) Exercising of option under sub-section (1) of Section 245M of the Act in Form No. 34BB which is required to be exercised on or before 27th June, 2021 may be exercised on or before 31st July, 2021.

- **Circular No.13/2021 dated 30th June 2021**: Finance Act, 2021 inserted a new section 194Q in the Income-tax Act 1961 (hereinafter referred to as "the Act") which takes effect from 1 st day of July, 2021. It applies to any buyer who is responsible for paying any sum to any resident seller for purchase of any goods of the value or aggregate of value exceeding fifty lakh rupees in any previous year. The buyer, at the time of credit of such sum to the account of the seller or at the time of payment, whichever is earlier, is required to deduct an amount equal to 0.1 % of such sum exceeding fifty lakh rupees as income tax.

  Buyer is defined to be person whose total sales or gross receipts or turnover from the business carried on by him exceed ten crore rupees during the financial year immediately preceding the financial year in which the purchase of good is carried out. Central Government has been authorised to specify by notification in the Official Gazette, person who would not be considered as buyer for the purposes of this section.

INDIRECT TAXES

GST

- **Notification No. 16/2021 Central Tax dated 1st June 2021**: In exercise of the powers conferred by sub-section (2) of section 1 of the Finance Act, 2021 (13 of 2021) (hereinafter referred to as the said Act), the Central Government hereby appoints the 1 st day of June, 2021, as the date on which the provisions of section 112 of the said Act shall come into force.

- **Notification No. 17/2021 Central Tax dated 1st June 2021:** In exercise of the powers conferred by the second proviso to sub-section (1) of section 37 read with section 168 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Commissioner, on the recommendations of the Council, hereby makes the following amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 83/2020 – Central Tax, dated the 10th November, 2020:

  In the said notification, in the second proviso, after the word and figure "April, 2021", the words and figure "and May, 2021" shall be inserted.

- **Notification No. 18/2021 Central Tax dated 1st June 2021:** In exercise of the powers conferred by sub-section (1) of section 50 of the Central Goods and Services Tax Act, 2017 (12 of 2017) read with section 148 of the said Act, the Government, on the recommendations of the Council, hereby makes the following further amendments in notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 13/2017 – Central Tax, dated the 28th June, 2017:

  In the said notification, in the first paragraph, in the first proviso,- (i) for the words, letters and figure "required to furnish the returns in FORM GSTR-3B, but fail to furnish the said return along with payment of tax", the words "liable to pay tax but fail to do so" shall be substituted;

  (ii) in the Table, in column 4, in the heading, for the words "Tax period", the words "Month/Quarter" shall be substituted;

  (iii) in the Table, for serial number 4, 5, 6 and 7, the following shall be substituted, namely:

1	2	3	4
4	Taxpayers having an aggregate turnover of more than rupees 5 crores in the preceding financial year	9 per cent for the first 15 days from the due date and 18 per cent thereafter	March, 2021, April, 2021 and May, 2021
5	Taxpayers having an aggregate turnover of up to rupees 5 crores in the preceding financial year who are liable to furnish the return as specified under subsection (1) of section 39	Nil for the first 15 days from the due date, 9 per cent for the next 45 days, and 18 per cent thereafter	March 2021
		Nil for the first 15 days from the due date, 9 per cent for the next 30 days, and 18 per cent thereafter	April 2021
		Nil for the first 15 days from the due date, 9 per cent for the next 15 days, and 18 per cent thereafter	May 2021
6	Taxpayers having an aggregate turnover of up to rupees 5 crores in the preceding financial year who are liable to furnish the return as specified under proviso to sub-section (1) of section 39	Nil for the first 15 days from the due date, 9 per cent for the next 45 days, and 18 per cent thereafter	March 2021
		Nil for the first 15 days from the due date, 9 per cent for the next 30 days, and 18 per cent thereafter	April 2021
		Nil for the first 15 days from the due date, 9 per cent for the next 15 days, and 18 per cent thereafter	May 2021
7	Taxpayers who are liable to furnish the return as specified under sub-section (2) of section 39	Nil for the first 15 days from the due date, 9 per cent for the next 45 days, and 18 per cent thereafter	Quarter ending March, 2021"

  This notification shall be deemed to have come into force with effect from the 18 th day of May, 2021.

