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G20

GOODS AND SERVICES TAX (GST)

A SIGNIFICANT STEP TOWARDS MAKING INDIA ECONOMICALLY COMPETITIVE

Journal of

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

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THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

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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.

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."

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."

IDEALS THE INSTITUTE STANDS FOR

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

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

Headquarters
CMA Bhawan, 12 Sudder Street
Kolkata - 700016

Institute Motto

असतोमा सद्‌गमय तमसोमा ज्योतिर् गमय मृत्योर्मामृतं गमय ॐ शान्ति शान्ति शान्तिः	From ignorance, lead me to truth From darkness, lead me to light From death, lead me to immortality Peace, Peace, Peace

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JULY 2023

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COVER STORY

SUSTAINABILITY LEAF

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

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

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From the Editor's Desk

Goods and Services Tax (GST): A significant step towards making India Economically Competitive

The tax system plays a stupendous role in the economic growth of any country. Indirect taxes constitute a major source of public revenue. For creating a single unique tax structure applicable throughout the country, the GST was brought in with effect from Ist July 2017 replacing multiple indirect taxes levied by the Central and State Governments such as excise duty, service tax, VAT, sales tax etc. It brought uniformity in the indirect tax structure across India eliminating the cascading effect of taxes. This year we celebrate the sixth anniversary of this far reaching tax reform.

Post Covid-19 pandemic, for past three years, the Union Budget has been focussing on 'support' and 'recovery' of the Indian economy which has reaped fruitful outcomes for India . However, it is expected in the forthcoming days the government may expand its focus ensuring the 'growth' momentum on track and roaring to achieve the long-enunciated feat of realizing \$5 trillion economy while keeping fiscal deficit and inflation in check.

Union Budget-2023

Several amendments have been made in the GST Law by the Finance Act, 2023. The amendments have been made in the provisions regarding filing of GST returns, availing of input tax credit, GST refund, GST registration, decriminalization of offences, compounding of offences.

Further, with increased usage of information technology as a medium of provision of services, Budget 2023 has widened the scope of the existing definition of Online Information and Database Access or Retrieval ('OIDAR') services, by removing the term 'essentially automated and involving minimal human intervention' from the definition of OIDAR services. This would essentially mean that even if the services are not totally automated and involve human interactions through online/internet mediums for the rendition of services, they will get qualified as OIDAR services. In addition to the above amendment, the Finance Act 2023 has also amended the definition of 'non-taxable online recipient', whereby the scope has been widened. This amendment would make OIDAR services taxable in the hands of the overseas supplier (or intermediary as applicable) if any unregistered person or persons registered under Section 51 of the CGST Act in India, receives OIDAR services for any purpose.

CMAs have an emerging and dynamic role to play in the GST regime. Section 48 of the CGST Act, read with Rule 24 of the Return Rules, authorize Cost Accountant as an eligible person to act as Goods and Services Tax Practitioner. Cost Accountants are recognized as Authorized Representative to appear before an officer appointed under the Act, or the Appellate Authority or the Appellate Tribunal in connection with any proceedings under the Act (Section 116). CMAs have a leading and important role to play at GST era. CMAs could explore immense possibilities and could bring good benefits.

The focus of this issue of the journal is on GST with ***Goods and Services Tax (GST): A significant step towards making India Economically Competitive*** as the cover story.

The article titled *GST implementation in India: Assessing the journey so far* reviews the impact of GST after six years of its inception.

The article *Impact of union budget 2023 on GST law* is a research work to understand the perception of the commerce community about the amendments in the GST Acts as per Finance Act 2023**.**

The article titled *GST: a better relationship capital for MSMES and the construction sector* attempts to explore the inter linkages between economic growth, infrastructure, construction, MSMEs development, GST, business competitiveness and the workforce.

The article *Exploring the world of input tax credit (ITC***)** analyses the challenges of the Government to implement ITC and to create a healthy environment for the tax payers.

The article titled *Areas of Litigation under GST and Related Provisions* has covered practical issues and litigation matter under GST.

The article *Unique features of GST - The Game changer of the Indian Indirect Taxes* has discussed the mechanism of GST in order to understand the technicalities of GST.

The article titled *Impact Analysis of Major Financial Ratios of Indian Textilde Firms after Implementation of GST* is a research work that has analysed the impact on the liquidity and profitability on the selected firm after implementation of GST.

The article *Impact of GST on Residential Welfare Associations – An outlook* has highlighted the application part of GST regarding RWA and opportunities of the professionals in this area.

The article *on real estate sector* has discussed the applicability of GST Laws to private and public developers and the tax rate applicable to the persons who purchase houses.

GST, a boon to commodity futures trading in India examines the effect of GST on commodity future trading in the country and shows that GST is applicable when a futures contract is entered into as well as, more importantly, when a contract goes for settlement with physical delivery of the underlying commodity, the impact of GST becomes further crucial.

SSIs play an important role in the Indian Economy. The article on *GST adaptation among SSI* is a research work on understanding the process of adaptation of GST by SSI.

Other than the cover story this issue presents articles on Digital Transformation, Sustainability Leaf, HR, Fintech, Indian Economy (Withdrawal of 2K Currency), Startup, Rural Empowerment, ERM and CSR. Thus a sumptuous food for thought is contained in this issue.

Hope our readers would be largely benefitted from these specialised articles written by experts in the respective fields.

We look forward to constructive feedback on the articles and overall development of the Journal. Please mail your response to editor@icmai.in. We thank all the contributors for enriching the contents of this issue of The Management Accountant.

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 2023	Issues and Challenges of the Cooperative Sector in India	⦿ Food Security through Agricultural Cooperatives ⦿ "Sahakar Se Samriddhi": An initiative for strengthening governance in Cooperative sector ⦿ Role of Cooperatives towards Women Empowerment ⦿ India aiming to become a hub of dairy innovations and solutions ⦿ Multi-State Cooperative Societies (Amendment) Bill, 2022: On the way to improve Ease of Doing Business ⦿ KRIBHCO's bio-ethanol project: Powering Amrit Kaal ⦿ Primary Agricultural Credit Societies (PACS) in every Panchayat to strengthen cooperative movement ⦿ National Cooperative Database: A Digital push to revitalize the Cooperatives ⦿ Tax incentive to boost up cooperative sector ⦿ Conducting Training and Awareness Programmes: Role of the Institute
September 2023	Indian Defence Sector: Marching towards Aatmanirbharta	⦿ Transformative reforms towards Aatmanirbharta ⦿ Challenges and Opportunities in the areas of Defence Finance and Economics ⦿ Innovations in Defence R & D to align with International Standards ⦿ Human Resource Management in Defence ⦿ Investments in Defence Start-ups & MSMEs ⦿ Emerging role of MSME in Aerospace manufacturing ⦿ Unmanned and Autonomous Technologies for Air Dominance ⦿ Defence Accounting & Auditing ⦿ India's defence readiness in a Cost Conscious way: Role of CMAs ⦿ Pricing Strategy for Defence Exports
October 2023	Renewable Energy: India emerge as a Global Leader in Energy Transition	⦿ Renewable Energy for Sustainable Development in India ⦿ Innovative Energy Startups revolutionizing the Renewable Energy sector ⦿ Green Hydrogen for a better Tomorrow ⦿ Energy Storage to empower future ⦿ Financing a green transition and ensuring India achieve its target Net Zero ⦿ Green Energy: Computing and Security ⦿ Implementing Integrated Energy Policy: The Way Forward ⦿ Role of Smart Grid, IoT, and Big Data in Renewable Energy ⦿ E-Mobility: A greener and safer Future ⦿ India's G20 Presidency: Collective Action and Energy Transition
November 2023	MSMEs: the key driving force to India's Economic Growth	⦿ MSMEs crucial role in realising the vision "Atmanirbhar Bharat" ⦿ Udyami Bharat: Introduction of CHAMPIONS 2.0 Portal ⦿ Increasing competitiveness & market presence for MSMEs in a global economy ⦿ Empowering MSMEs through GeM ⦿ Scaling Growth of MSMEs with Digital Transformation ⦿ TReDS: a prudent approach towards bridging the financing gap ⦿ Women Participation in MSME: Opportunities & Challenges ⦿ Vivad se Vishwas scheme: A relief to MSMEs ⦿ Future-ready MSMEs for India@100 ⦿ Scope for MSMEs in Defense Manufacturing ⦿ MSMEs partaking concerning improvement of Employability of the Youth

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

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

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PRESIDENT'S COMMUNIQUÉ

CMA Vijender Sharma
President
The Institute of Cost Accountants of India

"To succeed in your mission, you must have single-minded devotion to your goal."

-- Dr. A. P. J. Abdul Kalam

My Dear Professional Colleagues,

It is with mixed emotions that I write my last Communique as the President of this esteemed institution. It is difficult to articulate the depth of gratitude and appreciation I feel for all of you who have been a part of this incredible journey. First and foremost, I must express my heartfelt appreciation to my council colleagues, government nominees, co-opted members, regional councils, chapters of the Institute for their unwavering support and dedication. I am also thankful to the employees of the Institute who have worked tirelessly to carry out the activities of the Institute.

I must put on record my sincere appreciations for Hon'ble Union Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman as well as the officials of the Ministry for encouraging our initiatives and extending their constant support to the Institute.

I started my journey as an active member of the Institute in the year 2000. I was elected as Regional Council Member, NIRC of ICMAI for two consecutive terms 2007-2011 & 2011-2015 and as the Chairman, NIRC of the year 2012-2013 and 2014-2015. Having served the NIRC in various capacities, I had the opportunity to serve the Institute and CMA profession as Council Member for the two consecutive terms 2015 - 2019 and 2019 - 2023. After 22 years of service to the profession, it has truly been an honour to get an opportunity to serve as 65th President of our alma mater for the year 2022-23. Reflecting on my tenure as the President, I am filled with a profound sense of accomplishment. Some of the key initiatives/ accomplishments include the following:

- Formation of Sustainability Standards Board (SSB) to augment the concepts of sustainability among various stakeholders with broad objectives to develop a comprehensive Cost and Management Accounting framework for implementing sustainable strategies to measure and monitor progress towards achieving Sustainable Development Goals (SDGs), develop Sustainability Standards, Sustainability Performance Metrics and KPIs to monitor the impact of sustainability initiatives, develop guidelines for measuring and reporting information in 'Business Responsibility & Sustainability Reporting (BRSR).
- Formation of ICMAI Social Auditors Organisation (SAO) for the empanelment, capacity building and regulating the functions of the Members who qualify and get registered as Social Auditors under the SEBI-notified framework for social stock exchanges.
- Formation of ICMAI International ADR Chamber (IAC) to promote Alternate Dispute Resolution (ADR) methods including Mediation, Conciliation and Arbitration to assist and educate all stakeholders, local or international, for resolving all kinds of claims and/or disputes expeditiously.
- Implementation of Peer Review System to improve quality of deliverables and to ensure compliance with Technical & Professional Standards and Code of Ethics of the Institute as well as regulatory bodies.
- Securities and Exchange Board of India (SEBI) amended the ICDR Regulations to allow Cost Accountants, holding a valid certificate issued by the Peer Review Board of ICMAI to certify all Key Performance Indicators (KPIs) disclosed in the Offer Documents.
- Securities and Exchange Board of India (SEBI) included the President, ICMAI as a member to Social Stock Exchange Advisory Committee (SSEAC) constituted by SEBI for the development of regulatory framework for Social Stock Exchange.
- Successful conduct of Global Summit 2023, 64th Foundation Day Celebrations & 10th National Students' Convocation, 18th National Awards for Excellence in Cost Management 2022 & 7th CMA Awards 2022.
- Signing of MoU with esteemed organisations such as ASSOCHAM, ICSI, IGNOU, SCOPE and NSE Academy Limited.

- Constitution of two new Chapters, namely, Rewari Chapter and Greater Noida Chapter.
- More than 400 qualified CMAs from December 2022 term examination got placed in reputed organisations, with the maximum annual package of Rs. 22 lakhs.
- Associated with the Ministry of Defence by providing the quality education to Defence personnel. The 1st batch of "Executive Certificate Course in Financial Planning and Cost & Management Accounting" for serving officers of the Indian Army has been successfully conducted in association with Additional Directorate General, Army Educational Corps (AEC), Ministry of Defence (MoD). Further, Directorate General Resettlement (DGR), Department of Ex-Servicemen Welfare (Ministry of Defence) has included the Certificate in Accounting Technicians (CAT) course in its 2023-24 calendar for identified locations. These two courses have been designed to cater to the Ranks of serving officers and Retiring / Retired JCOs/OR.
- Received the NCVET recognition status as Awarding Body (AB- Dual) from the National Council for Vocational Education and Training, Ministry of Skill Development and Entrepreneurship, Government of India.
- ICMAI Management Accounting Research Foundation (MARF) has undertaken various prestigious projects namely, Performance Costing System of Artificial Limbs Manufacturing Corporation of India (ALIMCO), Study of Methodology, Allocation Process, Cost Drivers/ Ratios used to Allocate Common/Indirect Cost of CHQ and RHQ expenses for 5 Years etc. for Airport Authority of India (AAI), Designing of Activity Based Costing System for Dedicated Freight Corridor Corporation of India Limited (DFCCIL), Preparing, Training and Implementation of 11 Manuals of India Optical Limited (A Defence PSU), Comprehensive study for formulation of uniform policy on Common Cost Norms for various skills imparted by different accredited institutions- Ministry of Skill Development & Entrepreneur (MSDE).

None of these achievements would have been possible without our collective efforts. I am thankful to each one of you for extending your whole hearted support in discharging my duties & responsibilities as President of the Institute.

Lastly, I want to express my heartfelt gratitude to my family. Their unwavering support, love, and understanding have been my pillar throughout this journey. Their sacrifices have allowed me to dedicate myself fully to this institution, and I am eternally grateful for their unwavering belief in me.

I congratulate all elected members of the 21st Council and four Regional Councils of the Institute and wish them all the success in their endeavours to serve the profession. I have every confidence in the capable hands that will take over, and I have no doubt that the Institute and CMA profession will continue to thrive and touch new heights of success in years to come.

Usage of acronym "ICMAI" for the Institute of Cost Accountants of India

The Council of the Institute has decided to use acronym "ICMAI" for the Institute of Cost Accountants of India. Kindly refer to the circular dated 13th June, 2023 on the Institute's website directing all concerned to use the acronym "ICMAI" for the Institute of Cost Accountants of India and also insert all references to the mark "ICMAI" in all the physical and virtual mediums under their control and/ or supervision, which would include social media handles and websites with immediate effect.

Global Summit-2023

I am delighted to inform that ICMAI has successfully organised the Global Summit-2023 on 14th and 15th July, 2023 at Manekshaw Centre, New Delhi on the theme "Unlocking Sustainability: G20 Presidency Paves the Way for an ESG-driven New World Order". Dr. Subhas Sarkar, Hon'ble Union Minister of State for Education, Mr. Atul Sobti, Director General, Standing Conference of Public Enterprises (SCOPE) and Lieutenant General Samir Gupta VSM, Director General, Financial Planning, Indian Army graced the Summit as Guests of Honour during the Inaugural Session on 14th July, 2023. Dr. Subhas Sarkar, Hon'ble Union Minister of State for Education , who could not join us in person, shared his valuable video message to the CMA fraternity, which was played during the inaugural session.

Shri Arjun Ram Meghwal, Hon'ble Union Minister of Law and Justice & Minister of State for Culture and Parliamentary Affairs was the Chief Guest of the Valedictory Session of the Global Summit on 15th July, 2023. The Hon'ble Minister presented CMA ICON of the Year 2023 Award to CMA P. Vasudevan, Executive Director, Reserve Bank of India and CMA Parminder Chopra, Director (Finance), Addl. Charge Chairman and Managing Director, Power Finance Corporation Limited for being the role model for the CMA profession, by achieving tremendous success in their respective field. He released the GS2023 Knowledge Pack, GS2023 Souvenir and Guidance Note on Cost Management in Textile Industry.

The Hon'ble Minister inaugurated the ICMAI International ADR Chamber, a Section 8 Company under

Companies Act, 2013 established by ICMAI to promote Alternate Dispute Resolution (ADR) methods including Mediation, Conciliation and Arbitration to assist and educate all stakeholders, local or international, for resolving all kinds of claims and/or disputes expeditiously.

The Summit was addressed by eminent personalities holding high positions in the Government, Industry leaders, management experts and Professional Gurus. The GS2023 witnessed the participation by large number of delegates from the different parts of the country. The proceedings were telecasted live on the YouTube Channel of the Institute. I am overwhelmed by the remarkable success of the Global Summit and congratulate CMA Fraternity for showcasing the strength of the CMA profession. More information on the proceedings of GS2023 is included in the July 2023 edition of The Management Accountant Journal.

I congratulate CMA H. Padmanabhan, Chairman of GS2023 and Former Vice President, ICMAI for the successful conduct of the Summit. I am thankful to all our eminent guests, dignitaries, speakers, my council colleagues, former presidents, members of regional councils, chapters' representatives, members, students, sponsors, press & media, Institute's officials for the grand success of this historic national mega event of the Institute.

Awards Presentation Ceremony

I am glad to share that the Institute has organized the Awards Presentation Ceremony on 23rd June 2023 at Vigyan Bhawan, New Delhi for presenting Awards to all the awardees of 18th National Awards for Excellence in Cost Management 2022 & 7th CMA Awards 2022. The Chief Guest of the evening was Hon'ble Dr. Sanjay Bahl, Director General, Indian Computer Emergency Response Team (CERT-In), Ministry of Electronics and IT, Government of India. The program was well appreciated by the Chief Guest and also congratulated CMA fraternity for holding such Awards. He presented the National Awards for Excellence in Cost Management to 23 awardees and CMA Awards to 16 awardees under different categories. The Awardees came from all parts of the country to receive the prestigious Award.

Global Convention in Dubai

The Institute has successfully organised its First Global Convention in association with Dubai Overseas Centre of Cost Accountants on 5th July, 2023 in Dubai, UAE under the Chairmanship of CMA H Padmanabhan-Chairman, International Affairs Committee, ICMAI. The participants were benefitted from the deliberations by eminent resource persons during the Technical Sessions on three key topics namely, "Business Valuation - Unlocking the Potential", "Corporate Tax in UAE - Professional Opportunities & Preparedness" and "Sustainability Reporting & Climate Finance - (COP28 in Dubai)". CMA Vijender Sharma, President, ICMAI and CMA H Padmanabhan Chairman, Global Convention and International Affairs Committee, ICMAI addressed the participants. CMA (Dr.) Gopal Krishna Raju, Member (Co-opted) of International Affairs Committee and CA Krishna Kumar R were the key speakers for the Technical sessions.

MOU with SCOPE

The Institute entered into an MOU with Standing Conference of Public Enterprises (SCOPE) on June 27, 2023 at New Delhi for mutual benefit with an intention to strengthen and collaborate with each other in the areas of Knowledge partnership, joint workshop and Seminars. The MoU was signed by me on behalf of the Institute and Shri Atul Sobti, Director General, SCOPE was the signatory on behalf of SCOPE. During the MOU signing ceremony, Shri Atul Sobti, Director General, SCOPE and CMA B. K. Sokhey, Chairperson, SCOPE Finance Committee and Director Finance, NBCC India Ltd. appreciated the role played by the Institute and its members in the development of Industries and Nation Building.

Special Session on 'Social Stock Exchange and Social Audit'

I was invited to participate and represent the Institute in the Special Session on 'Social Stock Exchange and Social Audit' organised by Merchants' Chamber of Commerce & Industry on 9th June 2023 through virtual mode. The other panelists who participated in the session were the Presidents of other two sister Institutes, eminent personalities from Stock Exchanges, Banks, Industry Associations and Social Welfare Associations.

MIA International Accountants Conference 2023

The Institute associated with the Malaysian Institute of Accountants (MIA) as 'International Supporter' of the International Accountants Conference 2023 (MIA Conference 2023) organized on the theme "Future Fit Profession: Charting a Better Tomorrow" on 13th & 14th June 2023 at the Kuala Lumpur Convention Centre (KLCC), Malaysia. CMA H. Padmanabhan, Chairman International Affairs Committee, ICMAI and CMA Biswarup Basu, Former President & Council Member, ICMAI represented the Institute in the Conference.

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

BANKING, FINANCIAL SERVICES AND INSURANCE BOARD

During the month of June 2023, the Banking, Financial Services & Insurance Board (BFSIB) of the Institute and the BFSI Department has been conducting various

Certificate Courses on Banking. The 8th Batch of the Certificate Course on Credit Management of Banks has been successfully concluded on 21st June, 2023.

I call upon all members and students to take the opportunity for capacity building and knowledge enhancement by enrolling in all BFSIB courses.

CAREER COUNSELLING COMMITTEE

Career Counselling is an integral part of creating awareness for the aspiring students. It explores myriad of career options based on the interests of the Students. CMA Syllabus 2022 has incorporated related provisions of the National Education Policy and I strongly believe that CMAs would significantly contribute towards sustainable livelihoods and economic development of the nation.

I am happy to share with you that Career Counselling Committee of the Institute is taking effective measures for creating awareness among the students on pan India basis and Chapters of the Institute are also taking proactive measures towards this. The collective measures will help students to choose their career by joining the CMA Course that suits their potential area of interest. The Institute has participated in various career counselling conclaves and we are also focusing to highlight our profession through reputed and well known magazines for creating awareness among the students of all strata.

COOPERATIVE DEVELOPMENT BOARD

The Cooperative Sector assumes greater importance in the economy of the country and the Central and State Governments want Cooperatives to play a meaningful role in uplifting the standards of the citizens associated with them. In the direction of realizing the Prime Minister Shri Narendra Modiji's vision of *"Sahkar Se Samridhi",* the Government of India has taken many important decisions towards the growth and development of the Cooperative Sectors. Under the visionary leadership of Hon'ble Prime Minister Shri Narendra Modi and able guidance of Shri Amit Shah, Hon'ble Union Minister of Home Affairs & Cooperation, significant measures have been announced for Cooperatives Sectors from time to time.

I am pleased to note that the Cooperative Development Board (CDB) of our Institute is in touch with the officials of various Cooperative Boards throughout India for the effective development and enhancing the periphery of the profession. The CDB have taken initiatives to conduct Webinar for our members for creating awareness covering the sustainable development; which is the need of the hour. First Quarterly Newsletter by the Cooperative Development Board was uploaded on March 2023 with rich contents and noticeable activities of the Cooperative Sectors across the Globe.

CONTINUING EDUCATION PROGRAMME COMMITTEE

I am delighted to inform you that after successful completion of eight batches of online mandatory capacity building training (e-MCBT), the Continuing Education Programme Department has started registrations for the 9th batch of e-MCBT. I urge the practitioners to enroll for 9th batch of e-MCBT to avail this opportunity to complete their MCBT for practicing members who have taken Certificate of Practice (COP) on and after 1st February, 2019 and have not undergone the MCBT.

During the month, around twenty webinars and programmes were organised by the different committees of the Institute, Regional Councils and Chapters of the Institute on the topics of professional relevance and importance like Technical Session on Emerging Role of Cost Accountants, IFRS 5-Non-current Assets Held for Sale and Discontinued Operations, Challenges and Practical issues in Cost Audit, Anti Money Laundering - Customer due diligence and sanction screening process, Cost Audit-Challenges and Solution, MIA Conference 2023 Future Fit Profession: Charting a Better Tomorrow and so on. I am sure our members are immensely benefited with the deliberations in the sessions.

DIRECTORATE OF CAT

- **Association with Ministry of Defence, Indian Army**

I am pleased to share with you that I delivered the presidential address on 17th June, 2023 at AEC Training College and Centre, Pachmarhi, Madhya Pradesh during the Valedictory session of the very 1st batch of "Executive Certificate Course in Financial Planning and Cost and Management Accounting" conducted by the Institute of Cost Accountants of India through Additional Directorate General of Army Education, Ministry of Defence (MoD) for the serving officers of the Indian Army.

I congratulate all the officers of the Indian Army for completing the course. As already shared in my past communiqué the Institute will be offering the successful candidates Fee Concession and Paper Exemptions in Foundation/ Intermediate/ Final Course of the Institute.

I convey my heartfelt gratitude to Lt. General Sameer Gupta, Director General of Financial Planning, MoD and Maj Gen R Putarjunam, Additional Directorate General of Army Education for their continuous guidance and support in organising this Executive Certificate Course. Further, I am thankful to Brig. V K Bhatt, Col. Arvind Nautiyal, Col. Rudraksha Attri, Lt. Col. Manoj Lakhera, Lt. Col. S Shri Jeet, Lt. Col. Vikrant Morya and their entire team for providing valuable and seamless support to us and faculties in successful execution of this course. I must thank the faculties we engaged at Pachmarhi for their tireless work and commitment in preparing the course module and taking classes.

I place on records the efforts of the CAT Directorate under the leadership of my flamboyant Council Colleague CMA H Padmanabhan, Chairman (CAT) for successfully conducting this course. It is a matter of great pride for the Institute to have been associated with the MoD. I am sure that the association with MoD will be eternal and we'll witness greater success in the future.

- **WEBINTs**

The Committee for Accounting Technicians (CAT) in association with Professional Development Committee (PD), International Affairs Committee (IA), Public Relations Committee (PR) and AAT Board continued to conduct series of WEBINTs on "International Financial Reporting Standards (IFRS)" in the month of June as well. I am glad to see the active participation of Members and Students of CMA and CAT Course in this series. The sessions are taken by resource person CMA Dr. Gopal Krishna Raju who's also been providing the insights on IND AS through WEBINT series on IND AS being conducted on Sundays by CAT, PD and IA Committees in association with AAT Board.

I would like to thank my Council colleague CMA H Padmanabhan, Chairman (CAT) for his continuous efforts ensuring successful organising of these WEBINTs together with TEAM CAT Directorate.

DIRECTORATE OF STUDIES

The Institute is holding CMA examinations simultaneously for 2016 and 2022 CMA Syllabus during this month from 15th to 22nd July 2023 and I take this opportunity to convey my best wishes to all students who are appearing for the Foundation, Intermediate and Final CMA examinations.

PROFESSIONAL DEVELOPMENT COMMITTEE

I am also pleased to inform you that on Institute's request, Tripura Industrial Development Corporation Limited considered Cost Accountants Firms for conducting Internal Audit, Ordnance Factory Tiruchirappalli (OFT) for appointment as Tax Consultant and National Cooperative Consumers' Federation of India Limited (NCCF) considered for appointment as GST Tax Consultant.

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 2023 where services of the Cost Accountants are required in Airports Authority of India, Birsa Munda Airport , Chhattisgarh State Power Transmission Company Limited, M P Khadi and Village Industries Board Limited, Balmer Lawrie & Co. Ltd., Hindustan Copper Limited, Rashtriya Ispat Nigam Limited, Prasar Bharati Broadcasting Corporation of India, Gujarat Power Corporation Limited, Ranchi Smart City Corporation Limited, Airports Authority of India, Guwahati, Jammu and Kashmir Bank, Bharat Sanchar Nigam Limited (BSNL), Grey Irony Foundry, Jabalpur, Hindustan Copper Limited, Jammu and Kashmir State Power Development Corporation Limited, India Trade Promotion Organisation (ITPO), Jugsalai Nagar Parishad, Jamshedpur, Bharat Heavy Electricals Limited (BHEL), Aavantika Gas Ltd. (AGL) M.P. Madhya Kshetra Vidyut Vitran Co. Ltd, Hindustan Aeronautics Limited, NHDC Limited, Canara Bank Circle Office, Patna , AAI Cargo Logistics and Allied Services Company Limited, Rajasthan State Road Transport Corporation, etc.

REGIONAL COUNCIL & CHAPTERS COORDINATION COMMITTEE

I congratulate CMA (Dr.) K Ch A V S N Murthy, Chairman Regional Council & Chapters Coordination Committee for leading the committee to enhance coordination and to act as a bridge among the Headquarter, Regional Council and Chapters and to promote compliance of reports and adherence to applicable rules and regulations between Regional Council and Chapters and increase their presence covering all activities relevant for stakeholders.

TAX RESEARCH DEPARTMENT

The Tax Research Department has undertaken a new initiative to release Handouts on different topics of Direct and Indirect Taxes namely Capital Gain, E- Commerce and, Composition Scheme and Composite Supply. The important papers have covered all the aspects which include not only the concept and tax provisions but also the judgments, case laws, and practical examples. The handouts thus prepared by the tax research department have been shared with industry experts for their views and finally is being published after vetting of the experts. These handouts, I am confident, will be widely appreciated by the stalwarts and learned. I am thankful to the industry experts for their valuable input on the handouts and kudos to the tax research department for coming out with the handouts.

I am pleased to inform that the classes for the following courses of the Tax Research Department have been concluded during the month:

- Certificate Course on GST (CCGST 13)
- Advanced Certificate Course on GST (ACCGST 9)
- Certificate Course on TDS (CCTDS 9)
- Certificate Course on Filing and Filling of Return (CCFR 9)
- Certificate Course on International Trade(CCIT-3)
- Advanced Course on Income Tax Assessment and Appeal (ACITAA 6)

- Advanced Course on GST Audit and Assessment procedure (ACGAAP 6)

It is significant to note that some of the courses are running for more than 10 batches which shows the popularity of the courses and assures us about the quality of the courses conducted by the Department. Examination for all the above courses is scheduled in August 2023.

INTERNATIONAL AFFAIRS COMMITTEE

Under the aegis of the International Affairs Committee, its Chairman CMA H.Padmanabhan arranged a meeting at Center of Excellence, SIRC Chennai with Dr. Lakshman Watawala President CMA Sri Lanka, CMA. M. Gopalakrishnan, Former President-ICMAI, CMA N. Mohan, Ex-Director Commercial NLC, CMA C.S. Ananthasubramanian Ex-Tata Honeywell and CMA R. Venkataramani Director- Westcott Electricals Pvt Ltd to discuss the adoption of best practices in Cost Accounting Standards, Management Accounting Standards, and Power Sector Cost Management that can be adopted by Sri Lanka CMA institute, on 13th June 2023.

I appreciate and thank the entire experts for their continued active involvement for the Profession cause.

INSOLVENCY PROFESSIONAL AGENCY (IPA) OF THE INSTITUTE

Insolvency Professional Agency of Institute of Cost Accountants of India, in its endeavour to promote professional development and sharpen the skills of the professionals, has constantly been conducting various professional & orientation programs across the country and publishing various publications and books for the benefit of stakeholders at large. Towards that, IPA ICMAI has undertaken several initiatives, as enumerated below, during the month of June 2023.

"Learning Session on Interim Finance – A Source of Operational Funding under IBC was conducted on 3rd – 4th June 2023 which received an overwhelming response from participants who got benefitted from the knowledge sharing.

The Pre-Registration Educational course conducted by our expert faculties who shared their knowledge enriching experiences practical aspects and guidance to function as an effective and efficient IP. The 61st Batch of Online Pre-Registration Educational Course was conducted from 7th June -13th June 2023. The course enhanced the knowledge base, sharpen the management skill with efficiency in advocacy, code of conduct, and handling insolvency effectively.

A Workshop on Ethics and Management Skills for Insolvency Professionals was conducted on 11th June 2023 covering the Overview of the existing Ethical & Regulatory Framework for Insolvency Professionals, Code of Conduct for Insolvency Professionals, Leadership Skills and Communication Skills.

Online Learning Session on "Analysis of Financial Statements under PUFE Transactions" conducted on 17th -18th June 2023 covering topics such as Analysis of Financial Statements, Identification of Red Alerts, Types of transactions under PUFE, Filling of application for Avoidance Transactions etc.

Online Learning Session on Evaluation matrix, Fair value & Liquidation value was conducted on 24th - 25th June 2023 covering topics such as CIRP & Liquidation recent amendments, New Matrix and Evaluation, Information Memorandum & timelines, Model IM/E0I/RFRP preparation, Fair value and Liquidation value, Case Laws.

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

ICMAI REGISTERED VALUERS ORGANISATION (RVO)

I am pleased to inform that ICMAI RVO has successfully organized three "50 hrs training programs" for all three asset classes and seven "Professional Development Programs" during the month.

ICMAI SOCIAL AUDITORS ORGANISATION (SAO)

ICMAI Social Auditors Organization has empaneled over 115 members. The company conducted two Preparatory courses during the month for Social Auditors exam conducted by National Institute of Securities Market (NISM). The company organized 5 special lectures during the month on various aspects of CSR / ESG which were delivered by experts from social and development sector. The company is in the process of developing Social Audit Standards and also Technical Guide for Social Audit including related disclosure formats.

While concluding, I feel a mix of emotions - pride in what we have achieved together, nostalgia for the memories we have created, and a sense of excitement for the future that lies ahead.

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

Thank you and God bless you all.

With warm regards,

CMA Vijender Sharma

July 17, 2023

Glimpses of the Valedictory Session of the 1st batch of "Executive Certificate Course in Financial Planning and Cost & Management Accounting" conducted by ICMAI through Additional Directorate General of Army Education, Ministry of Defence for the serving officers of the Indian Army on 17th June, 2023 at AEC Training Centre, Pachmarhi, Madhya Pradesh.

CMA Vijender Sharma, President, ICMAI and Shri Atul Sobti, Director General, SCOPE during the MOU signing ceremony between ICMAI and SCOPE on 27.06.2023

Under the aegis of the International Affairs Committee, its Chairman CMA H.Padmanabhan arranged a meeting at Center of Excellence, SIRC Chennai with Dr. Lakshman Watawala President CMA Sri Lanka, CMA. M. Gopalakrishnan, Former President-ICMAI, CMA N. Mohan, Ex-Director Commercial NLC, CMA C.S. Ananthasubramanian Ex-Tata Honeywell and CMA R. Venkataramani Director- Westcott Electricals Pvt Ltd to discuss the adoption of best practices in Cost Accounting Standards, Management Accounting Standards, and Power Sector Cost Management that can be adopted by Sri Lanka CMA Institute, on 13th June 2023

GLOBAL SUMMIT 2023

Unlocking Sustainability: G20 Presidency Paves the Way for an ESG-driven New World Order

The concept of Environmental, Social, and Governance (ESG) has gained significant traction in recent years as a framework for assessing sustainability and societal impacts of business entities. The ESG ecosystem refers to the interconnected network of stakeholders, including companies, investors, regulators, government, and civil society organizations, that play critical roles in promoting and implementing sustainable practices.

Business entities are increasingly being held accountable for sustainability of their performance by all stakeholders. This is prompting a growing number of companies to incorporate ESG considerations into their operations and reporting on their initiatives for sustainable performance through various frameworks and reporting standards.

The G20 Presidency's pivotal role in paving the way for this ESG-driven New World Order cannot be overstated. This summit provides us with a unique opportunity to collectively redefine our priorities, reimagine our strategies, and forge partnerships that will steer us towards a more sustainable and resilient future.

Day 1: 14th July 2023 - INAUGURAL SESSION

ESG Ecosystem - A Clarion Call for the New World Order and India's G20 Presidency

Day 1: 14th July 2023 - PLENARY SESSION

ESG - From Theory to Actions for Effective Contributions with Measured Values

Day 1: 14th July 2023 - TECHNICAL SESSION-I

Governance of Energy Transformation through Sustainable Sources &

TECHNICAL SESSION-II

Governance of Green Mobility - Surface, Air and Ocean

Day 2: 15th July 2023 - TECHNICAL SESSION-III

ESG, Collaboration and Business Responsibilities - The CEO's Dilemma and CMA's Role

Day 2: 15th July 2023 - TECHNICAL SESSION-IV

Green Finance - Why, When, How, Challenges, Progress, and Impacts

Day 2: 15th July 2023 - TECHNICAL SESSION-V

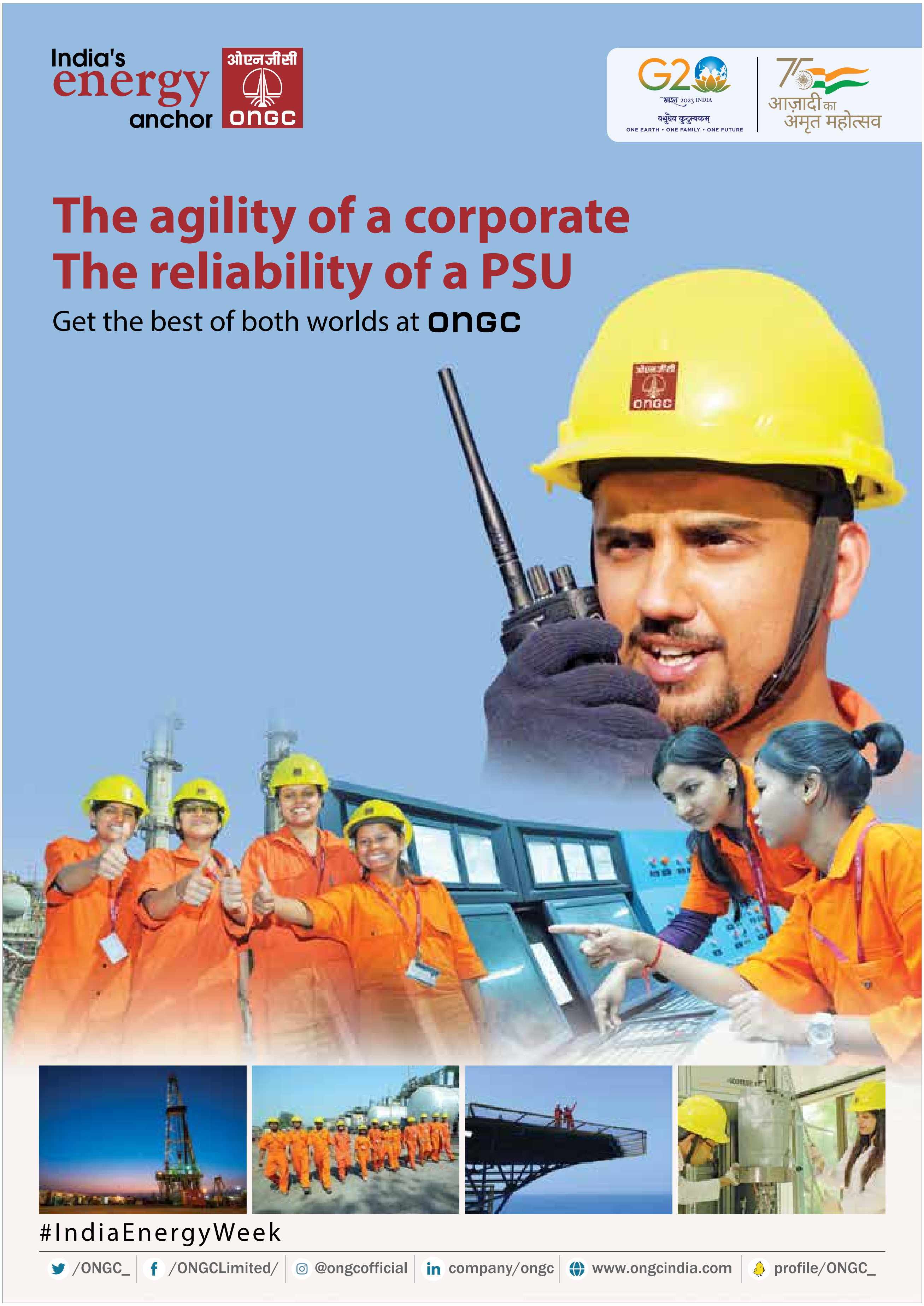
Green Entrepreneurship and GloCal Dimensions of E, S, and G in search of Excellence

Day 2: 15th July 2023 - VALEDICTORY SESSION

ESG Ecosystem for Globally Oriented and Socially Responsible Corporate World

Links of the press coverage of Global Summit 2023

1. **Business Standard:** *https://www.business-standard.com/india-news/esg-issues-discussed-a-lot-at-g20-forums-says-union-minister-meghwal-123071500589_1.html*
2. **PTI:** *https://www.ptinews.com/news/business/esg-is-discussed-a-lot-at-g20-forums-says-meghwal/609256.html*
3. **ANI Photo:** *https://pictures.aniin.net/gallery-search/?query=Global+Summit*
4. **Devdicourse:** *https://www.devdiscourse.com/article/entertainment/2524447-esg-is-discussed-a-lot-at-g20-forums-says-meghwal*
5. **News Drum:** *https://www.newsdrum.in/business/esg-is-discussed-a-lot-at-g20-forums-says-meghwal*
6. **Latestly:** *https://www.latestly.com/agency-news/latest-news-esg-is-discussed-a-lot-at-g20-forums-says-meghwal-5268374.html*
7. **Outlook India:** *https://planet.outlookindia.com/news/esg-will-pave-roadmap-for-sustainable-future-meghwal-news-415640*
8. **The Statesman:** *https://epaper.thestatesman.com/3733890/Delhi-The-Statesman/15-07-2023#page/2/1*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GST IMPLEMENTATION IN INDIA: ASSESSING THE JOURNEY SO FAR

Abstract

Goods and Services Tax introduction in India marked a crucial stage of tax reforms. It was implemented in the year 2017 after many years of discussion and debates between several political regimes, State and Central Governments. After six years of its inception it is necessary to review the impact of GST on the overall tax collection of State and Central Governments. This article makes an in-depth analysis of GST, its growth rate so far, indirect tax buoyancy in post GST vis- a-vis pre-GST eras.

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INTRODUCTION

Goods and service tax (GST) is an indirect tax system which has subsumed several indirect taxes such as the excise duty, VAT, services tax, etc. The Kelkar Committee, in the year 2000 recommended simpler, unified and efficient tax system viz. GST with the objective of replacing earlier complex and fragmented tax structure. Subsequently the Committee published the first discussion paper on the subject in 2009(Goods & Service Tax Council, 2009). After years of debates and discussions between Centre and State Governments the Goods and Service Tax Act was passed by the Parliament on 29th March 2017 and came into effect from 1st July 2017, marking a watershed moment in the history of Indian tax reforms.

Six years post implementation, the experts are in consensus regarding various benefits of a unified tax system in the form of GST. Some of these are better coordination between Indian States and Centre, streamlining of complicated web of tax system, in turn leading to increase in competitiveness and efficiency of individuals, corporate and governments. Hence GST adds immense value to the growth and progress of our economy *(Chaturvedi, 2018*). Like any major reform, implementation of GST has also been immensely challenging for a country as diverse as India with 28 States, 8 Union Territories, 22 official languages and over 9 million registered companies of different size and scale spread across the length and breadth of the country. Hence to streamline the adoption of GST, the regime has undergone several changes and amendments based on the feedback received from businesses and the changing economic conditions ever since its introduction in 2017.

