THE
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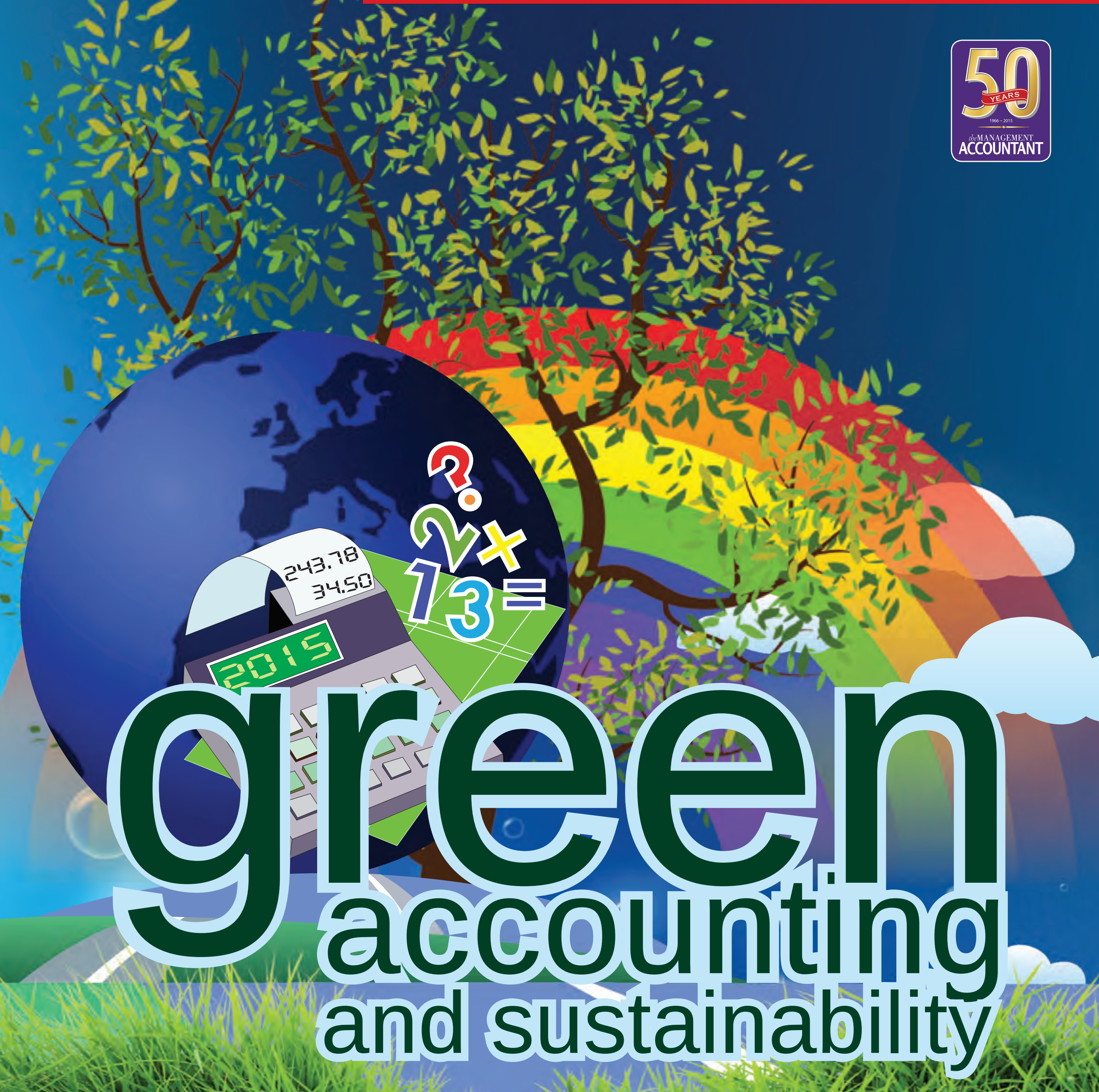
50 YEARS 1966 ~ 2015 the MANAGEMENT ACCOUNTANT



green accounting and sustainability

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
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The Institute of Cost Accountants of India

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA (erstwhile The Institute of Cost and Works Accountants of India) was first established in 1944 as a registered company under the Companies Act with the objects of promoting, regulating and developing the profession of Cost Accountancy.

On 28 May 1959, the Institute was established by a special Act of Parliament, namely, the Cost and Works Accountants Act 1959 as a statutory professional body for the regulation of the profession of cost and management accountancy.

It has since been continuously contributing to the growth of the industrial and economic climate of the country.

The Institute of Cost Accountants of India is the only recognised statutory professional organisation and licensing body in India specialising exclusively in Cost and Management Accountancy.