- **Notification No. 19/2021 Central Tax dated 1st June 2021:** In exercise of the powers conferred by section 128 of the Central Goods and Services Tax Act, 2017 (12 of 2017) (hereafter in this notification referred to as the said Act), the Government, on the recommendations of the Council, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 76/2018– Central Tax, dated the 31st December, 2018. In the said notification,(i) in the eighth proviso, with effect from the 20th day of May, 2021, the Table shall be substituted.

(ii) after the eighth proviso, the following provisos shall be inserted, namely:

"Provided also that for the registered persons who failed to furnish the return in FORM GSTR-3B for the months /quarter of July, 2017 to April, 2021, by the due date but furnish the said return between the period from the 1 st day of June, 2021 to the 31st day of August, 2021, the total amount of late fee under section 47 of the said Act, shall stand waived which is in excess of five hundred rupees.

Provided also that where the total amount of central tax payable in the said return is nil, the total amount of late fee under section 47 of the said Act shall stand waived which is in excess of two hundred and fifty rupees for the registered persons who failed to furnish the return in FORM GSTR-3B for the months / quarter of July, 2017 to April, 2021, by the due date but furnish the said return between the period from the 1 st day of June, 2021 to the 31st day of August, 2021.

Provided also that the total amount of late fee payable under section 47 of the said Act for the tax period June, 2021 onwards or quarter ending June, 2021 onwards, as the case may be, shall stand waived which is in excess of an amount as specified in column (3) of the Table given below, for the class of registered persons mentioned in the corresponding entry in column (2) of the said Table, who fail to furnish the returns in FORM GSTR-3B by the due date:

Sl No.	Class of registered persons	Amount
1	Registered persons whose total amount of central tax payable in the said return is nil	Two hundred and fifty rupees
2	Registered persons having an aggregate turnover of up to rupees 1.5 crores in the preceding financial year, other than those covered under S. No. 1	One thousand rupees
3	Taxpayers having an aggregate turnover of more than rupees 1.5 crores and up to rupees 5 crores in the preceding financial year, other than those covered under S. No. 1	Two thousand and five hundred rupees"

- **Notification No. 20/2021 Central Tax dated 1st June 2021:** In exercise of the powers conferred by section 128 of the Central Goods and Services Tax Act, 2017 (12 of 2017) (hereafter in this notification referred to as the said Act), the Government, on the recommendations of the Council, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 4/2018– Central Tax, dated the 23rd January, 2018.

  "Provided also that the total amount of late fee payable under section 47 of the said Act for the tax period June, 2021 onwards or quarter ending June, 2021 onward, as the case may be, shall stand waived which is in excess of an amount as specified in column (3) of the Table, for the class of registered persons mentioned in the corresponding entry in column (2) of the said Table, who fail to furnish the details of outward supplies in FORM GSTR-1 by the due date."

- **Notification No. 21/2021 Central Tax dated 1st June 2021:** In exercise of the powers conferred by section 128 of the Central Goods and Services Tax Act, 2017 (12 of 2017) (hereafter in this notification referred to as the said Act), the Government, on the recommendations of the Council, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 73/2017– Central Tax, dated the 29th December, 2017.

  In the said notification, after the fourth proviso, the following proviso shall be inserted, namely:

  "Provided also that the total amount of late fee payable under section 47 of the said Act for financial year 2021-22 onwards, by the registered persons who fail to furnish the return in FORM GSTR-4 by the due date, shall stand waived (i) which is in excess of two hundred and fifty rupees where the total amount of central tax payable in the said return is nil; (ii) which is in excess of one thousand rupees for the registered persons other than those covered under clause (i)."

