

GLOBAL SUMMIT

2017

ACADEMIC & ECONOMIC REFORMS

Role of Cost & Management Accountants

29th June 2017 - 30th June 2017

29th June 2017, Science City, Kolkata

“THE INSTITUTE OF COST ACCOUNTANTS OF INDIA PLAYING KEY ROLE IN PROFESSIONAL EDUCATION: PRESIDENT OF INDIA”

Hon'ble President Shri Pranab Mukherjee has hailed the exemplary work done by the Institute of Cost Accountants of India (ICAI) in producing skilled business professionals who are contributing to nation building.

“Education is democratic dividend and professional organisations like ICAI are playing a key role in this regard,” he said while addressing the inaugural session of Global Summit - 2017 on Academic and Economic Reforms: Role of Cost and Management Accountants.

“The government's emphasis on skill building with the Make in India, Start-up India, and Digital India initiatives, will bear fruit in the days to come,” he said,

adding, “We can safely expect to have a bank of 500 million trained manpower by 2020. They will be fuelled by quality education and the spirit of entrepreneurship.”

Change, the President admitted, has been rather slow in India compared to other countries that have developed at a faster rate. But that is not entirely without reason. “No other country in the world is as diverse as ours,” he said, adding that inclusive development will take time as the government has to cover a landmass that comprises 1.3 billion people.

“Yes, we are slow but steady,” he said.

“India has clocked more than 7.6 percent growth for more than a decade now which slogged at 3.9 percent for decades,” President pointed out.

It may be recalled that India's GDP was ₹5,86,212 crore in 1991, which has since breached the ₹1,35,00,000 mark. That is a whopping 2,216 percent rise.

Turning to the Goods and Services Tax (GST), which is set to be implemented countrywide from the midnight of

30 June/1 July, the President said, "It will be the biggest ever tax reforms in the country." While admitting that there is likely to be some teething troubles when the GST system comes into effect, he expressed hope of ironing them out within the shortest possible time. "It happens with all new systems," he said, reminding of 1991 when the economy was liberalised ending the 44-year old license-raj in post-independence India. "It was a watershed year for the global economy," he added.

"India was burdened with a series of taxes and the final price of a product or service was 30-40 percent more than its cost of production. All that is set to be history just one day from now," Shri Mukherjee said.

The President hailed the developmental work of the government and praised Prime Minister Narendra Modi and his Cabinet for ushering in several economic and administrative reforms.

After more than a century and a half, India is all set to change its financial year to coincide with the calendar year. "The last vestige of colonial rule is about to be dissolved," the President said.

The parliamentary standing committee on finance had recommended changing the April-March financial year to January-December a few months back.

ICAI President CMA Manas Kumar Thakur, in his welcome address, said that times are changing and effective use of scarce resources must be ensured to bring an all-round socio-economic change in the country.

Vice-President of the Institute CMA Sanjay Gupta said that ICAI is scouring new opportunities to forge fruitful industrial partnership programmes. "We are carrying out a performance costing for Indian Railways, under instructions from Hon'ble Railways Minister Shri Suresh Prabhu," Gupta informed.

The inaugural session was moderated by CMA H Padmanabhan, Chairman of the Global Summit, while the vote of thanks was presented by CMA PV Bhattad, former president, ICAI.

ICAI Opens GST Helpdesk

The Institute of Cost Accountants of India (ICAI) has opened a Goods and Services Tax (GST) helpdesk to enable businesses comply with the new system which will come into effect from the midnight of 30 June/1 July. The helpdesk will also assist professionals acquire proper knowledge about the new tax structure.

Earlier in the day, Minister of State for Finance and Corporate Affairs, Shri Arjun Ram Meghwal, while addressing the Global Summit-2017 of ICAI, requested

the institute to open a cell on the lines of GST Suvidha Provider, at least for the first few days of implementation.

The ICAI's decision to introduce the cell was welcomed by representatives of corporate houses and professionals present at the event and is expected to go a long way to eliminate the confusion that exists regarding GST and its provisions.

"2017 is the Year of Economic Reforms"

Merger of the Railways and Union Budget, exponential increase in digital transactions, and adding 91 lakh new taxpayers, has made 2017 the year of Economic Reforms in India, said Minister of State (MoS) for Finance and Corporate Affairs Shri Arjun Ram Meghwal, while addressing the inaugural session of the Institute of Cost Accountants of India (ICAI) Global Summit-2017.