GST is basically of 3 types central goods and service tax (CGST), State/Union Territory goods & service tax (SGST/UGST) and integrated goods & service tax (IGST) (*V, 2020*).The new tax regime under GST aims at ensuring that only domestic consumption is taxed, establish more structured tax regime, mitigate transfer of taxes, bring the whole country under a common taxation system and support federalism in taxation *(Report of the Task force on Goods & Service Tax, 2009)*.

The industrial sector widely supported the implementation of GST, as it enabled businesses to simplify their distribution systems, encompassing supply chain, production and storage, resulting in increased operational efficiency. Prior to GST, businesses had to devise their distribution systems while considering State taxes.

OBJECTIVES OF THE STUDY

- To study the yearly trend of GST collection in India since 2017
- To compare the growth rate of GST collections before and after the COVID-19 pandemic

RESEARCH DESIGN

The researcher has collected GST collection data from official Government sources such as the Ministry of Finance and the Goods and Services Tax Council. The data for each year from 2017 onwards has been compiled and analysed using statistical techniques such as descriptive analysis, graphical representations (line graphs) and trend analysis to identify patterns, fluctuations, and growth rates over the years. Overall research design of this article is descriptive.

DATA ANALYSIS AND DISCUSSION

GST collection

As per the report of the Ministry of Finance, the collection of goods & service tax (GST) growing at 12 per cent year-on-year reached an all-time high level of Rs. 1.87 trillion (US$ 22.9 billion) in April 2023, GST collection in the same period last year i.e 2022 stood at Rs. 1.68 trillion (US$ 20.5 billion).The high volume of GST collection in recent years is primarily driven by increased year end sale which is on a upward move since the pandemic ceased , improved compliance by tax payers due to stringent and transparent norms supported by better data analytics and impressive economic growth supported by strong domestic consumption base.

In April 2023, the country recorded its highest tax collection on a single day which amounted to Rs. 68, 228 crore (US$8.3 billion) through 9.8 lakh transactions. Out of the total amount of GST collected in 2023, the largest portion pertained to IGST, US$ 10.9 billion, US$4.7 billion and US$ 5.8 billion for CGST and SGST respectively and US$ 1.5 billion came via cess *(Shrimi Choudhary, 2023)*.

FIGURE 1. TREND OF GST COLLECTION: PRE AND POST COVID PANDEMIC

(Source: Data compiled by researcher from Goods and Services Tax Council)

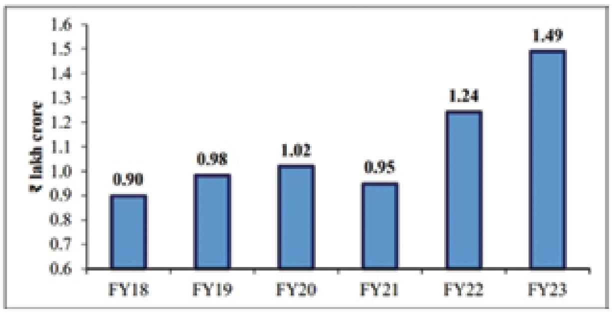
The GST collection showed a generally increasing trend during this period. The collections witnessed fluctuations in different quarters but displayed an overall upward trajectory. The COVID-19 pandemic had a significant impact on GST collection. In the first two quarters of 2020, the collection decreased. The subsequent quarters saw a gradual recovery. The post-pandemic period showed a rebound in GST collections. The data for 2022 and the first quarter of 2023 indicate a further increase in collections. The data suggests that the GST collection experienced a dip during the COVID-19 pandemic but started recovering in the subsequent quarters. The post-pandemic period shows an increasing trend in collections, indicating a gradual revival of economic activities.

GST growth YOY

GST implementation has provided the much needed boost to the economy by facilitating ease of doing business through reduction of compliance requirements, enabling seamless transit of commodities across different states of India, relieving businesses from the stress of maintaining separate warehouses in various states as against the traditional origin-based tax structure restricting organization's location choice warehousing *(Kumar, 2015*). Owing to these benefits, it is observed that there is higher acceptance across tax payers and due to this despite tax reduction on several goods and services and rationalization of tax rates as compared to pre-GST regime, an analysis of GST collection YOY since 2017 indicates a positive trend (*Nirmala Sitharaman, 2021*).

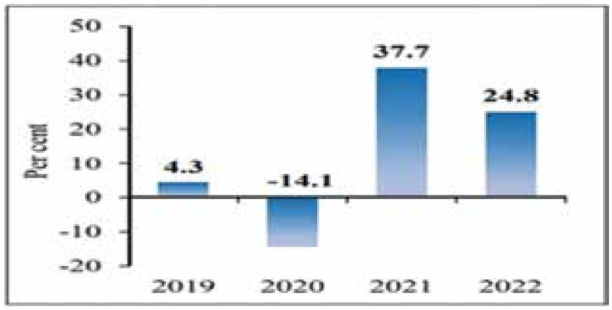
Noted economist Indira Rajaraman declared GST as a "revenue success" reform in 2019. As per the Economic Survey "the average monthly gross GST collection has grown to Rs. 1.49 lakh crore in 2023 as compared to just Rs. 0.90 lakh crore in the financial year 2018 (refer to Figure 1). Corporate tax collection supported by reduction in corporate tax has also shown an upward trend and have grown at 21.1 per cent YOY for April- November 2022 as against a growth rate of 10.3 per cent during the corresponding period from 2013-19". *(Economic Survey 2022-23)*.The significant increase in the number of GST taxpayers, from 70 lakh in 2017 to over 1.4 crore in 2022, is a clear indication of the expansion of formal businesses in India. This expansion has been made possible due to the widespread adoption of the digital payment system; unified payments interface (UPI). The usage of UPI has facilitated the formalization of transactions, even for small amounts. This formalization brings about several benefits, including improved access to credit and increased operational efficiency for individuals and businesses. The overall effect is a boost in productivity and economic growth, contributing to a more robust and transparent business environment.

FIGURE 2. RISING GST COLLECTION YOY (SOURCE- DEPARTMENT OF REVENUE)



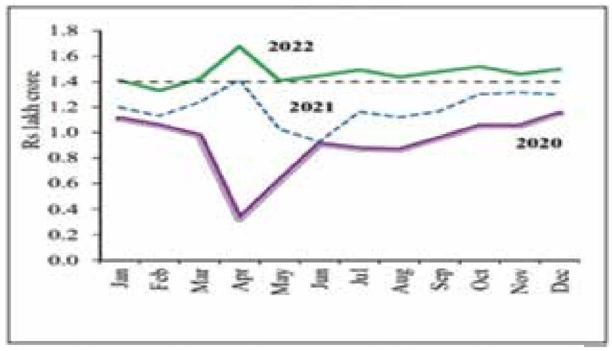
In Figure 2 we can see that there is growth in GST collection YOY. Apart from the reasons mentioned above, adoption of technology for simplifying tax processes is another very crucial factor contributing to higher tax revenue. It has enhanced compliance and facilitated more efficient fraud prevention management; physical presence of tax payers is no more important for assessment or appeals due to technology backed taxation system. Technology has also facilitated multiple checks and in turn helped in reducing incidents of tax evasion. Bolstered by a strong and efficient technology support, information and data sharing between CBDT and CBIC is much more efficient and transparent and hence leading to more efficient tax system. All these positive outcomes of GST implementation augurs well for economic growth and mobility of factors of production. GST has evolved and established itself as a major tax revenue source for the Central and State Governments. Except for the pandemic year of 2020, the economy has witnessed a positive growth rate in the revenue generated by the Centre and State Governments. Figure 3 below shows an upward movement in the growth rate in all financial years except 2020.

FIGURE 3. GST COLLECTION GROWTH RATE IN PERCENTAGE YOY (SOURCE- DEPARTMENT OF REVENUE)



The increase in GST collection across different financial years has been evenly spread out across all the months as we can see in Figure 4 below:

FIGURE 4. MONTHLY GST COLLECTION OVER THE YEARS

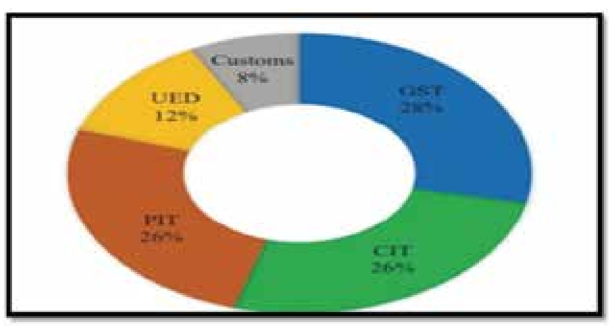


Source; Department Of Revenue

COMPOSITION OF TAX AVENUE OF CENTRAL GOVERNMENT (FY 2023)

Figure 5 below clearly indicates that major portion of the tax collected by Union Government comes from GST, followed by PIT, CIT, UED and Customs, hence it can be deduced from this the crucial place of GST for Indian Economy.

FIGURE 5. TAX PROFILE OF UNION GOVERNMENT



(Source :Union Budget FY 2023)

(*Note*: GST- Goods & Service Tax; CIT-Corporate Income Tax; PIT- Taxes on income other than corporation; UED- Union Excise duty tax)

The consistent growth rate and increasing GST collection YOY shown in figures 1,2 and 3 are primarily an outcome of the combined effect of custom 8 per cent, GST 28 per cent, CIT 26 per cent and PIT 26 per cent as shown in figure 4 above.

CONCLUSION

One of the major arguments in favour of GST implementation was that it will help the Government to increase tax revenue as compared to the previous tax regime *(Kumar V. , 2016)(S., 2017)* and this prediction has proved to be correct. When we compare the pre GST tax collection of subsumed taxes with post GST tax collection, we find that the tax buoyancy i.e tax collection growth rate in comparison to GDP growth rate is just below 1 (FY13-17), while the buoyancy of GST growth is 1.1 (FY19- 23). Many factors have contributed to this upward trend like stringent checks and rules against tax evasion, efficient use of technology by GST Council for collection, filing and complaint redressal etc. All these together widened the tax net from around 70 lakhs taxpayers in 2017 to over 1.4 crore in 2022.

Various measures undertaken by GST Council have had a significant impact on revenue generation. The introduction of faceless assessment and appeal systems has eliminated the need for physical interactions between taxpayers and the income tax Department, streamlining the tax assessment process and reducing potential biases. Furthermore, the integration of digital systems allows multiple consistency checks, which in turn reduces instances of tax evasion. For instance, the implementation of the goods and services tax return filing mechanism has led to improved income reporting, resulting in higher direct tax collections. Additionally, the decision to establish automatic and regular data sharing between the Central Board of Direct Taxes (CBDT) and the Central Board of Indirect Taxes and Customs (CBIC) is a promising reform. This exchange of data and information between the two wings enhances the efficiency of the tax system and contributes to better resource mobilization.

To implement GST and transform the tax system for a country as diverse as India was a daunting task. However, after six years of GST implementation we can certainly see the numerous benefits of the tax reform. It is being observed that GST implementation has not just boosted the revenue of State and Central Government and facilitated formalization of economy, but a simpler tax regime and elimination of cascading taxes has bolstered the productivity of businesses. MA

The industrial sector widely supported the implementation of GST, as it enabled businesses to simplify their distribution systems

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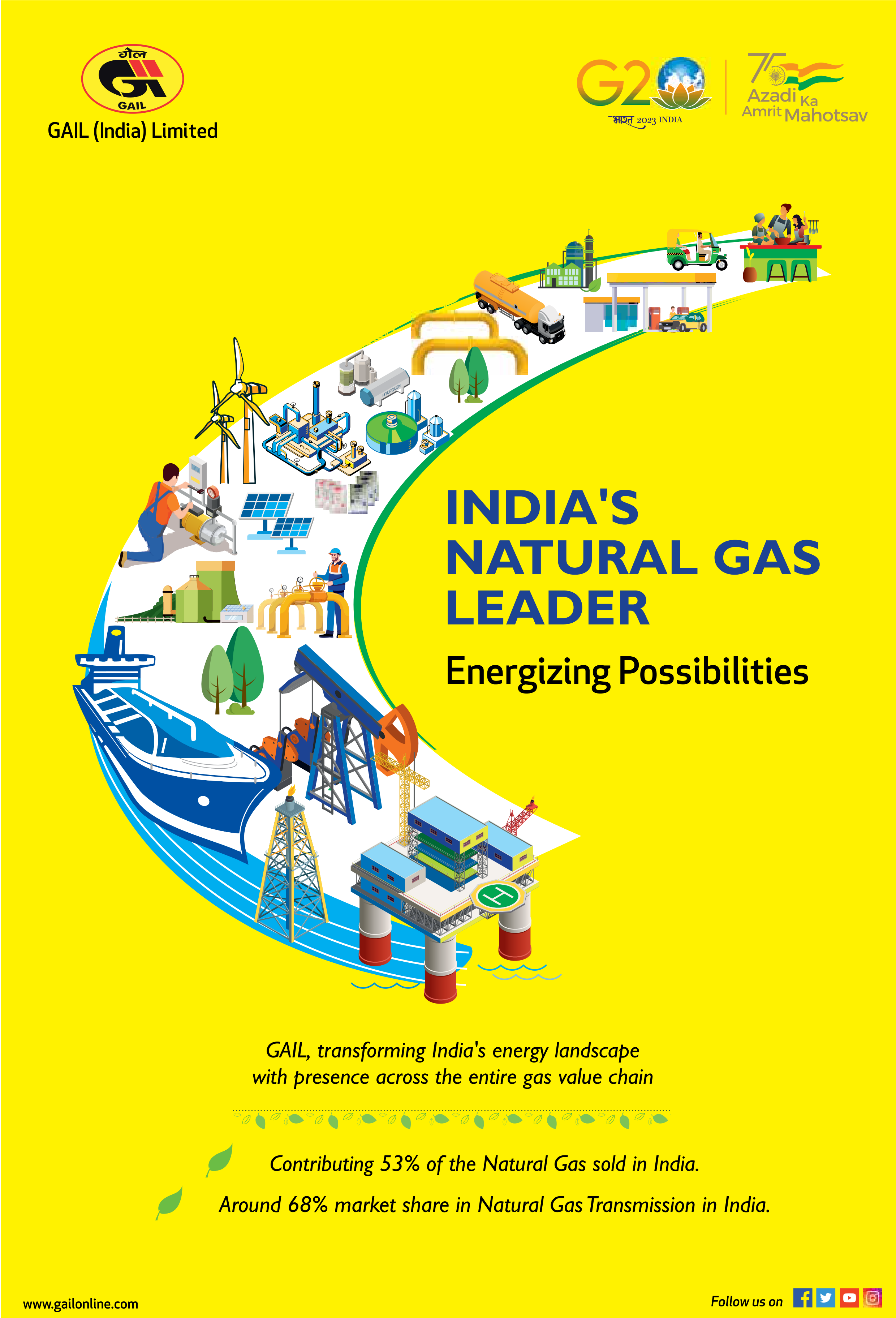
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IMPACT OF UNION BUDGET 2023 ON GST LAW

Abstract

Union Budget 2023 was a significant one in the history of the Fifth largest economy in the world. As far as direct taxation and indirect taxation are concerned, Union Budget 2023 and Finance Act 2023 are the history making events in the financial history of India. New tax regime (Sec 115 BAC) is the default one as per the Finance Act 2023. Considerable analysis and interpretations have appeared in different media including the social media. But through and deeper analysis of the perceptions of the commerce community about amendments in the GST Acts as per Finance Act 2023 is the need of the hour. Researchers have collected 301 responses from respondents including students, professors and commerce professionals. A theory has been developed and tested using SPSS software. Factor Analysis concepts and Structural Equation Modeling concepts have been applied to test the theory. Chi-Square values and fit indices are satisfactory.

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INTRODUCTION

GST including CGST, IGST and SGST has witnessed a lot of amendments since their inception in July 2017 in India. Government of India has introduced widespread amendments in the procedural aspects of CGST, IGST and SGST as per the successive Finance Acts since 2017 to 2023.Understanding the amendments is the need of the hour.

REVIEW OF THE LITERATURE

Following are the important amendments as per the Finance Act 2023 which are related to GST Acts in India

1. Amendment in section 30
2. Amendment in section 23 (2): Exemption from registration under GST is possible as per the amended section of section 23(2)
3. Amendment to section39 (11): A registered person can furnish returns after the expiry of the three years as per the amended section 39(10).
4. Amendment to section 52(15): An e-commerce operator can furnish returns after the expiry of the three years as per the amended section 39(10).
5. Refund related Amendment: Section 54(6).

6. In section 122 of the Central Goods and Services Tax Act, after sub-section (1A), a new sub-section has been inserted.
7. Amendments related to the GST Appellate Tribunal.

OBJECTIVES OF THE STUDY

The objective of the research is to understand the perception of the commerce community of Kerala and Tamil Nadu about the amendments in the GST Acts by the Finance Act 2023. Another purpose of the research is to develop and test a theory about GST amendments and their role in the better learning and commerce knowledge sharing process among faculties, students and commerce professionals. Following hypothesis are developed to achieve the purpose of the study based on literature review.

H_1: Perceptions of members of commerce community about the basic concepts in GST that positively affect their perceptions about amendments in GST system through the Finance Act 2023.

H_2: Perceptions of members of commerce community about the latest amendments in accounting and direct tax system that positively affect the perceptions about amendments in GST system through the finance Act 2023.

H_3: Perceptions of members of commerce community about basic concepts in GST that positively affect the better learning and imparting knowledge to the students

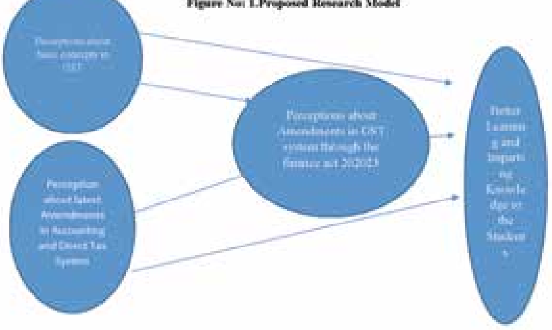
H_4: Perceptions of members of commerce community about the latest amendments in accounting and direct tax system that positively affect the better learning and imparting knowledge to the students.

H_5:Perceptions of members of commerce community about amendments in GST system as per the Finance Act 2023 that positively affect the better learning and imparting knowledge to the students.

PROPOSED RESEARCH MODEL

Following is the research model formulated by the researchers after conducting extensive review of literature.

Figure No: 1.Proposed Research Model



MATERIALS AND METHODS

Population of the study consists of students, faculties and commerce professionals of Kerala and Tamilnadu States.

SAMPLE SIZE OF THE STUDY

Following are the different details related with sampling design.

Sampling method Used: Stratified Simple Random Sampling.

Sample Size: 301

The questionnaire prepared in Google form was distributed to 328 respondents; 301 valid responses were received and used for the analysis.

1. CGST and IGST are same-Variable 1
2. Finance Act is known as Income Tax Act – Variable 2
3. No difference between goods and services in GST- Variable 3
4. Trading account, profit and loss account and balance sheet are known as financial statements of a listed company in India- Variable 4
5. Reverse charge mechanism is the default one in GST- Variable 5
6. Insertion of new section 158 A. Consent based sharing of information furnished by taxable person (Finance Act 2023)- Variable 6(" Finance Act 2023,"2023)[2]
7. Ind AS and IFRS are the same - Variable 7
8. Latest changes in commerce help to get more access among students.-Variable 8
9. No major amendments with respect to CGST as per Finance Act 2023- Variable 9
10. Amendment has been made by Finance Act 2023 with respect to GST return filing - Variable 10
11. Constitution of Goods and Services Tax Appellate Tribunal as per Finance Act 2023- Variable 11
12. New turnover limit with respect to e-invoice as per the Finance Act 2023-Variable 12
13. Latest changes in commerce are Simple-Variable 13
14. Latest changes in commerce help to solve the major problems of Indian Economy-Variable 14
15. Only acquired knowledge can be communicated- Variable 15
16. Latest changes in commerce are valuable-Variable 16.

The Researchers have applied Factor Analysis, Confirmatory Factor Analysis and Structural Equation Modeling to get some inferences about research problem. Researchers have applied the following software to analyze the data (1). SPSS (2). AMOS (3).R Software.

RESULTS AND DISCUSSION

Reporting of the Exploratory Factor Analysis is as follows:-

1. Sampling Adequacy

TABLE: 1
KMO AND BARTLETT'S TEST

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.919
Bartlett's Test of Sphericity	Approx. Chi-Square	6.202E3
	Df	120
	Sig.	.000

(Source: Based on Primary data)

KMO and Bartlett's Test indicate the sampling adequacy with respect to the primary data. If the value exceeds 0.50, it is satisfactory. Here value is 0.919.Therefore it is quite satisfactory**.**

2. Total Variance Explained

Total variance explained is 87.380 as per the Exploratory Factor Analysis.

3. Rotated Component Matrix.

TABLE: 2

ROTATED COMPONENT MATRIXA

	Component			
	1	2	3	4
V16	.922			
V15	.900			
V14	.896			
V13	.895			
V8	.888			
V12		.817		
V11		.813		
V10		.787		
V9		.722		
V6		.708		
V7			.883	
V4			.882	
V2			.881	
V3				.910
V5				.910
V1				.893

Extraction method: Principal component analysis.

Rotation method: Varimax with Kaiser Normalization.
a. Rotation converged in 5 iterations.

(Source: Primary Data).

The researchers have developed the following four factors based on EFA and the reliability, validity and normality of the data reliability, validity and normality aspects have been proved good and satisfactory. (Prof .J.K.Nayak, 2023)[1].

TABLE: 3. CRONBACH ALPHA AND RELIABILITY TEST

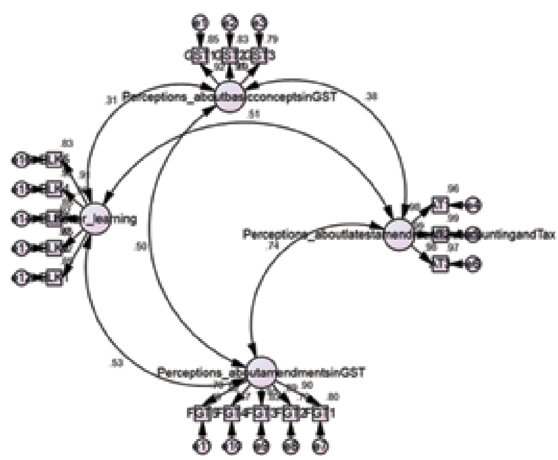
Factor	*Abbreviation*	*No. of items*	*Cronbach Alpha Value*	*Satisfactory or Not*
Perceptions about basic concepts in GST	GST	3	0.934	Yes. Satisfactory
Perceptions about latest amendments in accounting and direct tax system	AT	3	0.991	Yes. Satisfactory
Perceptions about amendments in GST system through the finance act 2023	FGT	5	0.921	Yes. Satisfactory
Better learning and imparting knowledge to the students	BLK	5	0.967	Yes. Satisfactory

(Source: Primary Data)

Cronbach Alpha Value which is the best measure of reliability shows0.934, 0.991, 0.921 and 0.967.All those are good as per opinion of the experts in this field.

MEASUREMENT MODEL

FIGURE: 2. MEASUREMENT MODEL



(Source: Drawn with the help of AMOS Software using Primary Data)

The measurement model explains the relationship between the constructs .Actually it is known as Confirmatory Factor Analysis .Through the Exploratory Factor Analysis, the researchers have identified four factors from 16 variables. It is the confirmation process.

TABLE: 4

DESCRIPTIVE STATISTICS

Variable	*Min*	*Max*	*Skewness*	*Kurtosis*
GST 1	1	7	-0.487	-1.107
GST 2	1	7	-0.458	-0.779
GST 3	1	7	-0.520	-0.633
AT1	1	7	-0.584	-0.544
AT2	1	7	-0.514	-.630
AT3	1	7	-0.759	-.112
FGT1	1	7	-1.277	1.664
FGT2	1	7	-1.204	1.525
FGT3	1	7	-0.999	0.694
FGT4	1	7	-0.823	.471
FGT5	1	7	-1.146	.750
BLK1	1	7	-1.143	.821
BLK2	1	7	-1.162	.846
BLK3	1	7	-1.747	2.746
BLK4	1	7	-1.4	1.946
BLK5	1	7	-1.367	1.859

(Source: Primary data)

Skewness and Kurtosis values between -2 and +2 establish the normality of the data. The calculated skewness and kurtosis values of all items are within the limits of normality establishing univariate normality of the data set.

TABLE: 5.

FIT STATISTICS OF THE MEASUREMENT MODEL

Fit Indices	*Particulars*	*Recommended Values*	*Obtained Values.*	*Satisfactory or Not*
Overall Model Chi-square	Chi-square	------------	181.764	Satisfactory
	Degrees of freedom	------------	98	Satisfactory
	Probability	Less than 0.05,i.e insignificant	0.000	Satisfactory
	Chi-square/Degrees of freedom	less than 3	2.16	Satisfactory
Absolute Fit Measures.	Goodness-of-Fit Index(GFI)	GFI value of 0.90 and above is considered good	0.928	Satisfactory
	Root Mean Square Error of Approximation.	A value of 0.08 or less is desirable	0.053	Satisfactory
	Root Mean Square Residual (RMR)	A value less than 0.07 is desirable	0.054	Satisfactory
	Standardized Root Mean Residual(SRMR)	A value of 0.08 or less is good.	0.04	Satisfactory
Incremental Fit Indices.	Normal Fit indices(NFI)	A value of 0.90 and above is desirable.	0.971	Satisfactory
	Comparative Fit Index(CFI)	A value of 0.90 and above is desirable	0.987	Satisfactory
	Tucker Lewis Index(TLI).	>0.95	0.983	Satisfactory
Parsimony Fit Index	Parsimony goodness of Fit(PGFI)	Higher PGFI value is satisfactory	0.669	Satisfactory
	Parsimony normed fit index(PNFI)	Higher PNFI value is satisfactory	0.793	Satisfactory

(Source: Primary data) It shows the CFA model is significant and assumptions taken by the researchers is correct

Four stages of CFA have been completed. The chi-square is significant above 0.01 levels. Both the CFA and RMSEA appear quite good. Overall, the fit status suggests that the estimated model reproduces the sample Covariance matrix reasonably well. Confirmatory Factor Analysis helps to affirm following four factors are the true representative of the 16 variables**.**

1**.**Perceptions about basic concepts in GST (GST).2.Perception about latest Amendments in accounting and direct tax system (AT).3.Perceptions about Amendments in GST system through the finance act 2023(FGT).4.Better learning and imparting knowledge to the students (BLK)

TABLE: 6.

VALIDITY MEASURES

Items	*Standardized Regression Weights*	*Error Values*	*Average Variance Extract*	*Construct Reliability*
GST1	0.923	0.229		
GST2	0.912	0.248		

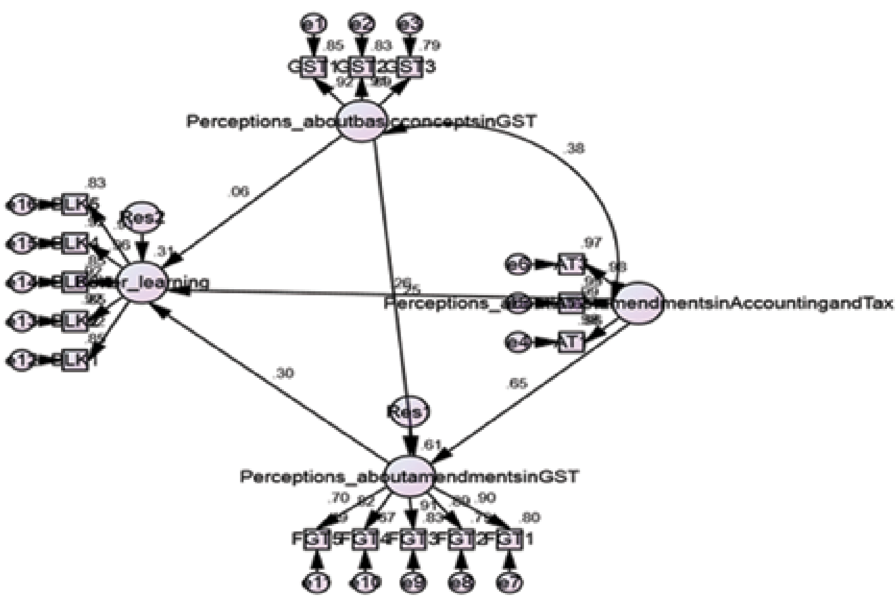
GST3	0.889	0.316	0.82	0.92
AT1	0.981	0.067		
AT2	0.994	0.020		
AT3	0.984	0.057	0.97	0.998
FGT1	0.895	0.347		
FGT2	0.889	0.395		
FGT3	0.910	0.269		
FGT4	0.817	0.513		
FGT5	0.701	1.195	0.716	0.60
BLK1	0.923	0.0399		
BLK2	0.924	0.351		
BLK3	0.922	0.377		
BLK4	0.959	0.212		
BLK5	0.912	0.611	0.86	0.89

(Source: Computed from Primary data).

Further evidence suggests good construct validity. The researchers have found out important validity measures like convergent validity, Discriminate validity (Correlations values: 0.383, 0.497,0.308, 0.743, 0.509,0.526) Nomological validity and Face validity and the results proved that they are satisfactory.

STRUCTURAL MODEL

FIGURE:3. STRUCTURAL MODEL



(Source: Based on primary data)

The above figure shows the relationship between the constructs as perceived by the researchers in the research model.

TABLE: 7

FIT STATISTICS OF THE MEASUREMENT MODEL

Fit Indices	**Particulars**	**Recommended Values**	**Obtained Values.**	**Satisfactory or Not**
Overall Model Chi-square	Chi-square	------------	181.764	Satisfactory
	Degrees of freedom	------------	98	Satisfactory
	Probability	Less than 0.05,i.e insignificant	0.000	Satisfactory
	Chi-square/Degrees of freedom	less than 3	1.85	Satisfactory

Absolute Fit Measures.	Goodness-of-Fit Index(GFI)	GFI value of 0.90 and above is considered good	0.928	Satisfactory
	Root Mean Square Error of Approximation.	A value of 0.08 or less is desirable	0.053	Satisfactory
	Root Mean Square Residual (RMR)	A value less than 0.07 is desirable	0.054	Satisfactory
	Standardized Root Mean Residual(SRMR)	A value of 0.08 or less is good.	0.079	Satisfactory
Incremental Fit Indices.	Normal Fit indices(NFI)	A value of 0.90 and above is desirable.	0.971	Satisfactory
	Comparative Fit Index(CFI)	A value of 0.90 and above is desirable	0.987	Satisfactory
	Tucker Lewis Index(TLI).	>0.95	0.983	Satisfactory
Parsimony Fit Index	Parsimony goodness of Fit(PGFI)	Higher PGFI value is satisfactory	0.669	Satisfactory
	Parsimony normed fit index (PNFI)	Higher PNFI value is satisfactory	0.793	Satisfactory

(Source: Primary data).

From the above table, the researchers conclude that structural model proved to be good and satisfactory as far the fit index is concerned. The overall model is good.

TABLE 8: HYPOTHESIS TESTING

Hypothesis	*Hypothesized Path*	*Standardized Parameter Estimate*	*Standard Error*	*t-value*	*p-value*	*Decision*
H_1	Perceptions of members of commerce community about basic concepts in GST that positively affect their perceptions about amendments in GST system through the Finance Act 2023.	0.257	0.47	5.499	***	Supported
H_2	Perceptions of members of commerce community about latest amendments in accounting and direct tax system that positively affect perceptions about amendments in GST system through the Finance Act 2023.	0.582	0.42	13.864	***	Supported
H_3	Perceptions of members of Commerce community about basic concepts in GST positively affect the Better Learning and Imparting Knowledge to the Students	0.76	0.79	0.971	3.32	Not Supported
H_4	Perceptions of members of commerce community about latest amendments in accounting and direct tax system that positively affect the better learning and imparting knowledge to the students.	0.299	0.88	3.385	***	Supported
H_5	Perceptions of members of commerce community about amendments in GST system as per the Finance Act 2023 that positively affect better learning and imparting knowledge to the students.	0.386	1.09	3.530	***	Supported

(Source: Primary data).

The above table is self-explanatory .It shows whether the hypotheses are significant or not at 0.05 level of significance.

FINDINGS

All the hypotheses except the third hypothesis are tested as true as the **p** value is less than 0.05 in all cases Therefore there are direct relationship between the constructs as depicted in the research model. MA

References

1. *Prof J.K. NAYAK. (2023, March). Marketing Research and Analysis -II Exploratory Factor Analysis in SPSS. Retrieved May 30, 2023, from https://onlinecourses.nptel.ac.in/noc23_mg21/unit?unit=91&lesson=94*
2. *Finance Act 2023. (2023, March 31). e Gazette Home. Retrieved May 30, 2023, from https://egazette.nic.in/WriteReadData/2023/244830.pdf*

GST: A BETTER RELATIONSHIP CAPITAL FOR MSMEs AND THE CONSTRUCTION SECTOR

Abstract

The Goods and Services Tax (GST) is a dependent variable and is posterior to business incidence. GST helps businesses in several ways. The foremost aspect is business sustenance: relentless efforts in converting inputs-processes-output deliverables with good quality and cost competitiveness. Workforce is an emotional based resource unlike the other factors of production. Business continuity in construction sector enhances infrastructure development and sustainable competitive advantages for MSMEs as higher productivity facilitates higher GST revenue to the Government. The big picture is to supplement GST competitiveness by strengthening integrated relationship capital amongst various stakeholders for long term business sustenance of MSMEs.

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INTRODUCTION

MSME is defined variedly in different countries based not only on the number of workforce but also on assets and the turnover volume. The United Nations Department of Economic Affairs (UNDESA) has defined an MSME in terms of workforce as under:

Micro enterprises 1-9 employees

Small enterprises 10-49 employees

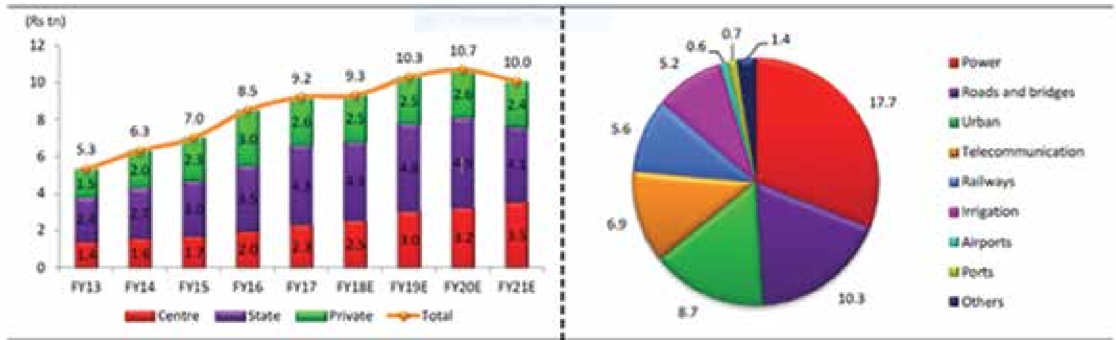
Medium enterprises 50-249 employees

Workforce is an important resource for MSMEs as well as for the construction sector. Indian construction sector is highly labour intensive and employs around 30 million and generates assets worth US$200 billion. Labour cost becomes one of the significant elements of cost in the construction sector. Unlike land, labour and capital, the labour element is associated with high voltage of emotion and plays a pivotal role in reform, transform and perform initiatives. In the competitive business environment, the goods and services tax (GST) has been a great initiative towards reform transform and perform in the construction sector too. MSMEs in construction sector do play a significant role in the economic development through construction activities in various infrastructure projects across the Nation. Yet, there are certain challenges for MSMEs engaged in the construction sector with regard to sustaining business process though the GST regime

The main challenges continue to be project delay, cost overrun, time over run and non-availability of labour with required skills set and at the right time. The literacy levels and awareness about the GST is related largely through inter-dependency on qualified accountants such as CMAs or CAs or a practicing Company Secretaries. MSMEs in the construction sector are crucial for to various infrastructure growth perspectives for sustainable economic prosperity of the Nation. This study attempts to explore the inter linkages between economic growth, infrastructure, construction, MSMEs development, GST, business competitiveness and the workforce.

INFRASTRUCTURE

INVESTMENT TRENDS IN INDIAN INFRASTRUCTURE SECTOR / INDIAN INFRASTRUCTURE INVESTMENT - SECTOR WISE



Source: Report of the Task Force - Department of Economic Affairs, Ministry of Finance, GoI, Systematix Research

Infrastructure helps in creating better living patterns and high productivity towards economic prosperity of the country. Roads, airports, ports, Railways, Mass Rapid Transport System such as Metro, High Speed Rail, Bullet trains, light rail transit system etc. form part of infrastructure. Construction is a service involving predominantly civil, mechanical, electrical works in the areas of buildings, factories, water effluent treatment plants, road Construction,

For every infrastructure development, there would be a construction activity. Unlike manufacturing, the GST in construction activity is a bit complex especially from the perspective of works contract and composite works involving supplies and specific construction services. Every construction activity demands GST competitiveness but the MSMEs need to be strengthened with respect to legitimate tax planning and compliance levels.

MSMEs and Construction Sector

The MSMEs sector as a whole and the construction sector contribute around 8 per cent each to the GDP. Construction industry in India is traditionally considered as an unorganized sector despite huge participation by the MSME segment. Various reforms such as labour reforms ease of doing business and technological advancements help in improving the life patterns of the workforce. In Asia in general and India in particular, the workforce come from different backgrounds. Since agriculture is seasonal avocation, certain quantum of workforce keeps shuttling between construction and agriculture whenever there is no agriculture activity in a particular season or period. Usually, we find varied skill sets in workforce in construction industry such as unskilled, semi-skilled, skilled and highly skilled. Thus, most of the engagements in the construction industry are casual workforce in nature and most general do not seem to be having any particular career approach, leading to alarming attrition levels, causing a huge impact on the entity's resources, cost of projects and productivity.

MSMEs in the construction sector continue to struggle by and large, in retaining workforce by introducing various incentive schemes including free residential accommodation, free electricity, free cooking facilities, free water and subsidised provisions and vegetables. Welfare of the workforce is considered as an important element to curtail workforce attrition.

Legal Perspective

According to Article 246 (1), Union and States are vested with powers to enact laws in respect of goods and services tax imposed by the Union or by State. As per clause (2) of Article 246, the Parliament of India has an exclusive power to enact laws in respect of GST where the supply of goods or of services or both, pertain to inter-State trade.

LITERATURE REVIEW

Upon a detailed study of literature, it has been found that there has been a very minimal focus on MSMEs in construction sector though MSME sector is a critical segment of the game change for economic prosperity. Hence, there is a need for this study on relationship MSME's capital in construction sector.

Occasional paper No 153 of the Export Import Bank of India 2012 sets out the category of MSMEs that depend upon capital investment on plant and machinery, number of workers employed, and volume of production or turnover of business.

A study of MSMEs by the Centre for Civil Society (www.ccs.in) concludes that the major obstacle is finance which is an impediment for growth of micro, small and medium enterprises. Ideas of new ventures and starting business do emerge from lower and middle class people but usually they confront with lack of proper means of capital.

Sohrab Donyavi (2019) dealt with the challenges for micro, small and medium sized construction enterprises operating in the international construction markets[School of Architecture, Computing and Engineering (ACE)-University of East London- London, E162RD] MSMEs fall short of organisational structures to attain a competitiveness in the effective management of key supply chain. MSMEs are averse to technological risks in solving organisational and managerial issues. MSMEs tend towards short-term tactics rather than long term strategic perspectives. Materials management becomes an important aspect for business competitiveness.

Pachouri, A., and S. Sharma (2016) have discussed the barriers to innovation in Indian small and medium-sized enterprises. According to ADBI Working Paper 588.[Tokyo: ADB]India is a developing nation with several challenges and adverse situations. Most of the MSMEs confront with various barriers such as workforce shortage, funding, Government policy and lack of internal cohesiveness amongst various stakeholders concerned. The functioning of the Government, Labs of CSIR and various firms are not in alignment with the MSMEs functioning.

United Nations Department of Economic Affairs made a report (2020) on MSMEs and their potential contribution in attaining 17 Sustainable Development Goals such as poverty alleviation, food security, healthy lives, inclusive education, women empowerment, gender equality, water management, energy affordability, productivity, climate change, global partnerships and to build a resilient infrastructure, sustainable industrialization and innovation.

Dr. Arti Singh (2021) dealt with the contribution of MSMEs to employment generation through various sectors and found that MSMEs are impetus to advancement. MSMEs that participate in exchange exercises rule the business.

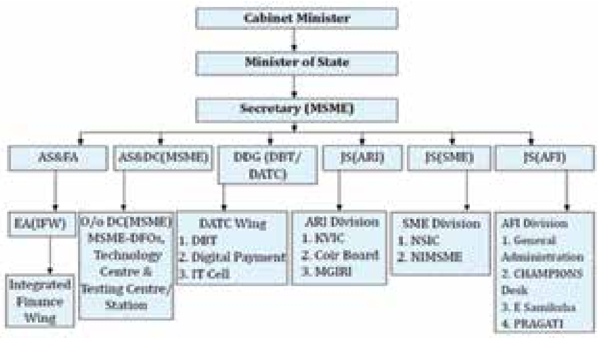
KPMG CII Action Agenda for growth, the new wave Indian MSME (2015) says that with an anticipated USD 5 trillion economy by the year 2025, the GDP is expected to be 8.5 per cent. MSMEs shall be potential growth engines. MSMEs need right support and an enabling innovation framework. MSMEs have high potentials to double the current MSMEs workforce of 106 million across manufacturing, agricultural, and service sectors. Many of the MSMEs are un-organized and informal to the extent of 94 per cent and are unregistered. The enabling opportunity framework shall *inter alia*, includes funding, incentives for performance, regulatory, infrastructure and Skill India.