- **Notification No. 22/2021 Central Tax dated 1st June 2021:** In exercise of the powers conferred by section 128 of the Central Goods and Services Tax Act, 2017 (12 of 2017) (hereafter in this notification referred to as the said Act), the Government, on the recommendations of the Council, hereby waives the amount of late fee payable under section 47 of the said Act by any registered person, required to deduct tax at source under the provisions of section 51 of the said Act, for failure to furnish the return in FORM GSTR-7 for the month of June, 2021 onwards, by the due date, which is in excess of an amount of twenty-five rupees for every day during which such failure continues:

  Provided that the total amount of late fee payable under section 47 of the said Act by such registered person for failure to furnish the return in FORM GSTR-7 for the month of June, 2021 onwards, by the due date, shall stand waived which is in excess of an amount of one thousand rupees.

- **Notification No. 23/2021 Central Tax dated 1st June 2021:** In exercise of the powers conferred by sub-rule (4) of rule 48 of the Central Goods and Services Tax Rules, 2017, the Government, on the recommendations of the Council, hereby makes the following further amendment in notification of the Government of India in the Ministry of Finance (Department of Revenue), No.13/2020 – Central Tax, dated the 21st March, 2020: In the said notification, in the first paragraph, after the words "notifies registered person, other than", the words "a government department, a local authority," shall be inserted.

- **Notification No. 24/2021 Central Tax dated 1st June 2021:** In exercise of the powers conferred by section 168A of the Central Goods and Services Tax Act, 2017 (12 of 2017) (hereafter in this notification referred to as the said Act), read with section 20 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), and section 21 of Union Territory Goods and Services Tax Act, 2017 (14 of 2017), the Government, on the recommendations of the Council, hereby makes the following amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 14/2021-Central Tax, dated the 1st May, 2021:

In the said notification, in the first paragraph,

(i) in clause (i),

a. for the figures, letters and words "30th day of May, 2021", the figures, letters and words "29th day of June, 2021" shall be substituted;

b. for the figures, letters and words "31st day of May, 2021", the figures, letters and words "30th day of June, 2021" shall be substituted;

(ii) in proviso to clause (i),

a. for the figures, letters and words "31 st day of May, 2021", the figures, letters and words "30th day of June, 2021" shall be substituted;

b. for the figures, letters and words "15 th day of June, 2021", the figures, letters and words "15th day of July, 2021" shall be substituted;

(iii) in clause (ii),

a. for the figures, letters and words "30th day of May, 2021", the figures, letters and words "29th day of June, 2021" shall be substituted;

b. for the figures, letters and words "31st day of May, 2021", the figures, letters and words "30th day of June, 2021" shall be substituted.

- **Notification No. 25/2021 Central Tax dated 1st June 2021:** In exercise of the powers conferred by section 148 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Government, on the recommendations of the Council, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 21/2019- Central Tax, dated the 23rd April, 2019:

  In the said notification, in the third paragraph, in the second proviso, for the figures, letters and words "31st day of May, 2021", the figures, letters and words "31st day of July, 2021" shall be substituted.

- **Notification No. 26/2021 Central Tax dated 1st June 2021:**In exercise of the powers conferred by section 168 of the Central Goods and Services Tax Act, 2017 (12 of 2017) and sub-rule (3) of rule 45 of the Central Goods and Services Tax Rules, 2017, the Commissioner, with the approval of the Board, hereby makes the following amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 11/2021- Central Tax, dated the 1st May, 2021:

  In the said notification, in the first paragraph, for the figures, letters and words "31st day of May, 2021", the figures, letters and words "30 th day of June, 2021" shall be substituted.