"The seamless rollout of Goods and Services Tax (GST) will be the biggest talking point regarding tax reforms in India for many years to come," he added.

Shri Meghwal thanked ICAI for organising the Global Summit. ICAI has played a major role in determining the correct cost of production, since before independence, he recalled.

The MoS praised ICAI President CMA Manas Kumar Thakur for his efforts to organise the grand event.

Shri Keshari Nath Tripathi, Hon'ble Governor of West Bengal was also present at the inaugural session of Global Summit.

Has Capitalism and Disinvestment Really Served the Purpose?

The conservative economic policy adopted by US President Donald Trump and Britain's exit from the European Union (EU) are key indicators that globalisation may have hit a rough patch, opined speakers at a session titled 'Academic and Economic Reforms: Global Perspective' in Kolkata today.

The session was part of the two-day Global Summit-2017 organised by the Institute.

Britain decided to part ways with the EU following a referendum in this regard in June 2016, while Trump's policies are mainly aimed to stem large-scale unemployment in his country.

Speaking at the event, former director of Indian Overseas Bank Shri JD Sharma said that while globalisation undeniably paved the way to reach goods and services to the farthest corners of the world, it nonetheless forged several ills, particularly regarding disinvestment.

"Several major capital intensive public sector

industries have been disinvested by the government since liberalisation was adopted 26 years ago,” recalled Dr. Sharma. These industries were the foundation of nation building, and following disinvestment, started approaching banks for funds, which led to an increase in bad loans and non-performing assets (NPAs), he said. Banks and financial institutions, Dr. Sharma said, have been badly hit in this context.

Professor of Delhi School of Economics (DSE), Dr. Surender Kumar, rued the fact that while capitalism has served what it was meant to serve—infusion of capital into the economy—the quality of labour has gone down alarmingly. He called upon self-regulated professional educational bodies like The Institute of Chartered Accountants of India, The Institute of Chartered Accountants of India, and the Medical Council of India to impart more futuristic education so that tomorrow’s professionals are ready to face the challenges of any economic eventuality. They should be able to predict a crisis before it happens, he added.

The Chief Commissioner of Income Tax, Shri Ajai Das Mehrotra, said that financial reforms in the country are the need of the hour. But that has to be carried out in a proper manner. Implementation of the Goods and Services Tax (GST) which was long overdue, is a proper step to instil financial reforms, he added.

Opining on how academic and economic reforms is likely to take shape in the future, vice-president of the Institute of Chartered Accountants, Sri Lanka, Shri Jagath Perera, said that going digital will be the way forward. Traditional classrooms will give way to distance learning. Education will be on the go, where a student can learn even while travelling in a public transport, Shri Perera said.

The speakers were unanimous on their opinion that academic reforms have to be holistic. It should not merely enhance the knowledge of a student. One needs to remember that professionals have a larger duty to contribute to the society. Economic reforms can only be termed successful if it positively impacts the larger social context.

While ICAI Council Member CMA Avijit Goswami presented the wellcome address, the vote of thanks was offered by the CIRC Chairman CMA Bibekananda Mukherjee.

30th June 2017, Eastern Zonal Cultural Centre,
Kolkata

“YOUR NAME WILL BE YOUR BRAND”

Education and academics are the two most important sectors that shoulder the responsibility of shaping a country’s future. India was one of the earliest destinations of higher education with the universities at Nalanda, Taxila, and Vikramshila attracting students from Tibet, China, Central Asia and even Korea.

But in more recent times the Indian academic sector has been only churning out professionals, and not great minds that foster social change in the true light of education, opined speakers at the session titled ‘Academic Reforms’ on the second day of the two-day Global Summit-2017.

“We require finishing schools even after graduating from premier professional institutes like the IITs. This proves the fact that despite their global fame, such institutes are still found wanting in some areas,” said the Vice-Chancellor of West Bengal State University Prof. Basab Chaudhuri.

While acknowledging the fact that academic reforms were carried out several times in the country, Prof. Chaudhuri said that more stress should be put on academia-industry cooperation to build a sustainable partnership that can trigger real growth.

Director of National Institute of Securities Markets (NISM) and former chief of human resources at RBI, Shri Sandip Ghose, questioned, “How many of us understand what education really is? Education is an art to know what to learn, before one goes ahead and takes up a curriculum.”