MISSION STATEMENT

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

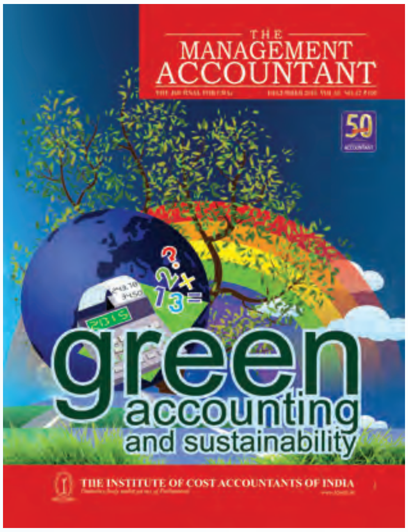
VISION STATEMENT

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

IDEALS THE INSTITUTE STANDS FOR

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

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



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EDITORIAL

Greetings!

The Green Accounting or Environment Accounting deals with accounting and management issues relating to environmental and social impacts, regulations and restrictions, safety, environmentally sound, and economically viable energy production and supply. It is related to environmental information and environmental eco-auditing systems. This is an emerging aspect of accounting that would help in understanding the influential aspects of natural environment with respect to the economy.

It acts as a managerial tool which can be used for the purpose of:

- Improving the performances in relation with the environment,
- Reducing environmental costs,
- Controlling the environmental damage,
- Implementing more efficient technologies with less pollution, nonpolluting products, etc.,
- Promoting a company having wide environmental attitude.

Practically, the developing countries like India are facing twin problem of saving environmental and economic sustainability. World Bank report claims, India lost a huge amount every year due to environmental degradation. Here, the necessity of green accounting emerged to maintain a high pace of economic growth without jeopardizing future environmental sustainability.

2015 United Nations Climate Change Conference

Almost everything you see, touch, feel or eat has been grown, built, powered or transported by energy that comes from fossil fuels. Developing countries say they want the right to use fossil fuels, such as oil, coal and gas, to help take their people out of poverty. Rich nations have had unrestricted use of these for 200 years, now it is their turn, they argue. So it needs to find a way of balancing the need to cut these gases with the right to use them.

On this backdrop one of the largest gatherings of world leaders in history take place at the 21st session of the Conference of the Parties (COP) from 30 November to 11 December 2015, in Paris. According to the organizing committee, the objective of the 2015 conference is to achieve, for the first time in over 20 years of UN negotiations, a binding and universal agreement on climate, from all the nations of the world. The world's top industrialists including Bill Gates, Mukesh Ambani, Ratan Tata and Jack Ma launch the Breakthrough Energy Coalition, an international group of 28 investors to bring companies that have the potential to deliver affordable, reliable and carbon free power from the research lab to the market.

Environmental Accounting in India

In recent years, there has been a huge demand on financial and economic data about environment and natural resources due to the continuous increase in pollution level and degradation of natural capital. For the assessment of costs and benefits of environmental preservation measures of companies, environmental accounting has become a solid branch of accounting. It provides a common framework for organizations to identify and account for past, present and future environmental costs to support managerial decision-making, control and public disclosure. Specific environmental accounting rules or environmental disclosure guidelines, for communication to different stakeholder groups, are not available for Indian companies. There is no mandatory requirement for quantitative disclosure of environmental information in annual reports neither under the Companies Act nor as per Indian Accounting Standards (AS) Further more there is no mandatory SEBI listing requirement for Indian companies, from these stock exchanges, to disclose environmental information. In India different firms consider different elements into environmental costs but it is important that all significant and relevant costs are incorporated for sound decision making purpose. Hence, there is a genuine need to develop a concrete guideline for the Environmental Accounting or Green Accounting in India.

This issue also presents a good number of articles on the cover story theme 'Green Accounting & Sustainability' by distinguished experts and authors as well as interview from industry stalwart. We look forward to constructive feedback from our readers on the articles and overall development of the journal. Please send your mails at *editor@icmai.in*. We thank all the contributors to this important issue and hope our readers enjoy the articles.

"Building Cost Competitiveness – Mission Make-in-India"

CMA P.V. Bhattad
President
The Institute of Cost Accountants of India

"Do not spoil what you have by desiring what you have not; remember that what you now have was once among the things you only hoped for."
- Epicurus

My Dear Professional Colleagues,

Namaskaar.

I am pleased to announce that the 57th National Cost Convention (NCC 2016) will be held on 30th & 31st January 2016 at New Delhi on the theme "Building Cost Competitiveness – Mission Make-in-India". I request members of the profession to mark these dates and attend the annual national event of the Institute in large numbers to show the strength of CMA profession.

The Council of the Institute has been working on the Roadmap devised for growth of the profession and the Institute. The growth agenda is being implemented for all round development of the Institute and profession by directorates of the Institute. To achieve significant benefits of the roadmap many initiatives are being taken up. Some of the important developments are listed hereunder:

Discussion meet on Risk Management in BFSI: The Committee on Banking & Insurance organized the second discussion meet on 'Risk Management in BFSI' on 20th November, 2015 in New Delhi. Shri K.V. Acharya, President of AIBPARC (All India Bank Pensioners & Retirees Confederation) was the Chief Guest at the event. More than hundred participants attended this meet. Various issues related to integrated perspective of risk governance, risk control for long term value creation and approaches to mitigate risk issues in BFSI were discussed during the panel discussion that consisted of stalwarts from the concerned sector. I hope such programs would help us to develop rapport with BFSI and utilize our professional expertise to serve the sector in a greater way.