- **Notification No. 27/2021 Central Tax dated 1st June 2021:**

  In the Central Goods and Services Tax Rules, 2017,

  (i) in sub-rule (1) of rule 26, in the fourth proviso, with effect from the 31st day of May, 2021, for the figures, letters and words "31st day of May, 2021", the figures, letters and words "31 st day of August, 2021" shall be substituted;

  (ii) in sub-rule (4) of rule 36, for the second proviso, the following proviso shall be substituted, namely: "Provided further that such condition shall apply cumulatively for the period April, May and June, 2021 and the return in FORM GSTR-3B for the tax period June, 2021 or quarter ending June, 2021, as the case may be, shall be furnished with the cumulative adjustment of input tax credit for the said months in accordance with the condition above.";

  iii) in sub-rule (2) of rule 59, after the first proviso, the following proviso shall be inserted, namely: "Provided further that a registered person may furnish such details, for the month of May, 2021, using IFF from the 1st day of June, 2021 till the 28th day of June, 2021."

- **Notification No. 28/2021 Central Tax dated 30th June 2021:** In exercise of the powers conferred by section 128 of the Central Goods and Services Tax Act, 2017 (12 of 2017) (hereafter in this notification referred to as the said Act), the Government, on the recommendations of the Council, and in supersession of notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 89/2020 – Central Tax, dated the 29 th November, 2020, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 745(E), dated the 29 th November, 2020, except as respects things done or omitted to be done before such supersession, hereby waives the amount of penalty payable by any registered person under section 125 of the said Act for non-compliance of the provisions of notification No.14/2020 – Central Tax, dated the 21st March, 2020.

- **Notification No. 03/2021- Integrated Tax dated 2nd June 2021**: Seeks to amend Notification No. 4/2019-Integrated Tax dt. 30.09.2019 to change the place of supply for B2B MRO services in case of Shipping industry, to the location of the recipient.

- **Circular No. 149/05/2021-GST dated 17th June 2021:** Clarification regarding applicability of GST on supply of food in Anganwadis and Schools: as per recommendation of the GST Council, it is clarified that services provided to an educational institution by way of serving of food (catering including mid- day meals) is exempt from levy of GST irrespective of its funding from government grants or corporate donations [under said entry 66 (b)(ii)]. Educational institutions as defined in the notification include aganwadi. Hence, serving of food to anganwadi shall also be covered by said exemption, whether sponsored by government or through donation from corporates.

- **Circular No.150/06/2021-GST dated 17th June 2021**: Clarification regarding applicability of GST on the activity of construction of road where considerations are received in deferred payment (annuity): Services by way of construction of road fall under heading 9954. This heading inter alia covers general construction services of highways, streets, roads railways, airfield runways, bridges and tunnels. Consideration for construction of road service may be paid partially upfront and partially in deferred annual payments (and may be called annuities). Said entry 23A does not apply to services falling under heading 9954 (it specifically covers heading 9967 only). Therefore, plain reading of entry 23A makes it clear that it does not cover construction of road services (falling under heading 9954), even if deferred payment is made by way of instalments (annuities). Accordingly, as recommended by the GST Council, it is hereby clarified that Entry 23A of notification No. 12/2017-CT(R) does not exempt GST on the annuity (deferred payments) paid for construction of roads.

- **Circular No. 151/07/2021-GST dated 17th June 2021:** Clarification regarding GST on supply of various services by Central and State Board (such as National Board of Examination):

  i) GST is exempt on services provided by Central or State Boards (including the boards such as NBE) by way of conduct of examination for the students, including conduct of entrance examination for admission to educational institution [under S. No. 66 (aa) of notif No. 12/2017-CT(R)]. Therefore, GST shall not apply to any fee or any amount charged by such Boards for conduct of such examinations including entrance examinations.

  ii) GST is also exempt on input services relating to admission to, or conduct of examination, such as online testing service, result publication, printing of notification for examination, admit card and questions papers etc, when provided to such Boards [under S. No. 66 (b) (iv) of notif No. 12/2017- CT(R)].

  (iii) GST at the rate of 18% applies to other services provided by such Boards, namely of providing accreditation to an institution or to a professional (accreditation fee or registration fee such as fee for FMGE screening test) so as to authorise them to provide their respective services.