Professional development has gone beyond the term ‘training’, courtesy its implication of learning skills. It today covers a definition which includes both informal and formal means to not only acquire new skills but also lend fresh insights into pedagogy and their own practice, particularly in this digital age where technology is omnipresent.

The 19th century was all about the Maharajas, Nawabs, and the Rai Bahadurs, where the salutation preceded the name of the person. The next century was just the opposite with qualifications following the name. There was a Ph.D., a cost accountant, a chartered accountant, or a specialist doctor.

“But the 21st century is where your name itself will stand out as a brand,” said Ghose. “Does your name

show up when you hunt for it on the internet search box? If not, you do not stand a chance today," he added. Your skills should be portable across domains, and you cannot keep yourself confined to one single area of expertise in these times where everything is going digital," the former banker said.

Technology has opened up new systems of working. "Traditional nine-to-five workplaces are passé. IT companies are encouraging employees to work from home according to their flexible hours. The typical series of desks with rows of computer monitors are dated concepts," Shri Ghose pointed out, adding, "Cloud-based universities and virtual classrooms are already in."

While reforms have been ingrained in Indian culture, it has failed to encompass the society at large. "Unfortunately, it is not how much about what a person learns but how much he/she is going to earn after graduating from college," rued Amity University Vice-Chancellor Prof. Dhruvajyoty Chattopadhyay. "I have parents coming to me and asking, 'Which course will offer my son/daughter the highest CTC?' Sadly, it is not about being a good human being but only about earning a fat pay packet," he said.

Techno India Group director of global operations, Shri Meghdut Roy Chowdhury, highlighted the partnership programme between his organisation and ICAI for skill-building among professionals. He mentioned about the various digital advancements taking place worldwide that's changing the very concepts of how academic knowledge is dispersed.

While ICAI Council Member CMA Dr. Jagan Mohan Rao presented the welcome address, the vote of thanks was offered by the EIRC Vice-Chairman CMA Pranab Chakraborty.

A memorandum of understanding was signed between NISM (an educational initiative of SEBI) and ICAI at the end of the session.

Are Economic Reforms Falling Short in India?

July 1991 is widely acknowledged as a watershed month in Indian economy. It was when the government denounced its interventionist regime of the post-independence era that involved regulation of markets, economic agents, mammoth public sector participation, and the priori plan on allocation of economic resources. The years that followed, policy, as it was argued back then, would dissolve the overwhelmingly interventionist framework and instil a support system forged by the private sector and relatively unrestrained markets with

the bare minimum control and regulation. The state was to transform from being a regulator to a facilitator in the market mechanism.

Twenty-six years later, there is a general complacency about the success of the strategy. People are convinced that there exists no alternative than a dogged pursuit of free market economics.

But such an elite consensus does not necessarily represent truth. Until the global meltdown of 2008, intellectual quarters close to power and number crunchers believed that unhindered expansion of the financial markets augured well for growth. But the fallacy is that nine years since, the world has still not left the worst behind.

"So if growth has been so ubiquitous in the Indian context, why is it not visible around us?" questioned veteran economist and management consultant Shri Suman Mukerjee, while chairing a panel discussion on economic reforms at the Global Summit. Admitting that no change can be fostered without reforms, he reminded that mere action is not enough if it lacks vision.

The government debt stood at 69.50 percent of the GDP in 2016, at an average of 73.42 percent from 1991 to 2016. "That is unacceptable by any standards but not entirely unexpected as over 80 percent of the country's wealth is enjoyed by only 10 percent of the population," Shri Mukerjee pointed out, adding, "What tangible results of economic reforms are we talking about?"

The Goods and Services Tax (GST), being dubbed as the single biggest tax reforms of the country, was rolled out from the midnight of 30 June/1 July. Chairman of West Bengal Infrastructure Development Finance Corporation Ltd, Dr. Abhirup Sarkar, said that while GST is "theoretically" good from the consumer point of view, particularly in eliminating multiple taxation, doubts remain on the proper implementation.

Dr. Sarkar said, "The price advantage in lower cost of production may not be passed down to the consumer particularly in sectors where two-three companies are running the show. These companies, Shri Sarkar feared, may "collude" with each other and trigger unfair market practices. Speculative hoarding has already started in the medicine industry and traders are stockpiling even life saving drugs, he said.