Workshop on Performance Management Framework: The WTO, International Affairs and Sustainability Committee organized a workshop on Performance Management Framework at New Delhi on 26th November 2015, in association with Consortium of Advanced Management International, Canada (CAM-I). Mr. Derek Sandison, Vice President, Strategic Alliances, Decimal was the main speaker and explained the Performance Management Framework implementation methodologies which were well received by the participants. Mr. AnnuragBatra, Chairman & Editor-In-Chief, Business World Media Pvt. Ltd. was the Chief Guest while Mr. Ashok Vadagama, President CAM-I was the special guest. Mr. Pankaj

Gupta, Vice Chancellor, Apeejay University, India was the Guest of Honour. The Vice President also addressed the session.

Refresher Course on Indirect Taxation and gearing for GST: Taxation Committee of the Institute is continuing to organize workshops/ seminars and participate in various deliberations on proposed GST legislation in India. It is indeed a great initiative to organize "Refresher Course on Indirect Taxation and gearing for GST", at New Delhi, which had an overwhelming response. I look forward for the next series of workshops scheduled for Kolkata (4-6thDecember 2015), Mumbai (18-20thDecember 2015) and Chennai (1-3rdJanuary 2016). Members are requested to participate in the refresher course and gain the advantage to interact with eminent resource persons and enrich their knowledge further. Members of Councilare actively participating in discussion sessions at various Consultations on GST Business Processes conducted by the Government of India. Members of Regional Councils and Chapters are also actively participating in dialogues with State Tax Officials.

Webinars for Diploma Courses by Advanced Studies: The Directorate of Advanced Studies has started webinars for 2nd batch of three Diploma Courses namely, Diploma in Business Valuation, Diploma in Internal Audit and Diploma in IS Audit and Control. I request all the participants to leverage expertise of the faculty by attending the webinars regularly in large numbers as now the webinars are being conducted as per the convenience of the members. I wish success to all those who are writing examination for Diploma Courses in December 2015.

Programs and webinars for members: The Institute associated with PHD Chamber of Commerce and Industry as an 'Associate Partner' in the Seminar on "Draft GST Reports on Business Processes" at on 17th November 2015 at New Delhi. The CPD & CMA Committee conducted webinar on "Forensic Audit-How is it different" which was well received by the members.

Training Session with DRI: PD Directorate in association with Directorate of Revenue Intelligence organized a Training Session and Awareness Program on "Basic Accounting Concepts, Analysis of Final Accounts and Various Reports, Forensic Audit and its Relevance in Investigation. The session was well appreciated and attended by members of the Institute.

Developments by CAASB: The revised Preface to Standards on Cost Auditing, as recommended by the Cost Auditing and Assurance Standards Board (CAASB), has been approved by the Council. The Council has also approved the Standards on Cost Auditing on "Agreeing the Terms of Cost Audit Engagements" and "Audit Sampling", as recommended by the Cost Auditing and Assurance Standards Board in its 22nd meeting held on 6th November 2015 for sending to the Central Government for its approval. The Board also approved the release of Exposure Drafts of Standards on Cost Auditing on 'Written Representations' and 'Evaluation of Misstatements identified during the Audit' in the same meeting. The EDs have been uploaded on the CAASB webpage and members are requested to send their views / suggestions on the same to the CAASB Secretariat.

Developments by CASB: The Council of the Institute has approved the revised preface to Cost Accounting Standards as recommended by the Cost Accounting Standards Board (CASB). On recommendation of the CASB in its 80th meeting held on 5th November 2015, the Council of the Institute has approved the revised Cost Accounting Standards on Capacity Determination (CAS - 2) (Revised 2015) in replacement of the Cost Accounting Standard on Capacity Determination (CAS - 2) (Revised 2012) and Production and Operation Overheads (CAS - 3) (Revised 2015) in replacement of the Cost Accounting Standard on Overheads (CAS 3) (Revised 2011). These standards shall be mandatory from 1st April 2016 for being applied for preparation and certification of the General Purpose Cost Statements.

Valuer and Other Assignments for CMAs: The Professional Development Department is exploring opportunities for members in various fields. A meeting was organised with the Registrar, Original Side of Calcutta High Court for enlistment of members as 'Valuer' in Calcutta High Court. The interested members can now apply directly as 'Valuer' for empanelment of Calcutta High Court. The Department is taking up similar exercise in other courts for furthering the opportunities for members.