Chundu, M., Chigombe,P., & Mucheri, T. (2022). [Extent of Social Media Marketing Use by MSMEs in the Construction Industry in Harare.] American Journal of Industrial and Business Management found that social media impacts the growth of MSMEs in the construction sector. They recommended training staff on social medial marketing skills through technology infrastructure, digital use in measuring contribution of social media marketing for business growth.

Governance of MSMEs

The main aspects involve employment generation, new initiatives, information technology initiatives, skill development and training, organizational performance and accessibility to credit.

MSME Ministry's Organization Structure:



The office of DC (MSME) plays an important role in rendering services such as policy formulation, MSME schemes, techno-economic infrastructure support, training and skill building, cluster development, inter-ministerial liaison with NITI Aayog, Governments and ministries, exports, access to credit, and trade competitiveness. (Source MSME Annual Report 2022-23)

GST – MSMEs: Competitiveness and Sustainability

The goods and services tax (GST) is a dependent variable and is posterior to business incidence. Thus the foremost aspect is business sustenance: efforts in converting inputs-processes-output deliverables with good quality and cost competitiveness. GST helps in "reform, perform and transform" concept in business process. The Cost and Management Accountants in India can play an impacting role in developing MSMEs much beyond mere GST tax planning and compliances and thus contribute immensely for long term business sustenance of MSMEs.

Purposeful and deliberate targeted spending in infrastructure sector helps construction activities in creating jobs quickly. Suitable performance based incentives for MSMEs and revival in Real Estate sector would enhance employment generation within a very short span of time. A few quick wins in MSMEs sector would go to align with economic competitiveness and strengthen workforce relationship in terms of higher productivity.

The Economic Survey 2022-23 indicated that the MSME sector recovered well from the COVID-19 pandemic and it is interesting to note that the GST paid by the MSMEs sector in FY22 has exceeded the pre-covid level in FY20.

In FY20, the GST paid by MSMEs dropped from Rs.5 lakh crore to Rs.4.70 lakh crore in FY21. But a resounding comeback was witnessed as the GST paid by MSMEs touched a whopping Rs.5.50 lakh crore in FY22.

GST Returns: The far reaching digitization has been witnessed in GST domain. Digitization of GST returns has enabled ease of the lending process. Digitization made it a reality in terms of accurate and real-time data such as business turnover, track record of purchases, quantum and timing of tax payments, governance and integrated compliance by MSMEs.

GST introduced in 2017 brought in 70 per cent of various business enterprises into the formal economy which enabled bankers to conduct a due diligence about creditworthiness of MSMEs accurately. Another significant development is the GST Network (GSTN) supported by the Reserve Bank of India (RBI) as the latest financial information provider (FIP) under the Account Aggregator (AA) framework which shall provide authentic status of the borrower in matters connected with credit decision process. The most critical aspect in MSMEs value chain is availability of finance.

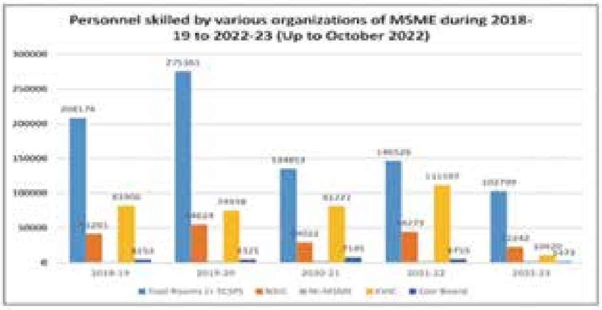
There are 1.32 crore registrations on the MSMEs Portal of Government of India viz. Udyam, as on 7th January 2022. Out of 1.32 crore registrations, 1.27 crore are micro enterprises. A total of 9.6 crore persons are employed out of which, 2.30 crore are women (Economic Survey). The aggressive turning point is the implementation of GST based lending which would be a further harbinger of disruption in MSMEs Sector.

Liberalised GST key points

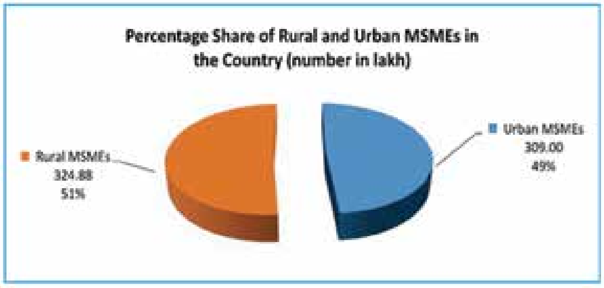
- Exemption threshold of Rs.20 lakh increased to Rs.40 lakh for goods.
- Threshold limit for composite scheme increased to Rs.1.50 crore a year for Goods and Rs.50 lakh for services.
- Composite dealers permitted to render supply services.

[Source MSME Annual Report 2022-23]

Skills Development



Percentage share of rural and urban MSMEs in the country



Percentage Distribution of Enterprises in rural and urban areas.((Male/ Female ownership) category wise)

Sector	Male	Female	All
Rural	77.76	22.24	100
Urban	81.58	18.42	100
All	79.63	20.37	100

Percentage distribution of enterprises owned by Male/ Female entrepreneurs wise

Category	Male	Female	All
Micro	79.56	20.44	100
Small	94.74	5.26	100
Medium	97.33	2.67	100
All	79.63	20.37	100

Distribution of employment in the MSME sector category wise

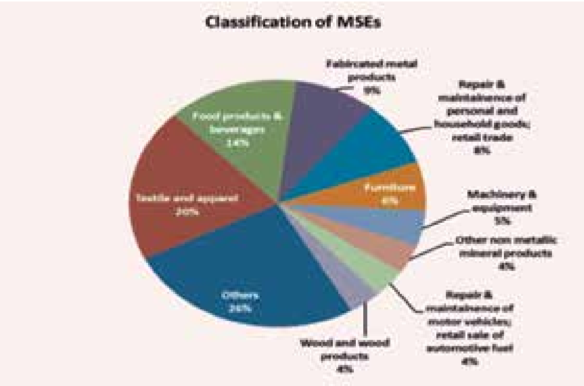
*Non-captive electricity generation and transmission

Distribution of workers by gender in rural & urban areas

(Numbers in lakh)

Sector	Female	Male	Total	Share (%)
Rural	137.50	360.15	497.78	45
Urban	127.42	484.54	612.10	55
Total	264.92	844.68	1109.89	100
Share (%)	24	76	100	

Classification of MSMEs



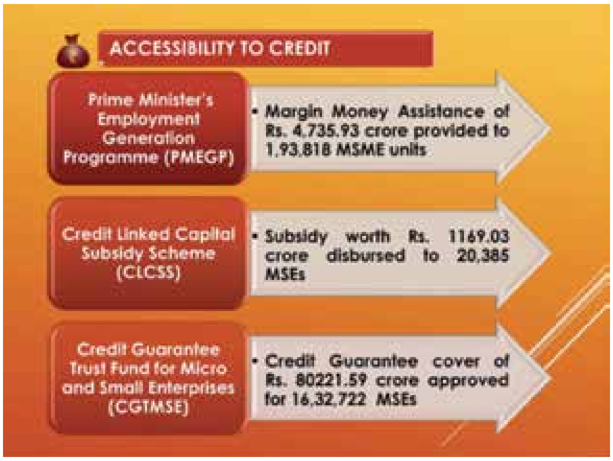
Source: Annual Report 2011-12, Ministry of MSME, Government of India.

MSMEs Challenges

- MSMEs confront with various financial and compliance issues. Availing input tax credit (ITC) is a challenge wherein the GST law permits credit where supplier furnished GST return, paid taxes and adhered to other compliances
- Sharvari Kharat et al (2022) [Financial Performance Analysis of MSME Sector (EPRA International Journal of Economics, Business and Management Studies)]highlighted high credit costs, lack of credit availability, competitive raw materials prices, collaterals, storage, lack of access to global markets, electricity, water and roads etc. infrastructure facilities, technological issues, and most importantly, non-availability of skilled labour for manufacturing, marketing and services etc. and multiple labour rules and tough compliance processes.
- MSMEs are predominantly micro enterprises. Scaling them up is a challenge and hinders employment generation and organizational growth.
- National Policy for Micro, Small and Medium Enterprises (MSME) in India (IIPA, New Delhi) dealt with the barriers being faced by MSMEs like lack of convergence and synergy among numerous stakeholders adversely impacting MSME productivity; non-availability of regular supply of electricity, skilled labour and housing for workers etc.; access to soft loans, risk mitigation funds, dispute resolution, skilling the workforce, lack of MSME code to provide standard operating procedures (SOPs) etc.
- Often, employers in construction sector confront with certain challenges such as delay in land acquisition, Regulatory compliance issues, Poor financial health of unorganized associates viz, subcontractors, poor contracting practices, poor structuring of contracts, right of the way.
- Workforce often confront with delays in timely payment of wages, unequal remuneration, statutory benefits, job satisfaction, continued hand-to-mouth situation for decades and economic wellbeing of workforce families. One thing is very clear that prosperity of workforce paves the way for the prosperity of the Nation at large in the long term perspective.

Way Forward

- **MSME Schemes:** The Ministry of MSME initiated various schemes such as Infrastructure Development, Marketing Assistance, Facilitating Credit and Financial assistance, Technological and Quality upgradation, Skill Development Training etc.,
- Facilitating MSMEs Bond Market Instruments. Low interest cost. Availability of finance.
- Reforms in labour regulations providing growth oriented framework for MSMEs vis-à-vis protection of workmen rights.
- Hassle free regulatory environment in ease of doing business, reporting and compliance thereof.
- Tremendous improvement achieved in facilitating credit finance (Indian MSMEs Marching Ahead, Ministry of MSME 2019)



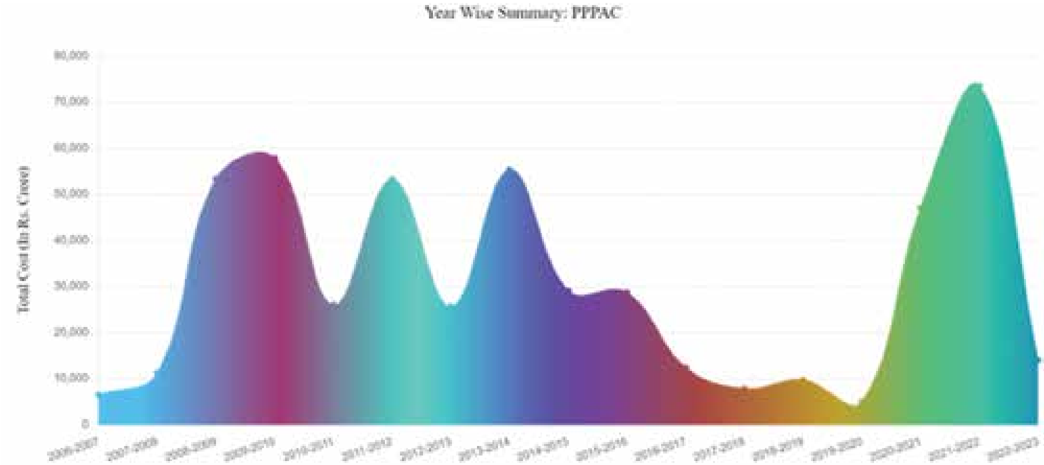
Key Success Factors (KSFs)

Labour resource is a key success factor for MSMEs in construction sector. Suitable Policy framework from Government of India, prioritisation of infrastructure spending and building sustainable public private partnership (PPP) for long term business sustenance would enable quick wins.

The other key success factors include knowledge management, skill development, and regulatory framework for MSMEs, finance access, inter-Governmental roles, technology, standard operating codes, alternate dispute resolution mechanism, and ease of doing business.

Aggressiveness in MSMEs for PPP business opportunities

The private public partnership opens the door of private business to the MSMEs for participation in the development, financing, planning, execution, and maintenance of public projects and programmes. As per www.pppinindia.gov.in, the PPP momentum went up again in 2022-23to a record high as depicted in the following graph:



Source: https://www.pppinindia.gov.in/pppac_projects_summary

Roads and Railways become the key infrastructure sectors to focus as they are enablers for sustainable development of all ancillary sectors.

RECOMMENDATIONS

MSMEs and construction sector make a substantial contribution to the economic expansion and creation of structures that enhance productivity and quality of life. With its considerably larger human, technological and material resource base, India would undoubtedly make a mark at the global level with the efforts and dedication of all those involved in the MSME sector, including policymakers, government entrepreneurs, construction managers, and researchers. However, in India, construction has traditionally been a labour-intensive industry, but on the global market, it has evolved into a high-tech, automated, and sophisticated sector. A fundamental shift in mind set and attitudes in MSMEs and construction players is necessary at all relevant levels for India to compete in the global market.

CMAs possess a huge potential of untapped productive resource in ensuring better labour-management relationship aspects to achieve sustainability in workforce enrichment for business sustenance in MSMEs.

A few quick wins such as proper drinking water, accommodation, wash rooms, first aid, medical centre and canteen etc., will help to sustain the interests of the workforce to continue to be in the construction industry and in MSMEs. Of course, there is a limitation in mechanized process and there is a big responsibility to engage workforce effectively for sustained economic growth, higher productivity and optimization of cost and time for sustaining economic competitiveness for MSMEs, to supplement with GST enablers.

GST helps in "reform, perform and transform" concept in business process

Machines, materials, money are one set of resources which need to be managed with finance but workforce is an emotional based resource that should be kept uppermost for the sustainability of MSMEs through continuous focus in construction activities for faster infrastructure development. Productivity enhances revenues, thereby yielding more revenue by way of GST to the Government. Hence there is need to focus on the big picture to supplement GST competitiveness for long-term business continuity and strengthening the integrated relationship capital amongst various stakeholders for MSMEs long term economic prosperity. MA

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EXPLORING THE WORLD OF INPUT TAX CREDIT (ITC)

Abstract

The Introduction of GST simplified our indirect taxes Structure by subsuming multiple taxes and eliminating the cascading effect of taxes and incorporating the concept of Input Tax Credit (ITC). However, the implementation of "ITC" has led to several challenges for the Government, especially in terms of frauds and misuse. To tackle such issues and safeguard the Government's revenue, various measures are being taken to curb such illicit practices, thereby creating a healthy environment for taxpayers.

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INTRODUCTION

When it comes to indirect taxes, GST immediately springs to mind. The origin of GST in our country can be traced to the historic budget speech of 28th February 2006, wherein the Finance Minister P. Chidambaram set April 1st 2010 as the target date for the implementation of the GST on all India basis. Later in 2014, India's new Finance Minister Arun Jaitley, presented the Constitution (122nd Amendment) Bill, 2014 in the Parliament on 19 December 2014 which received the Assent of the President of India on 8th September 2016 and became Constitution (101st Amendment) Act 2016, which paved the way for introduction of GST in India and eventually the Government rolled out GST w.e.f 1st July 2017.

The primary Objective behind the introduction of GST was to simplify the taxation system for ease of doing business and to eliminate/mitigate the cascading effect of taxes. GST largely achieved its objective by subsuming most of the indirect taxes and to address the issue of cascading effect, the concept of input tax credit (ITC) was introduced.

INPUT TAX CREDIT BACKBONE OF GST

The term input tax credit (ITC) is formed by emphasizing on its key components, namely "input" and "tax credit". Inputs refer to the materials, capital goods or services that are purchased in order to facilitate output.Tax credit, on the other hand mean using the tax paid on inputs, to reduce its output tax.

In other words, the concept of ITC allows businesses to claim credit for the taxes paid on their inputs, enabling them to offset or deduct that amount from the tax payable on their final output. This mechanism prevents the occurrence of double taxation (Cascading effect) and promotes a fair and efficient taxation system

How ITC under GST avoids the Cascading effect?

First we consider the pre-GST situation. For instance, considering 18 per cent tax rate, the amount paid by the businessman on its inputs is Rs 100(82 cost + 18 tax) and his value addition is Rs 50. Totally this will come to Rs 150. In the absence of proper input tax credit, the businessman will charge 18 per cent of Rs 150 to its end customers. Hence, the price will be Rs 150 plus Rs 27 = Rs177.

Now under GST era with input tax credit available, the businessman would charge 18 per cent tax on the value after subtracting the input tax credit. In this case, the input tax credit would be Rs 18, resulting in a taxable value of Rs 132 (Rs 150 - Rs 18). The tax amount at 18 per cent would be Rs 23.76 (18% of Rs 132). Thus, the final price charged to the end customers would be Rs 132 + Rs 23.76 = Rs 155.56 which is lower than pre-GST era.

Thus, it is the input tax credit that makes GST efficient by eliminating cascading effects\thereby reducing the cost of production, ultimately boosting the country's GDP.

Accordingly, "input tax credit") helps in reducing the tax burden on genuine taxpayers and should be considered as a positive and successful initiative by the Government. However, it is sad to see that some individuals or businesses are misusing the concept of ITC in order to reduce their tax liability. This would eventually result in lower revenue yields to the Government, thereby adversely impacting the country's growth.

NAVIGATING THE SHADOWS OF ITC FRAUDS.

Day by day, there is a reported increase in fraudulent cases related to input tax credit (ITC). Fraudsters exploit the benefits of ITC by obtaining fake invoices, thereby reducing their tax liabilities.

A GST official has stated that "A fake tax invoice is like a fake note which is a danger to the society". By utilizing these fake tax invoices, individuals can easily evade their genuine tax liability. The impact of ITC fraud is significant, resulting in not only revenue losses for the government but also creating an unfair advantage for fraudulent businesses over compliant ones. Legitimate businesses may find it challenging to compete with those fraudulently claiming ITC to minimize their tax liabilities, leading to market distortions and a loss of trust in the tax system.

There are various methods through which ITC fraud can occur. One of the favorites of these fraudsters is fake invoices and bogus companies.

Fake Invoices

The most commonly used method by these fraudsters to evade taxis by selling goods to customers without providing bill. Now these fraudsters falsely show that the products that were sold are still in the stock and now they can easily generate a tax invoice of the same value and provide it to anyone, allowing that person to avail ITC benefits.

Circular Trading

Circular trading means series of repeated transactions made among known entities, where goods are repeatedly purchased and sold among themselves. Each entity claims input tax credit based on these transactions thereby reducing tax obligations.

Bogus Companies

These fraudsters create shell (dummy) companies solely for the purpose of generation of fake invoices. These companies do not have any physical existence; they only appear in documents. These fake invoices help them to claim sufficient ITC for their tax obligations.

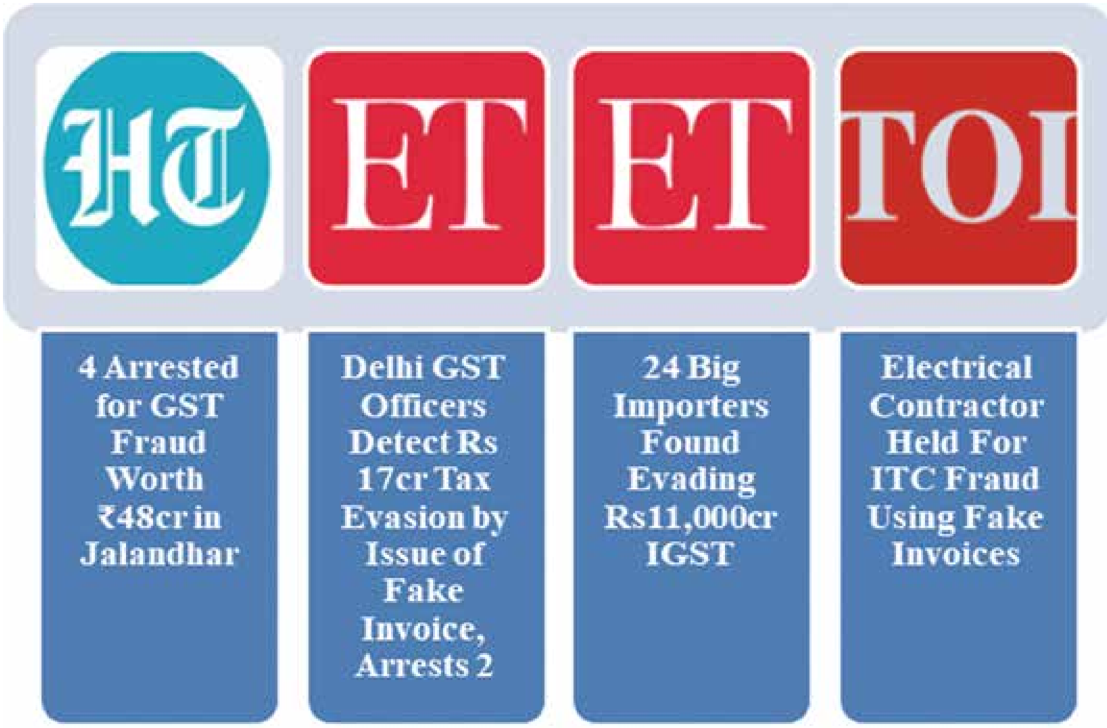
Overvalued Taxable Amount

Another commonly used method by these fraudsters is by showing higher (inflated) value than actual value of taxable supplies on invoices. Also, they could deliberately charge higher rates of GST to claim excess ITC. This would lead to an increased claim of input tax credit.

Tax evasion and fraud significantly impact Government revenue which eventually impacts the economic growth of the country. Furthermore, such bad practices impose a burden on the honest taxpayers, as the Government may respond by increasing tax rates and compliance measures. This, in turn, can lead to rising costs for small businesses, which could lead to loss of trust in the system among law-abiding taxpayers.

CASES OF RECENT FRAUDS IN NEWS

TRACKING THE ITC FRAUD MAZE IN NEWS



Four Arrested for GST Fraud Worth ₹48cr In Jalandhar

-[30$^{\text{TH}}$ January 2023].

By creating bogus ITCs, these persons were passing on the same bogus ITC to other than end taxpayers, who adjusted their tax payment liabilities with this bogus ITC rather than paying the same on their own. The suspects were allegedly running fake firms related to iron scrap, and had obtained GST registrations only to claim input tax credit fraudulently by issuing only invoices without the supply of actual goods[Source: Hindustan Times]

Delhi GST Officers detect Rs.17 crore tax evasion by issue of fake invoice, Arrests 2.[18$^{\text{th}}$March 2023]

Central Goods and Service Tax (CGST) Delhi South Commissionerate conducted inspection at the registered premises of three bogus firms/companies and found them engaged in fake invoicing and circular trading, according to a statement.

"Preliminary enquiry conducted so far into the transactions of these firms has revealed tax evasion of Rs 17 crore approx. The proprietor/director in his confessional statement has admitted his role in passing and availing fraudulent ITC without any underlying supply of goods," an official statement said. [Source: Economic Times] [b]

24 Big **importers found evading** Rs.11,000 crore IGST[12$^{\text{th}}$May 2023]

The Indian Directorate General of GST Intelligence (DGGI) and Directorate of Revenue Intelligence (DRI) discovered alleged integrated GST evasion of ₹11,000 crore ($1.5 billion) by 24 large importers. The ax fraud has been discovered based on data produced by the Advanced Analytics in Indirect Taxation.[Source: Economic Times][c]

Electrical Contractor Held For ITC Fraud Using Fake Invoices. [5$^{\text{th}}$February 2023].

A 50-year-old electrical contractor has been. arrested for alleged involvement in a input tax credit fraud through the use of fake invoices of Rs 87.08 crore, He availed ITC of Rs 15.67 crore using fake invoices from non-genuine taxpayers without movement of goods & service.[Source:Times Of India][d]

STRATEGIES 2023

Initiatives Detecting and Preventing ITC Fraud by Government

Special all India drive to check fake GST Registrations

The Taxation Department has announced a Special All India Drive, a 2-month operation to combat fake and bogus GST registrations, which would run from May 16 through July 15, 2023.Based on detailed data analytics, Human

To tackle ITC frauds, the GST Department will soon have access to banking transactions

intelligence, risk parameters, and data from intelligence agencies, GSTN will identify such fraudulent GSTINs. This data will be shared with respective officers' jurisdiction wise for further action.

If the Department finds fake registrations are made to claim ITC by any of the ways described above, then the Department has the right to take strict action as under against such entities:

- The tax officer may immediately suspend and cancels the GST registration of the said taxpayer in accordance with the provisions of section 29 of CGST Act, read with the rules thereof.
- The Department will initiate the process for demand and recovery of the input tax credit wrongly availed by such recipient on the basis of invoice issued by the said non-existing supplier.

CBIC rolls out automated returns scrutiny module for GST returns

The Central Board of Indirect Taxes and Customs (CBIC) have introduced an automated returns scrutiny module for GST returns, with the help of artificial intelligence (AI). With the implementation of AI technology, it can automatically scrutinize GST returns, identify any discrepancies which could possibly result in tax evasion and it will be automatically communicated to the taxpayer through ASMT-10. This would result in lower manual intervention thereby ensuring a more accurate review of returns. This AI module would also save time as compared to traditional method. The integration of AI in the GST system will simplify tax compliance and will enhance the efficiency and effectiveness of the GST system in India.

GST Department set to get access to banking transactions

To tackle ITC frauds, the GST Department will soon have access to banking transactions. This step is taken with an intention to help GST officers to find discrepancies between reported GST transactions and actual financial transactions.

The Department can take necessary steps to stop tax evasion by identifying situations where invoices exist but no corresponding financial banking transactions are discovered or where transactions are present in banks but not reported in the GST system.

By doing so, the taxation department can take strict actions against those who are part of such fraudulent practices. The implementation of this measure will help in reducing tax evasion.

CONCLUSION

Implementation of GST was a great success. However, it is discouraging to see that some businesses are misusing the GST laws particularly ITC in an attempt to reduce their tax liability. Recognizing the seriousness of tax evasion, the Government has also taken necessary action as discussed herein above to reduce such practices.

As the world moves towards a new era of artificial intelligence the Government should also be upgrading themselves with latest technologies including artificial intelligence to stay ahead of these evolving fraudulent practices.

These efforts by the Government would, not only help in protecting Government revenue but also increase the confidence on the taxation system by the tax evaders. MA

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AREAS OF LITIGATION UNDER GST & RELATED PROVISIONS

Abstract

It is often said that when arbitration doesn't work, it invites for litigation. Litigation under any law has become common nowadays as each party involved seeks justice for itself. GST is in place for about 5 years now and has been a significant and most litigated area. High Courts and the Supreme Court have been approached very often and several landmark rulings have been rendered over the years making the subject even more analytical and complicated .

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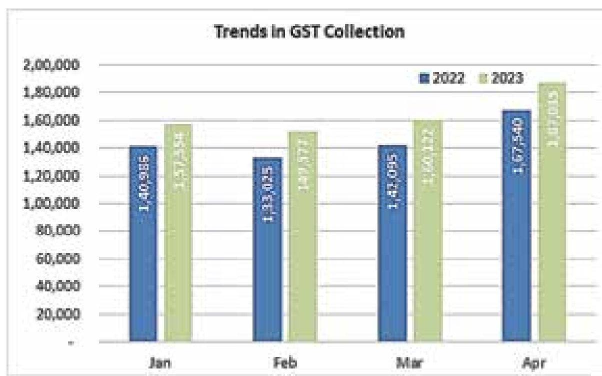
LITIGATION UNDER GST

As we all know, goods and service Tax (GST) is a one nation one tax. The main purpose of introducing GST is not replace the various prevailing complex indirect taxes with a single comprehensive legislation and to remove the cascading effect and also to bring about uniformity in the tax structure, reducing double taxation effect, effective utilization of tax credit, seamless flow of tax credit in the supply chain and reducing the burden of tax on the end customer.

After the introduction of GST in the year 2017, the Government had taken various measures t to improve the overall GST regime, bringing in more and more transparency. By this a host of growing businesses have been brought under a formal economy and made tax compliant. Along with the digitalization of processes, payments and electronic mode of maintaining the records, the scope of errors and frauds have been significantly reduced and all the loopholes are addressed with the measures taken by the Government from time to time.

The following graph shows the overall increasing trend in the GST revenue collected by India, which shows the scope of businesses brought under GST preview and the improvisation of the overall taxation system to reduce anomalies thereby. The records show an increase in the GST revenue collected from each State in India despite the fact that the Government provides various sector specific exemptions for healthcare, education, food sector etc. to ensure affordability and accessibility.



Source: pib.gov.in

PRACTICAL ISSUES PREVAILING UNDER GST:

With any new system in place, there comes a settling period and issues arising until such time they are practically accepted and put to use. GST is no exception to this.. From the time when GST was introduced there have been several issues with the acceptance of the new regime by the States and there have been numerous issues faced by the users filing the return, claiming the credit, transitioning from the old tax to the new tax regime, technical glitches in the systems etc.

Let us see some of the overwhelming issues prevailing at present under the GST.

1. E-invoicing under GST

The CBIC notified recently the 6th phase of e-invoicing under GST. From 1st Aug 2023 onwards, the taxpayers with turnover of Rs. 5crores and above in any financial year from 2017-18 shall issue e-invoices.

Bringing the businesses under the scope of e-invoicing benefits the Government to lessen the scope of manipulation of the invoices generated before the transaction is executed and also the tax authorities will have access to the transactions in real-time since such e-invoices are generated from the GST portal directly, reducing the chances of generation of fake invoices and thus matching and claiming of Input tax credit also becomes very easy.

Practical issues under E-invoicing

An e-invoice can be wholly cancelled but not partially. Any cancellation is to be reported to the IRN within 24hrsand cant be done beyond 24hrson the Invoice Registration Portal (IRP) but have to be done on the GST portal before the returns are filed. Bulk upload of invoices is currently not possible under IRP and the company's ERP has to facilitate for the individual upload of invoices.

2. Migration from old tax regime to GST regime

Form Tran-1 to be filed for claiming any ITC from old tax regime to GST regime, provided the returns under the old tax regime for the last 6 months (Jan 2017 to June 2017) were filed properly. The Supreme Court extended the filing window to be opened for such claims once again during October to November 2022,and also allowed onetime rectification to previously filed Tran 1 forms.

Practical issues under migration and Transition:

Government has been considerate enough for the tax payers to claim any unused ITC, but there are still practical issues prevailing in reporting and claiming of the ITC. Claiming any ITC on the capital goods were allowed to be claimed only to the extent of 50 per cent in the pre GST regime, and now the ITC on capital goods can be claimed 100 per cent . But issues exist when it comes to reporting of the claimed ITC on such goods under Table 6 particularly when the tax payer claims the second half of the ITC.

Also in many cases the transition and availing of credit is allowed only in case of supporting documents such as invoices, duty paid challans and the accountability of such documents in the books by the tax payer. The Tran. forms have to be carefully filed for claiming the credits and also the reporting should be appropriate under GST so that there is no further error or confusion for the tax payer resulting in any double availment, rectification, and further confusion.

3. Practical issues in GSTR filing

Many tax payers face issues in filing returns under GST due to technical glitches in the system as well as the evolving changes in the GST return filing page when it comes to disclosing the details of the invoice and credits.

Often there is lack of awareness as to where/which Table to report what information under the GSTRs. Many tax payers wait till the last day of the filing window and sometimes due to the huge rush the return filing window is slow or does not allow the filing. Generation of OTP also has some issues when the returns are filed at the last minute.

Availing of credit gets delayed when the purchase invoices are filed at the last minute, thus the auto population of details in the GSTR 2B is delayed by a month when it comes to the adjustment of credit. To claim the credit, the conditions are that the recipient should be in possession of the invoice or the debit note issued by the supplier, he should have received the goods or services, he should have filed the returns, and the supplier should have paid for the taxes. However, the Supreme Court of India in the case of Bharti Airtel Ltd, clarified that the availing of ITC should be on self-assessment basis.

4. Reconciliation issues

The balances of the cash and credit available to the taxes paid can be one way to detect any error, missed out ITCs or any other discrepancy .

Inadvertent errors at the time of filing of returns may be a problem at the time of reconciliation of taxes and credits claimed. Some of the errors include, short or excess payment of taxes, duplicate credits, wrong taxes paid – IGST instead of CGST/SGST and *vice versa*, expenses on which RCM to be paid, incorrect concepts applied like composite, non-composite and mixed supply etc.

All these aspects can be rectified using the reconciliation exercise and any excess payment of tax can be adjusted towards the subsequent period tax liability and any short payment of tax could be made good along with interest.

Another area where a reconciliation issue would crop up is exports. Export sales shown under 'zero rated' supplies should match the amount declared under Table 6A of GSTR-1; however it should not exceed the supplies shown in GSTR-3B. Hence reconciliation of Table 6A of GSTR-1 and GSTR-3B is necessary.

For all the exports, documents like shipping bill, export general manifest, export invoices, bank statements etc. have to be maintained so thatthe transactions are reconciled appropriately and there are no inadvertent errors or mismatches at the annual reconciliation process.

LITIGATION MATTERS UNDER GST

Starting from a simple filing of GST return things may get evolved and require a litigation process in the future. The overall litigation process and the conduction of audits are governed by the GST Act and the rules made thereunder. An assessee who doed not agree with the outcome may file for an appeal.

Types of pre-litigation and litigation notices issued by the GST department are as under:

1. Section 61 – Scrutiny of GST returns

Verification of returns is done by a proper officer to ensure correctness of the returns and report any discrepancies seeking an explanation. If the explanation is found acceptable, no further action is required. If no satisfactory explanation is sought within 30days of notice, the officer may initiate appropriate action as describedunder the following sections .

2. Section 65 – Notices to conduct GST audit by the tax authorities

The audit is conducted by commissioner or such appropriate person appointed by him for the purpose of performing audit by giving 15days notice ahead of such audit. He may take 3 months' time to complete such audit and may extend such period to 6 months when so required..

3. Section 66 – Special audit required to be conducted by a CA or CMA appointed by tax authority

At any stage of the audit under section 65 by the Commissioner or the person appointed by him is not satisfied with the taxes paid or is of the opinion that the credits claimed are beyond the limits, he may direct the registered person to get the records audited by a Chartered Accountant or Cost Accountant nominated by the commissioner himself. The records are to be audited and certified within a period of 90days and an additional period 90days may be provided if the findings and observations require more duration upon the approval of the Commissioner.

4. Section 67 – Inspection, Search and Seizure

If the proper officer or the Joint Commissioner has reasons to believe that the registered person has evaded the payment of taxes or claimed any excess credit or has indulged in an act of contravening the provisions of the act, such officer if he has the reason to believe so under section 26 of the IPC, may initiate a search of records and such transactions as per section 67 of the Act and as per rule 137 of the CGST/SGST Rules. In such case he should issue Form GST INS-01 authorizing such officer and any of his subordinates to carry out the search, inspection and seizure of the goods, documents and any other evidences available for confiscation as necessary.

5. Section 70 – Summons

If the proper officer feels that there is a requirement for the registered person to appear before him to seek proper explanation or to seek further evidence he may send a summon inviting the person to appear. It is as good as judicial notice served on a person. The officer should not be below the rank of Assistant Commissioner and there must be a written record as to why the summon is being issued.

6. Section 73 – Show cause notice for demands under normal period

This section throws light on determination of tax not paid or short paid or any erroneous refund, ITC wrongly availed for a reason other than willful misstatement of facts. If upon issuing a notice of scrutiny the registered person makes the payment of tax with interest within 30days from the date of notice through GST DRC-03 the proper officer shall issue an order through GST DRC-05 concluding the proceedings and no penalty shall be leviable..

7. Section 74 – Show cause notice for demands under extended period

Rather than section 73, this (section 74) includes the determination of tax not paid or short paid or any erroneous refund, ITC wrongly availed for a reason with willful misstatement of facts. Since there is a willful misstatement of facts, the scrutiny by the officer may continue and it is to be noted that the proceedings or prosecution under section 132 of the CGST Act may continue under sectopn 74.

8. Section 76 – Notice for demand for tax collected but not deposited

Where any person has collected GST on the supplies made by him from his customers, but had not remitted the tax to the Government, then he is supposed to receive a notice from proper officer for non-remittance of the same. The proper officeer may direct the person to pay the tax along with the portion of interest for the non-payment of tax period, and the order may be issued by the proper officer within one year from the date of issuing such notice.

Other notices include e-way bill notices, investigation notices, credit related notices and notices to remit any further outstanding taxes etc.

CONCLUSION

From the time the concept of GST was introduced, the Government had made various changes for the betterment of the tax regime and for the hassle-free payment of the taxes. Various loopholes have been circumvented and addressed so far by introducing new and better controls in place. Any offence or misstatement under GST is viewed seriously inviting audits and scrutiny. An individual receiving any notice from the Government should act diligently by responding on-time for the queries raised, as unanswered or no response may invite serious trouble like cancellation of GST registration, penalties, rejection of refunds, rejection of new registrations, huge interests, recovery directly from the bank and seizure of assets etc. MA

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UNIQUE FEATURES OF GST THE GAME CHANGER OF THE INDIAN INDIRECT TAXES

Abstract

The Goods and Services Tax (GST) in India was introduced with the slogan "One Nation - One Tax" based on the destination to overcome the inadequacies of the traditional taxing system by maintaining uniform tax rates all over the country. Small and medium enterprises (SME) faced lots of problems for adapting procedures of registrations, filing monthly returns and commencing tax audit for every financial year. That was solved by the introduction of the threshold limit of 40 lacs for manufacturers and 20 lacs for service providers depending upon the State in which they operate. Revenue neutral rates (RNR) fixed the tax structure by exempting essential commodities that were represented from the poor man's basket like cereals, fruits, milk, vegetables, etc and levied higher tax rates on luxurious products. It reduced the cascading effect of tax by abolishing many of cesses and surcharges that were subsumed in the GST. A systematic mechanism for claiming input tax credit (ITC) has been introduced for tax on purchases through the electronic ledger and a special provision called the reverse charge mechanism (RCM) has also been introduced to claim tax from the unregistered dealers. Even though GST had such meaningful applications, the State Governments and the Governments of the Union Territories have been opposing it for the reason that their share of collected tax will be reimbursed by the Central Government at a later point of time. This article discusses the mechanism of GST in order to understand the technicalities with rigorous procedures that are complied by adapting various schemes, exemptions, technological aspects etc.

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INTRODUCTION

"Tax is compulsory exaction of money by the public authority for public purpose enforceable by law and not for payment of services rendered"**.** (Supreme Court in *Har Shankerv Deputy Exercise Commissioner*).Indirect taxes levied on supplies of goods and services in India that include GST, customs, CENEVAT, State VAT, exercise duty of State and Central etc are the crucial ones. Goods like petroleum products, alcohol for human consumption, tobacco products etc are not under GST regime but CENVAT (Central VAT), State VAT, exercise duty and compensation cess are levied on them as applicable by law. The total gross collection of GST is ₹ 18.10 lakh for the year ending 31st March 2023 that includes the share of 50 per cent of the States and the Union Territories of India. The State Governments apart from the GST derive income by way of State exercise duty, toll tax, stamp duty etc.

HISTORICAL BACKGROUND OF GST

The indirect tax system in India is basically based on the three lists of the Seventh Schedule of the Constitution of India under the Government of India Act, 1935. The Vijay Kelkar task force appointed by the Central Government to study the problems of the indirect taxes had strongly recommended the introduction of GST in 2004. It was to be introduced in the year 2010 as announced in the Union Budget of 2004. Finally India moved to GST on 1/7/2017. GST became the uniform tax allover India on supplies of goods and services except petroleum products, tobacco products, alcohol for human consumption etc (84 products defined in the Union List-1).

CONSTITUTIONAL REMEDIES

Relevant Articles of the Constitution are extracted for ready reference:

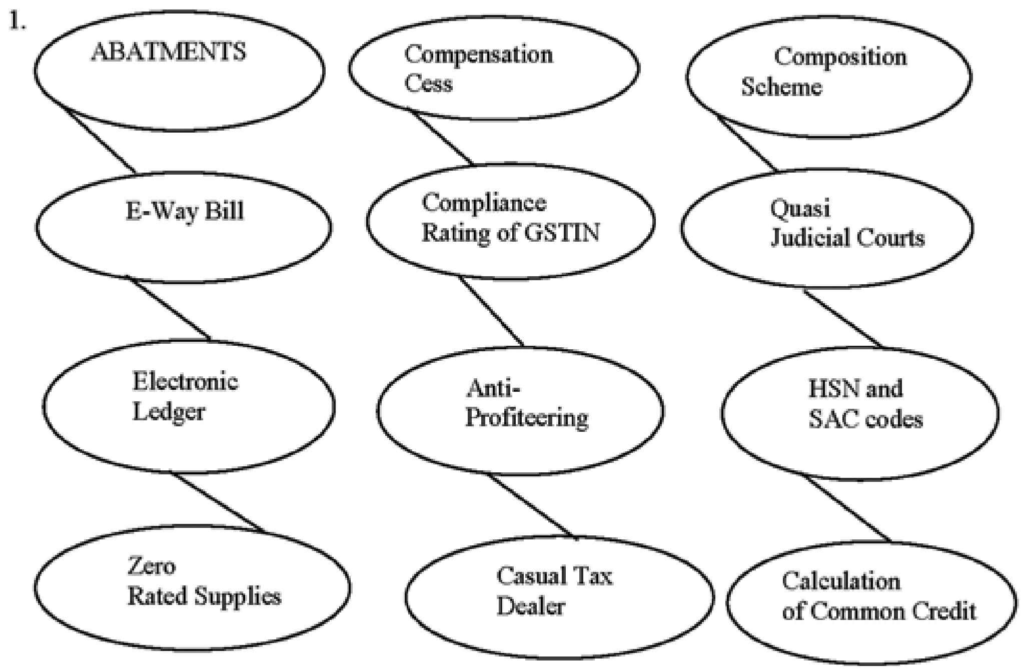
269A. (1) Goods and services tax on supplies in the course of inter-State trade or commerce shall be levied and collected by the Government of India and such tax shall be apportioned between the Union and the States in the manner as may be provided by Parliament by law on the recommendations of the Goods and Services Tax Council.

246A. (1) Not withstanding anything contained in Articles 246 and 254, Parliament, and, subject to clause (2), the Legislature of every State, has power to make laws with respect to goods and services tax imposed by the Union or by such State.