Speaking on the 2016 bank note demonetisation which is considered a landmark economic reform, Shri Sarkar said, there is hardly anything to rejoice about the coming down of black money in Swiss banks. The money, he said, has simply been invested in other assets.

It also needs to be seen what effect demonetisation

has on the medium and small industries, for the simple reason that the government does not have enough data in this regard, Dr. Sarkar said. The informal sector of the economy is only surveyed at five-seven year intervals and performance numbers majorly depend on assumptions. This sector, undeniably, has been badly hit by demonetisation, since transactions here are mostly in cash, he pointed out.

Senior professor of Indian Institute of Foreign Trade Prof. Ranajoy Bhattacharya, on his part, said that GST has blunted reforms in the country. Demonetisation, too, may not have a permanent impact on what the original intention was. Besides, the government shutting down the Planning Commission, the social sector will have to bear the worst brunt, he added.

“There is more rhetoric than real reforms in this country,” Prof. Bhattacharya said.

The session saw a lively discussion on economic reforms, what it tried to achieve and what it has really achieved, with the panel of speakers contributing with their thoughts and observations on the issue. The welcome address was delivered by SIRC Vice-Chairman CMA Dr. A Mayil Murugan, while the vote of thanks was offered by NIRC Chairman CMA Ravi Sahni.

The souvenir for the Global Summit was released during the session.

“More Indians Use Smartphones than Toilets”

“Growth in India,” said Kolkata-based cardiothoracic surgeon Dr. Kunal Sarkar, “Has only been measured by material possessions and not inclusive development. Holistic reforms have largely eluded the country.”

Speaking at a session on health and environment reforms, Dr. Sarkar said, “India is perhaps the only country where public expenditure on health is reduced every year. Surprisingly, 70 percent investments in healthcare are in the private space, when it should have been the other way round.”

Populist moves, he said, have hit the economy hard. “Growth in the country has been lopsided. You can spot smartphones in the hands of people even in villages, but there are not enough toilets.”

The senior surgeon pointed out that with the population in the country bursting at its seams, two percent hospital beds are reduced every year.

Earlier in the session, professor emeritus of economics at Jawaharlal Nehru University Ramprasad Sengupta, explained the connection between the ecosystem and the human system. He reminded that natural resources are limited and they have to be replenished so as to strike

a proper balance. He stressed on proper breaking down of waste, else that may adversely affect the ecosystem.

The session was chaired by Shri Satyajit Sen, Senior Regional Director, Ministry of Health and Family Welfare. CMA Shri Neeraj Joshi of WIRC delivered the welcome address, while CMA SK Bhatt of NIRC offered the vote of thanks.

The Global Summit bulletin was released during the session.

Cost Governance and Integrated Reporting are Key Success Factors

The time has come to realise that cost is a real-time resource. Prudent deployment of resources and their optimum utilisation should be adopted on a regular basis. As far as integrated reporting is concerned, the need for boards to instil trust and confidence among its stakeholders is important, along with attaching high priority to economic stability.

The thoughts were expressed by speakers at a panel discussion on cost governance and integrated reporting on the second day of the two-day Global Summit.

President of IAA Research Foundation Prof. Bhabatosh Banerjee recalled that SAIL was one of the first companies to incorporate integrated reporting back in the mid-1980s.

ICAI Vice-President CMA Sanjay Gupta, said countries like Sri Lanka, Singapore, and Malaysia have made major strides in integrated reporting.

Shri Devesh Rapartiwar of Deloitte India, said that the 2008 financial meltdown caused several companies to wake up and think. The value of a company cannot be expressed in numbers alone. “Take the case of Facebook which is a \$27.638 billion company but has only 40 percent in assets. Integrated reporting is very important for such companies,” he added.

Shri Rapartiwar said that Cost Accountants are the best professionals to implement integrated reporting.

World over around 200 companies have adopted integrated reporting.

Nagpur-based veteran Cost and Management consultant, CMA Sreehari Chava, highlighted the importance of cost governance especially in the light of the company frauds that took place in the country.

The session was chaired by Prof. Bhabatosh Banerjee. CMA Amit Anand Apte, Council Member, ICAI delivered the welcome address, while CMA K Sanyasi Rao, Past Chairman, SIRC, ICAI offered the vote of thanks.