Co-operative Societies and Trusts: In its drive to enhancing scope of CMAs in the Co-operative Sector, PD department is aggressively pursuing with various

State Governments across the country for inclusion of Cost Accountants for Maintenance of Accounts and Audit of Co-operative Societies.

Airtel Great Delhi Run: On 29th November 2015, Members of our Institute participated in Airtel Great Delhi Run which was co-ordinated by the PD department. It was heartening to see members' enthusiastic participation in the cause of healthy living.

Exposure Drafts released by the Boards and Committees of the Institute: Friends, the Committees and Boards, constituted by the Council of the Institute, are regularly issuing Exposure Drafts of Standards and Guidance Notes for obtaining comments from different stakeholders including members within a limited time frame. These Exposure Drafts are available on the website of the Institute in an exclusive segment named "Exposure Drafts". The objective is to get the responses from members and other stakeholders to further improve the drafts while finalizing the same as Standards or Guidance Notes. You are hereby requested to come forward and give your opinion on those Exposure Drafts within the due date for consideration. This will not only showcase the strength of the profession but also streamline the collective efforts of the members in right direction.

Admission to the Membership of the Institute: I congratulate and welcome all the new 425 Associate members and 78 fellow members, who were granted membership last month. Members are aware that the last date for payment of membership fees for the current FY was 30th September 2015. To avoid removal of name from register of members of the Institute, I request all those, who are yet to clear their membership dues, to pay their arrears either through online payment or by other set modes.

Direct Taxes Professionals Association: Members of the Institute can now become member of Direct Tax Professional Association. For detailed information, you are kindly requested to visit the website www.dtpa.org.

Initiatives by Regional Councils: I am pleased to note the increasing initiatives by our Regional Councils and Chapters in organizing various programs, seminars and discussions on the topics of professional relevance and importance for the members. I am sure that members are immensely benefitted with such programs. I was invited to address the participants at Regional CMA Summit, jointly organized by the SIRC of ICAI, Vishakhapatnam and Ukkunagaram Chapters at Vishakhapatnam during 27th and 28th November 2015. The theme of the summit was 'CMA – A Game Changer in Strengthening the National Economy through Sustainable Management of Natural Resources'. This constitutes the core area of the CMA profession and the deliberations during the summit were very lively. I presented my views during the valedictory session. I congratulate SIRC and both the Chapters for organizing the summit on such a grand scale.

Initiatives by Chapters: I was invited to address the participants of Annual Seminar on 'Cost Management as an Effective Tool for Better Financial Management' organised by the South Gujarat Surat Chapter of the Institute on 1st November 2015. A prize distribution function for students was also organised by the chapter including interaction session with members and students.

It is heartening to note that the members of the Council, Regional Councils and several Chapters of the Institute have started taking up the initiatives under the guidance of various Committees and Boards constituted by the Institute. This is the perfect example of teamwork and I hope that this will motivate others to follow the line. I am grateful to have full cooperation and support from my fellow colleagues in the Council, Regional Councils and Chapters of the Institute.

Friends, you are one of the most important constituent of our system and I urge all of you to come forward and contribute your bit to the growth of the profession by giving your constructive suggestions and views on the activities of the Institute.

I wish prosperity and happiness to members, students and their family on the occasion of Id-e-Milad and Christmas.

With warm regards,

(CMA P.V. Bhattad)

1st December 2015

GST - Ease of Doing Business

GST Conclave – 'GST-Ease of doing business' was organized by the Taxation Committee of Institute of Cost Accountants of India at Hotel Babylon International,Raipur on Sunday 27th September, 2015. The Seminar was organized to enhance professional knowledge base and deep understanding on the subject matter and provide update on above topic.

The Chief Guest of the programme was Speaker of State Assembly Shri Gaurishankar Agrawal. Speaking on the occasion Agrawal hailed the efforts on part of ICAI to organize such a workshop on this subject and added that government is committed to implement this regulation for business growth and for reforms in indirect Tax regime.

The Additional Commissioner of Excise and Customs Shri Harbir explained technical side of GST and how this tax reforms could bring ease to business and other assesse. Simultaneously he also revealed the benefit to the economy by GST Tax proposed tax reforms. Additional Commissioner R. K. Trivedi also pointed out some steps taken by the state government for this regime. Ratan Khatwani (Dy. Director Central Excise and Customs) Raipur also shared his views on this subject.

Here CMA Ashok Nawal, Chairman of Technical Session and CMA B. M. Sharma, Past President delivered their speech on both session on proposed GST module.

In this workshop various sides of the proposed tax were presented, so that the business, finance profession and student community can draw benefit out of the seminar.

In a press release CMA Arindam Goswami, Chairman of Raipur Chapter of Cost Accountants informs that ICAI is an institution which further strengthens relationship with the industries of different verticals and knows the views of industry requirements to enable and equip them for providing the right people, guidance and consultancy. He also pointed out that in the present scenario said topic is very much relevant not only for financial professionals like CMA, CA, CS but also for industries, enterprises and consumer point of view.