GST COUNCIL

GST Council was formed in September 2016 before the introduction of GST in 2017 as per the provisions made in Article 279A of the Constitution. The Union Finance Minister will be the Chairman, with the Union Revenue Minister and all State Ministers representing the portfolio of Finance or Revenue as members of the GST Council. All decisions passed by the Council require 3/4 majority of the Council members. The weightage of the Central Government will be 1/3 and the State Government 2/3 of the total votes that have been cast for any of the resolutions to be accepted in the Council.

UNIQUE FEATURES OF GST AT A GLANCE



1. Abatement

Any tax exemption/tax rebate provided in the specific interest of public is called abatement. Few examples are provided here under to understand the mechanism.

Particulars	*Explanation*
After 2019 any commercial apartments and non booked apartments are taxable at 12 per cent with ITC. In the total area 1/3 is abated and 2/3 is taxable for affordable houses.	Affordable houses; area of 60sqm in metros/90sq min non metros and market value up to ₹ 45,00,000
For Distribution of free food grains by the Central and the State Government to the BPL card holders. The Public transportation tax is exempt.	Under public distribution system public transportation is free including auto rickshaw, buses but marriage buses attract 5 per cent of GST. (passenger transport)
For residential and lodging purposes ₹ 1000 non taxable (abated), above ₹1000 up to ₹ 7,500 -12 per cent GST and above ₹ 7500 the tax is 18 per cent GST	For accommodation in hotels, guest houses clubs or others for lodging purposes.
If food is supplied for charity purposes then the tax paid on such purchases is abated by refund.	ITC on such purchases is refunded

2. Compensation Cess

GST compensation cess was introduced to compensate the possible loss for manufacturers who produced such products but they have been consumed in different places and GST is a destination based tax. For example tobacco was produced in Karnataka and pan-masala was manufactured and sold in Kashmir. As GST is the destination based tax then the revenue is lost by Karnataka for it has sold the raw material. Hence on products like pan-masala, cigarettes, and aerated waters etc the compensation cess is added as an additional tax. Such collected tax will be reimbursed to the States in order to compensate the loss arising from its revenue in the form of the tax. It was in 2017 as per GST (Compensation to States Act of 2017) that for the next five years this was supposed to be continued up to 2022. Then form July 1, 2022 it has been continued for the next five years up to March 31, 2026.

Examples: 12 per cent on aerated waters, 12 per cent for caffeinated beverages,60 per cent for pan masala etc as updated regularly by GST council.

3. Composition Scheme

If a GST registered entity's turnover was under ₹1,50,00,000/75,00,00 as per the State prescribed limits for the FY 2022-2023 then from the FY 2023-2024 it is eligible for the composition scheme in case of manufacturers and is applicable for services provided the turnover is less than ₹ 50,00,000. Aggregate turnover includes all type of taxable and non taxable supplies which commenced in a financial year.

Features of Composition Scheme

- On the regular tax there will be additional payment of 1 per cent of tax based on the turnover, provided the dealers under composition scheme sell only taxable goods within the State.
- They will not be eligible for ITC as well as RCM.
- They do not supply goods or services in the electronic mode as a commerce operator.
- In case of restaurants they will pay GST at the rate of 5 per cent.

4. E-Waybill

When goods sold were delivered they were supposed to be checked in the check post by the authorities in order to pursue the purchase receipt in detail regarding the type of goods, tax paid, dealer registration , delivery point etc. Now many of the check posts have been abolished due to the introduction of the e-waybill. It is an electronic document (FORM GST-01) generated in the common portal of GST that provides information about the consignment, goods and tax applicable as per HSN Code, point and time of delivery etc. The advantage of e-waybills is that specific time is provided like 100 kms distance should be covered in one day. As transportation is time based the chances of fraud are less.

Features of e-waybill

- It has two components A and B. Component A contains the details of GSTIN of the supplier and recipient, place and time of delivery, value of goods, HSN Code etc.
- Part-B contains the details of the vehicle that is used for transportation.
- E-waybill is not required if the value of the goods transported is less than ₹50,000.
- LPG gas and kerosene sold under public distribution system do not require e-waybill.
- Postal baggage transported by the postal department does not require e-waybill.
- Pearls, precious stones, Jewellery, currency notes etc do not require e-waybill.
- Used personal and household things do not require e-waybill.

5. Compliance Rating of GSTIN

As an appreciation such a rating is provided to dealers who operate with a GSTIN. The compliance rating represents the performance of the entity respective of regular filing of returns, payment of taxes, maintenance of electronic ledger with respect to credit notes and debit notes received and issued in due course of supply. As it is higher the entity will be in a better position and it is just like a CIBIL score providing evidence for the repayment history of the loan availed.

Parameters of Compliance Rating

- Supplies related tax payments and filing of returns on date.
- Matching of inward and outward supplies for specific quarter.
- Reconciliation being transparent and no fraud should be reported in using schemes like composition scheme.

Who can be blacklisted under the Compliance Rating Scheme

- If the return is due for more than four months.
- In case ITC and RCM amounts are misused and not reported for three months.
- In case sales have not been reported accurately for six months.

Benefits of Compliance Rating

- Traders, investors, suppliers etc can study the firm to find if they want to enter into any kind of contract with the firm.
- It indicates good governance and trust of the dealer.
- Good rankings enhance the firm's values concerned to ethics and codes.

6. Quasi Judicial Courts

GST regime has its own tribunals/ courts to solve the disputes arising in the settlement of taxes by registered entities. The Assistant Commissioner of Indirect taxes as the Adjudicating Authority in the first instance would settles such disputes and in case his decision is not satisfactory the aggrieved party may appeal to the higher forums as under:

- Appellate Authority
- Appellate Tribunal
- High Court
- Supreme Court

7. Electronic Ledger

It is like a electronic valet that is credited by the amount of the Input tax receivable and the tax payable can be adjusted for outstanding tax payments when returns are filed. The purpose of introducing electronic ledger in the GST portal was to credit the tax on purchases that was initially paid by the dealer. The ledger furnishes information about tax paid by the registered dealer. The ledger consists of five head namely CGST, SGST, IGST, UGST and Cess. Each head is divided into five sub heads like tax, interest, penalty, fee and others.

8. Anti-profiteering

When taxes are reduced the ultimate customer who purchases such goods or services should avail the benefit as he is the tax payer. If the change in tax rate doesn't change the price then it is called profiteering. Anti-profiteering aims to reduce the price of any goods or services so that the tax payer avails the benefit instead of the seller. To prevent such profiteering CGST has introduced a three-tier system as under:

1. National Anti-profiteering
2. Director General of Anti profiteering
3. State-level screening committees and standing committee

9. HSN and SAC codes

The World Customs Organisation (WCO) has developed the Harmonized System of Nomenclature (HSN) with the vision of classifying goods from all over the world. It is a six digit uniform code that classifies more than 5000 products. It helps in the product recognition and tax applicable as per the law in that country. In India it was adopted in 1986 in the Central Exercise and Customs regime. Now after GST another two numbers have been added and totally it now has eight digits. The three tier system is followed in India to use the HSN code.

1. Those with turnover less than 1.5 crore rupees need not use HSN code
2. Two digit HSN Code- where the turn over is more than 1.5 crore rupees but less than 5crore rupees
3. Three digit HSN Code- where the turn over is more than 5 crore rupees
4. Importers and exporters can use the eight digit code

Service Accounting Codes (SAC)

While for goods HSN code is used, for services the SAC code is used.

Example: 99541- General Construction Services of buildings

The service code includes dwelling or multi dwelling or multi storage residential buildings.

10. Zero Rated Supplies

Tax on the goods and services exported to other countries from India are tax free. Such provision is to support the exports that play a vital role in maintaining the current account in balancing the imports and the exports. Goods and services produced or manufactures in Special Economic Zone would be tax free for exports and ITC will be refunded by direct credit to their accounts. The exporter has to produce the letter of under taking (LUT) /bond to claim ITC on purchases made for the goods exported.

11. Casual tax Dealer

When some events commence occasionally or seasonally any person who wants to commence business for a limited period of time is called a casual dealer and not the regular one. The casual dealer should take the permission at least 5 days before the commencement of business in the desired State. Documents of KYC are needed for registration of temporary GSTIN.A casual dealer should make payments well in advance by estimating the tax amount. The registration is valid for 90 days and ITC can be claimed for purchases. In case tax paid in advance is in excess of the tax liability such tax is refunded.

12. Calculation of Common Credit

When supplies include both taxable and exempt supplies rule 42 of the CGST Rules 2017 is applicable for calculation of ITC.

For example: T -Total input tax

T1-Personal uses

T2- Exempt supplies

T3-Inelgible for ITC

T4-Zero related supplies including taxable supplies

If C1 is the ITC to be credited in electronic ledger then

C1= T-(T1+T2+T3)

C2=C1-T4

If T is ₹5000; T1, T2 and T3 is ₹1000 each and T4 is ₹ 500

C1 = 5,000-(1,000+1,000+,1000)

= 2000

C2= 2000--500

= 1500

D1=Exempted turnover/total turnover x common credit

D1= 3000/ 3500 x1500

D1= 1285.71

D2=5% of 1000

D2 = 50

C3 =D1+D2

ITC =1285.71+50

=₹1335.71

C3 is common credit (ITC portion for exempted supplies is D1;D2 is 5 per cent of supplies for personal use)

CONCLUSION

In this article major aspects of GST have been explained and technicalities analyzed. As GST is a vast subject the author's intention has been to present the relevant information in a systematic way Major technicalities of GST like RNR, ITC, RCM, threshold limit etc have been briefly explained in the abstract part. Main focus is on the unique features like abatement, composition scheme, compliance rating, e-waybill, HSN and SAC Codes Related to the subject, the historical background of GST and GST Council mechanism have also been discussed in brief. MA

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THE IMPACT ANALYSIS OF MAJOR FINANCIAL RATIOS OF INDIAN TEXTILE FIRMS AFTER IMPLEMENTATION OF GST

Abstract

This study analyses the major financial ratios of top 25 selected textile companies in pre and post-GST periods. The pre-GST period spans from FYs 2011-12 to 2016-17, while the post-GST period covers FYs 2017-18 to 2022-23. Both periods have been compared with major financial ratios including liquidity, profitability, efficiency and investor's ratios. The firms for sample study have been selected from BSE index based on market capitalization. The data has been collected from the annual reports of the selected firms. The study concluded that the implementations of GST have a positive impact on the liquidity and profitability of the select firms. It has resulted in reduced tax leakage, enhanced supply chain, the benefit of input tax credit, improved cost efficiency and increased market opportunities. However, the firms also faced challenges related to pricing policies, tax rates, compliance, logistics and distribution, which adversely affected the efficiency of the firm.

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INTRODUCTION

The introduction of GST is a very significant step in the field of indirect tax reforms in India. GST is a unified tax system that replaced multiple indirect taxes such as VAT, service tax, central excise duty, and more, with a single comprehensive tax regime levied by both the Central & State Government. The GST framework in India is based on the principle of "one nation, one tax." GST came into effect on 1st July 2017. Under GST, different tax rates are applied to goods and services based on their classification, with the common tax rates being 5, 12, 18 and 28 per cent.

The Indian textile industry is one of the oldest and largest sectors in the country, playing a crucial role in employment generation and contributing significantly to the economy. The introduction of the GST in India has a notable impact on the textile industry. The introduction of GST has both positive & negative impact on Indian textile industry.

REVIEW OF LITERATURE:

(Raj & Kumar, 2023)[1] concluded that the impact of GST on textile manufacturing job workers in Erode district, Tamilnadu, had positive impact. The implementation of GST in the textile industry has benefits such as break in the inputs chain and reduction in manufacturing cost. However, it has the drawback of higher tax rate and the removal of benefits under the cotton value chain.

(MG & Babu, 2021)[2] revealed that the monthly revenue and turnover of the small and medium units of textile industry had not increased after GST implementation.

(Jain, 2020)[3] concluded that there was negative impact of GST on textile sector of Surat City. After implementation of GST the cost of products increased in the textile sector.

(Borate & Ghorpade, 2019)[4] identified the positive factors that affected the textile industry like improved compliance, revenue neutral rate, and transparent taxation. On other hand negative factors included goods transfer as stock, advance booking & and post supply discount.

(Maidan & Garg, 2018)[5] revealed that the GST's current effect on the textile industry is also negative as in the case of China.

The above mentioned review reveals that there is lack of comparative research on the firms of the textile industry in the pre and post- GST periods. Therefore, this research aims to address this research gap by conducting a comparative study of major financial ratios in the pre and post-GST periods on firms within the textile industry.

OBJECTIVES

The objective is to finding out the impact of GST implementation on major financial ratios of selected Indian textile firms.

HYPOTHESES

The following hypotheses have been framed:

H_{01}: There is no significant difference between average current and quick ratio in pre and post-GST periods of the select firms

H_{02}: There is no significant difference between average total debt to equity ratio in pre and post-GST period of the select firms

H_{03}: There is no significant difference between average net profit ratio and return on capital employed in pre and post-GST period of the select firms

H_{04}: There is no significant difference between average assets and inventory turnover ratio during pre and post-GST period of the select firms

H_{05}: There is no significant difference between the average earning per share (EPS) and dividend per share (DPS) during pre and post-GST period of the select firms

STUDY PERIOD, DATA COLLECTION, RESEARCH VARIABLE & SAMPLE SELECTION

The study covers a period of 12 years, from FY 2011-12 to 2022-23. This period has been divided into the pre and post-GST. The pre-GST period encompasses FYs 2011-12 to 2016-17, while the post-GST period includes the FYs 2017-18 to 2022-23. Both the pre and post-GST periods have been compared with major financial ratio includingliquidity, profitability, efficiency and Investor's ratios. Data pertaining to financial ratios have been collected from annual reports of the select firms. Top 25 sample firms have been selected from BSE index based on market capitalization.

STATISTICAL TOOLS & TECHNIQUES

A descriptive statistics and paired sample t-test have been administered.

ANALYSIS & CONCLUSIONS

For the purpose of testing the above mentioned hypothesis data on indirect tax (GST) has been collected for the period from 2011-12 to 2022-23 and presented in Tables 1 & 2 .

TABLE 1: AVERAGE FINANCIAL RATIOS OF SAMPLE FIRMS IN PRE-GST PERIOD

Financial Ratios	*2011-12*	*2012-13*	*2013-14*	*2014-15*	*2015-16*	*2016-17*	*Average Pre-GST*
Current Ratio(Times)	1.52	1.34	1.34	1.41	1.71	1.54	1.48
Quick Ratio(Times)	0.91	0.75	0.74	0.76	0.94	0.91	0.83
Total Debt/ Equity(Times)	1.37	1.7	1.29	1.13	1.11	1.06	1.28
Net Profit Margin(%)	4.23	4.44	3.89	3.96	5.81	5.06	4.57
Return on CE(%)	4.98	8.58	10.27	10.61	12.25	16.18	10.48
Asset T/O(%)	107.38	115.79	116.67	113.8	108.15	104.88	111.11
Inventory T/O(Times)	5.42	5.75	6.19	5.84	5.74	5.59	5.76
Basic EPS(Rs.)	8.77	19.24	14.32	24.87	26.69	25.27	19.86
Dividend / Share(Rs.)	4.41	4.89	5.43	6.68	9.5	5.96	6.14

TABLE 2: AVERAGE FINANCIAL RATIOS OF SAMPLE FIRMS IN POST-GST PERIOD & RESULT OF PAIRED

T- TEST

Financial Ratios	*2017-18*	*2018-19*	*2019-20*	*2020-21*	*2021-22*	*2022-23*	*Average Post-GST*	*P-value*	*Decision (H0)*
Current Ratio(Times)	1.74	1.78	1.82	1.91	2.06	2.02	1.89	0	Reject
Quick Ratio(Times)	1.09	1.08	1.07	1.21	1.22	1.16	1.14	0	Reject
Total Debt/Equity(Times)	0.93	1.64	3.68	-0.3	0.07	0.2	1.04	0.68	Accept
Net Profit Margin(%)	7.26	6.23	6.28	8.49	9.84	6.62	7.46	0.001	Reject

Return on CE(%)	16.4	19.48	14.46	15.92	26.28	18.42	18.49	0.008	Reject
Asset T/O (%)	101.89	109.57	99.99	61.32	1.21	1.2	62.53	0.052	Accept
Inventory T/O(Times)	5.68	5.51	5.1	3.57	2.96	2.86	4.28	0.03	Reject
Basic EPS(Rs.)	29.26	35.8	30.89	36.27	53.36	46.58	38.69	0	Reject
Dividend / Share(Rs.)	8.6	18.07	11.06	14.06	19.83	10.77	13.73	0.003	Reject

Source.Author's own compilation

HYPOTHESIS 1

Tables 1 and 2 present the average values of key financial ratios for the select firms from FY 2011-12 to FY 2022-23. Observing at the current & and quick ratio in the aforementioned tables, it is evident that these ratios have exhibited continuous growth after the implementation of GST.

The average current and quick ratios in the pre and post-GST periods are (1.54) & (0.91) & (1.89) & (1.14) respectively. To assess the significance of the increase in the average of current and quick ratios between pre and post-GST periods, a paired t-test was conducted. The resulting p-value (0) is less than (0.05). Therefore, the (**H_{01}**) is rejected here.

This implies that the average current and quick ratio have significantly increased in the post-GST period.

HYPOTHESIS 2

Looking at the average total debt to equity ratio of the select firms as shown in Tables 1 & 2, it appears that, this ratio has decreased after the implementation of GST. The average of this ratio was (1.28) in the pre-GST period, but it has decreased to (0.68) in the post-GST period.

To determine the significance of the decrease in the average of total debt to equity between the pre and post-GST periods, a paired t test was conducted. The resulting p-value was (0.68) which is greater than (0.05). Therefore, the **(H_{02})** is accepted here.

That means the average total debt to equity ratio has decreased insignificantly during the post-GST period.

HYPOTHESIS 3

Looking at the average NPR & ROCE of the select firms as shown in Tables 1 & 2, it is evident that both these ratios exhibit a tendency to increase following the implementation of GST. The average NPR & ROCE in the pre-GST period were (4.57) & (10.48), respectively. However, in the post-GST period; these ratios increased to (7.46) & (18.49).

To assess the significance of the increase in the average of NPR & ROCE between the pre and post-GST periods, a paired t-test was conducted. The resulting p-values were (0.001) & (0.008) respectively. This is less than the threshold of (0.05). Therefore, **(H_{03})** is rejected here. This implies that the average NPR & ROCE have significantly increased during post-GST period.

HYPOTHESIS 4

Tables 1 & 2 display the year-on-year changes in the average assets turnover and inventory turnover of the select firms. Following the implementation of GST, there has been a sudden decline in the average assets-turnover-ratio. The average ratio in the pre-GST period was (111.11), but it dropped to (62.53) in the post-GST period. Additionally, there has also been a slight decline in the inventory-turnover-ratio, with the average ratio decreasing from (5.76) in the pre-GST period to (4.28) in the post-GST period. To assess the significance of reduction in these two ratios, t-paired test was conducted on the average of both the ratios before and after GST period.

The resulting p-value for the assets turnover ratio was calculated as (0.52), which is greater than (0.05). Therefore, the partly **(H_{04})** was accepted, indicating that there is no significant decrease in assets-turnover-ratio after GST implementation. However, for the inventory-turnover-ratio, the t-test's P-value came to (0.03), which is less than (0.05); consequently, the partly **(H_{04})** was rejected, signifying that the inventory-turnover-ratio has significantly decreased after the implementation of GST.

HYPOTHESIS 5

Tables 1 & 2 illustrate the incremental changes in the average EPS and DPS of the sample firms after the implementation of GST. Notably the average EPS in the pre-GST period was (19.86) which increased to (38.76) in the post-GST period. Similarly, the average DPS in the pre-GST period is (6.14) which increased to (13.73) in the post-GST period. Both the ratios have increased almost two times after GST implementation. To assess the significance of the increase in these two ratios, a paired t-test was conducted on the average ratios before and after the GST period. The resulting P-value for the average EPS & DPS were calculated as (0) & (0.003), respectively. These values are less than the threshold of (0.05). Therefore, the **(H_{05})** was rejected, indicating that there was a significant increase in both the ratios following the implementation of GST.

CONCLUSION

The study concluded that the implementation of GST had a positive impact on the liquidity and profitability of the select firms. It is resulted in reduced tax leakage,

The introduction of the GST in India has a notable impact on the textile industry

enhanced supply chain, benefit of input tax credit, improved cost efficiency and increased market opportunities. However, the firms also faced challenges relating to pricing policies, tax rates, compliance, logistics and distribution, which adversely affected the efficiency of the select firms. MA

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IMPACT OF GST ON RESIDENT WELFARE ASSOCIATIONS - AN OUTLOOK

Abstract

GST implication is a sound policy almost in all sectors of India. At present, tax implication, especially GST is an important phenomenon of the Resident Welfare Associations (RWA) throughout India. The concept of stay in one's own house is converted into stay in a residential complex for several amenities, ambiances etc. Practicing professionals like CMA, CS & CA have ample opportunities to deal with the GSTI, complications on RWAs. This article highlights the rule and, regulations relating to GST on RWAs, different press information releases and the scope of practicing professionals relating to this matter.

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INTRODUCTION

From the view point of socio-economic structure, Resident Welfare Associations (RWA) are treated as pertaining to the non-profit sector. Many tax provisions are applicable to RWAs. GST is one such which should apply in an appropriate manner to this non-profit sector entities. Different issues related to GST on RWAs have been discussed here in the light of the provisions of Circular No.109/28/2019-GST dated 23rd July, 2019. In this circular, it has been mentioned that no GST registration is required of an RWA if its' turnover is less than Rs. 20 Lakh and monthly subscription of members of the housing society is upto Rs. 7,500 each. Some important approaches will be discussed in this article.

GST LAWS ON RWA

Different rules, regulations, notifications, press information etc. related to RWAs are discussed in the following paragraphs.

A. Rules-Regulations, Notifications etc.

As per Notification No. 12/2017, dated 28th June 2017, stated vide Sl. No. 77, Heading 9995 each member of a housing society or a residential complex should not bear any GST where the per month contribution is Rs. 5,000 for availing the common use from third party.

The PIB press release by the Ministry of Finance, dated 13.07.2017, if maintenance charges of each member per month is more than Rs. 5,000 then GST payable will be exempt if the RWA's aggregate turnover is Rs. 20, 00,000 or less in a financial year for supply of goods and services to its member. As per Ministry of Finance's Notification No. 2/2018- Central Tax (Rate) dated, the 25th January, 2018, the ceiling of Rs.5000 has been replaced with the increased ceiling of Rs.7500 .

Circular No. 109/28/2019-GST dated 23rd July, 2019 accordingly stated more specifically that the amount of Rs 5,000 (as per Notification No. 12/2017, dated 28th June 2017) has been increased to Rs. 7,500 per month per member. In addition, it also stated that GST payment shall be required only if the following two conditions are cumulatively fulfilled:

1: Monthly maintenance charge paid by each member should be more than Rs. 7,500

2: Annual aggregate turnover of RWA should be Rs. 20, 00,000 or more for supply of goods and services to the members of the RWA.

The above circular also stated that the RWA can avail input tax credit (ITC) of GST paid for capital goods and other goods like pipes, taps etc. and also input services provided by the RWA.

In the same circular it was also stated that the GST rate will be 18 per cent and that shall be payable where the monthly charges are above of Rs. 7,500.

As per rule 42 of CGST Rules 2017 [Part-A] ITC shall be claimed on proportionate basis for 'exempt supplies'. The formula of taking ITC is :

Available ITC= Total value of exempt supplies/total turnover of registered person X Common Credit

The above rule could be explained with the following example:

PG Residents Welfare Association has two categories of Members. The value of the taxable services could be worked out as under:

TABLE 1

HYPOTHETICAL EXAMPLES OF ELIGIBLE ITC UNDER RULE 42 OF CGST RULES 2017 PART-A

Sl No.	Particulars		Category A	Category B
1	Maintenance charge per month per members		Rs. 12000	Rs. 7000
2	No. of flats		100	100
3	ITC generated per month		Rs. 30000	Rs. 30000
4	Exempted value (Rs. 7500 X100 flats) for category A		Rs. 750000	
5	Exempted value (Rs. 7000 X100 flats) for category B			Rs. 700000
6	Value of taxable supply for category A[Rs. 4500(Rs. 12000-Rs. 7500) X100 flats]		Rs. 450000	
7	Value of taxable supply for Category B			0
8	Total maintenance charge per month(Sl. No. 1 X Sl. No. 2)		Rs. 1200000	Rs. 700000
9	ITC can avail by category A flats (Rs. 30000XRs. 450000/Rs. 1200000)		Rs. 11250	
10	ITC can avail by category B flats (Rs. 30000XRs. 0/Rs. 700000)			0
	Note: As per Rule 42 of CGST Rules 2017 part A			

B. Mechanisms of the application part of the GST on RWAs

If GST is applicable to any RWA, then it is necessary to know the proper mechanisms of GST application as explained hereunder.

Step 1: Obtain GST number through registration on the basis of PAN card of the RWA, registration certificate, bank account details, address proof, i.e. copy of municipal tax receipts, electricity bill, PAN & Aadhaar card of authorised signatory, resolution of authorisation etc.

Step 2: Issue tax invoice to each member with proper invoice number and date after keeping in mind the contents of Circular No.109/28/2019-GST dated 23rd July, 2019.

Step 3: For claiming ITC it will be necessary to preserve all purchase bills sequentially.

Step 4: File GST returns such as GSTR 1, GSTR 3B , GSTR 9 (as per requirements) , GSTR 9C (as per requirements and with the audited financial statements).

SCOPE FOR THE PROFESSIONALS:

Here, professionals include CMA, CS, CA in practice, tax consultants, lawyers. There is ample scope to practice GST and other asspects of laws related to RWAs. Following are the practicing areas for these professionals:

- Procedure for registration as RWA procedures.
- Audit process of annual financial statement.
- GST registration and GST returns filing.
- Maintainance of funds and books of accounts.
- Drafting necessary legal documents like minutes, resolution etc. regarding AGM

of RWA.

- Submission of audited report before the competent authority.
- Income tax related work.
- Appearance before the competent authority regarding issues pertaining to GST, Income tax etc.
- Budget preparation for determining Common Area Maintenance (CAM) charges of Members of the RWA.
- Advise investment plans to make profit for the common interest of the RWA.

CONCLUSION

This article highlights the application part of GST regarding Resident Welfare Associations and also the scope of practice of professionals. The law and procedure relating to real estate, especially multiplexes is complex and continuously evolving day by day. People are desirous of residing in such residential complexes for safety and the amenities offered by them.Therefore the applicability of GST will be increasing day by day. Aforesaid professionals therefore will have ample opportunities to render services including those pertaining to GSWT to the RWAs. MA

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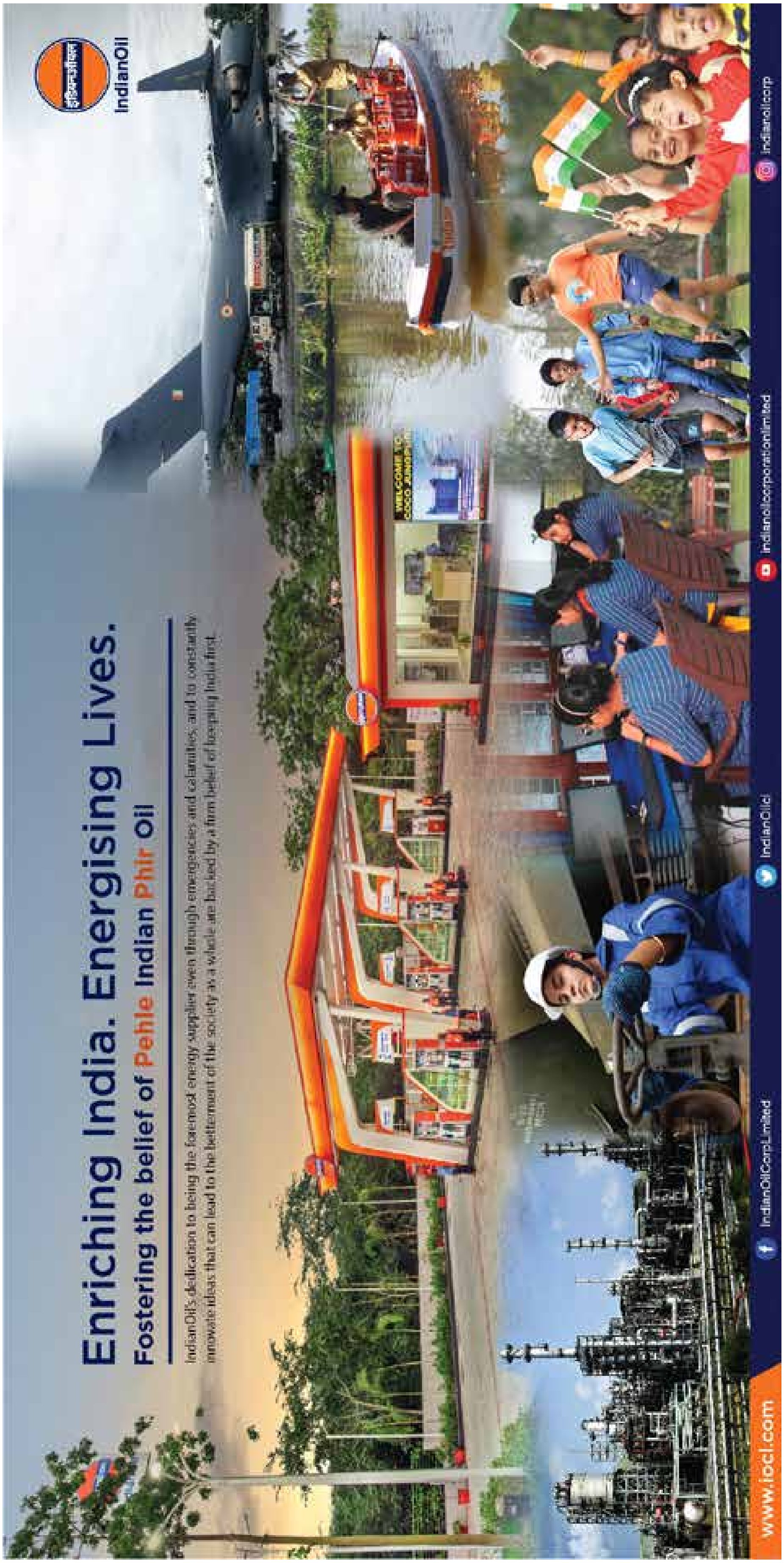
OBITUARY

The Institute and its members deeply mourn the sad demise of Dr. Bhaskar Banerjee, who left for heavenly abode on June 16, 2023.

Dr. Banerjee was the President of The Bengal Chamber of Commerce and Industry during the year 1998-99. He was an eminent Cost Accountant and also a Chartered Accountant by profession. A Gold Medallist in Bachelor of Commerce, Calcutta University and a Ph.D from Banaras Hindu University, he held the rare distinction of obtaining first rank nationwide in the Intermediate and Final Examinations of The Institute of Chartered Accountants of India and The Institute of Cost Accountants of India (erstwhile The Institute of Cost & Works Accountants of India). He was also member of Institute of Chartered Accountants in England and Wales (ICAEW) and member of the Chartered Institute of Management Accountants of UK (CIMA).

In his professional career he was a partner with Price Waterhouse & Co., Senior Managing Director of Duncans Group and Group Director of Bukhatir Group in the Middle-East. He had also adorned distinguished positions like Member, Board of Examiners, Calcutta University; Central Council Member of The Institute of Chartered Accountants of India and President, Chartered Institute of Management Accountants. Dr. Bhaskar Banerjee had been nominated by Securities & Exchange Board of India as a Public Representative Director on the Calcutta Stock Exchange.

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



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GST ON THE REAL ESTATE SECTOR IN INDIA

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Abstract

The urban housing problems in India have been addressed by the Ministry of Housing and Urban Poverty Alleviation since many decades. There were many problems for framing the rules for development of urban housing and the development of apartments in the metros. The Union Government enacted the Real Estate (Development and Regulation) Act 2016 (RERA.) The Act addressed all the legal issues concerned with the buyers, sellers, promoters, developers of the real estate sector. There were lots of issues for developers on input tax credit and other issues. With a view to overcome such problems the RERA has been introduced. The objective of this article is to discuss applicability of GST laws to private and public developers and the tax rate applicable to persons who purchase houses and apartments.

INTRODUCTION

Purchase of residential apartments from April 2019 is taxable up to 1 per cent GST and 5 per cent for non affordable houses without ITC for the Developer. Developers or builders can claim 12 per cent ITC on commercial apartments and non booked apartments. The provisions do not apply for single houses under RERA. The promoters will be given one time option to continue with 8 or 12 per cent ITC for on-going projects started before April 2019. For ready to move in apartments there is no GST for the purchasers of the apartments. Affordable houses in metros are those of 60 sq meters and value up to ₹45,00,000 and in non metros the limits are be 90 sq meters valuing up to ₹45,00,000. Purchase of land and building do not attract any GST but it will attract stamp duty collected by the State Governments. Affordable houses purchased by customers are subject to 1 per cent GST and 5 per cent in respect non affordable houses. Housing societies with income of ₹20,00,000 are exempt from GST and if the apartment owners pay rupees 7500 or more as monthly maintenance then it is subject to 18 per cent GST. Rent below rupees 20 lacs is exempt for both commercial and residential buildings provided the threshold limit for services in that particular State is not exceeding the limit of ₹20 lacs.

UNDERSTANDING RERA

Objectives

It has been enacted to protect the consumers' interest who invests for their dream houses that provide financial safety and security.

Scope

It is regulatory for both public and private promoters like builders, construction companies, Housing Development Boards of the Government, housing cooperative societies etc functioning in urban rural cities and metros.

Promotors

Promoters of the real estate including plots, layouts, buildings, complexes, apartments etc have to register with the RERA State Chapter. They have to take approval for the proposed plan and disclose it to the buyers. The amount collected for building houses from the clients should be deposited in any of the Schedule commercial Banks within fifteen days by the promoter (70 per cent of the agreed price to be used for the construction purposes.

Agent

An agent should compulsory register with RERA and maintain books of accounts.

Tribunal

To settle the disputes related to the real estate sector in every State a Tribunal has been setup. A fast track mechanism to solve the customer complaints is also

For ready to move in apartments there is no GST for the purchasers of the apartments

controlled by the adjudicating authorities of the State Government Join Secretaries. The tribunal is headed by a sitting or retired High Court Judge.

In many States the RERA Chapters have been established to prevent frauds in the real estate sector. Now customers interested to buy plots, buildings, ready houses etc. can communicate with the RERA State office and invest safely for their desired property legally. It acts as a legal sanity to promote the real estate business with the supply chain connecting buyers and sellers through agents establishing transparency and reliability into the business. It acts as a platform to provide legal formalities under the regulatory frame work as provided in the RARE Act 2016 in order to protect the interests of consumers and promoters in the context of avoiding frauds and scams in the real estate sector.

GST TAX BRACKET FOR PURCHASERS

1. Affordable Houses booked or under construction

Particulars	***Amt in ₹***
Property Cost	5000 per sq feet
GST	1%
Tax	50 (CGST+SGST)
Total Cost	5,050

2. Non -affordable houses booked or under construction

Particulars	***Amt in ₹***
Property Cost	7000 per sq feet
GST	5%
Tax	350(CGST+SGST)
Total Cost	7,350

3.Shopping Complex, Godowns,(Non RREP)

Particulars	***Amt in ₹***
Property Cost	15000 per sq feet
GST	12%
Tax	1800(CGST+SGST)
Total Cost	16800

GST BRACKET FOR PROMOTERS

Illustration -1

Ramesh sold his land to Kaveri Developers, Bangalore on 2/05/2022 with the condition that the company will provide 30 apartments free of cost as price of the land. All these 30 residential apartments are to be promoted by Ramesh only. The Transfer Development Rights (TDR) for the proposed land was acquired by the company on 2/06/2022 which was the date of commencement of construction also and construction was completed by 12/04/2023. Ramesh booked 5 apartments on 2/06/2022 at the price of ₹40 lacs each. When the construction was complete the 5 apartments were sold by Ramesh for ₹65 lacs each. Calculate the GST payable.

Solution

Particulars	*Amount ₹*
Value of each apartments sold on the booking date 2/06/2023	40,00,000
Value of each apartment sold on the construction completed date	65,00,000
Total apartment booked and sold of his own share	5+5=10
Total Apartments remaining of Ramesh's share (30-10=20)	
GST payable for 30 apartments 2/3x ₹40,00,000=26,66,667 (1/3 is abated)	26,66,667x30=8,00,00,010
GST payable on TDR for 30 apartments that include booked sold and remaining apartments.	8,00,00,010 x 18% =**1,44,00,001.80**

Note: GST on TDR will be at the rate of 18 per cent (CGST-9 per cent and SGST-9 per cent)

Illustration -2

Shusma has provided TDR for Amit Construction Company ltd, Bangalore on 12/05/2022 with the condition of providing 20 apartments out of 50 apartments that are to be constructed by 12/05/2023. The apartments to be provided to Shusma will be commercial.10 commercial and 20 residential apartments were booked before obtaining the completion certificate. Calculate GST payable if the cost of commercial apartments and residential are ₹80,00,000 at the time of booking. Total carpet area is 5000 sq mts.

Solution

Particulars	*Amount in ₹*
Value of 20 commercial apartments 2/3x80,00,000=53,33,333	53,33,333x 20= 10,66,66,660
GST payable on TDR	10,66,66,660x18%=1,91,99,999
Carpet area of the apartment is 5000 sq mts out of which 30 (20+10) Booked (A)	1,91,99,999x3000/5000=1,15,19,999
GST payable on un-booked apartments 1,15,19,999 x 2000/3000 (B)	76,79,999
Total tax payable:A-B 1,15,19,999-76,79,999=38,40,000 Tax payable after deducting the Un-booked area 1,91,99,999-38,40,000=1,53,59,999	1,53,59,999 on reverse basis and exemption is 38,40,000

Note: The simple logic one has to understand is that while paying GST on TDR the un-booked apartments of both landlord and construction company will get tax deduction.

Illustration 3

RREP (15 per cent commercial) Non RREP

Particulars	*Area in sq mts*	*Area insq mts*
Affordable Residential Apartments	4500	4500
Non affordable Residential Apartments	4000	4000
Commercial Shops	1500	1800
Total	10,000	10,300

Calculate the GST for RREP and Non RREP separately.

Solution

If in any premises include commercial shops, godowns, office etc that exceed 15per cent they are recognized as non residential real estate project (RREP)

RREP

Particulars	*Area in Sq feet*	*GST applicable*	*ITC*
Affordable Residential Apartments	4500	1%	Not applicable
Non affordable Residential Apartments	4000	5%	Not applicable
Commercial Shops	1500	5%	Not applicable
Total	10,000		

Non RREP

Particulars	*Area in Sq feet*	*GST applicable*	*ITC*
Affordable Residential Apartments	4500	1%	Not applicable
Non affordable Residential Apartments	4000	5%	Not applicable
Commercial Shops	1800	12%	Applicable
Total	10,300		

In residential real estate project (RREP) only on 15 per cent of the total carpet area commercial apartments can be constructed.

Real estate project (REP) is converting existing building into apartments or acquiring land for construction of apartments.

Occupancy certificate is issued by the RERA declaring that the property such as an apartment is suitable to dwell where electricity, sanitation, parking lot are almost ready to use by the property owner in the particular colony or lay out.

Floor space index (FSI) is the total constructed area divided by the plot area. The FSI provides the information of the number of floors that can be constructed on a plot. Transfer of development rights (TDR) is granting permission to develop housing for a construction company on a certain period of lease such as 30 years. Resident welfare association

(RWA) for maintenance of apartments and housing colonies is charged 18 per cent of GST provided the monthly maintenance charged is ₹ 7500 or more.

Illustration 4

Shilpa Builders, Bangalore have purchased the following

A. Cement form registered dealer-local worth₹ 40,00,000 @ 28 per cent GST
B. Steel from registered dealer -local worth ₹35,00,000@ 18 per cent GST
C. Sand worth₹ 10,00,000 from unregistered dealer-local
D. Ceramic tiles₹ 5,00,000@18 per cent from local registered dealer
E. Bricks worth₹ 10,00,000 from unregistered dealer

Calculate tax liability of Shilpa Builders, Bangalore.

Solution

Computation of GST for Shilpa Builders, Banglore will be as under:

Particulars	*CGST₹*	*SGST₹*	*IGST₹*
Cement: 28/128x40,00,000= 8,75,000	4,37,500	4,37,500	----
Steel: 18/118x35,00,000=5,33,898	2,66,949	2,66,949	-------
Ceramic Tiles: 18/118x 5,00,000=2,22,222	1,11,111	1,11,111	---------
Reverse Charge Mechanism			
Sand:5/100x10,00,000=50,000	50,000	50,000	--------
Bricks:5/100x10,00,000=50,000	50,000	50,000	--------
Total tax liability	9,15,560	9,15,560	--------

Note: As per GST law 80 per cent of the capital goods include cement, steel and ceramic tiles that are purchased from registered dealers. Sand and bricks are purchased from non registered dealers who are taxable under reverse charge (20 per cent of the total composition). If the promoter fails to maintain this ratio then he is liable to pay 18 per cent GST for the shortfall in the procurement. For affordable houses it is 1 per cent and 5 per cent for non affordable houses without ITC and 12 per cent GST with ITC for commercial buildings exceeding the limit of 15 per cent in RREP. Cement if purchased by an unregistered dealer then tax should be collected on RCM @28 per cent.

CONCLUSION

This article discusses the GST rates related to apartments in particular as cities are more thickly populated and there is need to educate customers to protect from frauds. About RERA also some knowledge is provided in brief. Illustrations are provided to understand the subject better. Definitions like affordable houses, non affordable houses, TDR, FSI etc have been given for better understanding the technicalities. Further the article has covered all important aspects related to real estate like RREP and REP to understand the tax mechanism. ITC and RCM have been discussed with examples to support the cause. Overall the attempt has been to provide a clear understanding of the GST applicable to real estate sector. MA

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GOODS AND SERVICES TAX AN INITIATIVE OF ONE NATION ONE TAX SYSTEM A BOON TO COMMODITY FUTURES TRADING IN INDIA

Abstract

GST is the most significant indirect tax reform India has ever had, at least, since independence. It has a deep impact on the economy. The commodity futures market is not out of the preview of GST. The present study is an attempt to examine the effect of GST on commodity futures trading in the country. The study shows that GST is applicable when a futures contract is entered into as well as, more importantly, when a contract goes for settlement with physical delivery of the underlying commodity, the impact of GST becomes further crucial. Unlike the pre-GST era, now several positive impacts of GST are found in commodity futures trading. The market participants can easily claim tax credits, a uniform rate prevails across the country and the compliance in the form of filing of tax return requires to be made to a single authority only. Thus, GST is considered to be a boon to the commodity futures trading in the country.