- **Circular No. 152/08/2021-GST dated 17th June 2021**: Clarification regarding rate of tax applicable on construction services provided to a Government Entity, in relation to construction such as of a Ropeway on turnkey basis: Entry No. 3(vi) of notification No. 11/2017-CT (R) dated 28.06.2017, does not apply to any works contract that is meant for the purposes of commerce, industry, business of profession, even if such service is provided to the Central Government, State Government, Union Territory, a local authority a Governmental Authority or a Government Entity. The doubt seems to have arisen in the instant cases as Explanation to the said entry states, the term 'business' shall not include any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities. However, this explanation does not apply to Governmental Authority or Government Entity, as defined in clause (ix) and (x) of the explanation to said notification. Further, civil constructions, such as rope way for tourism development shall not be covered by said entry 3(vi) not being a structure that is meant predominantly for purposes other than business. While road, bridge, terminal, or railways are covered by entry No. 3(iv) and 3(v) of said notification, structures like ropeway are not covered by these entries too. Therefore, works contract service provided by way of construction such as of rope way shall fall under entry at sl. No. 3(xii) of notification 11/2017-(CTR) and attract GST at the rate of 18%.

- **Circular No. 153/09/2021-GST dated 17th June 2021:** GST on milling of wheat into flour or paddy into rice for distribution by State Governments under PDS: In case the supply of service by way of milling of wheat into flour or of paddy into rice, is not eligible for exemption under Sl. No. 3 A of Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017 for the reason that value of goods supply in such a composite supply exceeds 25%, then the applicable GST rate would be 5% if such composite supply is provided to a registered person, being a job work service (entry No. 26 of notification No. 11/2017- Central Tax (Rate) dated 28.06.2017). Combined reading of the definition of job-work [section 2(68), 2(94), 22, 24, 25 and section 51] makes it clear that a person registered only for the purpose of deduction of tax under section 51 of the CGST Act is also a registered person for the purposes of the said entry No. 26, and thus said supply to such person is also entitled for 5% rate.

- **Circular No.154/10/2021-GST dated 17th June 2021**: GST on service supplied by State Govt. to their undertakings or PSUs by way of guaranteeing loans taken by them: Entry No. 34A of Notification no. 12/2017-Central Tax (Rate) dated 28.06.2017 exempts "Services supplied by Central Government, State Government, Union territory to their undertakings or Public Sector Undertakings (PSUs) by way of guaranteeing the loans taken by such undertakings or PSUs from the banking companies and financial institutions."

  Accordingly, as recommended by the Council, it is re-iterated that guaranteeing of loans by Central or State Government for their undertaking or PSU is specifically exempt under said entry No. 34A.

- **Circular No. 155/11/2021-GST dated 17th June 2021:** Clarification regarding GST rate on laterals/parts of Sprinklers or Drip Irrigation System: The GST rate on Sprinklers or Drip Irrigation System along with their laterals/ parts are governed by S.No. '195B' under Schedule II of notification No. 1/2017- Central Tax (Rate), dated 28th June, 2017 which has been inserted vide notification No. 6/2018- Central Tax (Rate), dated 25th January, 2018. The intention of this entry has been to cover laterals (pipes to be used solely with sprinklers/drip irrigation system) and such parts that are suitable for use solely or principally with 'sprinklers or drip irrigation system', as classifiable under heading 8424 as per Note 2 (b) to Section XVI to the HSN. Hence, laterals/parts to be used solely or principally with sprinklers or drip irrigation system, which is classifiable under heading 8424, would attract a GST of 12%, even if supplied separately. However, any part of general use, which gets classified in a heading other than 8424, in terms of Section Note and Chapter Notes to HSN, shall attract GST as applicable to the respective heading.