The Special guest present on the occasion were Chagan Lal Mundra, Chairman CSIDC, Harbir, Additional Commissioner–Central Excise and Cutoms, RK Trivedi, Additional Commissioner– Commercial Tax; Ratan Khatwani, Dy. Director, Central Excise & Customs; CMA Manas Thakur, Vice President–ICAI, Ashok Nawal, CCM-ICAI, CMA B.M. Sharma, Past President-ICAI, CMA Arindam Goswami, Chairman Raipur Chapter of Cost Accountants; CMA H. Sotmon, Secretary-Raipur Chapter of Cost Accountants, Samir Rakshit & other eminent guests.

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PAPERS INVITED

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

Issue Month	Themes	Subtopics
January 2016	*Strengthening Indian Banking System*	• *Cure to stressful assets* • *Strategic Cost Management* • *Basel Accords & Risk Management* • *Project Financing* • *Forensic Accounting and Auditing* • *SME Lending Models of Public sector banks* • *Emerging areas like Small / Payment / Mudra Banks* • *Role of CMAs*
February 2016	*Agricultural Innovation and Sustainability*	• *Agricultural entrepreneurship* • *Agro-tourism* • *Organic farming* • *Innovation, productivity & food security* • *Sustainability indicators* • *Role of co-operatives* • *Agricultural Value Chain Development* • *Agro-producers and Supermarkets in India*
March 2016	*Cost Management in Pharmaceutical Industry*	• *Sustainable Cost Management in Pharmaceutical Industry* • *Cost Management tool box for Competitive Advantage* • *Product Life Cycle Management* • *Risk Management in Pharmaceutical Industry* • *Pharmaceutical Pricing Strategies* • *Multidimensional role of CMAs in the Pharma Sector* • *Case Study*
April 2016	*GST in India*	• *Impact of GST in Indian economy and its various sectors* • *GST and Indirect Tax Reforms in India* • *GST Model for India* • *GST and the MAKE-IN-INDIA Mission* • *Tax Mechanism - Levy and Chargeability* • *Case study on mode of operation of GST in India* • *Role of CMAs in GST*

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 publication anywhere else. Please send your articles by e-mail to editor@icmai.in latest by the 1st of the previous month.

Directorate of Research & Journal

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1: Dr. Kamineni Srinivas, Hon'ble Minister for Health and Medical Education, Govt of Andhra Pradesh delivering his speech at the seminar on 'Cost Management in Healthcare Sector' organized by Visakhapatnam Chapter of Cost Accountants dated November 1, 2015. From left: CMA K Sanyasi Rao, Chairman, SIRC, CMA PVN Madhav , Chairman of the chapter, Dr G Santha Rao, Director of Medical Education, Govt. of Andhra Pradesh, CMA S Natrajan, Advisor, TDEC, Chennai.

2: Lighting of sacred lamp at the 'Discussion Meet on Risk Management in BFSI' organized in Delhi on November 20, 2015. Seen in the photo are Chief Guest Shri K V Acharya President, AIBPARC (All India Bank Pensioners & Retirees Confederation), CMA P V Bhattad, President, CMA Amit Anand Apte, Chairman, Banking & Insurance Committee of the Institute, Shri G R Kejriwal, father of Delhi Chief Minister, Shri Arvind Kejriwal and other dignitaries present.

3: Lighting of the lamp by the eminent dignitaries in National Summit on 'Profit Re-Engineering - Exploring the Roadmaps to Corporate Profitability across Economy' held on 28 October 2015 at New Delhi organized by the Institute in association with ASSOCHAM. Seen in the photo are: CMA Manas Kumar Thakur, Vice President of the Institute, Shri DS Rawat, Secretary General, ASSOCHAM, Dr. Anup K. Pujari, Secretary, Ministry of MSME, Govt. of India, Shri Babu Lal Jain, Sr. Member, ASSOCHAM and others.

4:The Institute associated with PHD Chamber of Commerce & Industry in the seminar on Draft GST Reports on Business Processes held on 17 November 2015 at New Delhi. From Left: CMA Ashok B Nawal, Chairman, Taxation Committee of the Institute, Shri Jagmal Singh, Joint Director, VAT, Delhi, Shri Bimal Jain, Chairman, Indirect Taxes Committee, PHD Chamber, Shri Vidya Bhushan IAS, Additional Commissioner, Commercial Taxes, U.P., Shri D R Yadav, Joint Commissioner, Excise & Taxation, Haryana, Shri J K Mittal, Advocate, Shri N K Gupta, Co-Chairman, Indirect Taxes Committee, PHD Chamber.

5: Knowledge Report on 'Profit Re-Engineering' had been

released by the eminent delegates in National Summit on 'Profit Re-Engineering - Exploring the Roadmaps to Corporate Profitability Across Economy' organized by the Institute in association with ASSOCHAM held on 28 October 2015 at New Delhi.