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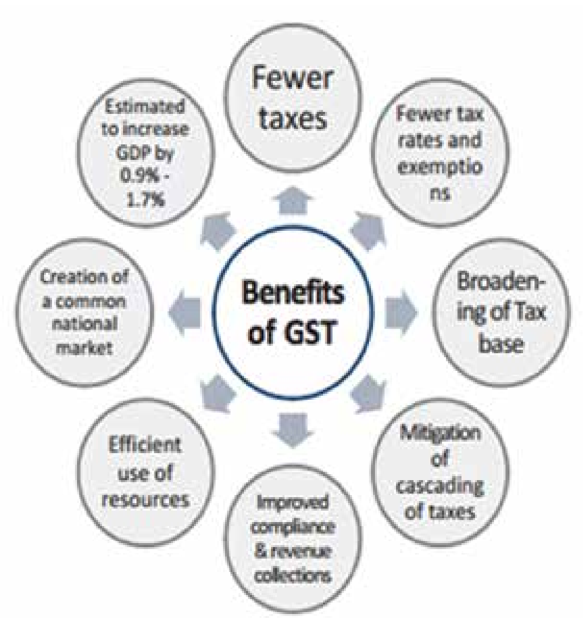
INTRODUCTION

Commodity futures trading has an important role to play in an economy. Speculators, hedgers and arbitrageurs are the key market players who contribute immensely in the process of price discovery and thereby, the integration of spot and futures prices of commodities becomes easier. A healthy co-existence of both the spot and the futures markets contributes, more systematically, in the risk-return management and thus, smooth flow of resources can be ensured across the country. In order to establish this ideal situation, where the market participants can avail of the required facilities from the ecosystem to fulfil their objectives and contribute duly towards the economic development of the nation, a sound foundation of certain basic components becomes indispensable. One of them is a stable taxation system. The introduction of goods and services tax (GST) during 2017 is a milestone in respect of the fact that it has replaced a number of existing taxes to take India closer to the dream of one nation one tax system. This has not only reduced the tedious compliance jobs related to the filing of returns to a number of tax-authorities, but also has brought uniformity in the levy and collection of tax by the Government which has, ultimately, facilitated the market participants by ensuring simplicity in their activities. The present study is an attempt to examine the effect of GST on commodity futures trading in India.

CONCEPTUAL FRAMEWORK

Commodity futures are exchange traded contracts where the underlying commodity is bought and sold on a future date at a predetermined agreed price. Futures contracts have several implications in the risk-return management of the market participants. In a well-developed economy, the commodity futures market is considered as one of the important pillars on which the financial activities rest significantly. Again, the development of commodity futures trading in any country depends, to a great deal, on the taxation system. Unlike the developed countries, India witnessed a late introduction of futures trading in commodities. But, on the other hand, a huge domestic demand for commodities and the ambitious participation by both the regulators and the market players timed out the delay and necessitated the basic components to become more favourable to experience a smooth voyage of commodity futures trading. The introduction of GST in 2017 has been one of the significant indirect tax reforms of the country. The GST has subsumed many taxes and ensured uniformity by eliminating inter-state disparity in the taxation system across the country. A conceptual understanding of impact of GST on the commodity futures trading in India, thus, becomes important. The following impact of GST on the commodity futures trading as pointed out in *Multi Commodity Exchange of India Ltd. (MCX)-CommNews* may be noted:

- With the introduction of GST, the differential state specific taxes have been removed. Thus, uniformity in respect of tax-structure prevails enabling thereby, a seamless movement of commodities across the country. It is a pre-condition for establishing an efficient linkage between the spot and futures markets of the commodities, which, in turn, facilitates the market participants to get the required benefits of risk-return management taking into account the prevailing market prices.



Source: https://caknowledge.com/

- Introduction of GST helps in increasing the number of buyers both in the spot and the futures markets of the commodities thereby leading to improvement in the logistic facilities as well as to increase the number of delivery-centres.
- In the pre-GST regime, especially in respect of inter-State transfer of commodities, availing of tax credit was not possible. GST ensures free movement of commodities from the place of delivery to the ultimate destination by permitting tax credit. This provides stability to the market participants in respect of their places of business. Now, they don't have to shift their businesses to the low taxing States. Thus, the dream of one nation with one taxation system has also been extended to one nation with one market eventually.
- GST ensures inclusion of all the eligible taxpayers in the system and simultaneously, the practice of under-invoicing has been discontinued. Because of this, tax evasion has been brought under control, which leads to a smooth flow of revenue to the Government which can ultimately, be used for the all-round development of the economy.
- The commodity futures market as well as the taxation system, both, are required to be handled efficiently by the Government to bring the economy closer to global standard.

Having discussed the theoretical relationship between GST and commodity futures trading in India, it is now customary to focus on the empirical evidence to elucidate the impact.

GST ON COMMODITY FUTURES TRADING

Introduction of GST is a welcome move by the Government of India for the commodity futures trading in the country. Commodity exchanges had to make certain adjustments to their functioning to incorporate the GST mechanism in their system. They have become strict with their member participants regarding compliances so as to provide the counter members with the smooth tax credit benefits. GST has a dual impact on commodity futures trading. As we know, futures trading can even be settled without physical delivery of the underlying commodity. In that case, GST is applicable at the rate of 18 per cent on (brokerage + SEBI charges + transaction charges) when the futures contract is entered into. An indicative list of charges and taxes in connection with the commodity futures trading in India is being provided in the following Table for clear understanding.

APPLICABLE TAXES AND CHARGES IN RELATION TO COMMODITY FUTURES TRADING IN INDIA

Zerodha charges	**Commodity futures**	Commodity options
Brokerage	0.03% or Rs. 20/ executed order whichever is lower	₹ 20/executed order
STT/CTT	0.01% on sell side (Non-Agri)	0.05% on sell side

Transaction charges	Group A	Exchange txn charge: 0.05%
	Exchange txn charge: 0.0026%	
	Group B:	
	Exchange txn charge:	
	CASTORSEED - 0.0005%	
	KAPAS - 0.0026%	
	PEPPER - 0.00005%	
	RBDPMOLEIN - 0.001%	
GST	18% on (brokerage + SEBI charges + transaction charges)	18% on (brokerage + SEBI charges + transaction charges)
SEBI charges	Agri:	₹10 / crore + GST
	₹1 / crore + GST	
	Non-agri:	
	₹10 / crore + GST	
Stamp charges	0.002% or ₹200 / crore on buy side	0.003% or ₹300 / crore on buy side

On the other hand, contracts which are settled by physical delivery are subject to GST as applicable to the concerned underlying commodity additionally. In this case, a clear system to facilitate the smooth flow of tax credit becomes important. As the rate of GST is decided centrally by the GST Council, the rate across the country remains uniform, unlike that of the pre-GST regime. For example, GST on gold is 3 per cent as decided by the GST Council. Now, this rate is applicable throughout the country across all the States. It is a precondition for smooth flow of tax credit for the traders which ensures stability as they don't have to search for a low-tax state to shift their places of business. Simultaneously, the widespread practice of evasion of tax by under-invoicing can be edradicated completely. Thus, in the post-GST regime, the movement of resources across the country has become more immaculate and thereby, the benefits of futures trading of commodities has turned out to be effective.

GST AND COMMODITY EXCHANGES

The role of Commodity Exchanges relating to GST to facilitate the market participants is of immense significance. A clear guideline for settlement of GST involving the physical delivery of the underlying commodities must be formulated. In this respect the initiative of the National Commodity & Derivatives Exchange Limited (NCDEX) to simplify and strengthen the processes of tax settlement in post-delivery scenario on the Exchange platform, is worth mentioning:

- An interface has been developed for the members, wherein the updation relating to GST information in the tax settlement module can be made.
- A manual has also been made available on the extranet to enable the members to find the interface more friendly.
- A clear and detailed guideline as regards the updation of GST and other related information by the clearing members has been framed so as to ensure smooth settlement of tax. For example, a receiving clearing member has to update necessary information on the application system by 3:00 PM on the next working day after the day of settlement as notified by the Exchange.
- In case of non-adherence to the guideline, or for any violation of timelines, a late fee has to be paid. This makes the system more efficient as the Exchange is very strict regarding non-compliance. The following table depicts the scenario more precisely :

LATE FEE FOR NON-ADHERENCE TO GST SETTLEMENT GUIDELINE OF NCDEX

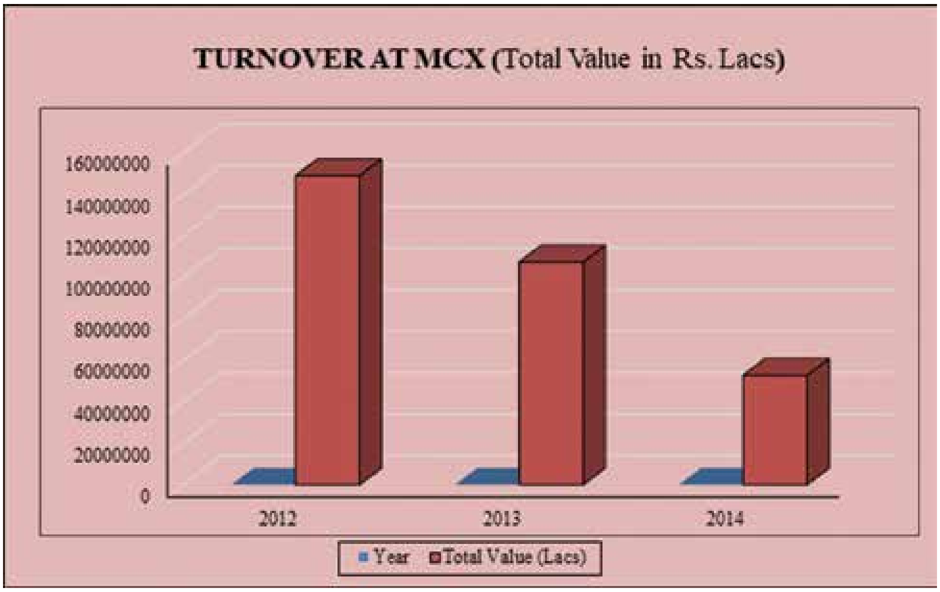
BUYER/SELLER	ACTIVITY	TIMELINE (excluding Saturday and Sunday)	LATE FEE FOR NON-ADHERANCE
Seller	Uploading of invoices and other relevant and applicable documents	T/E+5	Rs. 5000/- per day per invoice from T/E+6
Seller	Discrepancies in invoice/documents or non-receipt of documents by buyer	T/E+9	A late fee of 0.10% of the delivery value or ₹ 5,000/- whichever is higher, for each invoice will be charged per day
Source:*National Commodity & Derivatives Exchange Limited (NCDEX) Member Compliance Guide – GST settlement - Procedure for exchange of Physical Delivery Information*			

CONCLUSION

Among the many bottlenecks, the complexity due to compliance in relation to taxation often disrupts the smooth functioning of commodity futures trading. In order to build up a healthy ecosystem of commodity futures trading, a uniformity relating to tax rates as well as single authority for levy and collection of tax becomes essential. Unlike the developed countries, commodity futures trading in India has been allowed late. During its two decades of journey so far, there have been several experiments done to bring the market on the right track. For example, the commodities transaction tax (CTT), similar to that of securities transaction tax (STT) of the stock market, was introduced based on the principle of 'parity' in commodity futures markets. But the said two markets are nature wise different, at least in terms of maturity of the asset traded.

COMMODITY FUTURES TRADING VOLUME AT MULTI COMMODITY EXCHANGE OF INDIA LTD. (MCX)

Instrument Type	Year	Traded Contract(Lots)	Quantity (000's)	Total Value (Rs. Lacs)
zCOMMODITY FUTURES	2014	133751848	98449174.05	526149936.2
	2013	264627693	179830608.5	1073320440
	2012	388751074	226773664.1	1489059633
Source:*https://www.mcxindia.com/*				



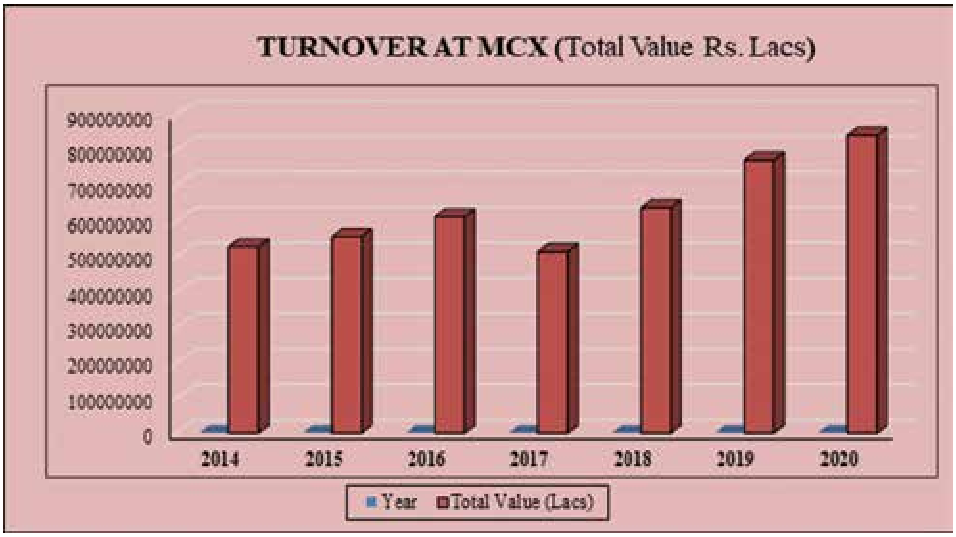
Source: https://www.mcxindia.com/

Thus, it is clear from the above table that due to introduction of commodities transaction tax (CTT) in the year 2013, a drastic fall in the turnover of commodity futures in MCX is witnessed.

In the pre-GST era, the commodity traders had to face several challenges especially relating to tax credit, diversity of tax rates in different States and hectic procedures to comply with a number of tax authorities. GST has subsumed many taxes levied by the Central, State as well as local bodies and thus brought about uniformity in tax rates across the country along with smooth flow of tax credit and a systematic compliance process. Although, futures trading is regarded as one of the significant mechanisms in any economy to provide several benefits of risk-return management to the market participants, the picture in India is not that much prominent. The reasons are lack of awareness and technical knowledge, because of which most of the farmers and traders, who could have easily sought the shelter of futures trading to safeguard themselves from the adverse movement of the prices in the spot market, are to remain deprived. This, coupled with a complex taxation system, used to make the scenario more hazardous. Thus, the impact of GST on commodity futures trading is enormous. A comparative trade volume of futures trading in commodities in the MCX is presented in the following Table to provide a clear understanding of impact of GST on the market.

COMMODITY FUTURES TRADING VOLUME AT MULTI COMMODITY EXCHANGE OF INDIA LTD. (MCX)

Instrument Type	Year	Traded Contract(Lots)	Quantity (000's)	Total Value (Rs. Lacs)
COMMODITY FUTURES	2020	217824394	114827308.119	840971120.16
	2019	304492912	111105500.644	770728571.85
	2018	229253822	141054361.500	636555347.69
	2017	198589526	123972472.164	512604887.45
	2016	245077515	136350689.666	611154045.46
	2015	216346961	119547861.942	555164431.85
	2014	133751848	98449174.053	526149936.17
Source:*https://www.mcxindia.com/*				



Source: *https://www.mcxindia.com/*

As depicted in the above table, after the introduction of GST in 2017 there has been a sharp increase in the total value of trade in MCX. This indicates the market has welcomed GST and awaits a long run voyage to provide the participants with hassle-free settlement of contracts.Most experts opine the CTT is a bane to commodity futures trading, whereas the introduction of GST is a boon to the market. MA

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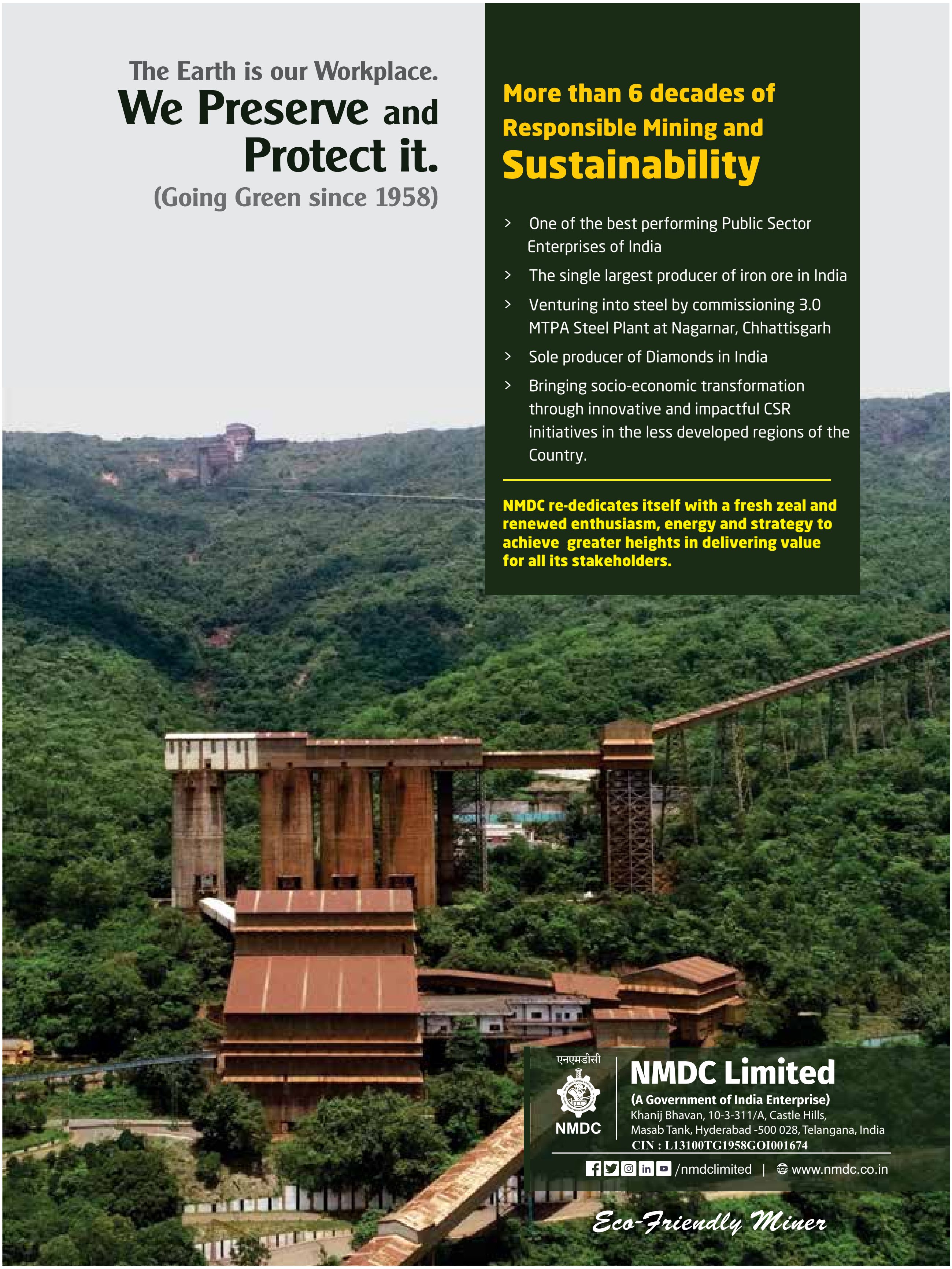
4. *https://www.sebi.gov.in/*
5. *https://zerodha.com/*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GST ADAPTATION AMONG SMALL SCALE INDUSTRIES (SSIs) OF AMBATTUR INDUSTRIAL ESTATE, CHENNAI

Abstract

GST brought several benefits for SSIs, with limited resources and technological infrastructure, along with compliance challenges. The present study has been undertaken to find the adaptability of the SSIs sampled from Ambattur Industrial Estate, Chennai, T.N. with respect to the organisational changes due to the introduction of GST in 2017. The paper also aims to find out whether there is any significant difference in adaptation among the responding SSIs as grouped under various strata like types of organisations, age of the business, types of businesses, business sector and quantum of investment. It is inferred that the adaptation of change, which differs with variation of the features of the SSIs, is primarily attributed to psychological factors rather than physical factors.

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INTRODUCTION

The introduction of the goods and services tax (GST) in India aimed at streamlining the tax structure, creating a unified market and promoting economic growth. Small-scale enterprises (SSIs) play a crucial role in the Indian economy and understanding the process of adaptation of GST by SSIs is essential. GST replaced multiple indirect taxes with a single tax, simplifying the tax structure for SSIs. The unified tax regime reduced the compliance burden by eliminating the need to track and comply with various taxes. SSIs benefited from a simplified tax framework, resulting in reduced administrative complexities and improved ease of doing business. GST facilitated the creation of a common market by removing inter-state barriers and standardizing tax rates. SSIs gained access to a larger customer base, as they could now expand their operations beyond their home state without facing differential tax rates. This increased market size enhanced the competitiveness of SSIs, fostering growth and expansion opportunities.

BACKGROUND OF THE STUDY

While GST brought several benefits for SSIs, they also faced certain compliance challenges. SSIs with limited resources and technological infrastructure found it difficult to adapt to the new compliance requirements. The major challenge of implementation is with respect to the IT infrastructure and technical needs as it requires a robust and efficient IT infrastructure to support taxpayer registration, return filing, invoice matching, and other compliance processes. Additionally, the complexity of GST, change in tax laws, processes, and compliance requirements and frequent changes in rates and procedures posed challenges for SSIs and compliance-related difficulties. The advent of GST has changed the age-old practices of book keeping process, tax compliances, and preparation and presentation of invoices to the customers during the selling process. During VAT regime and before that, the MSME sector hardly made themselves tax-complied. The SSIs got very less time to understand the new tax system, adapt their accounting systems and train their staff to comply with GST regulations, which led them to face challenges. A serious implementation challenges also emerged due to discrepancies in reconciliation of invoices uploaded by suppliers, and the recipient's purchase records and reporting, and technical issues in the invoice matching process. The successful adaptation of GST required effective change management strategies by the SSIs to navigate the complexities and challenges associated with this transformative reform.

Various studies show that the human side problem is the most frequently cited reason for the failure to adapt changes. The change is only being a success if individuals involved are able to successfully implement it (*Coch & French Jr, 2014*[1]*; Selvadurai & Ferguson, 2013*[2]). Everyone responds differently to change, and the success is dependent on the level of awareness, motivation, knowledge, and skills (*Karambelkar & Bhattacharya, 2017*[3]*)*. A model like ADKAR model (*Prosci, 2003*[4]*)*, developed by Jeff Hiatt of Prosci Research in 1998, provides an opportunity for evaluating the building blocks for the successful implementation of organizational change in general *(Awasthy et al., 2011*[5]*; Kotter, 2012*[6]*; Moran & Brightman, 2000*[7]*);* and in the context of GST implementation in India (*Bhatnagar et.al, 2010*[8]*, Singh & Kumar, 2020*[9]*; Agarwal & Jain, 2019*[10]*, Burnes, 2004*[11]*; Boca, 2013*[12]*; Kotreshwar & Joshi, 2018*[13]*)*. The model includes 5 factors which catalyse the change in an organisation, viz. AWARENESS which includes the need for change and the benefits of GST, as is crucial for garnering support and buy-in for GST adaptation (*Anderson et.al., 2019*[14]*);* creating a DESIRE for change that build a compelling case for GST and its potential impact on individuals and organizations to motivate, inspire stakeholders and addressing concerns and resistance *(Brown & Brown, 2017*[15]); KNOWLEDGE which includes information and understanding of GST to enable navigating through the complexities (*Gill, 2003*[16]*);* ABILITY which comprises the development of skills, competencies, and capabilities required to adapt (*Kotreshwar & Joshi, 2018*); and finally, REINFORCEMENT which consolidate the change by ensuring the new behaviours and practices as a norm (*Goyal & Patwardhan, 2018*[17]*)*.

OBJECTIVES OF THE STUDY

The present research study has been undertaken with an aim to study the adaptability of the small-scale industries (SSIs) with respect to the organisational changes that happened due to advent of goods and service tax (GST). The study also aims to find whether there is any significant difference in adaptation to change among the responding SSIs grouped under types of organisations, age of the business, types of businesses, business sector, and quantum of investment.

RESEARCH METHODOLOGY

For the present study, Ambattur Industrial Estate (AIE), Chennai has been selected. Total number of industries in the AIE is 1,589 out of which 476 are SSIs (as on 31-03-2021). By using the Cochran's formula, with 95 per cent confidence level and ±5 per cent precision, the sample size is calculated as 214, which has been enhanced to 250 SSI units. The sample units have been selected randomly through a lottery method. Structured schedules / questionnaires have been used for data collection.

ANALYSIS AND DISCUSSION

For quantitative assessments, the consistency of scales was checked using Cronbach's alpha coefficient score (0.899), which indicates that the responses from the samples are consistent internally, i.e., precise, reproducible, and consistent from one testing occasion to another. The descriptive analysis has indicated a great deal of desire to adapt the changes (3.6480 out of 5), followed by awareness about the change going to happen due to change of indirect tax law (3.5400). Due to higher degree of awareness and knowledge (3.5440), the ability to accommodate the change has shown a higher mean of 3.5948. The reinforcement of the change has slightly dropped as the awareness, desire, ability, and knowledge have not confirmed with the action. The present manpower has not yet sufficiently effective in adapting the change (Table – 1).

TABLE 1

DESCRIPTIVE ANALYSIS OF FIVE FACTORS AND ADAPTABILITY TO CHANGE

Factors	Minimum	Maximum	Mean	Std. Deviation (SD)
Awareness	2.8976	4.2483	3.5400	.72439
Desire	2.9874	4.4327	3.6480	.73097
Knowledge	2.9820	4.4492	3.5440	.72902
Ability	2.8875	4.3876	3.5948	.72698
Reinforcement	2.5246	4.3756	3.0500	.73700
Adaptability	2.6547	4.4356	3.6270	.67340

Sources: Primary data

The results presented in Table 2 have indicated that the deviations found in all five factors, ranging from 52.309 to 53.560 per cent , has been attributed to fixed effects i.e., due to variation in stratification on the basis of year of establishment. But the variation ranging around 71 per cent across the five factors has been attributed due to types of business, whereas the variation of 68 and 72 per cent is attributed to the difference in business sector and quantum of investment, respectively. The adaptability has also shown a high degree of variation attributed to stratification of respondents. The random effect i.e., the variation attributed to the individual samples has shown a very low score.

TABLE 2

FACTORS AFFECTING THE ADAPTATION OF CHANGE– COMPARATIVE ANALYSIS THROUGH DESCRIPTIVE STATISTICS ACROSS VARIOUS STRATA

SSI strata		Age of the Business	Types of Business	Business Sector	Quantum of Investment
Factors	Variance due to	1970-1975, 1975-1980, 1990-1995, 1995-2000, 2000-2005, 2005-2010	Sole-Proprietorship, Partnership & Company	Manufacturing, & Service	> 2 Crores, 2-3 Crores, 3-5 Crores

Awareness	FE	.52309	.71246	.68724	.71889
	RE	.00321	.03065	.10847	.01585
Desire	FE	.53043	.71901	.69193	.72556
	RE	.00135	.03101	.11487	.01573
Knowledge	FE	.52852	.71793	.69101	.72323
	RE	.00124	.02870	.11163	.01678
Ability	FE	.52565	.71645	.68863	.72167
	RE	.00332	.02718	.11231	.01537
Reinforcement	FE	.53560	.72461	.69776	.73134
	RE	.00353	.03240	.11645	.01661
Adaptability	FE	.53892	.71468	.69528	.69492
	RE	.00251	.00329	.00682	.00669

NB.: FE – Fixed Effect, RE – Random Effect, Sources: Primary data

The test of ANOVA has been used to test the significance of the variations found across various strata of SSIs (table 3).It shows a statistically significant difference across the five variables of the ADKAR model, and in the degree of adaptability across various groups of SSIs, stratified on the basis of business types, business sectors, and quantum of investment; whereas the differences with respect to the variation due to the age of business is not statistically significant.

TABLE 3

FACTORS OF ADKAR AND FEATURES OF BUSINESS – TEST OF ANOVA

Parameters	**Age of Business**			**Business Types**			**Business Sector**			**Quantum of Investment**		
	F	Significance		F	Significance		F	Significance		F	Significance	
Awareness	1.179	.320	NS	5.205	.006	Sig.	28.650	.000	Sig.	2.913	.056	Sig.*
Desire	1.074	.375	NS	5.176	.006	Sig.	29.885	.000	Sig.	2.864	.059	Sig.*
Knowledge	1.068	.378	NS	4.878	.008	Sig.	29.146	.000	Sig.	3.001	.052	Sig.*
Ability	1.184	.318	NS	4.688	.010	Sig.	29.512	.000	Sig.	2.840	.060	Sig.*
Reinforcement	1.191	.314	NS	5.296	.006	Sig.	29.794	.000	Sig.	2.937	.055	Sig.*
Adaptability	1.210	.342	NS	6.002	.003	Sig.	29.995	.000	Sig.	2.984	.052	Sig.*

*NB: * at 10% level of significance, Sources: Primary data*

The correlation, presented in Table 4, between the five variables and the degree of adaptability shows a high-positive relationship. The interrelationship between the five factors also shows high degrees of correlation which indicates the inter-dependency among the factors.

TABLE 4

INTER-RELATIONSHIP FACTORS OF ADKAR– TEST OF CORRELATION (SIG. -2-TAILED)

Factors	**Adaptability**	**Awareness**	**Desire**	**Knowledge**	**Ability**	**Reinforcement**
Adaptability	1					
Awareness	.882**	1				
Desire	.981**	.992**	1			
Knowledge	.680**	.688**	.896**	1		
Ability	.883**	.691**	.881**	.789**	1	
Reinforcement	.676**	.689**	.886**	.684**	.787**	1

*NB: ** at 5% level of significance, Sources: Primary data*

This relationship between the degree of adaptability to change and five factors is presented in an equation form as - Degree of Adaptability to change = f (Awareness, desire, knowledge, ability, reinforcement) i.e., AoC = f (A, D, K, Ab, R).From the regression analysis, it is found that the five variables have a high impact (78.6 per cent)on the level of adaptation to change. As the adjusted R square score is 0.078, the model is appropriate for the analysis of regression. The highest impacting variable on the adaptation of the change due to introduction of GST is desire to change (0.452) followed by the ability (0.374), awareness with 0.142 and the least impacting variable is the knowledge (0.054) (table 5).

TABLE 5

FACTORS OF ADKAR– TEST OF REGRESSION

Model Summary[b]									
Model	***R***	***R Square***	***Adjusted R Square***	***Std. Error of the Estimate***	***Change Statistics***				
					R Square Change	***F Change***	***df_1***	***df_2***	***Sig. F Change***
1	.887[a]	.786	.078	.217	.786	127.337	7	242	.000

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	SE	Beta		
1	(Constant)	-.300	.070		-4.285	.000
	Awareness	.091	.195	.142	.465	.642
	Desire	.096	.252	.452	1.882	.003
	Knowledge	.034	.222	.054	.154	.877
	Ability	.238	.165	.374	1.446	.150
	Reinforcement	-.052	.138	-.083	-.379	.705

Sources: Primary data

FINDINGS

The success of any adaptation of change in a SSI is vested on the psychological and attitudinal factors of the employees. The desire to adapt to the change is higher than the physical factors like ability, awareness, and skill and knowledge. This phenomenon has been observed across the SSIs as they have outsourced the activities related to the GST, viz. registration, registration, documentation, reconciliation, tax filling, and scrutiny after deciding to adapt the change without possessing proper infrastructure and manpower. The degree of adaptability has varied across the strata, and does not have a great bearing on the age rather on the basis of the types of organisations, types of business, and quantum of investment.

CONCLUSION

The adoption of change is primarily attributed to psychological factors rather than physical factors. Human psychology plays a crucial role in shaping their attitudes, beliefs, and behaviours. When faced with change, individuals experience a range of psychological responses, including fear, resistance, and uncertainty. However, psychological factors such as cognitive flexibility, adaptability, and open-mindedness can also lead to a positive reception and acceptance of change. Understanding and addressing these psychological factors are crucial for successful change management and fostering a culture of growth and innovation across the SSIs. MA

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TRANSITION BONDS AND SEBI

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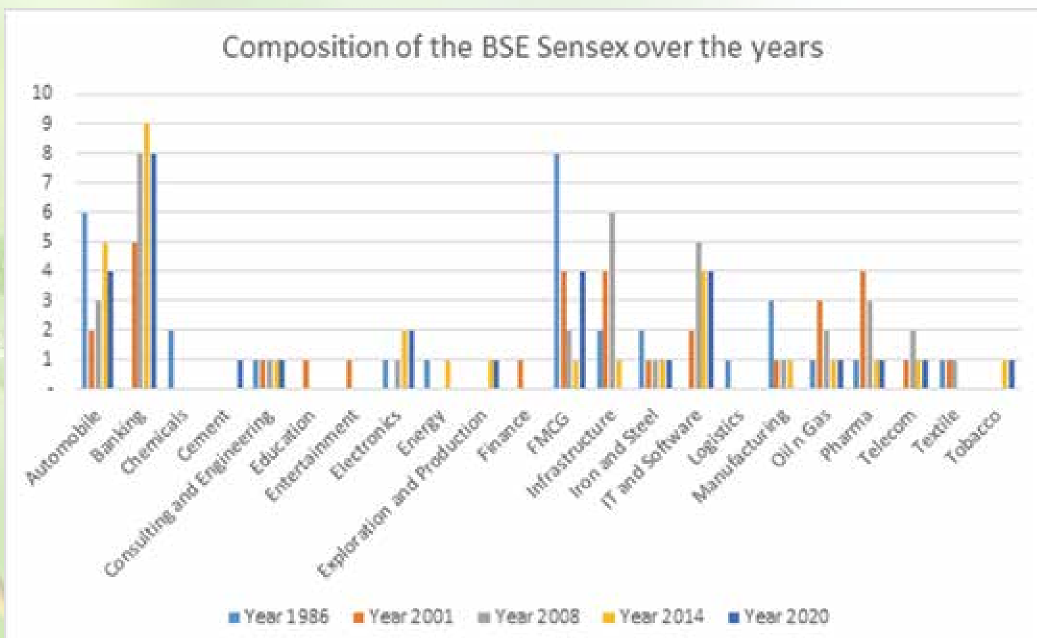
Abstract

Transition Finance is that which assists a company to move from a 'carbon-intensive' nature of operations to 'carbon-neutral' nature of operations. This transition eventually helps the industry and the nation in moving to net zero. Finance needed for this transition is known as 'transition finance'. Recently, SEBI has brought in a new green bond framework of which transition finance is also an important part. This article discusses the nuances of the SEBI green bond framework pertaining to transition finance.

What is transition finance?

Businesses have evolved. There was a point in time when business was all about making more money for stake holders. Essentially, investors felt that the higher the stock price of the company, the more value it created for them. Maybe rightly so as any investor would like to see their investment appreciate – this is what would constitute value for them. So businesses of all hue and colour started taking public money.

The following graph shows the sector-wise composition of the BSE Sensex over the past few decades:



The Sensex made its debut on April 1, 1979 with a base value of 100. The BSE started publishing values of the Sensex in 1985[1]. Specifically, if one compares the years 1986 and 2020, the following is the sector-wise composition of companies over the years:

[1] https://www.financialexpress.com/market/sensex-journey-from-100-to-39000-in-just-40-years-ten-landmarks/1535393

	Year 1986	Year 2020
Automobile	6	4
Banking	-	8
Chemicals	2	-
Cement	-	1
Consulting and Engineering	1	1
Education	-	-
Entertainment	-	-
Electronics	1	2
Energy	1	
Exploration and Production	-	1
Finance	-	-
FMCG	8	4
Infrastructure	2	
Iron and Steel	2	1
IT and Software	-	4
Logistics	1	-
Manufacturing	3	-
Oil n Gas	1	1
Pharma	1	1
Telecom	-	1
Textile	1	-
Tobacco	-	1

One can see the changing nature of the sectors that are part of the index. If one does an analysis of indices around the world one would get a similar picture. Notwithstanding the sector, the reason these companies managed to be in the Sensex was because of the value they created for the investors. But over a period of time, ever since global warming and climate change became household terms, there has been a change in the expectation of investors. They want companies to adopt a ESG linked approach to business. Various legislations – the Companies Act, the SEBI Listing Regulations etc. have recognised the need for businesses to be socially responsible.

A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.

- Section 166 (2) of the Companies Act, 2013

Members of the board of directors shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the listed entity and the shareholders.

- Regulation 4(2)(f)(iii)(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Thus companies that generate revenue and consequently value have to ensure that the industry in which they operate is not a sin industry (or the contribution of the *'sin'* (e.g. tobacco, alcohol etc.) portion of the industry is reducing owing to the company trying to diversify). Moreover, there is an imperative need that companies move from a '*carbon-intensive*' nature of operations to '*carbon-neutral*' nature of operations. This is what one calls as *transition*. This transition eventually helps the industry and the nation in moving to net zero. Finance needed for this transition is known as '*transition finance*'.

What are INDCs[2]?

Intended Nationally Determined Contributions (INDCs) refer to the climate targets determined by India under the Paris Agreement at the Conference of Parties 21 in 2015, and at the Conference of Parties 26 in 2021, as revised from time to time.

India's updated Nationally Determined Contributions (NDCs) are communicated to the United Nations Framework Convention on Climate Change (UNFCCC)[3]. NDCs embody efforts by each country to reduce national emissions and adapt to the impacts of climate change. The Paris Agreement (Article 4, paragraph 2) requires each Party to prepare, communicate and maintain successive nationally determined contributions (NDCs) that it intends to achieve. Parties shall pursue domestic mitigation measures, with the aim of achieving the objectives of such contributions.

In its INDC, India has pledged to:

- improve the emissions intensity of its GDP by 33 to 35 per cent by 2030 below 2005 levels.
- increase the share of non-fossil fuels-based electricity to 40 per cent by 2030.
- agreed to enhance its forest cover which will absorb 2.5 to 3 billion tonnes of carbon dioxide (CO_2, the main gas responsible for global warming) by 2030.

India's updated NDC also represents the framework for India's transition to cleaner energy for the period 2021-2030. It proposes 'LIFE'– '*Lifestyle for Environment*' as a key to combating climate change. The vision of LIFE is to live a lifestyle that is in tune with our planet and does not harm it. India's updated NDC also captures this citizen centric approach to combat climate change.

In this regard, India has also presented, at the CoP 26, a concept of *'Panchamrit' ('five nectar elements')*

[2] *https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1847812*
[3] *https://unfccc.int/process-and-meetings/the-paris-agreement/nationally-determined-contributions-ndcs*

- Reach 500 GW Non-fossil energy capacity by 2030.
- 50 per cent of its energy requirements from renewable energy by 2030.
- Reduction of total projected carbon emissions by one billion tonnes from now to 2030.
- Reduction of the carbon intensity of the economy by 45 per cent by 2030, over 2005 levels.
- Achieving the target of net zero emissions by 2070.

This is expected to help India usher in low emissions growth pathways and safeguard its future development needs based on the principles and provisions of the United Nations Framework Convention on Climate Change (UNFCCC).

India had also made a commitment to increase its carbon sink by 2.5 to 3 billion tonnes of carbon dioxide equivalent by 2030 through the creation of additional forest and tree cover. A carbon sink is nothing but a green tree cover that will absorb the carbon dioxide link a sink.

Additional requirements for issuers of transition bonds[4]:

Since transition bonds are *green debt securities* as per the NCS Regulations, SEBI felt a need to ensure that the funds raised for transition finance through transition bonds are indeed used for the purpose. Accordingly, certain stipulations additionally have been brought in by SEBI for issuers of transition bonds.

1. On February 2, 2023, the revised definition of *'green debt security'* was notified in the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021[5]. On February 6, 2023, SEBI issued the revised disclosure requirements for such issuances.
2. As mentioned earlier, *'Transition bonds'* is one of the sub categories of the revised definition of '*green debt security*'. As per the SEBI (Issue and Listing of Non-Convertible Securities), transition bonds comprise of:

   "funds raised for transitioning to a more sustainable form of operations, in line with India's Intended Nationally Determined Contributions."
3. The present size of the transition finance market is around USD 3.5 billion[6]. Essentially it is moving from operations that are carbon intensive to carbon neutral. For transition, a significant helping hand through funding is required for carbon-intensive sectors to decarbonize. SEBI believes that transition bonds find their use in this space.
4. In order to facilitate transparency and informed decision making amongst the investors in the transition bonds and to ensure that the funds raised through transition bonds are not being misallocated, SEBI decided to prescribe certain additional requirements for issuance and listing of *transition bonds*, as follows:

SEBI brought a circular on May 5, 2023, requiring an issuer desirous of issuing transition bonds to make the following additional disclosures:

Disclosure in the offer document for public issues / private placements of such transition bonds:

a. To differentiate transition bonds from other categories of green debt security, Issuer of transition bonds shall use a denotation **'*GB-T*'**. The denotation shall be disclosed in the offer documents on the cover page and in *type of instrumen*t field in the term sheet.

b. Transition Plan, which shall contain the following:

   i. *Details of interim targets / milestones along with an indicative timeline for achieving the targets.*

   (interim targets should also reflect the indicative figure regarding how much emissions the issuer is envisaging to reduce)

   ii. *Brief of the project implementation strategy*

   iii. *Details regarding the usage of technology for the project implementation*

   iv. *Mechanism to oversee the utilization of the funds raised through transition bonds and the implementation of the transition plan. Issuers may form a committee to oversee the implementation and ensure timely completion of the defined targets.*

Disclosure in the Centralised Database for corporate bonds:

An issuer shall disclose the denotation in the Centralized Database for corporate bonds/ debentures by filling the denotation i.e. **GB-T** in sub point 6 i.e. *Others (Please specify)* of point 10. i.e. *Type of Instrument* of Annex-XIV-A to Chapter XIV (Centralized Database for corporate bonds/ debentures) of the Operational Circular dated August 10, 2021 (and as amended from time to time).