- **Circular No. 156/11/2021-GST dated 21st June 2021:** Clarification in respect of applicability of Dynamic Quick Response (QR) Code on B2C invoices and compliance of notification 14/2020- Central Tax dated 21st March, 2020: Notification No. 14/2020-Central Tax, dated 21st March 2020 had been issued which requires Dynamic QR Code on B2C invoice issued by taxpayers having aggregate turnover more than 500 crore rupees, w.e.f. 01.12.2020. Further, vide notification No. 06/2021-Central Tax, dated 30th March 2021, penalty has been waived for non-compliance of the provisions of notification No.14/2020 – Central Tax for the period from 01st December, 2020 to 30th June, 2021, subject to the condition that the said person complies with the provisions of the said notification from 1st July, 2021. Further, various issues on Dynamic QR Code have been clarified vide Circular No. 146/2/2021-GST, dated 23.02.2021.

CUSTOMS

- **Notification No. 33/2021-Customs dated 14th June 2021:** In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) and section 3 of the Customs Tariff Act, 1975 (51 of 1975), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby rescinds the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 30/2021- Customs, dated the 1 st May, 2021 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 313(E), dated the 1 st May, 2021, except as respects things done or omitted to be done before such rescission.
- **Notification No. 34/2021-Customs dated 29th June 2021**: In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby exempts the goods of the description specified in column (3) of the Table below, falling within the Chapter, heading, sub–heading or tariff item of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) specified in column (2) of the said Table, when imported into India, from so much of the duty of customs leviable thereon under the said First Schedule, as is in excess of the amount calculated at the standard rate specified in the corresponding entry in column (4) of the said Table:

Sl No.	Chapter, heading, subheading or tariff item	Description	Standard Rate
1	1511 10 00	Crude Palm Oil	10%
2	1511 90	All goods (RBD Palm Oil, RBD Palmolein, RBD Palm Stearin and any Palm Oil other than Crude Palm Oil)	37.5%

This notification shall come into effect on 30th June 2021 and will remain in force upto and inclusive of the 30th September, 2021.

- **Circular No. 12/2021-Customs dated 30th June 2021**: Implementation of the Sea Cargo Manifest and Transhipment Regulations.

CENTRAL EXCISE

- **Circular No. 1078/02/2021 – CX dated 22nd June 2021**: Applicability of Central Excise exemption on Ethanol/ Methanol blended Petrol, and High-speed diesel blended with bio-diesel, when blending is done within the refiner.

Sources: incometax.gov.in,cbic.gov.in

NOTIFICATION

Ref. No. G/128/06/2021 Kolkata, the 2nd July, 2021

Relaxations in the Cost and Works Accountants Regulations, 1959 on matters relating to Regional Councils of the Institute for the year 2021 on account of acute pandemic situation arising out of outbreak of COVID-19.

The Council of the Institute at its 331st Meeting held on 30th & 31st May, 2021 decided to recommend to the Central Government for giving certain relaxations in the Cost and Works Accountants Regulations, 1959 to the Regional Councils **for the year 2021** in view of acute pandemic situation arising out of outbreak of COVID-19.

Subsequently, approval of the Ministry of Corporate Affairs has been accorded on 1st July, 2021 and the following relaxations are hereby given to the Regional Councils **for the year 2021**. The relaxations shall come into force with immediate effect.

1. **Annual General Meeting of the Regional Council for the year 2021.**

   The due date of holding of Annual General meeting of the Regional Council under Regulation 136 (1) of the Cost and Works Accountants Regulations, 1959 stands extended to **31st July, 2021** in respect of Annual General Meeting **for the year 2021** which was due to be conducted by 30th June, 2021.

2. **The first meeting of Regional Council for the year 2021.**

   In accordance with Regulation 122 (2) of the Cost and Works Accountants Regulations, 1959, the first meeting of the Regional Council referred to in sub-regulation (1) of Regulation 122 of the Cost and Works Accountants Regulations, 1959, shall be called and held **within 31st July, 2021** in respect of first meeting of the Regional Council **for the year 2021** which was due to be conducted within one month from the date of its constitution or from the date of the Annual General Meeting of the Regional Constituency, as the case may be.