6: CMA Manas Kumar Thakur, Vice President of the Institute deliberating at the National Summit on 'Profit Re-Engineering - Exploring the Roadmaps to Corporate Profitability Across Economy' organized by the Institute in association with ASSOCHAM held on 28 October 2015 at New Delhi.

7: Training Session of Directorate of Revenue Intelligence (DRI) at CMA Bhawan New Delhi on November 20, 2015.

8: Chief Guest, Mr. Annurag Batra, Chairman & Editor-in-Chief, BW Businessworld & Exchange 4media Group lighting the lamp at the workshop on Performance Management Framework held on November 26, 2015 at New Delhi. Others in the photo are: CMA Manas Kumar Thakur, Vice President of the Institute, CMA S K Bhatt, Chairman, NIRC, CMA Sanjay Gupta, Chairman, WTO, International Affairs and Sustainability Committee, Shri Derek Sandison, Vice President Strategic Alliances, Decimal-Toronto, were among the eminent dignitaries present.

9: CMA Sanjay Gupta, Chairman, WTO, International Affairs and Sustainability Committee welcoming the delegates and the speakers at the workshop on Performance Management Framework held on November 26, 2015 at New Delhi. CMA Manas Kumar Thakur, Vice President of the Institute, CMA S K Bhatt, Chairman, NIRC, Shri Annurag Batra, Chairman & Editor-in-Chief, BW Businessworld & Exchange 4media Group were among other dignitaries on the dais.

10:The moderator Shri Devinder Gupta, MD & CEO designate, Fairfax Group (NBFC) speaking at the technical session of the 'Discussion Meet on Risk Management in BFSI' held on November 20, 2015 in Delhi. The panelists on the dais had been Dr. J. D. Sharma, Director, Indian Overseas Bank, Shri Raghuvatsachari, GM Indian Overseas Bank and Shri Hemant Seigell, Director, Riskpro India.

11: Participation of the Institute in Great Delhi Run on November 29, 2015.

12: Valedictory Session of Refresher course on 'Indirect Taxation and gearing for GST' held on 20, 21 and 22 November 2015 at CMA Bhawan , New Delhi.

GREEN TELECOM

CMA Dr. M. Govindarajan
Sr. Accounts Officer, BSNL
Madurai

Kyoto Protocol

The Kyoto Protocol treaty was negotiated in December 1997 at the city of Kyoto, Japan and came into force February 16th, 2005.The Kyoto Protocol to the United Nations Framework Convention on Climate Change (UNFCCC) is an international treaty that sets binding obligations on industrialized countries to reduce emissions of greenhouse gases. The UNFCCC is an environmental treaty with the goal of preventing dangerous anthropogenic (i.e., human-induced) interference of the climate system. The Protocol recognizes that developed countries are principally responsible for the current high levels of GHG emissions in the atmosphere as a result of more than 150 years of industrial activity, and places a heavier burden on developed nations under the principle of 'common but differentiated responsibilities'. There are 192 parties to the convention. As part of the Kyoto Protocol, many developed countries have agreed to legally binding limitations/reductions in their emissions of greenhouse gases in two commitments periods. The first commitment period applies to emissions between 2008-2012, and the second commitment period applies to emissions between 2013-2020.

"The Kyoto Protocol is a legally binding agreement under which industrialized countries will reduce their collective emissions of greenhouse gases by 5.2% compared to the year 1990 (but note that, compared to the emissions levels that would be expected by 2010 without the Protocol, this target represents a 29% cut). The goal is to lower overall emissions from six greenhouse gases - carbon dioxide, methane, nitrous oxide, sulfur hexafluoride, HFCs, and PFCs - calculated as an average over the five-year period of 2008-12. National targets range from 8% reductions for the European Union and some others to 7% for the US, 6% for Japan, 0% for Russia, and permitted increases of 8% for Australia and 10% for Iceland."

Statistics on top polluting countries

The following table will give the list of top 10 polluting countries

Table 1 : Top 10 polluting countries

Name of the country	% by total emission
China	25.24
US	14.4
European Union	10.16
India	6.96
Russia	5.36
Japan	3.11
Brazil	2.34
Indonesia	1.76
Mexico	1.67
Iran	1.65

Source: World Resources Institute

The following table gives the list of top 10 per capital emitters and their plan for CHG emission cut:

Table 2 : Top 10 per capital emitters and their plan for CHG emission cut

Name of the country	Percentage	CHG emission cut plan
United States	19.86	26 – 28% by 2005 level by 2025
Russia	16.22	25 – 30% by 1990 level by 2030
Japan	10.54	26% of 2013 by 2030
Iran	9.36	Not yet submitted
European Union	8.77	40% of 1990 level by 2030
China	8.13	60 – 65% of 2005 level by 2030 per unit GDP
Mexico	5.99	25% of 2013 level by 2030
Brazil	5.10	37% of 2005 level by 2025
Indonesia	3.08	29% of current level by 2030
India	2.44	35% of 2006 level by 2030 per unit GDP

Source: Business Line

India has launched the National Action Plan Climate Change in June 2008 announcing voluntary target for 2020 to develop a low carbon economy. India has also set a target to cut the emission intensity of GDP by 209-25% by 2020 as compared to the 2005 levels. On 02.10.2015 India declared that it would aim to cut its carbon emission per unit of gross domestic product by 33 to 35% by 2030 under a climate change plan submitted to the United Nation. India was the 147th country to announce its commitments among the 196 members of the Union National Framework Convention on Climate Change.