The Depositories shall update the denotation i.e. **GB-T** as prefix in "*instrument details*" field in Centralized Database for corporate bonds/ debentures.

Disclosure to Stock Exchanges, in case of a revision in the transition plan:

An Issuer of transition bonds, during the year, shall disclose the revised transition plan along with an explanation for any such revision to the already disclosed

[4] *https://www.sebi.gov.in/legal/circulars/may-2023/additional-requirements-for-the-issuers-of-transition-bonds_70937.html*
[5] *See Regulation 2(1)(q) of the SEBI NCS Regulations, 2021*
[6] *https://www.climatebonds.net/files/reports/cbi_sotm_2022_03c.pdf*

plan; if applicable.

Disclosure in the Annual report:

The Issuer, shall disclose the transition plan along with a brief on the progress of the implementation of the transition plan.

Transition finance – steps:

The International Platform on Sustainable Finance (IPSF) was launched on 18 October 2019. Its members are public authorities from Argentina, Canada, Chile, China, India, Indonesia, Kenya, Morocco, Norway, Switzerland and the European Union, representing almost half of the world's greenhouse gas emissions. The International Platform aims to[7]:

- *Exchange and disseminate information to promote best practices in environmentally sustainable finance;*
- *Compare the different initiatives and identify barriers and opportunities to help scale up environmentally sustainable finance internationally;*
- *While respecting national and regional contexts, enhance international coordination where appropriate on environmentally sustainable finance issues. Where appropriate, some willing members could strive to align initiatives and approaches.*

The IPSF offers a multilateral forum of dialogue between policymakers that are in charge of developing sustainable finance regulatory measures to help investors identify and seize sustainable investment opportunities that truly contribute to climate and environmental objectives[8]. The IPSF has suggested the following steps in transition finance adoption and use including reporting to investors[9]**:**

Conclusion:

Transition finance is sitting at the cusp of being one of the most tapped avenues of finance in the country. Funds from these bonds can be used for any project, provided certain requirements as laid down by SEBI and sustainability improvements are met — for example, reducing emissions by a set amount within a predetermined deadline, moving from fossil fuel power to renewable power etc. The Transition bond framework of SEBI aims to bridge the fiancé gap by being a source of finance to take care of the company's green energy needs. MA

[7] *https://www.switch-asia.eu/resource/international-platform-on-sustainable-finance-ipsf/*
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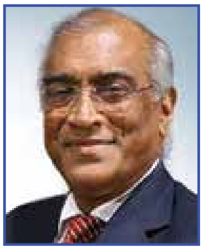
DIGITAL LEADER AND DIGITAL LEADERSHIP FOR DIGITAL TRANSFORMATION



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Abstract

Critical importance of contributions of a leader for attaining success in any teamwork at any walk of life need not be emphasised. Qualities, traits, nuances, features, styles. etc. of a leader and leadership also impact performance of any group. Digital transformation, being a teamwork, is no exception to these. Earlier a leader and team members had to depend on own capabilities, power of mind, creative thinking and cerebral judgement for data analyses, interpretations, inferences, and crafting strategies. In contemporary digital era technologies help in these. Duties and responsibilities of a business leader are also evolving with evolution of digital technologies. Effective change management has by itself become a changing phenomenon and a critical success factor. Right to make mistakes and abiding by digital ethics have assumed primacy for meeting success with innovation. This article deals with all these newer dimensions of digital leadership and the tasks and deliverables of a distinctly identified digital leader.

Introduction

Historians and social scientists have conclusively established that, at every walk of life every group of human being required a leader right from planning and organising to reaching milestones of success. Whether the leader evolved from amongst group members, or declared herself or himself to be the leader and then people rallied around is not a matter to be argued upon. The debate could be whether without the leader the group could have achieved the goal(s). From around early 1990s one new dimension got added as a factor

Image Source: *https://www.linkedin.com/pulse/leadership-digital-transformation-ernesto-boydon* to assess success of a leader. And that is sustainable growth and prosperity because future is unfolding with newer and more risky dimensions of VUCA. Two more dimensions, viz., 'Fear of Unknown' and 'Unprecedentedness' have been added after prolonged dreadful global experience of Covid19 Pandemic to make it VUCAFU.

The word Leadership, albeit being essential at every walk of life, is frequently used in both letter and spirit for corporate organisations and political parties. When it comes to matters of army and sports the word changes to commander and captain. While basics and core fundamentals of leadership remains almost the same irrespective of any field and operation, specificities are also there befitting exact functions and deliverables of the team working under guidance, directions, command, and control of the leader. However, since the onset of computing technology human qualities and abilities of leadership started being aided and powered by data, information and inferences drawn from analyses thereof. This has facility has changed the nature demands from and quantum of deliverables by leaders.

Objective

Tons of papers have been inked and zillions of bites have been burnt in cyberspace with narratives on theories, nuances, features, styles. etc. of leadership and qualities, traits, dos. and don'ts of good leaders as well as best leadership practices. Therefore, this paper will not include any of those. Instead, it will deal with the new phenomenon called 'Digital Leadership (DL). Understanding this new phrase has assumed critical importance mainly because of one major reason. Earlier a leader had to depend exclusively on her/his own capabilities, self-drawn analyses, interpretations, inferences, and strategies relying on her/his own power of mind and judgement. Whatever support were there from team members and advisors, were also dependent on their own power of mind.

However, a major part of such data analyses, interpretation, articulation of inferences, etc., have now been taken over by digital tools like AI, ML and DL. Even unstructured data information contained in hard documents are also being analysed by digital tools. All these and many other routine mundane tasks have been taken away by computer. Therefore, jobs of leaders are more and more moving into the domain of cerebral thinking, reflecting, innovating, choosing the right technology for the right purpose, etc. Leaders also have to face challenges of change management, ring fencing of talent, redeployment and scalability.

Time is, therefore, here, and now for existing and future leaders of business houses, startups, government agencies and NGOs as well as young entrepreneurs to understand critical importance of 'Digital Leadership'. Their future success will largely depend on the right applications of the right digital technology(ies) for the right purpose, at the right time at the right cost for the right rate of return. This paper will deal with all these dimensions of leadership in contemporary digital era.

IT to ICT and Web1 to Web3 – Evolution of Digital Leadership

The world witnessed onset of computing technologies from around early 1970s. Till about mid of the first decade of 2000 business houses were engaged with computerisation and automation powered by ERP systems and industrial mechatronics for robotisation. Advent of wireless communication technologies enabled mobility with handheld computing devices. This purposefully melted into one Information and Communication Technology (ICT).

The prime focal point for business leaders during those three decades were on process development and IT enablement, industrial automation with mechatronics, risk minimisation and performance optimisation. ICT gave birth to Web1 in early 1990s with www, and the world witnessed 'Information Economy'. But CEOs and CXOs continued to be to be reckoned as leaders for leadership in letters and spirit. Despite all these, during that prolonged period of the third industrial revolution 'IT Leadership' or 'ICT Leadership' as a phrase could not be heard or was not a talking point in business corridors. Business leaders and corporate leadership continued to be discussed.

Innovative applications of ICT tools and delivery through cyberspace ushered in 'Platform Economy' through the second-generation www or Web2 during mid years of the first decade of present century. Examples of which are proliferation of virtual marketplace, interactive social media, digital advertising, delivery of education and healthcare, etc. And the present third decade is for Web3 or 'Ownership Economy' with DeFi, DeSci, Metaverse, etc. These are being made a reality with advanced and cerebral applications and integrations of multiple digital technologies, viz., IoTs, AI, ML & DL, AR & VR, Drones, etc. with Blockchain providing the main platform. As stated earlier Digital Transformation (DT) is now the primary focal point of all business activities riding on the Web3 and blockchain platforms powered by smart contracts. Readers can read more about all these from the 38th article[2] published under this Column in October 2022.

When the need for minimising any chance of failure of any group efforts comes, rightful leadership emerges as the crying need to orchestrate efforts, provide directional guidance and driving power to move ahead with success. Thus, the new phrase that has emerged now is 'DIGITAL LEADERSHP' which is the subject matter of this article. The present era of Industry 4.0 is the period for attaining competitive advantages with applications of digital technologies and DT of operations for generating new business models and revenue models for enhancing ROI. The new buzzword is 'Digital Assets' and newly defined business objectives is digital transformation for more operational excellence, customers' delight, scalability, information safety and security, minimisation of value destruction etc. Yet at the same time no room is left for time and slow space.

What and Who of Digital Leader and Leadership

The phrase 'Digital Leadership (DLs) can be defined and appreciated from several perspectives and the difference between Digital Leader (DLr) and DLs needs to be redrawn and appreciated. A DLs' important responsibility is successful utilisation of all digital assets of the company for achieving corporate goals which is an absolute new phenomenon. Gartner Glossary[1] has defined 'Digital Assets' as *"... anything that is stored digitally and is uniquely identifiable that organizations can use to realize value. Examples of digital assets include documents, audio, videos, logos, slide presentations, spreadsheets, and websites"*. A DLr must have to play a critical role to ensure maximisation of corporate goals by optimum utilisation of such digital assets. Her/his primary duties and responsibilities are, therefore, to:

- Define digital mission and strategies aligned with the overall organisational mission and strategies,
- Set both long and short term goals in both tangible and intangible terms to be achieved through digital transformation,
- Form both core and extended teams with requisite talent skills and application-oriented trainings,
- Provide directional and tactical guidance to team members across the board,
- Establish an enabling environment for digital innovation, creativity and set in motion all team members' initiatives, efforts and actions to achieve the said objectives, and
- Be the catalyst for DT and effectively conduct change management in compliance with all related statutory provisions to ensure ideal digital governance.

Towards discharging these responsibilities another important task of a DLr is to choose the right digital technologies with the right mode of applications, for the right purpose at the right time and right cost. DLs, in the context of Industry 4.0 era, is synonymous with cerebral innovation with creative thinking to generate creative ideas. The primary objectives are:

- Creative destruction to generate space for improved versions of existing products, services, processes, and/or
- Creating altogether new products, services, and functional processes. with cerebral applications of digital technologies and help in their gainful delivery to customers.

There are examples galore about how such digital innovations are improving a common man's way of living life. A DLr is also the lead in-charge of the team of critical thinkers in search of creative ideas for business excellence. Innovation for business operations primarily aims at generating new business models with more and new revenue models in collaboration with related functional heads. This spans right from the stage of innovative ideation to effective implementation of plans for achieving the goal(s) of DT in tangible terms.

The axiomatic comment of an unknown author about a digital leader reads, *"Creative genius is less important in an innovative leader than is the ability to form a vision around an idea or set of ideas."* According to a publication of KPMG[3] he who does the following is a digital leader:

- *"An architect who develops and executes the organization's digital strategy and architecture.*
- *An implementer who works closely with business lines to implement tools.*
- *A coordinator who brings together people with disparate skills to work together and encourage collaboration.*
- *A relationship builder who connects with third-party technology providers to incorporate their specialized skills into the organization's digital strategy and business strategy."*

Supreme examples of 'Digital Leaders' and 'Digital Leadership are the globally acknowledged stories of cerebral leadership provided by CEOs like Bill Gates to employees of Microsoft, Steve Jobs to employees of Apple, Jeff Bezos to Amazon.com and Prime Video, Byju Raveendran for ideating and creating Byju's App for digital transformation of basic education, and so on. Such examples can also be quoted from all the organisations that have scaled the height of a Unicorn with cerebral applications of digital technologies. Every such digital leader can be considered as a 'Creative Visionary', cerebral thinker, as well as friend, philosopher, and guide. They train and effectually instil the habit of creative thinking, innovating, and generating unique ideas for problem solving into team members they lead in search of digital excellence.

Digital Cerebralism

The following graphic provides an iconic expression of what all a leader does for successfully leading an organisation to achieve a specific mission with innovation and creativity. A DLr is no exception to that. The task of a DLr starts with leading self with a creative vision and then gradually leading team members through the process of creative thinking, creativity, and innovation. A DLr also acknowledges the 'Right to commit mistakes' in the path towards success.

A DLr should consciously be aware that for team members the best and lasting way of learning is to learn from mistake(s)'. Mistakes, albeit should only be a matter of accident or chance, can make them to understand that what they did is not the right way to achieve success. Such learning points can serve as critical success factors for their next efforts. Understandings and appreciations of all these help a DLr to create an enabling environment for 'Cerebral Innovation' and better motivating and directing team members towards attaining success. All these alleviate the process for the DLr establishing a 'Digital Culture' across the spectrum of an organisation and finally leading the by mandating and fostering.

Responsibilities of Innovative Leadership

Source: https://www.sketchbubble.com/en/presentation-innovation-leadership.html

Saumus Rae[3], CEO at Engine B, London is of the view that *"If the leader is not a pioneer for a future digital business model and its technologies, then they're not functioning as a vital bridge, connecting the business and technology ends of the enterprise. They don't necessarily have to be a deep technologist, but they need to appreciate the promise of AI, cloud, IoT, smart analytics and other solutions, and what the business model might look like in five years.*

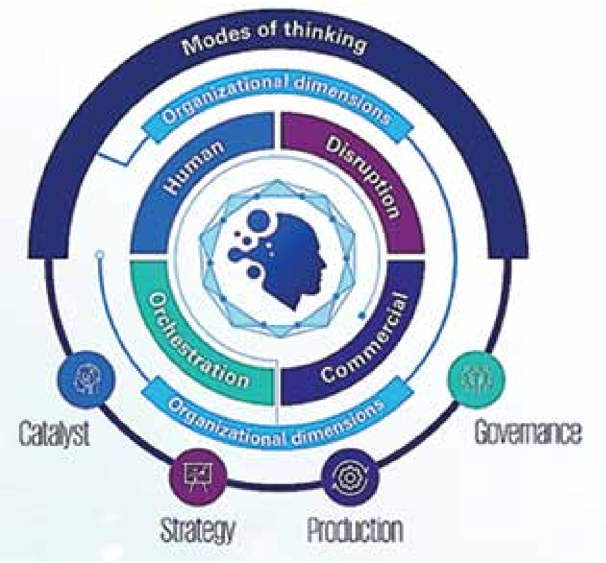
DLrs should, besides being a visionary, actively contribute to the process of 'innoventive' digital transformation. She/he should cast profound impact on his team members, which must be perceivable be team members. Thus, a DLr would become an effective catalyst for innovation and by actions foster co-creativity. A DLr's passion for DT and conviction about ideated applications should be infectiously inspirational for team members. With all these in mind the major deliverables of a successful digital leader can be narrated through the following bullet points:

- Develop a strategic vision and mission from the perspective of core team for DT and align the same with the overall vision and mission of the company,
- Be the catalyst, major change agent and successfully build digital culture across the organisation,
- Changeover from legacy systems to the digitally transformed systems with least possible resistance, pain, and business disruptions,
- Enhanced capital output ratio of all tangible capital assets and digital assets, competitive advantages, and productivity of employees. All these are for enhanced ROI by creating an enabling environment so that employees consider DT as a mission for strategically using all digital assets of the company,
- Improve engagement of customers and all stakeholders with the company for delightful experience and win with association,
- Imagine future of the company's business through predictive insight and increase revenue through digitally driven new business models and revenue models leading to higher profit and profitability, and
- Ring fence talented human resources and gainfully deploy across the organisation after due training and reskilling for handling digital business.

A professional through digital leadership must ensure delivery of all these and must not consider DT as a 'Lipstick Project' for decorating the organisation, or a destination to be reached once for all. Instead, she/he should embark on digital transformation as a journey and lead the organisation in search of excellence for sustainable growth and prosperity.

According to Stefan Katanic, a member of Forbes Councils[4], *"A digital leader is not just one who helps a company find cutting-edge alternatives to legacy systems. They are also the ones who approach problems with an open mind and show great curiosity in their work, which leads them to make all efforts toward encouraging creativity among teams".*

Digital Leadership - Multitude of Dimensions



Source: https://assets.kpmg.com/content/dam/kpmg/sa/pdf/2021/digital-leadership-updated-2.pdf

The above graphic crafted in the quoted publication of KPMG brings out the multitude of dimensions of digital leadership. Words and phrases used in it are self-explanatory and demonstrate/testify what all the author has narrated in the foregoing segments and paragraphs. These should be considered by a digital leader while deciding about the digital transformation strategies and tactics for implementation. All these are of critical importance in a dynamic business ecosystem shrouded with risks, uncertainties and endlessly evolving digital technologies.

A DLr should, therefore, also emerge as the thought leader for the organisation, follow certain ideology and philosophy for successfully continuing with delivery of the above results. According to Oxford Dictionary meaning of the word 'Ism', which originated in 17th century, is *"Distinctive practice, system, or philosophy, typically a political ideology or an artistic movement"* In the context of innovative applications of digital technologies the author is inclined to adopt this meaning of the word 'Ism' and add to the word cerebral to collectively christen all the above functions of a digital leader under one axiom, and that is **'Digital Cerebralism'**.

Ursula Burn, the former and the first ever black woman CEO of Xerox from 2009 to 2016, said that *"I do business with heart as much as I do with head both personally and professionally."* The commonly understood synonym for 'cerebral' is brain. CEO Burn might have meant cerebral leadership when she talked about head. The power of heart might have charged her emotionally as a leader. Digital cerebralism would also need power of cerebrum or head and of course emotional intelligence to deal with both internal and external stakeholders.

Digital Leadership - Person and Entity

In the light of 'Digital Cerebralism' DLs can be thought through from the perspective of both an individual leader and collectively an organisation. When a professional takes up the duties and responsibilities for delivering the above results by leading the core DT team, she/he can be construed to have taken up the role of digital leadership.

At times an organisation can also be considered as actively facilitating digital leadership by rendering services to clients, By their services they help the clients' business leaders to successfully adopt digital technologies and drive digital transformation in their respective organisations. Such service providers also help entities by selling and/or implementing digital tools, devices, products besides rendering services for implementing DT. Cases in point are giants like TCS, IBM, Google, Capgemini, Accenture, etc.

DLs can also be appreciated from a third perspective in which certain companies take leadership role in an industry and indirectly inspire/compel other entities of that sector for digital transformation. While they enjoy the first mover's advantages as the torch bearer of DT in that industry sector, others consider them as the leader. Therefore, the first adopter can be construed to have provided digital leadership to that industry sector. For example, in EduTech sector Byju's has taken the leadership position for inspiring other startups of the sector to follow their footsteps.

The Winning Formula

By now it might have been appreciated by readers and professionals from across any form of organisation that there is no scope of reluctance and escape from embracing digital technologies both at personal and organisational levels. They must have to accept and deal with the emerging realities and need for digital transformation in this Industry 4.0 era. Therefore, the requirement and importance of distinctly identified digital leaders and digital leadership cannot also be wished away. Whether the leader will emerge from within or be chosen from external environment is of lesser importance amongst related issues.

An intriguing question that may arise is, whether there is any winning formula for digital leadership with digital cerebralism for success in digital transformation. Almost certainly the answer would be no. Because no two industry or service sectors are the same and internal realities of no two organisations within any sector are the same. Therefore, with variations in internal and external environment and realities the roles and responsibilities of the leader would vary, including for directional thoughts, strategies, and degree of intensity in efforts. Moreover, changing dimensions of VUCAFU and evolution of digital technologies at an overwhelming speed also would call for dynamic approach of digital leaders. They must have to craft different strategies and tactics to convert risks into opportunities. At least that is what successful startups have proved as one of the major keynotes of success.

The author would not hazard into prescribing any winning formula. His extensive search has also failed to find those. It would perhaps be helpful to study plenty of literature, research papers and advice of successful leaders to gain insights into various aspects of digital leadership and figure out success factors many of which can serve as pearls of wisdom. The author would like to remind all concerned about his clarion call for ever remaining conscious about humane and ethical dimensions of digital transformation. Digital leaders perhaps will achieve more success if they also follow the 'Ten Commandments for Digital Transformation' as articulated by the author. These are available in his published article[5] and a video[6] in his personal YouTube channel. MA

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CIRCULAR

Sub: Usage of acronym "ICMAI" for the Institute of Cost Accountants of India

The Council of the Institute at its 344th meeting held on 20th & 21st May, 2023 has decided to use acronym "ICMAI" for the Institute of Cost Accountants of India.

In compliance thereof, all concerned including all departments, regional councils, chapters, office bearers, elected representatives and employees of the Institute are hereby directed to use the acronym "ICMAI" for the Institute of Cost Accountants of India and also insert all references to the mark "ICMAI" in all the physical and virtual mediums under their control and/ or supervision, which would include social media handles and websites with immediate effect.

(Kaushik Banerjee)
Secretary

NEW AGE CFOs: DRIVE STRATEGIC ACTION PLAN FOR VALUE CREATION THAN CONFINED TO MERE FINANCE AND ACCOUNTING

Abstract

CFOs are generally confined to their comfort zone of finance and accounting work albeit done by them diligently. Unfortunately, majority of CFOs get immersed so much in these routine activities that they do not think out of box. They do not proactively engage in driving business growth. CFO should spend most part of their time in matters related to strategic affairs, top line growth, profitable growth, lean management and so on over and above the basic responsibility of financial management. He/she should act as a right hand of the CEO and help developing a robust business strategy for the company. He/she should take leadership in detailing the strategic action plan into operational plan and further break it down into various activities. Each activity should be assigned to a KMP with target timeline and goals. The CFO should proactively take the responsibility of implementation of strategic and operational action plans. Periodical review of actual business performance against action plan target is a key mantra to succeed in business performance. The CFO has the right skill set for facilitating CPO in negotiation of high value procurement contracts. The CFO should exhibit professionalism and acquire personal attributes of a high performing employee to demonstrate work ethics and professionalism inside and outside the organization.

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OPENING

In the cutting age economy of global slowdown, trade restrictions, unfavorable import and export duty structure and cut-throat competition, generation of consistent profit and free cash flow to the expectation of shareholders is a daunting task. As the company's financial performance becomes better and better on a quarter on quarter basis, the expectation level of shareholders grows higher and higher. In some companies, the Chief Executive Officer (CEO) had burnt their fingers and their ability is questioned for not creating enough growth to the expectation of shareholders. This kind of examples are often common in technology companies and start-up sectors. We may feel sorry for the CEO's head toll but why can't Chief Financial Officer (CFO) take a bigger responsibility and help the CEO on driving business growth.

WHY CFOs DO NOT DELIVER WHAT IS EXPECTED FROM THEM

CFOs are generally confined to their comfort zone of accounting, financial reporting, budgeting, cash flow, treasury, fund raising, risk management, costing, financial control, taxation, M&A, compliances and so on. No doubt, these set of CFOs do their routine work diligently on a timely manner with accuracy. These sorts of deliverables are the bare minimum expected from a CFO. These tasks are their bread and butter. More importantly they are qualified to do this job and these tasks are not *rocket science*. Unfortunately, majority of CFOs get immersed so much in these routine activities that they do not think out of box. They do not proactively engage in driving business growth.

CFOs can play a crucial role to support the CEOs in developing business strategy and more importantly executing those strategies across the Board. The CFO should not only be a number cruncher and reporter of financial data but should go beyond his normal role of duty to help the top management across functions for business growth.

In the good old days, the finance function was mostly concentrated in recording accounting transactions, maintenance of books of accounts such as purchase book, sales book, cash book, general leger and preparation of Profit & Loss account and Balance Sheet. With the advent of computer followed by computerized accounting software programs and ERP system the record keeping and maintenance of books of accounts are automated and have become pretty simple since last few decades or so. Mid-level executives and their subordinates in a finance and accounting (F&A) department are experienced enough to perform these tasks. Senior Managers in F&A are well equipped with tasks such as analytics, financial planning, budget monitoring, cash flow, trade finance, fund raising, financial reporting, investment, financial control, costing, tax management and regulatory compliance matters.

WHAT IS EXPECTED FROM A NEW AGE CFO

The CFO should spend on an average a quarter of his time in managing the F&A department. He/she should engage with the team, ensure seamless operation of the function and hold the responsibility as torch bearer of the department. The CFO should develop a core team (let's say 5 member) with continual engagement, selective delegation, transparent communication and mutual trust. The CFO should move on and spend the balance time in matters related to strategic affairs, top line growth, profitable growth, lean management and so on.

NEED TO DEVELOP A ROBUST BUSINESS STRATEGY WITH ACTION PLAN :

The CFO should act as a right hand of the CEO and help developing a robust business strategy for the company; should facilitate other functional heads such as Chief Marketing Office (CMO), Chief Operating Officer (COO), Chief Procurement Officer (CPO), and Chief Human Resources Officer (CHRO). The CFO should support the CEO in bringing all CXO level people in the same page, brain storm the business strategy and agree upon through a consensus and roll out a strategic operational action plan.

The CFO should take leadership in *detailing* the strategic action plan into operational plan and further break down into various activities. Each activity should be assigned to a Key Managerial Person (KMP) with target timeline and goals. These activities or tasks should be measurable and achievable. These should form part of the performance measurement system as KPI of the employees. The process can be cascaded to each and every employee of the organization.

DRIVE IMPLEMENTATION OF OPERATIONAL ACTION PLAN

Many organizations across the globe develop business strategy with action plan. But, very few are able to implement such action plan successfully. Companies which are able to do so, succeed in achieving business performance target. It is easier to say than done.The. CFO being a key functionary in the company gets most of the vital information and data relating to the entity. Hence the CFO should proactively take this responsibility and spearhead the implementation of strategic and operational action plan.

Periodical review of actual business performance against action plan target is a key *mantra* to succeed. Quarterly review is too late to catch-up any possible shortfall. To begin with, review meeting should be on a fortnightly basis and then gradually move to monthly. The CFO should present the data, based on which the CEO should be able to have a proper review of the achievements against action plan points. The CEO must complement the functional leaders who have achieved the target and questions leaders who have not. This is a powerful management tools of converting non-performers into performers. The CFO plays a crucial role in facilitating strategic decision support to those in whose case there is a gap between the target and the actual. The implementation of strategic and operational action plan is a powerful tool in business turnaround and for achieving financial growth of the company.

OVERSIGHT ROLE IN PROCUREMENT NEGOTIATION

The CFO has the right skill set in facilitating CPO in negotiation of high value procurement contracts. Any reduction in procurement cost with top notch negotiation directly improves the bottom line. He/she should know how to leverage the strength of the company and use it to improve the bargaining power. The CFO is also in a better position to think through as an outsider of procurement function and give some *out of box* ideas in negotiations. One school of thought is that finance and procurement functions are independent of each other and CFO should not get involved in procurement to have any possible conflict of interest. The other school of thought is that the CFO is above the finance function per se. ERP system takes care of internal control and business process. Finance staff and procurement staff are independent. But CFO's role is that of a top managerial one wherein he/she needs to get involved in several business decisions and needs to take several actions including selective procurement negotiations as long as it benefits the company. With the involvement of CFO, if the company is able to lower the procurement price by 1 or 2 percent it improves the bottom line directly. The CFO can even improve the terms and conditions such as change advance payment terms to post shipment, supply against letter of credit,to open credit and so on.

The CEO should empower the CFO and encourage taking this extra over sight role. The CEO plays a crucial role of bringing CPO and CFO together in the best interests of the organization.

DEMONSTRATE PERSONAL ATTRIBUTES

In an earlier article published in the July 2022 issue of "The Management Accountant" titled "Four blocks of attributes of a high performing employee", this author had narrated the personal attributes and requirements to perform at the top level. The broadly classified four blocks are as under:

Block 1 Integrity / Ethics / Trustworthy

Block 2 Discipline / Lead by examples, Communication / Transparency

Block 3 Sacrifice / Commitment, Passion

Block 4 Creative thinking / Solution provider.

The CFO must acquire these attributes to demonstrate his/her work ethics and professionalism inside and outside the organization. Thousands of investors, analysts and stakeholders of listed companies look at CFOs statements and views as authentic . They perceive the CFO to be a complete independent and transparent person. Expectation levels are very high. These investors put in enormous funds based on company's financial and forward-looking statements. Hence the CFO must demonstrate these behavioral and personal skill sets so that investors rely on his/her words and actions. If the CFO of a company is a rock solid, strong-in ethics person it's obvious that financial control levels will be at its best. Consequently, the company's operations will be seamless and the top management can focus on driving business growth rather than worrying about the internal business process.

The CEO plays a crucial role of bringing CPO and CFO together in the best interests of the organization

CONCLUSION

CFOs currently working for organizations across the globe must make a paradigm shift to new age CFO tag and perform fearlessly. First, he/she should win the confidence of the CEO and put in sustained efforts in changing the culture and turning the entity into an ethical and transparent organization. The CFO should spend some quality time in supporting the CEO and the top leadership team in developing a robust business strategy and an operational action plan. He/she should spearhead in implementing the operational action plan across the Board. The CFO should play an oversight role in negotiating large procurement contracts and should demonstrate professionalism and acquire four blocks of personal attributes of a high performing employee. MA

Reference:

From the practical real-life experience as CFO while working with some reputed organizations such as Bahrain Aluminium Extrusion Company , Gerdau Steel India (Brazilian MNC), and Essar Steel India (Arcelor Mittal Nippon Steel).

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17th July, 2023

NOTIFICATION

In pursuance of Regulation 146 of the Cost and Works Accountants Regulations, 1959, the Council of the Institute at its 345th Council Meeting held on 16th July, 2023 by virtue of power conferred therein has constituted the following Chapter of The Institute of Cost Accountants of India covering the area of Greater Noida, District-Gautom Budh Nagar in Uttar Pradesh.

The Institute of Cost Accountants of India – Greater Noida Chapter
G-173. Sector-Beta 2,
Greater Noida, G.B.Nagar
District-Gautom Budh Nagar
Pin - 201 301
Uttar Pradesh.

(CMA Kaushik Banerjee)
Secretary


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FINTECH INNOVATIONS REDEFINING DECISION-MAKING IN MANAGEMENT ACCOUNTING: REAL-LIFE CASE STUDIES FROM INDIA

Abstract

This article presents a comprehensive exploration of the transformative impact of fintech innovations on decision-making in management accounting, using real-life case studies from India. Fintech, the integration of financial services with advanced technology, has revolutionized the finance industry, including management accounting. By analyzing case studies from various industries in India, this article showcases how fintech solutions have redefined decision-making processes, improved efficiency and enhanced the effectiveness of management accounting practices. The case studies highlight the adoption of advanced analytics, machine learning and AI algorithms, enabling organizations to generate meaningful insights, automate tasks, streamline reporting and develop predictive models. The findings emphasize the opportunities and challenges associated with implementing fintech innovations in management accounting, underlining the importance of embracing technology to stay competitive in today's data-driven business environment.

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INTRODUCTION

Fintech innovations have brought about a seismic shift in management accounting, reshaping how businesses make decisions and manage their finances. In India, a country known for its rapid technological advancements, fintech solutions have played a pivotal role in transforming decision-making processes within management accounting. This article explores how fintech innovations have redefined decisional aspects in management accounting for notable companies in India, showcasing real-life case studies that highlight their impact.

India's dynamic business landscape provides fertile ground for applying fintech solutions in management accounting. By harnessing cutting-edge technologies, businesses can streamline operations, gain access to real-time data, and leverage advanced analytics tools. This article will explore real-life case studies from India, showcasing how fintech innovations have redefined decision-making in management accounting for notable companies.

REAL-TIME DATA ACCESS: HDFC BANK

HDFC Bank, one of India's leading financial institutions, has embraced fintech innovations to revolutionize decision-making in management accounting. By leveraging cutting-edge technologies, HDFC Bank has successfully transformed its financial operations, enabling more informed and strategic decision-making processes.

Challenge

HDFC Bank faced the challenge of managing vast financial data across multiple branches and departments. In addition, traditional accounting practices involved manual data entry, which was time-consuming and prone to errors. This hindered the bank's ability to promptly access accurate and up-to-date financial information, impacting decision-making and forecasting accuracy.

Fintech Solution

To overcome these challenges, HDFC Bank adopted a cloud-based accounting software solution. By leveraging the benefits of cloud computing, the bank gained real-time access to financial data, allowing for seamless collaboration and improved decision-making. In addition, the cloud-based platform provided a centralized database accessible to authorized personnel, ensuring consistency and accuracy in financial reporting.

Impact

The implementation of the fintech solution had a profound impact on HDFC Bank's decisional aspects in management accounting:

Real-time Data Access

The cloud-based solution enabled HDFC Bank to access real-time financial data from different branches and departments. This eliminated the need for manual data consolidation, saving time and effort. Real-time data access empowers decision-makers to make timely and informed choices based on accurate and up-to-date information.

Enhanced Forecasting Accuracy

With the availability of real-time data, HDFC Bank could improve its forecasting accuracy. Decision-makers had immediate access to critical financial indicators and key performance metrics, enabling them to make more accurate predictions and projections for future financial performance. This, in turn, supported better resource allocation and strategic planning.

Improved Liquidity Management

Accessing real-time financial data facilitated better liquidity management for HDFC Bank. Decision-makers could monitor cash flows, identify potential bottlenecks, and proactively manage liquidity requirements. This empowered the bank to optimize its cash position, reduce funding costs, and make informed decisions regarding investments, borrowings, and lending activities.

Streamlined Reporting Processes

The cloud-based accounting software streamlined financial reporting processes for HDFC Bank. Automated data consolidation and reporting reduced the time and effort required to prepare financial statements, regulatory reports and management reports. This allowed the finance team to focus on data analysis and interpretation, supporting more strategic decision-making.

HDFC Bank's adoption of fintech innovations in management accounting showcases the transformative power of technology in redefining decisional aspects. By leveraging a cloud-based accounting software solution, the Bank gained real-time data access, improved forecasting accuracy, enhanced liquidity management, and streamlined reporting processes. These outcomes empowered HDFC Bank's decision-makers to make informed choices, optimize resource allocation, and drive sustainable growth. This case study serves as a testament to how fintech innovations are revolutionizing decision-making in management accounting for companies in India, paving the way for a more efficient and data-driven financial landscape.

> **By harnessing cutting-edge technologies, businesses can streamline operations, gain access to real-time data**

ADVANCED ANALYTICS AND PREDICTIVE MODELING: FLIPKART

Flipkart, India's leading e-commerce marketplace, has harnessed fintech innovations to redefine decisional aspects in management accounting. By leveraging advanced analytics and predictive modelling, Flipkart has transformed its financial operations and empowered data-driven decision-making processes.

Challenge

As a rapidly growing e-commerce platform, Flipkart faced the challenge of effectively managing vast amounts of customer behaviour, pricing trends and inventory management data. Traditional manual analysis methods were time-consuming and limited in their ability to extract actionable insights in real-time. This hindered Flipkart's decision-making processes and impeded their ability to optimize pricing strategies and forecast demand accurately.

Fintech Solution

Flipkart adopted fintech solutions based on advanced analytics and predictive modelling to overcome these challenges. By harnessing big data and machine learning algorithms, Flipkart gained the capability to analyze large volumes of data in real time, enabling them to make data-driven decisions and optimize their management accounting practices.

Impact

The implementation of fintech innovations had a profound impact on Flipkart's decision-making aspects in management accounting:

Pricing Optimization

By leveraging advanced analytics, Flipkart gained insights into pricing trends, competitor analysis, and customer behaviour. Armed with this data, the company was able to optimize its pricing strategies and offer competitive prices to customers while maximizing profitability. In addition, the ability to analyze real-time pricing data enabled Flipkart to make quick pricing decisions and adjust prices dynamically based on market conditions.

Accurate Demand Forecasting

Through the application of predictive modelling, Flipkart improved its demand forecasting capabilities. By analyzing historical sales data, customer behaviour patterns and market trends, the company could accurately anticipate customer demand for products. This allowed Flipkart to optimize inventory levels, avoid stockouts or overstocking, and improve overall supply chain management.

Inventory Management

Fintech innovations enabled Flipkart to optimize its inventory management practices. For example, the company could identify fast-moving products, slow-moving items and seasonal trends by analyzing real-time sales data and demand forecasts. This empowered Flipkart to make informed decisions on stock replenishment, reduce holding costs, and optimize the allocation of resources.

Strategic Decision-Making

Applying fintech innovations in management accounting provided Flipkart's decision-makers with actionable insights for strategic planning. As a result, Flipkart's management team could make informed decisions regarding market expansion, product diversification, and resource allocation by analyzing customer data, sales trends and profitability metrics. As a result, this increased competitiveness and facilitated the company's continued growth in the e-commerce sector.

Flipkart's adoption of fintech innovations in management accounting has demonstrated the transformative power of advanced analytics and predictive modelling. By leveraging real-time data analysis, accurate demand forecasting, and optimized inventory management, Flipkart has redefined decision-making processes, enabling data-driven strategies that drive business growth. This case study exemplifies how fintech innovations are reshaping decisional aspects in management accounting for companies in India, allowing them to stay ahead of the competition in the dynamic e-commerce landscape.

DIGITAL PAYMENTS AND FINANCIAL INCLUSION: PAYTM

Paytm, India's largest digital payments platform, has emerged as a transformative force in the financial landscape, leveraging fintech innovations to redefine decisional aspects in management accounting. As a result, Paytm has revolutionized how businesses make decisions and manage their finances by facilitating seamless digital transactions and promoting financial inclusion.

Challenge

India's diverse and vast population and the prevalence of cash-based transactions pose significant challenges to businesses in managing their financial operations. Traditional payment collection methods, tracking transactions and managing cash flow were often cumbersome, time-consuming, and prone to errors. As a result, businesses' ability to make informed decisions and optimize financial processes could be improved.

Fintech Solution

To address these challenges, Paytm introduced innovative fintech solutions that digitized payments and provided businesses with efficient tools for managing their financial operations. By offering a seamless digital payments platform, Paytm enabled businesses of all sizes to accept payments, track transactions, and manage their cash flow effectively.

Impact

The implementation of fintech innovations by Paytm had a significant impact on decisional aspects in management accounting.

Digital Payments and Cash Flow Management

Paytm's digital payments solution eliminated the need for cash-based transactions, providing businesses with a more secure and convenient method of payment collection. This, in turn, streamlined cash flow management, enabling businesses to track incoming and outgoing payments in real time. Access to accurate and up-to-date financial data empowered businesses to make informed decisions regarding cash flow optimization, working capital management, and investment strategies.

Enhanced Financial Inclusion

Paytm's fintech innovations played a vital role in promoting financial inclusion in India. Paytm enabled digital payments to empower small businesses and individuals with limited access to financial services. This expanded the customer base for businesses, enabling them to tap into previously untapped markets. In addition, including underserved populations in the formal financial system facilitated better decision-making and improved financial stability.

Data Analytics for Business Insights

Paytm's platform provided businesses with valuable data and analytics tools to gain insights into customer behaviour, transaction patterns, and spending habits. Analyzing this data, businesses could make data-driven decisions regarding pricing strategies, customer segmentation, and marketing campaigns. The availability of such insights enabled businesses to identify growth opportunities, optimize their operations, and drive profitability.

Streamlined Financial Reporting

Paytm's fintech solutions facilitated streamlined financial reporting for businesses. Businesses could generate accurate and timely financial reports by automating the collection and recording of transaction data. This reduced the burden of manual data entry and reconciliation, allowing finance teams to focus on data analysis and interpretation—the availability of real-time financial data empowered businesses to make agile and well-informed decisions.

Paytm's fintech innovations have redefined decisional aspects in management accounting, empowering businesses with seamless digital payment solutions and data-driven insights. By embracing digital payments, businesses can streamline cash flow management, drive financial inclusion, and gain valuable business insights. The case study of Paytm serves as a testament to how fintech innovations are transforming decision-making in management accounting, paving the way for more efficient and data-centric financial practices in India.

CONCLUSION

Fintech innovations have ushered in a new era of decision-making in management accounting, revolutionizing how businesses in India operate and manage their finances. By adopting cutting-edge technologies, companies are now empowered to make informed, data-driven decisions that optimize their financial processes and drive growth. Real-life case studies of prominent Indian companies have demonstrated the transformative power of fintech in redefining decisional aspects in management accounting.

The case study of HDFC Bank showcased how the adoption of cloud-based accounting software provided real-time data access, enhanced forecasting accuracy, and improved liquidity management. In addition, by leveraging fintech solutions, HDFC Bank gained a competitive edge and improved decision-making capabilities, leading to more effective financial planning and resource allocation.

Flipkart's case study highlighted how fintech innovations, including advanced analytics and predictive modelling, transformed decision-making processes. By analyzing vast amounts of customer data, Flipkart gained valuable insights into pricing trends and demand forecasting, enabling them to optimize pricing strategies, inventory management, and strategic decision-making. This exemplifies how fintech can empower businesses to make agile, customer-centric decisions in a highly competitive market.

As showcased in the case study, Paytm revolutionized decisional aspects in management accounting by digitizing payments and providing efficient tools for financial management. Adopting Paytm's fintech solutions streamlined cash flow management, promoted financial inclusion, and enabled businesses to make data-driven decisions based on real-time insights. This case study highlights how fintech innovations can reshape financial practices, benefiting businesses of all sizes and contributing to economic growth.

Fintech innovations are reshaping decision-making in management accounting, empowering companies to leverage real-time data, automate processes, gain valuable insights, and make informed decisions. The case studies of HDFC Bank, Flipkart, and Paytm demonstrate the tangible impact of fintech on financial management practices in India. As businesses embrace fintech solutions, we expect further advancements in decision-making processes, driving efficiency, profitability, and sustainable growth in the dynamic business landscape. MA

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WITHDRAWAL OF 2K CURRENCY: REDEFINING INDIAN ECONOMY

Abstract

The present economic condition all over the world is not favorable due to COVID-19 crisis over the last 2-3 years. This pandemic and prolonged lockdown have devastated economic conditions in almost all countries. In the present situation, now the question arises as to how the ₹ 2K denomination currency withdrawal will impact the banking sector and Indian economy. Further, due to the ongoing Russia-Ukraine war , high inflation rate and constant rise of interest rates in different countries, the position of the world market is already in turmoil. Here an endeavor is made to study the strengths, weaknesses, etc. (SWOT) of the ₹ 2K denomination withdrawal.