3. **Procedure for conducting the Annual General Meeting for the year 2021.**

   For the year 2021, on account of acute pandemic situation arising out of outbreak of COVID-19, the Annual General Meeting of the Regional Councils under Regulation 136 of the Cost and Works Accountants Regulations, 1959 can be conducted through video conferencing or any other electronic mode subject to the condition that due notice for Annual General Meeting should be issued through email or any other electronic mode and the requisite quorum should be present through video conferencing or any other electronic mode. The notice of meeting can be issued through email or any other electronic mode and the quorum shall be present through video conferencing or any other electronic mode pursuant to Regulations 138 to 141 of the Cost and Works Accountants Regulations, 1959.

4. **Procedure for conducting meetings of the Committees of the Regional Councils for the year 2021.**

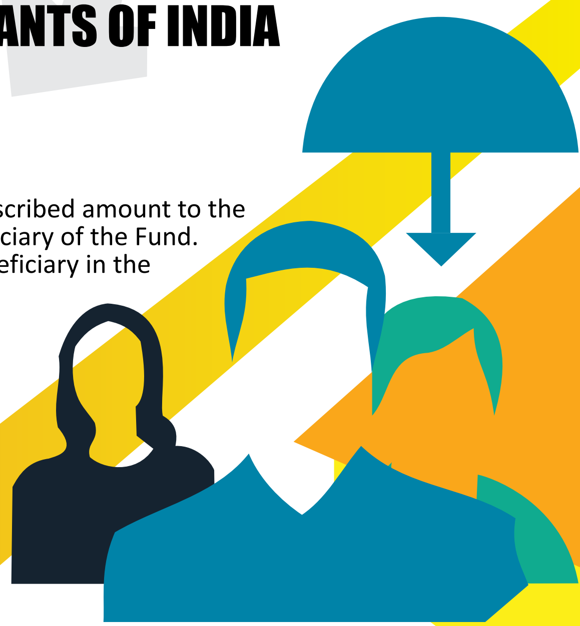
   For the year 2021, the meetings of the Committees of the Regional Councils under Regulation 130 of the Cost and Works Accountants Regulations, 1959 can be conducted through video conferencing or any other electronic mode and the notice of meeting can be issued through email or any other electronic mode and the quorum shall be present through video conferencing or any other electronic mode.

CMA Kaushik Banerjee
Secretary

Benevolent Fund

FOR THE MEMBERS OF THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

CMA Bhawan, 12 Sudder Street, Kolkata - 700016



OBJECTIVE

The Fund has been created to provide outright grant of prescribed amount to the member in the event of critical illness of a member / beneficiary of the Fund. It is also for outright grant of prescribed amount to the beneficiary in the event of death of a member of the Fund.

LIFE MEMBERSHIP FEE

Onetime payment of ₹7500/-

BENEFITS

- ***Income Tax Benefit under section 80G***
- ***Outright grant not exceeding ₹3,00,000.00/- in each case to the beneficiary in the event of death of the member.***
- ***Outright grant not exceeding ₹1,50,000.00/- in each case to the member and beneficiary for critical illness duly certified by the doctor under whom the treatment is continuing.***

Coverage of Critical Illness, leading to hospitalization, may cover the following -

- Cancer / Malignancy
- Coronary Artery Bypass Graft Surgery
- Stroke / Cerebral Attack / Paralysis
- Heart Valve Replacement Surgery
- Myocardial Infarction (heart attack) / Heart Failure / Pace Maker Surgery / Kidney Dialysis(CKD)/ Renal Failure
- Major Organ Transplant
- Hemophilia
- Thalassaemia
- Neurological Diseases
- Flue Blown acquired Immune Deficiency Syndrome
- Multiple sclerosis
- Tuberculosis / Bronchopneumonia/ Pleurisy
- Permanent disablement
- Any other disease that may be considered by the Board of Trustees to be critical in nature.

To apply for life membership or for further details please visit
https://eicmai.in/External/Home.aspx#

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