Green Telecom

In India environmental awareness is increasing. Thus the way forward for a telecom company from a business, social and environment perspective, is to go green. The move towards a green strategy can begin with internal and external energy management initiatives then move on to a green supply chain. This supply chain should employ vendors who are conscious of cost and environmental, from the raw material to the packaging and dispatching of products. The final milestone should be to building the brand image of a 'green company'.

India can take a cue from other developing economics that have switched to green energy option and have shown workable models, both in terms of cost and infrastructure. Bangaladesh has tapped and utilized solar energy for telecom without any government subsidy. China has accomplished a lot in terms of green energy solution with the help of Government intervention.

Telecommunications infrastructure requires increasing amount of electricity to power it. Part of the electricity comes from the grid and remaining through burning of fossil fuel like diesel. Both of these sources contribute to emission of green house gases (GHG) with the attendant negative environmental effects. Reduction of the GHG produced or caused to be produced by the telecom sector is referred to as greening of telecom. It can be classified broadly in terms of greening of telecom networks, green telecom equipment manufacture, environment friendly design of telecom buildings and safe telecom waste disposal. The telecom industry consumes around 2 billion liters of diesel and contributes 5.4 million tonnes s of Carbon-di-oxide emissions. These figures are expected to rise with the growth of industry.

In telecom networks greening would refer to minimizing consumption of energy through use of energy efficient technology, using renewable energy sources and eco friendly consumables. In Green Manufacturing the greening process would involve using eco-friendly components, energy efficient manufacturing equipment, electronic and mechanical waste recycling and disposal, reduction in use of hazardous substances like chromium, lead and mercury and reduction of harmful radio emission. In design of green central office buildings: optimization of energy power consumption and thermal emission, minimization of green house gas emission. Waste disposal: disposal of mobile phones, network equipment etc., in an environment-friendly manner so that any toxic material used during production does not get channelized into the atmosphere or underground water.

> Environmental protection is the key area which has been received the attention of all the stakeholders. Telecom is not an exception to this. While comparing the carbon emission of other industries, the contribution of the carbon emission by telecom as a whole of the global is very negligible. The increase in carbon emission is by diesel used for the operation of for telecom infrastructure because of the acute power shortage prevailing in India. However steps are taken by the Government as well as the service providers to reduce the carbon emission and to green.

Sources of CHG emission

In respect of telecom industry the following are the sources of CHG emission:

* Energy consumed by the network operation; Embedded emissions of the network equipment, for example, emissions associated with the manufacturing and deployment of network equipment;
* Energy consumed by mobile handsets and other devices, when they are manufactured, distributed and used, as well as their embedded emissions;
* Emissions associated with the buildings run by mobile operators and emission from transport of mobile industry employees.

Carbon footprint

Mobile phone growth in India is more than 100 million new subscribers annually. As on 31.08.2015 the total mobile subscribers are 988.69 million out of urban connections is 570.33 million and of rural is 418.36 million. This heavy increase is principally fuelled by explosive growth rates in rural areas since mobile telecom has become one of the primary necessities and an important tool in addressing the "digital divide". However, this has created grave concerns about the carbon footprint from the use of diesel powered electric generators for base station sites, high levels of electromagnetic radiation potentially affecting health, and overall infrastructure capital and operational costs in remote rural areas. The technical challenges and the requirements of establishing sustainable low cost mobile telecom infrastructure in rural areas in India are similar to other emerging markets. Indian green telecom solutions based on suitably modified mobile network deployment architectures are equally valuable to all emerging markets that have large rural populations and poor availability of electricity grid power.

Energy is a dominant cost component for telecom companies. A telecom company has to incur two third of its OPEX to the network.Of this two thirds cost energy remains one third of its cost. Diesel generates considerable amount of carbon-di-oxide. Yet telecom contributes only 0.2% of global emissions.