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INTRODUCTION

On May 19, 2023 the RBI decided to withdraw from circulation the ₹ 2K denomination notes by September 30, 2023. During these four months duration ₹ 2K denomination notes will continue to be a legal tender and all of us have an opportunity to exchange or deposit these high- denomination notes in specified bank branches. This high denomination currency was introduced in November 2016 to meet currency requirements after the demonetization in 2016. Now among the total bank note circulation, 10.8 percent is of ₹ 2K denomination which is down from 50.2 percent in FY 2017. A status of ₹ 2K denomination circulation is presented in Table1 from where we can clearly understand that the regulator has already taken initiatives to withdraw this high-value currency from circulation.

TABLE 1: STATUS OF ₹ 2 K CURRENCIES IN CIRCULATION (CIC)

Year (March)	*Count (in Billions)*	*Value (₹ in Trillions)*
2018	3.36	6.72
2019	3.29	6.58
2020	2.74	5.48
2021	2.45	4.90
2022	2.14	4.28
2023	1.81	3.62

SWOT ANALYSIS

Strengths

- The percentage of notes exchange this time is much smaller compared to the demonetization in 2016.
- Withdrawal of ₹ 2K notes should not impact the payment ecosystem as digital payments as percentage-to-GDP has increased to a staggering 767 percent in FY 2023.
- Since these notes are not freely available with the public, process of exchange will be limited.
- As per the guidelines, no need of any identity documents for exchange of ₹ 2K currency and allowing exchange of the notes for cash in lesser denomination.
- Most high-value notes are concentrated in urban areas and hence this ₹ 2K notes withdrawal will not hit people in rural areas.

Weaknesses

- ₹ 3.62 trillion of these notes make just about 2 percent of the ₹ 180 trillion bank deposits.

- There may be black money of around ₹ 3 trillion (Source: Finance Ministry).
- People may take cash in other denominations and spend it rather than keep it in their accounts.

Opportunities

- As the currency in circulation falls, this will result in rise of deposits and help to boost the banking system.
- Bank demand for government bond could rise since they have to maintain statutory liquidity ratio (SLR).
- Sufficient currency notes of other denominations would be available in the market in future.
- Demand for durable products may rise to exchange the hoarded ₹ 2K denomination notes.
- Digital-wallet firms would gain good business.

Threats

- Operational challenges from bankers.
- Traders may refuse to accept this high-value denomination notes from customers for fear that they will get stuck with the money.
- A limit of ₹ 20,000 per exchange could lengthen the process of withdrawal.
- Sudden withdrawal of the notes may lead to economic friction.

CONCLUSION

RBI has been preparing the ground for some time to remove the highest denomination notes since they stopped printing the same from 2019. The decision to phase out ₹ 2K denomination notes from the system would not have any significant impact on the money supply or financial transactions. Excluding RTGS, retail digital payments as a percentage of GDP have touched 242 percent in FY 2023. Yearly growth of currency in circulation and ATM cash withdrawal share has also declined at a significant level. How will this impact the economy? If we look at 2016 demonetization, the sudden shock led to a fall in the GDP growth and inflation of consumer price index. The current effects are likely to be milder, with negligible effects on inflation and should provide a short-term boost to banking liquidity and deposits. If most of the notes end up as deposits with banks, RBI would have a reason to cheer. In case all these notes are not deposited or exchanged, there may be chances of having black money in the system. But if the reverse happens, the Government may claim that black money has actually shrunk, despite high cash holding in the economy.

Different countries in the world have also fallen in queue of using this withdrawal process as a measure to cure the economy, some for controlling their hyperinflation, some for curbing black money and some for removing counterfeit currency. The current episode bears closer resemblance to 2014, when all denomination notes issued before 2005 were similarly withdrawn. International bodies like IMF and World Bank have also accepted its long-term impact. Regulators rejected claims that people are going to experience the 2016 demonetization sufferings once again. According to them, it is not demonetization that would require re-monetization. It has been done with multiple objectives which are required to be fulfilled ultimately. The benefits could be relatively long lasting when compared with the short-term challenges. MA

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STARTUPs IN INDIA - EMERGENCE, PROGRESS AND THE FUTURE

Abstract

One very important development in Indian industry during the last couple of decades has been the emergence of Start ups. The study attempts to trace their evolution and tries to assess their performance analysing their strengths and the challenges which they may face. The study also highlights the issues which may be of crucial importance for the start ups in future.

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INTRODUCTION

Over the last couple of decades, significant changes have taken place in Indian industry which has resulted in new developments. Emergence of the Start ups has been one such development having the potential of being a game -changer for Indian industry. A start up is actually a new enterprise but it has some distinct features which distinguishes it from any and every new enterprise. The process of a start up formation begins with the generation of an innovative business idea in the minds of its promoter(s). Subsequently, the idea gets transformed into an innovative product/ service that are meant to provide solutions to people's real life problems. Being nascent business entities, start ups begin with a very modest set-up having a meager capital base which is mostly contributed by the promoters.

Start ups attempt to offer something new to their customers. They try to customise their products for satisfying those needs of their customers for which products are not there in the market. However, in the case of such novel products and services about which people do not have prior experience there is element of risk involved because of the uncertainty regarding its success in the market. But if such novel offerings find a place in the market being accepted by the customers then there is immense possibility of gains. As markets are carved out for these new products/services it leads to production of new type of goods and services generating new employment opportunities. Consequently, there is a scope for expansion and growth of the economy. As markets for existing products are becoming saturated and overcrowded which is limiting their growth and expansion resulting in economic stagnation, the start ups through creation of new markets can show the way out. Herein lies the great importance of start ups.

In India development of the startup ecosystem began around 2004. Since then, there was a steady growth if the ecosystem .However, the turn of the events came in 2014–15 when there was a quantum jump in the level of activities. Consequently by the end of 2015, India had around 10,000 startups including six "unicorns" having valuation of $1 billion or more. The growth momentum continued and by 2019 there were over 50,000 start up out of which 3,500 were growing at a rate of 30% on a year on year basis and it was expected that by end of 2020 the start-ups would be able to generate 7.5lakh direct and about 26-28 lakh indirect jobs. The impressive performance of the Indian start-ups made them an attractive investment-destination resulting in substantial rise in the level of investment to the sector .The level of funding went up to $1.4 billion across 50 deals in 2019 which was seven times more compared to the previous year.

Performance of India's startup sector, which has been better than many of the industrially advanced countries being next only to USA and China owes a lot to the technological and innovative capabilities and enterprise of the new generation Indians which has been aptly complemented by the infrastructural and financial support system made available to the start ups through the combined efforts of the government and the private sector. The government through its flagship initiative "Startup India" has been successful in creating an enabling environment for the start-ups. The industry-academic-government linkages played an important role in the development and availability of technologies for the start ups. Setting up of government patent hubs has greatly helped the start-ups in patenting of their technology.

As far as private sector's role is concerned, entry of Reliance Jio in the telecom sector in 2016 acted as a catalyst in lowering the cost of data. The price war that took place among the telecom service providers to match Reliance Jio's data price resulted in a marked reduction of the data price enabling the Indians to enjoy some of the world's cheapest data plans. This opened up new data-user bases expanding the use of internet even among the economically marginalised sections of society. The mass accessibility of internet played a very important role in enabling India to have one of the highest internet and social media users in the world. This has greatly helped Indian start-ups in using information technology in their product development and social media platforms for reaching their target customers. The significant success achieved by the Indian start-ups in the areas of e-commerce, digital banking and finance, transport and mobility, logistics, business analytics by utilising digital services in some form or other is a testimony of the role played by India's strong IT fundamentals in the success of the start ups..

However, the growth momentum of the sector received a rude jolt with the onset of Covid 19. As the lockdown was imposed during the period of March -June, 2020 about 40 per cent of the start-ups were finding it difficult to continue and out of them about 15 per cent of the start-ups were ultimately compelled to totally discontinue their operations. There was also a significant fall in the level of funding to the start ups which declined by 50 per cent compared to the pre-covid level.

Though the pandemic was a great shock for the Indian start-ups resulting in a massive contraction in of the sector but as the pandemic receded and things started getting normalized certain interesting aspects emerged. This was the change in the attitudes, habits and lifestyles of a sizeable section of Indians. During the pandemic, fear of contracting COVID compelled people to avoid proximity and stay indoors which brought a change in the way things were being done. Most of the activities including offices, educational institutions, healthcare, banking and financial services and even daily transactions of grocery and stationery items shifted from physical to virtual mode as everything were done online. Consequently, people realised that doing things in online mode were much more convenient and comfortable which saved lot of time and made their lives lot easier. This lead to a shift in preference of people towards digital activities resulting in considerable increase in the demand for online products/services. The main beneficiaries of this were the startups operating in areas of e-commerce, online educational services, digital banking and financial services, online travel, hospitality and healthcare services, digital entertainment and online delivery services who experienced a significant boost in the demand for their products/services. In fact, the increasing level of digitization was a major factor behind

Setting up of government patent hubs has greatly helped the start-ups in patenting of their technology

the recovery and growth of the Indian start-up sector in the post-covid period. Along with this, individual start ups had their own strategies for revival of their businesses. Many of them moved on to newer areas and markets. But majority of the startups continued in their existing line of activities with a strong focus on reducing cash burns, improving unit economies and profitability. From 2021 onwards, the start ups began moving to the recovery path, their business volumes started growing, investment flows also began rising. The funding which went down to $10 billion in 2020 from $12 billion in 2019 again increased markedly to $37 billion in 2021. However, this trend did not continue for long as the funding again started declining from 2022 onwards. .In fact, the $24 billion funding in 2022 was 33% lower compared to 2021. The level of funding has further worsened in 2023, as only $ 2billion dollar has been raised by the start ups during the first quarter of the year (Jan-March, 2023) which is 75% lower in comparison to the first quarter of 2022. In fact, this is the smallest amount of funding in course of the last 3 years. Even the venture capital activity which has been so impressive over the last few years has also gone down significantly. In January 2023, there has been only 87 venture capital deals worth $696.2 million which is about 23% lower compared to January 2022. At a time when the Indian start up sector was just beginning to come out of the Covid shock the decline in the level of funding may become a matter of serious concern for the sector. Along with the fall in level of funding, the other serious problem is the heavy losses suffered by some of the biggest and most successful startups including the unicorns in the post-pandemic period. Some of the biggest startups like Swiggy, Zomato, Pharm Easy, Eruditus, Meesho, Flipkart have suffered losses to the tune of thousands of crores of rupees. With a funding winter already being experienced by the sector the huge losses suffered by the market leaders may further erode investor confidence affecting investments .The disturbing fact is that such losses have occurred in spite of there being substantial growth in the sales of the start-ups. Actually, the growth in sales revenue have been more than offset by the rise in expenditure, the major portion of which have been on marketing, advertising and sales promotional activities. To survive and enhance their market share in increasingly competitive markets of the post-COVID era due to the presence of increasing number of players, the bigger players have gone for promotional activities like sponsorship of mega events, money back schemes and freebies involving massive expenses which have not resulted in commensurate increase in their sales revenues as promotional expenses have been many times more than the sales revenues. With a funding winter prevailing, the start ups were unable to raise adequate capital to meet their revenue shortfall resulting in burgeoning losses. Realising the gravity of the situation, the loss making start-ups have begun strict cost-cutting exercise and as a first step towards this they have started downsizing their labour force resulting in large layoffs. Besides, the loss making start-ups have shifted their focus on profitability, productivity and improvement of unit economies. This could also result in considerable lowering of the promotional expenses. On the whole, to combat the huge losses and funding crunch, start ups in 2023 are expected to have a cash conservative attitude with a focus on revenue and growth.

The corrective actions initiated by the loss making start ups may be able to rein in their losses but they have no specific remedy for reversing the declining trend in their funding. This is because the factors responsible for the funding winter are global in nature and beyond their control. Actually, before economies across the globe could fully emerge from the COVID shock, the Ukraine war began which is going on for over a year now. This impact of the war is being felt on different fronts and it has been particularly severe on the supply and prices of petroleum. The significant rise in global petroleum prices has resulted in a rise in the cost of production and thereby in the commodity prices across the globe. This subsequently may lead to a global recession and in such a case industries maybe hard pressed to generate adequate profits as also to repay their loans .Such an apprehension has made investors across the globe risk-averse, who are not willing to invest amidst prevailing uncertainties waiting for things to stabilize. Besides, the bank failures in USA which includes the Silicon Valley Bank (SVB), a major funding source for the Indian start ups has further aggravated the funding winter for the start ups. This is not all, Central banks in USA and some other countries have raised the interest rates, as a result interest rates on investments in those countries have gone up so the prospects of having higher returns in their own countries are also holding back overseas investors from investing in Indian startups.

The question which comes up here is that with all such issues in the background what the future has in store for India's start up sector? India's start up sector has come a long way from 350 units in 2014 to well over 90,000 units in 2023 including over 100 unicorns. According to the government of India estimates, the total valuation of the start -up ecosystem is to the tune of $36 billion. India with its inherent strengths of human capital and Information-Communication technology along with rapid digitisation of its economy has the potential for becoming a breeding ground for innovation and start-ups. In fact, there has been a global recognition of India's growing innovation capabilities as India's ranking according to the Global Innovation Index (GII), which measures a country's innovation capabilities has significantly improved from 57th in 2019 to 52nd in 2020. All these point to the fact that the flow of innovative ideas which drives start ups would continue in future also giving birth to the start ups. But start-ups need nurturing for a considerable period after their birth for making them successful. This can be possible only with a strong investor support that ensures sustained and adequate capital flows to start ups right from their inception to maturity providing cushioning effect even in period of losses. However, in the background of the prevailing funding winter it may particularly be difficult for the new start-ups to find such investor support. It is here that the government's role becomes very important. May be realising this, the government has provided some concessions to the start-ups in this year's budget .The cut-off date of incorporation for the start ups has been extended to 31st March, 2024 from 31st March, 2023 for availing of tax benefits. Besides, the start-ups will be now be allowed to carry forward their losses incurred during the first ten years of their inception for adjustment with subsequent years' income instead of the prevailing rule of seven years. This is a welcome step because seven years may not be adequate for a start-up to be financially viable. By allowing the start-ups an extended time to recover their losses from income of subsequent periods and thereby enabling them to have a lower tax burden for more number of years is a much needed and timely support for them. Along with the fiscal support, budgetary allocation for the start-ups has been increased. Rs 1000 crores have been allocated for the sector out of which Rs 283 crores has been earmarked for the seed fund which is a significant increase from Rs 100 crores allotted last year. A specialised Agri-tech fund has been created for providing capital support to agri-tech start-ups which may provide a great boost to young innovative entrepreneurs in rural India. Along with this the existing Seed Fund and Credit Guarantee Scheme a part of the Fund of Funds scheme of the Start -up India programme are also there to provide funding support to the start-ups at various stages of their business cycle. However, it remains to be seen whether such measures will be able to meet the funding requirements of the sector in view of the declining trend in the private funding. Apart from this some recent policy changes by the government may become a matter of concern for India's start-up ecosystem in near future. One is the proposal for imposition of tax on Angel investors. This may discourage the overseas investors from making investments in the start-ups and with funding already on a decline this may further aggravate it. The other issue is labour policy reforms. Many of the start-ups use contractual labour for their activities which enables them to economize on the long-term social security costs associated with a permanent labour force. The recent labour policy changes while allowing the use of contractual labour has also made it mandatory for the employers to pay social security benefits like P.F. and gratuity to the contractual labourers on a pro-rata basis. This may considerably increase the labour costs for the start-ups. At a time, when the loss making start ups are going for cost cutting by downsizing their labour force this may work the other way round.

On the basis of the preceding discussion it appears that after its emergence couple of decades back, India's start up ecosystem has progressed considerably but there lies some serious challenges before it. Certain crucial areas need to be attended to overcome the challenges and move ahead. First of all, the start -ups need to improve their efficiency for which they have to focus on aspects like productivity, profitability and cost effectiveness. Secondly, the development of low-cost technologies for price-sensitive customers, popularly known as "frugal innovation" is of vital importance. This is required for implementation of the low-ticket, low-tech solutions on a large scale to address the underprivileged and underserved sections of the population. This will enable the start ups to expand their base through an access to the largest market segment lying at bottom of the pyramidal economic structure. The third issue is attracting sustained and sizeable capital inflows in the start up ecosystem. However, this is not entirely in the hands of the start ups as investors' attitude and global economic factors play an important role here. But the performance of Indian start ups in the other two crucial areas will also be a determining factor in this regard. MA

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DO SAVINGS VARY ACROSS REGIONS? THE CASE OF SHGs LINKED WITH PUBLIC SECTOR COMMERCIAL BANKS IN INDIA

Abstract

One of the powerful approaches to rural empowerment and rural entrepreneurship is the formation of SHGs. For mutual benefits, the SHGs and formal banking structure can work together. Thus, opening of saving bank account is the first step in this direction. In this context, the study attempts to examine whether there is any significant variation in region-wise savings performance of the SHGs linked with public sector commercial banks in India during the year 2021-2022. For this purpose, secondary data is used and the technique of one-way ANOVA has been applied in the study.

It may be concluded that average savings of the SHGs have not varied significantly among the regions in India. However, Uttarakhand, Andaman & Nicobar, Sikkim, Tripura, New Delhi, and Daman & Diu UT have shown better relative efficiency in savings performance as compared to other States / UT in India. Hence, this study suggests for establishment of more SHGs in those areas where relative efficiency of savings performance are better. This will help to achieve better financial inclusion in the economy.

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PROLOGUE

The most recent novelty in offering credit to the underprivileged has been through the instrument of Self- Help Groups (SHGs). For promoting the access of rural poor to institutional finance, GOI has implemented the strategy of financing SHGs. In this respect, people of similar economic and social backgrounds come together to find ways to enhance their living conditions and decide their issues. One of the dominant approaches to rural empowerment and rural entrepreneurship is the formation of SHGs. For reciprocal benefits, the SHGs and formal banking structure can work together. Thus, opening of saving bank account is the first step. For the development of SHGs, the Govt. has set up NABARD that introduced bank linkage programme with SHGs. From 1993 onwards, NABARD, along with the RBI, allowed the SHGs to open savings bank accounts in banks. Savings bank account gives recognition to the SHGs as a customer of the banking method and provides potential access to diverse financial services.

REVIEW OF EARLIER STUDIES

Bhatia, N. (2007), opined that there exists an imperative need to set up and maintain a systematic life cycle database of all SHGs covered under the SHG bank linkage programme. Only those SHGs that secure top ratings may be considered for subsequent doses of funds. A similar rating method may also be made applicable to the promoting organizations.

Reddy, A.A. and Malik, D.P. (2011), attempted to examine the spread of self-help group bank linkage programme (SBLP) among geographies and poor and suggested ways to overcome regional and class differences in reach.

Narang, U. (2012), traced the progress and impact of self-help group bank linkage programme.

Hundekar, V.R. (2018), revealed that many SHGs which are making transactions for several years are not availing the facility of credit linkage due to not having enough knowledge of the process and lack of accessibility of financial institutions. Further, there is a need to cover a larger part of the population which is financially marginalized.

Muthu, N. (2021), stated that the SHG-Bank linkage programme has emerged as a dominant and effective program for borrowers and loans outstanding in India.

Al-Kubati, N.A.and Selvaratnam, D.P. (2021), focused on how SHG-BLP leads to the empowerment of rural women, the challenges faced in its implementation and the initiatives implemented in India to sustain the programme.

INTENT OF THE STUDY

The study attempts to attain the following objectives:

- To examine region-wise savings performance of the SHGs linked with public sector commercial banks.
- To examine the variation in savings performance of the SHGs linked with public sector commercial banks among the regions.

RESEARCH PREMISE

H_0: There is no variation in savings performance of the SHGs linked with public sector commercial banks among the regions.

H_A: There is variation in savings performance of the SHGs linked with public sector commercial banks among the regions.

RESEARCH DESIGN

Sample: All the SHGs that are linked with public sector commercial banks form the sample size of our study.

Data and Study Period: Secondary data is used in the study which has been collected from the annual reports of NABARD for the financial year 2021-22.

Methodology for Data Analysis: The study is principally explanatory in character. It is based on secondary information. To analyze the variation in savings performance of the SHGs linked with public sector commercial banks in India, one-way ANOVA is applied in the study.

EXPERIENTIAL RESULTS AND DISCUSSION

Region-wise Analysis of Savings Performance of the SHGs

Central Region

TABLE 1

SAVINGS OF THE SHGS OF CENTRAL REGION (2021-22)

(Amt. Rs. Lakhs)

Sl. No.	Region / State	Savings of SHGs (Rs.)	Savings per SHG (Rs.)	Savings per SHG Member (Rs.)
1	Chhattisgarh	37144.48	0.254	0.021
2	Madhya Pradesh	57713.74	0.295	0.022
3	Uttarakhand	16925.68	0.483	0.042
4	Uttar Pradesh	96427.81	0.287	0.023
Total		**208211.71**	**1.319**	**0.108**
Average		**52052.92**	**0.329**	**0.027**

Source: NABARD (2021-22)

Table-1 provides facts of Central Region regarding savings of SHGs, savings per SHG and savings per SHG member for the financial year 2021-22. It is observed that among the States of Central Region, the State of Uttar Pradesh has recorded the highest amount of savings of SHGs at Rs. 96427.81 lakhs i.e., 46 per cent of total savings of SHGs in the Central Region. On the other hand, the State of Uttarakhand has registered the lowest amount of savings of SHGs at Rs.16925.68 lakhs i.e., 8 per cent of total savings of SHGs in the Central Region. However, in relative terms, the State of Uttarakhand has shown better performance with respect to savings per SHG (Rs.0.483 lakhs) and savings per SHG member (Rs.0.042 lakhs) in the Central Region. This indicates that the State of Uttarakhand has better relative efficiency of savings as compared to other States in the Central Region.

Eastern Region

TABLE 2
SAVINGS OF THE SHGS OF EASTERN REGION (2021-22)

(Amt. Rs. Lakhs)

Sl. No.	Region / State	Savings of SHGs (Rs.)	Savings per SHG (Rs.)	Savings per SHG Member (Rs.)
1	Andaman & Nicobar	303.27	0.306	0.083
2	Bihar	165801.62	0.374	0.030
3	Jharkhand	52336.36	0.270	0.021
4	Odisha	170048.32	0.398	0.032
5	West Bengal	264371.16	0.464	0.038
TOTAL		**652860.73**	**1.812**	**0.204**
AVERAGE		**130572.14**	**0.362**	**0.040**

Source: NABARD (2021-22)

Among the States of Eastern Region (Table 2),the State of W.B. has the highest amount of savings of SHGs at Rs. 264371.16lakhs i.e., 40.50 per cent of total savings of SHGs in the Eastern Region, while Andaman & Nicobar has the lowest amount of savings of SHGs at Rs. 303.27 lakhs i.e., 0.04% of the total savings of SHGs in the Eastern Region. However, in relative terms, the SHG-Bank linkage model of Andaman & Nicobar has made considerable progress in terms of savings per SHG (Rs.0.306 lakhs) and savings per SHG member (Rs. 0.083lakhs) as compared to other States in the Eastern Region.

North Eastern Region

TABLE 3
SAVINGS OF THE SHGS OF NORTH EASTERN REGION (2021-22)

(Amt. Rs. Lakhs)

Sl. No.	Region / State	Savings of SHGs (Rs.)	Savings per SHG (Rs.)	Savings per SHG Member (Rs.)
1	Arunachal Pradesh	582.46	0.153	0.012
2	Assam	36200.66	0.183	0.015
3	Manipur	1410.02	0.160	0.013
4	Meghalaya	1045.53	0.174	0.013
5	Mizoram	147.87	0.245	0.019
6	Nagaland	1400.76	0.198	0.015
7	Sikkim	1831.90	0.406	0.026
8	Tripura	4594.32	0.373	0.034
TOTAL		**47213.52**	**1.892**	**0.147**
AVERAGE		**5901.69**	**0.236**	**0.018**

Source: NABARD (2021-22)

From Table-3, it is observed that among the States of North Eastern Region, the State of Assam has recorded the highest amount of savings of SHGs at Rs. 36200.66 lakhs i.e., 77 per cent of total savings of SHGs in the North Eastern Region. On the other hand, the State of Mizoram has registered the lowest amount of savings of SHGs atRs.147.87 lakhs i.e., 0.30 per cent of the total savings of SHGs in the North Eastern Region. However, the State of Sikkim and Tripura has shown better relative performance with respect to savings per SHG (Rs.0.406 lakhs) and savings per SHG member(0.373 lakhs) respectively.

Northern Region

TABLE 4
SAVINGS OF THE SHGS OF NORTHERN REGION (2021-22)

(Amt. Rs. Lakhs)

Sl. No.	Region / State	Savings of SHGs (Rs.)	Savings per SHG (Rs.)	Savings per SHG Member (Rs.)
1	Chandigarh	102.41	0.121	0.011
2	Haryana	8086.64	0.182	0.015
3	Himachal Pradesh	4489.33	0.176	0.015

4	Jammu & Kashmir	243.53	0.094	0.008
5	New Delhi	1432.93	0.328	0.027
6	Punjab	3638.32	0.095	0.008
7	Rajasthan	25058.69	0.168	0.015
TOTAL		**43051.85**	**1.164**	**0.099**
AVERAGE		**6150.26**	**0.166**	**0.014**

Source: NABARD (2021-22)

Table-4 reveals that among the States of Northern Region, the State of Rajasthan has recorded uppermost amount of savings of SHGs at Rs. 25058.69 lakhs i.e., 58 per cent of total savings of SHGs in the Northern Region, while New Delhi, Chandigarh and Jammu & Kashmir have registered comparatively lesser amount of savings of SHGs. However, New Delhi has shown better relative performance with respect to savings per SHG (Rs.0.328 lakhs) and savings per SHG member (Rs.0.027 lakhs).

Southern Region

TABLE 5
SAVINGS OF THE SHGS OF SOUTHERN REGION (2021-22)

(Amt. Rs. Lakhs)

Sl. No.	Region / State	Savings of SHGs (Rs.)	Savings per SHG (Rs.)	Savings per SHG Member (Rs.)
1	Andhra Pradesh	901431.02	1.120	0.087
2	Karnataka	58967.17	0.243	0.018
3	Kerala	66047.32	0.278	0.020
4	Lakshadweep UT	58.93	0.188	0.017
5	Puducherry	10738.65	0.505	0.042
6	Tamil Nadu	160172.14	0.274	0.020
7	Telangana	172512.44	0.438	0.034
TOTAL		**1369927.67**	**3.046**	**0.238**
AVERAGE		**195703.95**	**0.495**	**0.094**

Source: NABARD (2021-22)

As observed from Table 5, the State of Andhra Pradesh has shown better performance of savings in absolute and relative terms as compared to other States in the Southern region. On the other side,

Lakshadweep UT has recorded the lowest savings of SHGs at Rs.58.93 lakhs i.e., 0.0043% of total savings of SHGs in the Southern Region.

Western Region

TABLE 6
SAVINGS OF THE SHGSOF WESTERN REGION (2021-22)

(Amt. Rs. Lakhs)

Sl. No.	Region / State	Savings of SHGs (Rs.)	Savings per SHG (Rs.)	Savings per SHG Member (Rs.)
1	Daman & Diu UT	102.18	0.456	0.040
2	D & N Haveli UT	471.72	0.345	0.031
3	Goa	2227.19	0.408	0.030
4	Gujarat	30864.79	0.145	0.013
5	Maharashtra	102797.12	0.181	0.015
TOTAL		**136463.00**	**1.535**	**0.129**
AVERAGE		**27292.60**	**0.307**	**0.025**

Source: NABARD (2021-22)

Table 6 reveals that among the States of the Western region, the State of Maharashtra has recorded the uppermost amount of savings of SHGs at Rs. 102797.12 lakhs i.e., 75 per cent of total savings of SHGs in the Western region. On the other side, though Daman & Diu UT has registered the lowest savings of SHGs at Rs.102.18 lakhs i.e., 8 per cent of total savings of SHGs in the Western region, it has shown better relative performance with respect to savings per SHG (Rs.0.456 lakhs) and savings per SHG member (Rs.0.040 lakhs).

Analysis of Variation in Savings among the Regions in India

To analyze whether there exists any variation in savings among the regions in India, one-way ANOVA is applied in the study. The results of one-way ANOVA are presented below from Table 7 to Table 9.

TABLE 7
ONE-WAY ANOVA RELATED TO SAVINGS OF SHGS

Source of Variation	Sum of Squares	d.f.	Mean Square	F-Value	Table Value (5% Level)
Between Groups	2.007E11	5	4.013E10	1.812	2.53
Within Groups	6.644E11	30	2.215E10		
TOTAL	8.651E11	35			

Source: Computed by the Authors

TABLE 8
ONE-WAY ANOVA RELATED TO SAVINGS PER SHG

Source of Variation	Sum of Squares	d.f.	Mean Square	F-Value	Table Value (5% Level)
Between Groups	0.308	5	0.062	0.087	2.53
Within Groups	0.862	30	0.029		
TOTAL	1.170	35			

Source: Computed by the Authors

TABLE 9
ONE-WAY ANOVA RELATED TO SAVINGS PER SHG MEMBER

Source of Variation	Sum of Squares	d.f.	Mean Square	F-Value	Table Value (5% Level)
Between Groups	0.003	5	0.001	2.335	2.53
Within Groups	0.008	30	0.000		
TOTAL	0.011	35			

Source: Computed by the Authors

The results of one-way ANOVA in all the cases (i.e., Table 7 to Table 9) are found to be insignificant, thereby leading to the acceptance of null hypothesis of the study. These results imply that there has been no significant variation in savings performance of the SHGs among the regions in India.

CONCLUSION

On the whole, it may be concluded that average savings of the SHGs have not varied significantly among the different regions in India. This implies that region-wise factors are not strong enough in determining the savings performance of the SHGs linked with public sector commercial banks in India during the period under study.

However, Uttarakhand, Andaman & Nicobar, Sikkim, Tripura, New Delhi, and Daman & Diu UT have shown better relative efficiency in savings performance as compared to other States / UTs in India. Hence, this study suggests establishment of more SHGs in those States/UTs where relative efficiency of savings performances are better. This will help to achieve better financial inclusion in the economy. MA

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FIVE FORCES FRAMEWORK (FFF) OF PORTER AND RELATIONSHIP WITH RISK REVIEW (RR)

Abstract

The venerable Darwinian theory of ' survival of the fittest is rapidly evolving as a 'game changer' in the dynamic business scenario. Risk review and monitoring plays a vital role for entity's success. The success of the entity depends on how it can wither out the industry phenomenon and convert the same in its' favour. Porter's five forces model indicates a continuous process of evaluation and monitoring as well as obtaining competitive intelligence on present and potential rival business. In view of this, the anticipated and emergent economic landscape is having a fair association with Strategic Risk and decision making process.

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PREFACE

The ever-altering canvass of the contemporary business scenarios is ceaselessly generating myriad alternatives to warrant sustainable existence. The venerable Darwinian concept of "survival of the fittest" is rapidly evolving as the game changer. Economic intricacy for rapidly evolving countries like India is more manifested because LPG (Liberalization, Privatisation and Globalization) transformed the corporate atmosphere accompanied by instability on account of sweeping ramification (in scope, application, technology, compliance, environment etc.) universally, in the manner 'business being performed'. Corporate involuntarily participate in the race to achieve competitive edge with their industrial rivals globally. Extremity of competition endlessly mutating the operating atmosphere and even the contemporary stratagems relating to commercial activities are turning ineffective and effectively redundant. Entities are constrained to generate proficiencies by implementing gainful and quality cognizant practices with viable pricing strategies attainable through steadfast policy dispositions, novel ideas with ingenious out of the box resolutions, innovations in merchandise assortment combined with enriched extrapolation over buyer's (Customer is the king) choice to adhere to advanced customer contentment. In the light of the aforesaid overview, "Risk Management" function proclaims an imperative role by providing requisite policy judgments to the entity.

In 1990 Dr. Michael E.Porter , University Professor at Harvard Business School developed the Five Forces Framework (FFF) , a competitive strategy for the business.

The Five Forces are :

1. Competitive Rivalry
2. Threat of prospective Entrants
3. Threat of Substitutes
4. Bargaining Power of Buyers
5. Bargaining Power of Suppliers

Before delving on the captioned subject, one basic difference which need to be mentioned here is; Porter Framework having a broader canvas i.e Industry (Sector) while risk management having individual business orientation impacted by the Economic and Industry Forces (outside the entity) and managerial attitude over handling mitigation aspects (inner forces). However, when such unitary aspects are considered for a particular industry participants, the same then wear a look for that respective industry/ies. Since every entity having some peculiarity and uniqueness in its status, the 'risk management' function also varies entity-wise despite belonging to same industry/sector. The success of the entity depends on how it can wither out the industry phenomenon (economic phenomenon generally outside the control realm) and convert the same in its' favour, and/or looking for further development opportunities. To many , a proper risk management process can help enterprises to grow by enhancing competitive advantage (**Blanco-Mesa, Journal of Risk and Financial Management ; Oct. 2020**).It is not possible to think of industry, without the constituent entities (assuming perfect competition at the market place). With this background, trying to examine the Risk Relationship with FFF propagated by Porter.

WHAT 'RISK MANAGEMENT' SIGNIFIES

'Risk' generally connotes, visualizing the unknown future through present eyes. Risk management (RM) process at enterprise level has heterogeneously developed across the globe, although it represents a leading paradigm, supporting organizations to identify, evaluate, and manage risks at the enterprise level. *(Enterprise Risk Management: A Literature Review and Agenda for Future Research: Gabriel Anton * and Anca Elena AfloareiNucu ;* 14 November 2020). However, at times entities are also worried about their capability to predict both negative and positive outcomes that result from many kinds of risks. Risk, wrongly attached by many with a negativity **(***Kranti Kumar Mhetre, Amarsinh B Landage , Risk Management in Construction Industry ; International Journal of Engineering Vol.5 , 8 & 9 January 2016) ;* on the contrary it opens up doors for opportunity e.g capitalizing benefits in a given situation , better and informed decision making for business benefits. **Osborne (2012)** has rightly indicated that, risks can be occurred because of peoples own business activities or because of outside forces like regulations, market factors, exchange rate volatilities, the actions of others. The remark from Osborne draws a connection with Porter's FFF.

'Risk' is a field of study which advocates for the establishment and institutionalization of a formally documented and board approved (indicates involvement of higher management) process for identification, measurement and control in an entity with a view to ensure value creation and preservation. It is needless to say that, organizations exist to create value. The discipline advocates for a holistic view of an entity's ecosystem (governance, strategy, systems, processes, people and performance) with a view to proactive identification and control of all potential threats and opportunities, which can either impair or enhance the ability of an entity in achieving its primary objectives of maximizing stakeholder value.

The Institute of Risk Management of UK (2002) defines "entity-wide risk management "as a central part of an entity's strategic objectives, aimed at providing a platform where entity can methodically identify and address the risks that affect their business activities, whose goals are to achieve sustained benefits for the enterprise. The Risk Management process encompasses the entire spectrum of all feasible risks that are inherent in the internal and external environment of the enterprise. It is pertinent to mention here that, all understandable and imaginable situations are considered for risk prediction. It takes a holistic and integrated entity-wide view and exhibit a disciplined approach that brings together the business strategies, corporate governance processes, factors of production, systems, business processes, human resources, technology, knowledge etc. It translates the company strategy into tactical and operational key activities. The COSO Framework also talked about, sharing of necessary information across the organization for proper and appropriate action by the resources of the entity.

PORTER'S FFF AND RELATIONSHIP WITH RISK REVIEW

Porter's five-forces framework is based on the structure–conduct–performance paradigm. Structure describes the kind of environment in which an entity operates; this basically indicates the industry structure. Conduct refers to the way Buyers and Sellers interact with each other. *Buyers and Sellers are rational independent entities and overpowering or influencing each other can be ruled out in today's scenario.* Hence, Performance variables are dependent on product quality, production efficiency, management strategy and decision making ability etc.

Form, magnitude and veracity of 'risk' with respect to any organization vary due to any one or combination of the following internal (within the Organization) factors pertaining to an entity:

1. Lack of support from top management
2. Absence of Organization structure
3. Unclear Communication from top
4. Unsuitable Organization Culture
5. Primitive Information technology (IT) support
6. Improper man-power selection
7. High magnitude of unplanned activities etc.

The external factors (a) economy risk and (b) industry risk are the basis of Five Forces Framework (FFF). However, Economy risk, generally beyond the control of an entity, which impacts all the sectors of an economy at a given point of time e.g economic recession (impact of many macroeconomic factors), unemployment in major economies, Foreign Currency fluctuations etc. Industry risk arises (to name a few) from withdrawal of special status to an industry, increased competition (e.g many food delivery agencies) , Changes in demand for the product / range of product (mosquito repellents replaced sprayers etc.).

Porter's Five Forces model involved a continuous process of evaluation and monitoring as well as obtaining competitive intelligence on present and potential rival businesses. The Enterprise-wide Risk Management also having the same attribute of continuous vigil over internal and external factors, which may impact the fate of business unless handled properly. That is the reason for adopting scenario planning. By creating different scenarios with respect to business environment, mitigation plans and/or appetite to accept risk is being evaluated. Those who advocates 'Risk Based Internal Audit', probably need to re-think the terminology, the correct nomenclature signifying the better utilization of Internal Audit as a governance tool is 'Planning of Internal Audit post Review of entity Risk Base'.

The following fifteen questions (Five each starts with what, when and how) ;raised on the basis of each of the Forces indicated by Porter leading to the resultant hypothesis that a strong relationship exists with 'Risk Identification and Assessment ' exercise with Porter's FFF. The questions start with 'When' tries to capture the point of time, scenario under which the 'What' and 'How' can occur. 'What' signifies the level of dependency (impact) and 'How' signifies the means followed to make the impact.

Risk Identification and Assessment			**Nature of Risk**	**Broad Risk Category**
When	**What**	**How**		
o When the potential players will think of entering and impact the performance of the industry?	**o What level of influence did the threat of Potential entrants had on performance of industry ?**	**o How the potential entrants can pose a threat on performance of industry ?**		
- Performance of the relevant Industry	- Loss of market share of existing players	- Price cuts and crashes	Business Risks	Strategic Risk
- Possible imposition of entry restriction	.- Chnge of Customer loyalty	- Product dumping in competition stronghold	Competition Risks	Strategic Risk
- Putting own Brand overpowering the existing ones	.- Lowering/dwindling profitability	- Choaking the Channels of distribution	Business Risks	Strategic Risk
- Private Investment sought by Government		- Change of market dynamics	Business Contingency	Strategic Risk
- Possible demand surge against prevalent low capacity			Business Contingency	Strategic Risk
o When the suppliers show-off bargaining power and impact performance of the industry?	**o What extent of bargaining power did suppliers had relative to performance of the industry?**	**o How the bargaining power of suppliers impact performance of the industry?**		
- Product uniqueness	.- Reduced Share of Business of the focal entity	.- Reduction in capacity utilization	Sustainability Risks	Strategic Risk
- Product superiority	.- Overall market share impact	.-Idle capacity and underutilization of resources	Business Risks	Strategic Risk
- Product substitution		.- Cost escalation	Business Risks	Strategic Risk
.- Control over market share		.- Stress on Product margin	Business Risks	Strategic Risk
.- Product of critical nature			Quality Risks	Operational Risk

.- High switching cost of Buyers			Business Risks	Strategic Risk
.- Scarcity of basic Material			Cost Risks	Operational Risk
o When substitute products dislodge the existing product and performance of the industry?	**o What was the influence of substitute products on performance of the industry?**	**o How substitute products dislodge the performance of the industry?**		
- Product superiority	- Product with higher features	- Cheaper alternate	Business Risks	Strategic Risk
.- Favourable Product pricing	.- Product (new) with identical quality and look at cheaper rate	- Advanced features at same ruling price	Business Risks	Operational Risk
.- Primary change in Product composition	.- Brand magic	- Substitutes with higher Brand power	Business Risks	Operational Risk
- Product switching off advantages	.- Change of perception	- Longer life guarantee	Business Risks	Operational Risk
		- Easy to use	Business Risks	Operational Risk
		- Free from any future maintenance cost	Business Risks	Operational Risk
o When bargaining power of buyers impact performance of industry?	**o What extent of bargaining power did buyers had relating to performance of industry ?**	**o How bargaining power of buyers related to performance of industry ?**		
- Price sensibility	.- Strength of Buyer in overall supply scenario	.- Lower cost of procurement	Business Risks	Operational Risk
- Purchasers' ability to substitute	.- Fragmented customers	.- Higher profitability	Business Risks	Operational Risk
- Procurement Order size/ volume	.- Impossible to pass on additional cost	.- Growth of the entity	Business Risks	Operational Risk
.- Buyer's position in Sellers market			Business Risks	Operational Risk
o When rivalry between firms effect performance of industry?	**o What was the effect of rivalry between firms on performance of industry?**	**o How rivalry between firms effect performance of industry?**		
- Barriers to exit	- Aggressive pricing of the same Product	- Frequent changes in business strategy	Financial Risk	Business Risk
- Diversity of competitors	- Reputational	.- Weak indusry body swell under any outside pressure		
.- Industry growth decline			Financial Risk	Business Risk
- Profitability			Financial Risk	Business Risk
.- Low switching cost			Business Risks	Operational Risk
.- Intense price competition			Business Risks	Strategic Risk

When	What	How
o When the potential players will think of entering and impact the performance of the Industry ?	o What level of influence did the threat of potential entrants had on performance of the Industry ?	o How the potential entrants can pose a threat on performance of the Industry ?
- Attractive industry performance	- Loss of market share	- Price crash
- Possible imposition of entry restriction	- Change of Customer loyalty	- Dumping in competition core command area
- Private investment sought by Govt.	- Dwindling profitability	- Choaking of distribution channels
- Demand & capacity mismatch		- Change of market dynamics
- Brand overpower the existing ones		
o When the suppliers show-off bargaining power and impact performance of the Industry?	o What extent of bargaining power did suppliers had relative to performance of the Industry?	o How bargaining power of suppliers impact performance of the Industry?
- Product uniqueness	- Reduction in SOB	- Reduction in capacity utilization
- Superior product	- Reduction in volume	- Stress on product margin
- Product substitution	- Impact on profitability	- Idle capacity
- Scarcity of base matl.		- Cost escalation
- Product criticality		
- Controlling Share Of Business (SOB)		
o When substitute products dislodge the existing product and impact performance of the Industry?	o What was the influence of substitute products on performance of the Industry?	o How substitute products dislodge the performance of the Industry?
- Product superiority	- Product with higher features	- Consumer surplus
- Favourable pricing	- Cheaper alternate	- Better product performance
- Product switching advantages	- Brand magic	
- Primary change in product composition	- Changed perception	
o When bargaining power of buyers impact performance of the Industry?	o What extent of bargaining power did buyers had relating to performance of the Industry ?	o How bargaining power of buyers related to performance of the Industry?
- Price sensitive buyer	- Strength of Buyer in overall supply	- Lower cost of procurement
- Purchasers ability to substitute	- Fragmentation of Customers	- Higher profitability
- Procurement order size/ volume	- Impossibility of addl. cost pass on	- Growth of entity
- Buyer position in seller market		
o When rivalry between firms effect performance of the Industry?	o What was the effect of rivalry between firms on performance of the Industry?	o How rivalry between firms effect performance of the Industry?
- No concerted move to protect Industry interest	- Aggressive pricing causes low margin on sales	- Frequent change in Business strategy

- Diversity among owners	- Reputational issues impacts long run market standing	- Weak Industry body to withstand outside/ Govt. pressure
- Barrier to exit		

As mentioned earlier, there are two types of phenomenon faced by an entity, external and internal. The external phenomenon (industry forces as coined by Porter having larger impact and controllable factor, the other one i.e economy forces is not controllable and having impact on all the sectors simultaneously) relates to 'strategic risk'. Operation denotes all internal activities like production, procurement, finance , sales and distribution, information technology etc. ,hence risk pertaining to any one of the aforesaid activities are covered under the gamut of 'operational risk'. Relevancy of individual items covered under 'Operational Risk' varies between Entities e.g for a trading entity 'Production' is not relevant , but Finance Risk could be 'High' due to extension of trade credit facility; while 'Strategic Risk' faced by the Entity mostly Industry /Sector specific. The excel format clearly explains the relevant scope of audit area also.

In view of the above, 'strategic risk' is clearly related to the five forces propagated by Porter. 'Operational risk' of 'dependent on Industry Forces' is influenced by five forces. As for example, when prospective entrant chokes the supply channel of existing entities (industry force), sales and distribution activity (operational risk) ticks high.

CONCLUSION

Harvard Business School's Michael E. Porter in 1979, developed the five forces that determine whether or not a business can be profitable in relation to other businesses in the industry.

More than a decade later, ERM emerged as a concept within Corporations since the mid-1990s (Dickinson Feb 2001 – Enterprise Risk Management: Its Origins and Conceptual Foundation). The emergence can be traced to, a number of high-profile company failures and preventable large losses.

Contemporary critics and researchers voiced their apprehension on application of Porter Framework in impulsive and transmuting economic scenarios. Predominantly risk identification and assessment leads to anticipating the imminent through contemporaneous discernments. Consequently, the anticipated or emergent economic landscape is having a fair amount of association with Strategic Risk and decision making process. MA

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CSR COMPLIANCE AND SOCIAL CONTEMPLATION: AN ARCHETYPE OF OIL AND GAS SECTOR PSUs IN INDIA

Abstract

This study deals with assessing and testing the CSR compliance of eight oil and gas PSUs of India and makes an illustrious comparison of the companies in terms of its compliance and performance. For the said purpose, the data from 2014-15 to 2021-22 have been measured based on the checklist of 12 parameters and tested using t-test for compliance and one-way ANOVA for comparison respectively. It has been found that companies differ in their actual compliance in comparison with mandatory guidelines of the act and also differ in their CSR approaches when compared to one another. However, they did not differ in their CSR compliance over the years individually. It is recommended that companies should comply with CSR guidelines prescribed by the Act effectively and efficiently by ensuring proper monitoring and regular assessment of CSR carried out by the companies.

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INTRODUCTION

A corporate social responsibility (CSR) policy is a way for companies to be ethical and responsible in their business practices and contribute to the society and the environment. An organization's CSR compliance refers to how well it adheres to its CSR policies, regulations, and guidelines. The importance of CSR compliance for businesses cannot be overstated, since it is crucial to their reputation, customer loyalty, and employee retention. Additionally, it reduces legal and liability risks, neutralizes negative media coverage, and contributes to the sustainable development of the planet. The implementation of CSR policies and procedures by companies is essential for ensuring compliance with CSR regulations. A company seeking sustainable growth and long-term values must comply with CSR regulations.

CSR activities are no longer viewed as philanthropic activities after the enactment of section 135 of the Companies Act 2013.A failure to comply with this action can have legal consequences besides affecting the company's reputation (*Sarkar et al., 2019*).The compliance with regulatory frameworks on corporate social responsibility in India vary widely among companies. A lack of legislative clarity is exhibited by the drafting of the law due to poor legislative construction. This may explain why companies display a confusing and self-interest-driven approach when implementing their CSR practices (*Jumde, 2020*).Thus, for business management to be stronger within the framework of fulfilling the SDGs, Governments need to support CSR principles and policies (*Lopez-Concepcion et al., 2021*). As a possible solution, it might be advisable to maintain an intelligent database of customer CSR requirements, so that preparing for assessments and audits would be easier and less time-consuming *(Sütőová & Kóča, 2022).*

OBJECTIVES OF THE STUDY

- To determine whether CSR compliance of Oil and gas sector public sector undertakings of India is in alignment with section 135 of the Companies Act, 2013.
- To compare the CSR compliance of sampled public sector undertakings over the years individually, among each other and sector wise.

METHODOLOGY

In line with objectives, eight oil and gas sector PSUs having Maharatna, Navratna and Miniratna status have been selected viz., HPCL, IOCL, OIL, ONGC, BPCL, EIL, GAIL and MRPL, for which the data for compliance have been taken for eight years from 2014-15 to 2021-22 depicting the years after the implementation of the Companies Act, 2013.. Further, in order to accomplish the objectives of the study, the relevant hypotheses have been developed as follows-

H_0: The companies do not comply with the mandatory guidelines of the Section 135 of the Companies Act, 2013.

Inter-Company Comparison

H_0: There is no significant difference in CSR compliance of the companies in a particular sector of public sector undertakings.

Intra-Company Comparison

H_0: There is no significant difference in CSR compliance of a particular public-sector company over the years.

These hypotheses have been tested using t-test for compliance and one-way ANOVA for Inter and Intra company comparison respectively in SPSS 21 and the obtained results and interpretations thereon have been presented.

ANALYSIS AND INTERPRETATION

Measurement of CSR Compliance

TABLE 1: CSR COMPLIANCE (%) OF OIL AND GAS SECTOR AS PER SECTION 135

Year	HPCL	IOCL	OIL	ONGC	BPCL	EIL	GAIL	MRPL
2014-15	100.00	100.00	100.00	85.71	85.71	100.00	85.71	85.71
2015-16	100.00	100.00	100.00	85.71	85.71	100.00	100.00	100.00
2016-17	100.00	100.00	100.00	85.71	85.71	100.00	100.00	100.00
2017-18	100.00	100.00	100.00	100.00	85.71	100.00	100.00	85.71
2018-19	100.00	100.00	100.00	100.00	85.71	100.00	100.00	85.71
2019-20	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
2020-21	100.00	100.00	100.00	100.00	100.00	100.00	100.00	88.89
2021-22	77.78	100.00	100.00	100.00	88.89	100.00	100.00	100.00

Source: Calculated by authors based on checklist prepared in line with compliance with provisions of the Section 135 of the Companies Act, 2013

The compliance percentage of the companies implies that they reflected a good approach towards CSR compliance. However, in a few years where they failed to meet the minimum requirements of the Act, not spending minimum 2 per cent of the average profits of the preceding three financial years are one of the main reasons. The companies should adhere to the guidelines and should regularly monitor the CSR expenditure, in order to fulfill the requirement of minimum 2 per cent spend and continuously strive to move beyond this minimum limit.

For testing significance of difference of this compliance from mandatory guidelines mentioned in section 135, one sample *t* test was applied. As section 135 prescribes 100 per cent compliance, population mean was taken as 100.

TABLE 2: DESCRIPTIVE STATISTICS AND RESULTS OF T TEST FOR COMPLIANCE

	N	Mean	Std. Dev.	Std. Error	t	df	p Value
HPCL	8	97.22	7.86	2.78	-1.00	7	0.35
ONGC	8	94.64	7.39	2.61	-2.05	7	0.08
BPCL	8	89.68	6.46	2.28	-4.52	7	0.00
GAIL	8	98.21	5.05	1.79	-1.00	7	0.35
MRPL	8	93.25	7.29	2.58	-2.62	7	0.03
IOCL	8	100.00	0.00	0.00	N. A.		
OIL	8	100.00	0.00	0.00			
EIL	8	100.00	0.00	0.00			

Source: Calculated by authors using SPSS 21 based on values of compliance scores of the companies

The mean values in Table 2 shows that majority of companies are showing high level of compliance except BPCL Ltd. Compliance by all companies are consistent as is evident from low values of standard deviation. Companies like IOCL, OIL and EIL are fully complient for CSR norms and activities throughout the study period. Therefore, the standard deviation comes to zero for these companies and the t test could not be performed. For remaining companies, all the calculated values of t came to be negative as all the compliance score were less than 100. Results showed that p values for ONGC, BPCL and MRPL were less than 0.05, confirming the rejection of null hypothesis and it can be concluded that there is significant difference between the mandatory guidelines prescribed by section 135 and actual compliance made by three sample companies and remaining two companies did not show significant difference from mandatory guidelines.

CSR COMPLIANCE: INTER-COMPANY COMPARISON

TABLE 3: RESULTS OF ANOVA FOR INTER-COMPANY COMPARISON

Groups	Count	Sum	Average	Variance	
HPCL	8	777.77	97.22	61.72	
IOCL	8	800.00	100.00	0.00	
OIL	8	800.00	100.00	0.00	
ONGC	8	757.14	94.64	54.66	
BPCL	8	717.46	89.68	41.75	
EIL	8	800.00	100.00	0.00	
GAIL	8	785.71	98.21	25.51	
MRPL	8	746.03	93.25	53.09	
ANOVA					
Source of Variation	**SS**	**df**	**MS**	**F**	**P-value**
Between Groups	804.36	7	114.90	3.882	0.0016
Within Groups	1657.22	56	29.59		
Total	**2461.577**	**63**			

Source: Calculated by authors using SPSS 21 based on values of compliance scores of the companies

It has been found from Table 3 that the highest compliance of CSR activities is made by IOCL, OIL and EIL Ltd. and all of these companies are doing 100 per cent compliance as prescribed by section 135. BPCL is having the lowest compliance score of CSR activities followed by MRPL. The calculated value of F is 3.882 with a p value of 0.0016. Thus, null hypothesis is rejected at 5% level of significance and it can be concluded that there is a significant difference among the CSR activities disclosures made by different sampled companies.

CSR COMPLIANCE: INTRA-COMPANY COMPARISON

TABLE 4: RESULTS OF ANOVA FOR INTRA-COMPANY COMPARISON

Years	Count	Sum	Average	Variance	
2014-15	8	742.85	92.85	58.31	
2015-16	8	771.42	96.42	43.73	
2016-17	8	771.42	96.42	43.73	
2017-18	8	771.42	96.42	43.73	
2018-19	8	771.42	96.42	43.73	
2019-20	8	800.00	100.00	0.00	
2020-21	8	788.88	98.61	15.43	
2021-22	8	766.66	95.83	68.34	
ANOVA					
Source of Variation	**SS**	**df**	**MS**	**F**	**P-value**
Between Groups	242.504	7	34.643	0.874	0.532
Within Groups	2219.073	56	39.626		
Total	**2461.577**	**63**			

Source: Calculated by authors using SPSS 21 based on values of compliance scores of the companies

The importance of CSR compliance for businesses cannot be overstated, since it is crucial to their reputation, customer loyalty, and employee retention

It has been found from Table 4 that the highest compliance of CSR activities was in the year 2019-20 and it has been observed that it was the only year with 100 per cent compliance by all the sample companies. The years 2015-16, 2016-17, 2017-18 and 2018-19 are showing exactly same compliance by the sample companies whereas the data for 2014-15 is showing the lowest compliance with CSR guidelines followed by 2021-22. The calculated value of F is 0.874 with a p value of 0.532. Thus, null hypothesis is accepted at 5% level of significance and it can be concluded that there is no significant difference among the CSR compliance of sampled companies in different years.

CONCLUSION

In order to ensure sustainable development and responsible business practices in the oil and gas sector, public sector undertakings across the country are expected to comply with section 135 of the Companies Act, 2013, that mandates CSR practices among public sector undertakings (PSUs). The findings of the study reveal that majority of companies complied with the mandatory guidelines of the Act during all the years under study. In some years, where the companies did not comply with all the mandatory guidelines it was due to their inability to spend the minimum 2 per cent of average profits of preceding three financial years. It is important to meet the CSR requirements of the Act by ensuring effective monitoring of implementation of CSR and carrying out comprehensive CSR assessment. Also, it is recommended to set achievable goals to carry out CSR activities in the companies and encourage capacity building and employee engagement in order to augment their skills and knowledge and foster a culture of social responsibility within the company. The results of hypotheses testing indicate the consistent yet conservative approach of the companies in itself while dealing with CSR. It is recommended that companies should move beyond the boundary of minimum requirements and push their limits to comply with CSR norms efficiently.

Consequently, PSUs in the oil and gas sector are in good standing when it comes to CSR compliance, mandated by section 135 of the Companies Act, 2013. As a result, sustainable practices, environmental stewardship, and social welfare have all been enhanced. As PSUs embrace CSR, they demonstrate their commitment to responsibly conduct business, as well as to improve the lives of the communities in which they operate and the environment as a whole. There is a need for the oil and gas sector companies to continue to focus on corporate social responsibility compliance with the goal of contributing sustainably to the sector's growth and consolidating their position as a responsible contributor to the country's growth. MA

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Kolkata, the 12th July, 2023

N O T I F I C A T I O N

EL–2023/31 : The election to the Twenty-first Council of the Institute of Cost Accountants of India was held in accordance with the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended and as per the following Notifications :

1. Notification No. EL – 2023/1 dated 31st March 2023
2. Notification No. EL – 2023/2 dated 31st March 2023
3. Notification No. EL – 2023/5 dated 31st March 2023
4. Notification No. EL – 2023/6 dated 31st March 2023
5. Notification No. EL – 2023/7 dated 31st March 2023
6. Notification No. EL – 2023/8 dated 31st March 2023
7. Notification No. EL – 2023/9 dated 31st March 2023

In pursuance of Rule 36 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended and order of the Council of the Institute of Cost Accountants of India, it is hereby notified for information that the following members have been declared elected to the Twenty-first Council of the Institute of Cost Accountants of India for the term 2023 – 2027 :-

A. WESTERN INDIA REGIONAL CONSTITUENCY:

1. **Dalwadi, Ashwinkumar Gordhanbhai (M/8996)**
   Dalwadi & Associates, Cost Accountants
   403, Ashirwad Complex, B/h Sardar Patel Seva Samaj,
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2. **Deshpande, Harshad Shamkant (M/25054)**
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   Paud Road, Kothrud, Pune- 411038

3. **Joshi, Neeraj Dhananjay (M/24118)**
   CMA Pride, 1st Floor, Plot No. 6,
   S. No. 16/6, Erandawana Hsg. Soc., Erandawan,
   Pune- 411004

4. **Thatte, Ashish Prakash (M/27543)**
   504, Juniper Everest World, Kolshet Road
   Near Dhohali Naha, Thane (W)- 400607

B. SOUTHERN INDIA REGIONAL CONSTITUENCY:

1. **Gunjalli, Suresh Rachappa (M/22121)**
   No, 11, Ground floor, 2nd Main, 1st Cross, Shivanagar,
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2. **Murali, V. (M/29241)**
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3. **Murthy, K Ch A V S N (M/13338)**
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4. **P, Vinayaranjan (M/23980)**
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   Vijayawada- 520010

5. **Srinivasa Prasad, T C A (M/10996)**
   Flat # 4, "Thangam Kutil",
   16/14, Manickam Street, West Mambalam,
   Chennai- 600033

C. EASTERN INDIA REGIONAL CONSTITUENCY:

1. **Chattopadhyay, Chittaranjan (M/11028)**
   86/C, G.T. Road (Sirishtola), Serampore- 712201

2. **Goswami, Avijit (M/9147)**
   Flat No. 4A, Fourth Floor,
   68-C/1, Dr. Suresh Chandra Banerjee Road,
   Kolkata- 700010

3. **Nayak, Bibhuti Bhushan (M/17713)**
   Matru Krupa, Plot No. 1857/3747,
   At/Post- Kalarahanga, Via- KIIT,
   Near Sabitri Mandap, Bhubaneswar- 751024

D. NORTHERN INDIA REGIONAL CONSTITUENCY:

1. **Anand, Manoj Kumar (M/6563)**
   K-81, Sarita Vihar, New Delhi- 110076

2. **Bhati, Rajendra Singh (M/33509)**
   Office No. 10A, Second Floor,
   Sanjivani Ananda, Manji Ka Hata, Paota,
   Jodhpur- 342 001

3. **Jain, Navneet Kumar (M/17133)**
   2-D, OCS Apartments,
   Mayur Vihar, Phase- I Extn. New Delhi- 110091

Kaushik Banerjee
Returning Officer

The Institute of Cost Accountants of India
12, Sudder Street, Kolkata – 700 016.

Kolkata, the 12^{th} July, 2023

N O T I F I C A T I O N

EL–2023/32 : The elections to the four Regional Councils of The Institute of Cost Accountants of India were held in accordance with the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended, The Cost and Works Accountants Regulations, 1959 as amended and as per the following Notifications :

1. Notification No. EL – 2023/1 dated 31^{st} March 2023
2. Notification No. EL – 2023/2 dated 31^{st} March 2023
3. Notification No. EL – 2023/5 dated 31^{st} March 2023
4. Notification No. EL – 2023/6 dated 31^{st} March 2023
5. Notification No. EL – 2023/7 dated 31^{st} March 2023
6. Notification No. EL – 2023/8 dated 31^{st} March 2023
7. Notification No. EL – 2023/9 dated 31^{st} March 2023

In pursuance of Rule 36 of the Cost and Works Accountants (Election to the Council) Rules, 2006 as amended read with Regulations 114, 115, 118, 121 and other applicable Regulations of The Cost and Works Accountants Regulations, 1959 as amended and order of the Council of the Institute of Cost Accountants of India, it is hereby notified for information that the following members have been declared elected to the four Regional Councils of the Institute of Cost Accountants of India for the term 2023 – 2027 :-

A. WESTERN INDIA REGIONAL COUNCIL :

1. **Agrawal, Manisha Sanjay (M/21359)**
   238 Shriram Shyam Tower, Near NIT Sadar,
   Nagpur - 440001
2. **Bhalerao, Vivek Gajanan (M/18421)**
   F-24, O:2, Sector – 4, Sanpada,
   Navi Mumbai – 400705
3. **Bhombe, Mahendra Tulshiram (M/29773)**
   Flat No. 16, 3^{rd} Floor, Sai Namdev Park,
   Part 1B, CTS No. 5595, S. No. 151,
   Behind City International, Morwadi,
   Pimpri School, Pune - 411018
4. **Goswami, Arindam (M/30993)**
   D-16, Bhawna Nagar, Khamardih,
   Shankar Nagar, Raipur - 492007
5. **Mohrir, Chaitanya Laxmanrao (M/27229)**
   507, Kamdhenu Siddhi, S. No. 54/5, 54/6,
   Lane No. 4, Mahatma Society,
   Kothrud, Pune - 411038
6. **Shah, Nanty Nalinkumar (M/31497)**
   301, Gopinath Apt.,
   Jadakhadi Mahidharpura, Surat – 395003
7. **Vyas, Mihir Narayan (M/31564)**
   C – 1, Rushabh Tenament,
   Near Vinod Vatika Society,
   Manjalpur, Vadodara - 390011

B. SOUTHERN INDIA REGIONAL COUNCIL :

1. **Agastya, Vijay Kiran (M/25827)**
   Flat B 1305, Bhavya's Tulasi Vanam,
   Kukatpally, Hyderabad - 500072
2. **Bhat, Vishwanath (M/22986)**
   No. 2243 "Vishishta Arcade", 3^{rd} Floor,
   23^{rd} Cross Road, BSK 2^{nd} Stage, Bengaluru - 560070
3. **Darapaneni, Munisekhar (M/33464)**
   6-3-349/15/17, 301, Sai Brundavan Apts.,
   Dwarakapuri Colony, Panjagutta, Hyderabad - 500082
4. **Iyer, Rajesh Sai (M/28373)**
   25 / 13, Madhuban, Ritherdon Road,
   Chennai - 600007
5. **Kambadaraya, Girish (M/17416)**
   36, Chatura Homes, 2^{nd} Main,
   Meenakshinagar, Near Krishna Kalyana Mantapa,
   Basaveshwaranagar, Bengaluru - 560079

Contd...

The Institute of Cost Accountants of India
12, Sudder Street, Kolkata – 700 016.

6. **Kandasamy, Gomathisankar (M/36086)**
Manager
Hyundai Motor India Ltd.,
H1, Sipcot Industrial Park, Irrungattukottai,
Sriperumbudur, Chennai - 602117

7. **Kumar, Praveen (M/31416)**
Director, Profinz Educare,
Ayodhya Arcade, Naduvilal (PO.), Thrissur, Kerala

8. **Lavanya, Kandala Venkata Naga (M/31069)**
38B, Bansilapet, Near Bible House,
Secunderabad - 500003

9. **Rao, K Pandu Ranga (M/17466)**
Plot No. 70, D. No. 59A-8/4-6A
Sri Vasavinagar Colony, Vijayawada - 520008

10. **Srinivasa Rao, Yadlapalli (M/20543)**
H. No. 16-3-1323, Haranadhapuram,
2nd Lane, Nagasai Mandiram Road,
Nellore - 524002

11. **Sukumar, Divya (M/50355)**
No. 29, Devadi Street, Mylapore, Chennai - 600004

C. EASTERN INDIA REGIONAL COUNCIL :

1. **Chakraborty, Subhasish (M/12119)**
17B, Hindusthan Road, 1st Floor, Kolkata - 700029

2. **Dutta, Abhijit (M/36223)**
47F, P. M. Sarani, P.O. Haltu, Kolkata - 700078

3. **Ganguly, Arati (M/9451)**
Ganguly Villa, Shib Mandir Road,
New Upper Chelidanga, Asansol - 713304

4. **Mishra, Damodara (M/23265)**
Deputy General Manager (Fin.),
Odisha Power Transmission Corporation Ltd.,
OPTCL, Finance Wing, Janapath, Bhoi Nagar,
Bhubaneswar - 751022

5. **Mukherjee, Kallol (M/19109)**
45, Moore Avenue,
Ramakrishna Apartment, 3rd Floor, Kolkata -
700040

6. **Nayak, Uttam Kumar (M/23918)**
AGM (Corporate Affairs & CSR)
MGM Minerals Limited, Plot No. 65,
Forest Park, Bhubaneswar - 751009

7. **Prasad, Bidyadhar (M/25182)**
Ground Floor, Anurag Apt., Ashok Prashth Colony,
Nr. Dibidih Flyover, Dibidih, Ranchi - 834002

D. NORTHERN INDIA REGIONAL COUNCIL :

1. **Chandra, Jeewan (M/23023)**
Flat 302, Plot 25, Reliance Residency,
Block F, Sector – 3, Vaishali, Ghaziabad - 201013

2. **Kandpal, Manish (M/33796)**
10D, Sector – 7, Pocket – 1,
Dwarka, New Delhi - 110075

3. **Kashyap, Madhuri (M/44767)**
Plot No. C-234, Second Floor,
Sector – Xu I, Greater Noida - 201310

4. **Mittal, Satya Narayan (M/16794)**
1350, Basant Vihar, Kota - 324009

5. **Pant, Santosh (M/32283)**
312, Nipun Plaza, Vaishali, Sec – 4,
Ghaziabad - 201010

6. **Singh, Honey (M/30746)**
First Floor, 53/1, Chander Nagar,
Alambagh, Lucknow - 226005

7. **Yadav, Rakesh (M/22755)**
72/240, Vinayak Path, Mansarovar,
Jaipur - 302020

Kaushik Banerjee
Returning Officer

DIGITAL OBJECT IDENTIFIER (DOI)

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Direct & Indirect Tax Updates - June 2023

DIRECT TAXES

- **Notification No. 36/2023 Dated 7th June 2023**: In exercise of the powers conferred by sub-clause (iv) of clause (c) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 (43 of 1961) (hereinafter referred to as the Act), the Central Government hereby specifies the pension fund, namely, 2743298 Ontario Limited (PAN: AACCZ0130B), (hereinafter referred to as the assessee) as the specified person for the purposes of the said clause in respect of the eligible investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024.
- **Notification No. 37/2023 Dated 12th June 2023: Income-tax (Ninth Amendment) Rules, 2023** shall come into force from the date of their publication in the Official Gazette. In rule 44E, for sub-rule (2), the following sub-rule shall be substituted, namely: "(2) The application referred to in sub-rule (1), the verification appended thereto, the annexures to the said application and the statements and documents accompanying the annexures, shall be, in the case of an individual, Hindu undivided family, a company, a firm, an association of persons , any other person (I) signed or digitally signed, (II) furnished through his registered e-mail address. In the said rules, in rule 44F (i) in the marginal heading, for the word "Authority", the word "Board" shall be substituted (ii) for the word "Authority" at both the places where they occur, the word "Board" shall be substituted, in both places. In the said rules, in Appendix-II, for the Forms FORM No. 34C to FORM No. 34EA, the Forms shall be substituted.
- **Notification No. 38/2023 Dated 12th June 2023: e-advance rulings (Amendment) Scheme, 2023**. In the e-advance rulings Scheme, 2022, in paragraph 6, in sub-paragraph (C), for clause (iv), the following clauses shall be substituted,"(iv) the Board for Advance Rulings shall, after considering the response as referred to in clause (iii), and after providing an opportunity of being heard (through video conferencing or video telephony) under subsection (5) of section 245R of the Act on the request of the applicant, subject to the provisions of clause (v), if applicable, pronounce the advance ruling on the question specified in the application and send a copy thereof to the applicant and the authority to whom the reference has been made.

If the Members of a Board for Advance Rulings differ in opinion on any point or points, the Board for Advance Rulings shall refer such point or points to the Principal Chief Commissioner of Income-tax (International Taxation), who shall nominate one Member from any other Board for Advance Rulings and such point or points shall be decided according to the opinion of the majority of the Members.

- **Notification No. 39/2023 Dated 12th June 2023:** 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, Extraordinary, vide number S.O. 1790(E), dated the 5th June 2017. In the said notification, in the Table, after serial number 22, the following serial number and entries relating thereto, shall be inserted:

Sl No	Financial Year	Cost_Inflation Index
23	2023-24	348

- **Notification No. 40/2023 Dated 14th June 2023: Specification of Authority, Head Quarters to give effect to e Appeal Scheme:** In exercise of the powers conferred by sub-sections (1) and (2) of section 120 of the Income-tax Act, 1961 (43 of 1961) (hereinafter referred to as the Act) and to give effect to the e-Appeals Scheme, 2023 (hereinafter referred to as the Scheme) made under sub-section (5) of section 246 of the Act and published vide Notification No. 33 of 2023 of the Government of hereby directs that the income-tax authorities specified in column (4) of the Schedule having their headquarters at the places specified in the corresponding entries in column (5) of the said schedule and functioning subordinate to the income-tax authorities specified in column (3) of the said schedule shall exercise the powers and perform functions, in order to facilitate the conduct of e-appeal proceedings, in respect of such persons or classes of persons or incomes or classes of income or cases or classes of cases, with respect to appeals covered under section 246 of the Act, except the cases excluded under sub-section (6) of that section, as specified by the Board in paragraph 3 of the Scheme.
- **Notification No. 41/2023 Dated 14th June 2023:** In exercise of the powers conferred by section 118 of the Income-tax Act, 1961 (43 of 1961), the

Central Board of Direct Taxes hereby makes the following further amendments. In the said notification, (i) after clause (b), the following clause shall be inserted, "(ba) Joint Commissioners of Income-tax (Appeals) or Additional Commissioners of Income-tax (Appeals) shall be subordinate to the Chief Commissioners of Income-tax within whose jurisdiction they perform their functions." (ii) for the clause (c), the following clause shall be substituted, "(c) Additional Directors or Additional Commissioners or Joint Directors or Joint Commissioners of Incometax shall be subordinate to the Directors or Commissioners of Income-tax within whose jurisdiction they perform their functions or other income-tax authority under whom they are appointed to work and to any other income-tax authority to whom the Director or the Commissioner of the Income-tax, as the case may be, or other income-tax authority is subordinate." (iii) after clause (g), for the proviso, the following proviso shall be substituted,"Provided that nothing in this notification shall have the effect of (a) requiring any income-tax authority to make a particular assessment or to dispose of a particular case in a particular manner or (b) interfering with the discretion of the Commissioner of Income-tax (Appeals) or Additional Commissioners of Income-tax (Appeals) or Joint Commissioners of Income-tax (Appeals)."

- **Notification No. 42/2023 Dated 15th June 2023:** In exercise of the powers conferred by sub-section (1) of section 280A of the Income-tax Act, 1961 (43 of 1961) read with section 84 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 (22 of 2015), the Central Government, in consultation with the Chief Justice of the High Court of Jharkhand, hereby designates the Courts in the State of Jharkhand, as Special Courts for the areas mentioned in column (3) of the Table, for the purposes of subsection (1) of section 280A of the Income-tax Act, 1961 and section 84 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.
- **Notification No. 43/2023 Dated 21st June 2023: Income Tax(Tenth Amendments) Rule 2023:** In exercise of the powers conferred by clauses (i) and (iii) of sub-section (2), second proviso to sub-section (3) and sub-section (6) of section 115BAC, sub- clause (iii) of clause (c) of sub-section (2) of section 115BAE read with section 295 the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the following rules further to amend the Income-tax Rules, 1962: in rule 2BB for sub-rule (3) in rule 3, in sub-rule (7) in clause (iii) for the second proviso, in rule 5 in sub-rule (1), after rule 21AG "21AGA exercise of option under sub-section (6) of section 115BAC" shall be inserted.
- **Notification No. 44/2023 Dated 23rd June 2023:** In exercise of the powers conferred by clause (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 Patanjali Yog Peeth Nyas, Delhi (PAN: AABTP0560H) for its university unit 'University of Patanjali', Haridwar' under the category of 'University, College or Other Institution' for research in 'Social Science or Statistical Research' for the purposes of clause (iii) of sub-section (1) of section 35 of the Income-tax Act, 1961 read with rules 5C and 5E of the Income-tax Rules, 1962.
- **Notification No. 45/2023 Dated 23rd June 2023: Income-tax (Eleventh Amendment) Rules, 2023.** In exercise of the powers conferred by clauses (i), (ii), (iii) and (iv) of the first proviso to clause (23C) of section 10, ninth proviso to clause (23C) of section 10, clause (b) of the tenth proviso to clause (23C) of section 10, sub-clauses (i) (ii), (iii), (iv), (v) and (vi) of clause (ac) of sub-section (1) of section 12A, sub-clause (ii) of clause (b) of sub-section (1) of section 12A, sub-section (3) of section 12AB, clauses (i), (ii), (iii) and (iv) of the first proviso to sub-section (5) of section 80G, third proviso to sub-section (5) of section 80G read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the following rules further to amend the Income-tax Rules, 1962 i .e in rule 2C, in 11AA, in 17A, in the principal rules, in the APPENDIX II.
- **Notification No. 46/2023 Dated 23rd June 2023:** In exercise of the powers conferred by the third proviso to sub-section (2) of section 92C of the Income-tax Act, 1961 (43 of 1961)(hereafter referred to as the said Act) read with proviso to sub-rule (7) of rule 10CA of the Income-tax Rules, 1962, the Central Government hereby notifies that where the variation between the arm's length price determined under section 92C of the said Act and the price at which the international transaction or specified domestic transaction has actually been undertaken does not exceed one per cent of the latter in respect of wholesale trading and three per cent of the latter in all other cases, the price at which the international transaction or specified domestic transaction has actually been undertaken shall be deemed to be the arm's length price for assessment year 2023-2024.

- **Circular No. 9 /2023 Dated 28th June 2023: Order under section 119 of the Income-tax Act, 1961 for extension of time limits for submission of certain TDS/TCS Statements.** (i) The statement of deduction of tax for the first quarter of the financial year 2023-24, required to be furnished in Form No. 26Q or Form No. 27Q on or before 31% July, 2023 under Rule 31A of the Income-tax Rules, 1962 ("the Rules") may be furnished on or before 30" September, 2023.

  (ii) The statement of collection of tax for the first quarter of the financial year 2023-24, required to be furnished in Form No. 27EQ on or before 15" July, 2023 under Rule 31AA of the Rules may be furnished on or before 30™ September, 2023.

- **Circular No. 10 Dated 30th June 2023: Circular to remove difficulty in implementation of changes relating to Tax Collection at Source (TCS) on Liberalised Remittance Scheme (LRS) and on purchase of overseas tour program package.** For first Rs 7 lakh remittance under Liberalised Remittance Scheme (LRS) there shall be no TCS. Beyond this Rs 7 lakh threshold, TCS shall be at the rate of a) 0.5% (if remittance for education is financed by loan taken from a financial institution) (b) 5% (in case of remittance for education/medical treatment) (c) 20% for others.

  For purchase of overseas tour program package under clause (ii) of sub-section (1G) of section 206C, the TCS shall continue to apply at the rate of 5% for the first Rs 7 lakh per individual per annum, the 20% rate will only apply for expenditure above this limit.

  Increased TCS rates to apply from 1st October, 2023: The increase in TCS rates which were to come into effect from 1st July,2023 shall now come into effect from 1st October, 2023 with the modification as mentioned above. Till 30th September,2023 earlier rates (prior to amendment by the Finance Act, 2023) shall continue to apply.

INDIRECT TAXES

GST

- **Notification No. 14/2023-Central Tax Dated 19th June 2023: Seeks to extend the due date for furnishing FORM GSTR-1 for April and May, 2023 for registered persons whose principal place of business is in the State of Manipur.** In the said notification, in the fourth proviso: (i) for the words, letter and figure "tax period April, 2023" the words, letter and figure "tax periods April 2023 and May 2023" shall be substituted (ii) for the words, letters and figure "thirty-first day of May, 2023", the words, letter and figure "thirtieth day of June, 2023" shall be substituted.

- **Notification No. 15/2023-Central Tax Dated 19th June 2023: Seeks to extend the due date for furnishing FORM GSTR-3B for April and May, 2023 for registered persons whose principal place of business is in the State of Manipur.** In exercise of the powers conferred by sub-section (6) of section 39 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. 12/2023 Central Tax, dated the 24th May, 2023. i) for the words, letter and figure "month of April, 2023" the words, letter and figure " months of April, 2023 and May, 2023" shall be substituted (ii) for the words, letters and figure "thirty-first day of May, 2023", the words, letter and figure "thirtieth day of June, 2023" shall be substituted.

- **Notification No. 16/2023-Central Tax Dated 19th June 2023: Seeks to extend the due date for furnishing FORM GSTR-7 for April and May, 2023 for registered persons whose principal place of business is in the State of Manipur.** In the said notification, in the first paragraph, in the fifth proviso: (i) for the words, letter and figure " month of April, 2023" the words, letter and figure " months of April 2023 and May 2023" shall be substituted (ii) for the words, letters and figure "thirty-first day of May, 2023", the words, letter and figure "thirtieth day of June, 2023" shall be substituted.

- **Notification No. 17/2023-Central Tax Dated 27th June 2023: Extension of due date for filing of return in FORM GSTR-3B for the month of May 2023 for the persons registered in the districts of Kutch, Jamnagar, Morbi, Patan and Banaskantha in the state of Gujarat upto 30th June 2023.** In exercise of the powers conferred by sub-section (6) of section 39 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Commissioner, on the recommendations of the Council, hereby extends the due date for furnishing the return in FORM GSTR-3B for the month of May, 2023 till the thirtieth day of June, 2023, for the registered persons whose principal place of business is in the the districts of Kutch, Jamnagar, Morbi, Patan and Banaskantha in the state of Gujaratand are required to furnish return under sub-section (1) of section 39 read with clause (i) of sub-rule (1) of rule 61 of the Central Goods and Services Tax Rules 2017.

CUSTOMS

- **Notification No. 39/2023-Customs Dated 14th June 2023: Seeks to further amend 48/2021-Customs dated 13.10.2021 to reduce BCD on Refined Soya Bean Oil and Refined Sunflower oil to 12.5%.** In the said notification, in the Table (i) against S. No. 2, in column (4) for the entry, the entry "12.5%" shall be substituted (ii) against S. No. 6, in column (4) for the entry, the entry "12.5%" shall be substituted.
- **Notification No. 40/2023-Customs Dated 30th June 2023: 30.06.2023 Seeks to increase the standard tariff for LPG in 1st Schedule of Customs Tariff Act, 1975**. In exercise of the powers conferred by sub-section (1) of section 8A of the said Customs Tariff Act, the Central Government, hereby directs that the First Schedule to the said Customs Tariff Act, shall be amended in the following manner:

  In the First Schedule to the said Customs Tariff Act, in Chapter 27, for the entry in column (4) occurring against tariff items 2711 19 10, 2711 19 20 and 2711 19 90, the entry "15%" shall be substituted.
- **Notification No. 41/2023-Customs Dated 30th June 2023: Seeks to amend notification no. 50/2017-Customs dated 30.06.2017 to prescribe BCD rate for LPG.**

  In the said notification, in the Table, after S. No. 155 and the entries relating thereto, the following S. No. and entries shall be inserted:

(1)	(2)	(3)	(4)
155A	27111910 27111920 27111990	Liquified Petroleum Gas (LPG)	5%

- **Notification No. 42/2023-Customs Dated 30th June 2023: Seeks to amend notification no. 11/2021-Customs dated 01.02.2021 to prescribe AIDC Rate for LPG.** In the said notification, in the TABLE, after Sl. No. 10, and the entries relating thereto, the following Sl. No. and entries shall be inserted.

10B	27111910, 27111920, 27111990	All Goods	15%

- **Circular No.14/2023-Custom Dated 3rd June 2023: Electronic Repairs Services Outsourcing (ERSO) – initiation of pilot at ACC Bengaluru.** The Commissioner of Customs Airport and Air Cargo, Bengaluru has issued Public Notice No. 7 dated 27.05.2023 which is a procedure being tested for import and re-export clearances under ERSO (by specified importers-exporters) with aim of achieving the ecosystem conducive to providing quick and reduced turn-around time imperative for being a repair destination for ICT products globally.
- **Circular No.15/2023-Custom Dated 7th June 2023: Mandatory additional qualifiers in import/export declarations in respect of certain products wef 1.7.2023**.
- **Circular No.16/2023-Custom Dated 7th June 2023: Implementation of Honorable Supreme Court direction in judgment dated 28.04.2023 in matter of Civil Appeal No. 290 of 2023 relating to pre-import condition.**
- **Circular No.17/2023-Custom Dated 15th June 2023: Simplified regulatory framework for e-commerce exports of Jewellery through Courier mode.** Notification no. 43/2023-Customs (N.T.) dated 15.06.2023 has been issued for amending Form HA (CSB-V) to incorporate the declaration by the exporter. Such a declaration will also relieve the exporter from filling out certain additional fields concerning item-level specifications of the jewellery in the Form HA. Necessary modification is being made in the Express Cargo Clearance System (ECCS) for incorporating these changes in Form HA.
- **Circular No.18/2023-Custom Dated 30th June 2023: Mandatory additional qualifiers in import/export declarations in respect of certain products wef 1.7.2023**. Representations have been received from several trade associations requesting for extension of the due date which is 01.07.2023 for mandatory declaration of additional qualifiers in import declarations as prescribed in above Circular. Further, Department of Chemicals and Petrochemicals has also requested to defer implementation of above Circular for a further period of 3 months. Additionally, during testing certain mismatches have been observed in qualifier information for export products. In view of above, due date for mandatory declaration of additional qualifiers in import/export declarations as prescribed in above Circular no. 15/2023-Customs dated 07.06.2023 is extended from 01.07.2023 to 01.10.2023. MA

Sources: incometax.gov.in, cbic.gov.in

Benevolent Fund

FOR THE MEMBERS OF THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

CMA Bhawan, 12 Sudder Street, Kolkata - 700016

OBJECTIVE

The Fund has been created to provide outright grant of prescribed amount to the member in the event of critical illness of a member / beneficiary of the Fund. It is also for outright grant of prescribed amount to the beneficiary in the event of death of a member of the Fund.

LIFE MEMBERSHIP FEE

Onetime payment of ₹7500/-

BENEFITS

- ***Income Tax Benefit under section 80G***
- ***Outright grant not exceeding ₹3,00,000.00/- in each case to the beneficiary in the event of death of the member.***
- ***Outright grant not exceeding ₹1,50,000.00/- in each case to the member and beneficiary for critical illness duly certified by the doctor under whom the treatment is continuing.***

Coverage of Critical Illness, leading to hospitalization, may cover the following -

- Cancer / Malignancy
- Coronary Artery Bypass Graft Surgery
- Stroke / Cerebral Attack / Paralysis
- Heart Valve Replacement Surgery
- Myocardial Infarction (heart attack) / Heart Failure / Pace Maker Surgery / Kidney Dialysis(CKD)/ Renal Failure
- Major Organ Transplant
- Hemophilia
- Thalassaemia
- Neurological Diseases
- Flue Blown acquired Immune Deficiency Syndrome
- Multiple sclerosis
- Tuberculosis / Bronchopneumonia/ Pleurisy
- Permanent disablement
- Any other disease that may be considered by the Board of Trustees to be critical in nature.

To apply for life membership or for further details please visit
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