Table 3 : Power Availability At Various Sites

Hours	Percentage	Description
>20 hours	10%	Mainly metro cities of Mumbai, Kolkata, Chennai, some cities of Gujarat, State of Chattisgarh, some cities of Punjab
16 – 20 hours	20%	Covers most other major cities and towns in the rest of the country
12 – 16 hours	30%	All semi urban and small urban towns in all states
8 – 12 hours	25%	Mostly rural areas
<8 hours	15%	Mostly parts of Bihar and some towns of Assam, NE States, UP and J&K

Source: Intelligent Energy Limited

"The rising operating costs, the logistical issues, the deregulation in price in the near future and the environmental cost of using diesel, all together are pushing the telecom industry to look for alternative solutions. To come up with an optimal solution, it is essential to explore alternative solutions" says a white paper on 'The True Cost of Providing Energy to Telecom Towers in India' published by Intelligent Energy.

Factors enhancing green telecom

Telecom Regulatory Authority of India ('TRAI') identified the following factors that will enhance the green telecom:

❋ Need to reduce the cost of operations of the telecom network by reducing energy cost;

Need to expand network into rural areas where power availability is poor;

❋ Renewable energy technology becoming available at increasingly reducing cost; Confluence of socio-political trends towards environmental responsibility, pressure groups against global warming;

❋ Creating sustainable businesses has become important where the objective is not only to create products and services through ethical means but also minimize environmental impact and improve communities; International treating like Kyoto Protocol.

Measures to reduce carbon emission

TRAI examined the measures that would be taken to reduce the telecom sector foot print under the following categories:

❋ Adoption of energy efficient equipment and innovative technologies;
❋ Use of renewable sources of energy;
❋ Infrastructure sharing;
❋ Improvement of grid supply;
❋ Waste management;
❋ Better network planning – more out door BTS, less BTS, less air conditioning requirement to cool sites;
❋ Standardization of equipment, test and certification;
❋ Manufacturing process;
❋ Monitoring and reporting;
❋ Government support like subsidies, taxes and levies;

Green power solutions

The following approaches have been considered single or in combination:

❋ Solar energy;
❋ Wind energy;
❋ Ocean/tidal energy;
❋ Pico hydro energy;
❋ Biomass energy;
❋ Fuel cell energy.

Table 4 : Advantages and Disadvantages of green energy

Description of energy	Advantages	Disadvantages
Solar Energy	Abundant availability in the country; Offers decentralized power.	Entails high upfront costs; Large surface area is required; No night time functionality,
Wind energy	It is an inexhaustible source of energy; It can be used directly as mechanical energy.	Viability depends on speed of wind; High operational expenditure; Noisy structure.

Description of energy	Advantages	Disadvantages
Bio energy	Tremendous potential in India to generate biogas energy from biomass; It produced energy in relatively cheap power generation.	Limited availability of bio fuel for and reliable; Requires considerable installation space and produced dirty smell; Bio gas storage and cylinders and transportation through pipes over long distances are difficult.
Fuel Cells	Higher efficiency as compared to other green energy solutions; Compact and climate resistant and offers reliable start up.	Hydrogen is require don a continuous basis; There are safety issues pertaining to storage of Hydrogen Commercial viability being evaluated.

The green power generating solutions must be designed specifically for every location so that the generation of capacity of the site matches its predicted load curve.

That effective implementation of the Green Telecom Directive will result in Indian Telecom industry saving over Rs 2430 crores on annual energy expenditure. The telecom industry can claim close to 80m carbon credits (1 carbon credit = 1 tonne of CO_2) if it moves to complete green methods of power usage for its tower operations which results into 1.15B $(Refer exhibit 4) or 4800 $ per year per tower. Apart from this each tower will save close to 40% energy bill i.e. 3-4K so total saving per tower would be close to 6000$ after subtracting additional maintenance cost of solar panel. Which is really a big number as far as saving is concerned but requires a huge capital and effort for rollout of green measures.

Environment friendly design of telecom buildings

Telecom Buildings should be designed and constructed in such a manner that they efficiently use energy, water and other resources and reduce waste and environment pollution. The building will optimize the consumption of energy and will reduce the emission of green house gases. These include building management systems (BMS) that run heating and cooling systems according to occupants' needs or software that switches off all PCs and monitors after everyone has gone home.

Green telecom equipment manufacture

Green telecom equipment manufacturing involves developing and manufacturing environment friendly equipments with low emission level, high energy utilization efficiency, use of eco friendly components and reduction in use of hazardous substances. With increasing pressure from government and consumer groups companies need to divert resources towards green manufacturing which does not affect the environment in an adverse manner. Especially in case of mobile handset manufacturing, companies need to concentrate on reducing the use of hazardous substances such as chromium, lead ,etc and should also focus on reducing the level of EMF Radiations. Mr. Danesh Bansal, Chief Technical Officer, Indus Towers, pointed to a need to improve efficiencies of not only active but also passive equipment. In indoor sites with air conditioners, 40 percent of the energy consumption is for ACs, therefore there is a need to improve the efficiency of all the equipments deployed.

The manufacturers of network equipments and infrastructure can be made to take responsibility for ecological design and recycling their products. Recycling and the limited use of resources will reduce carbon emission at the manufacturing stage. The manufacturers can also be directed to provide documentation of the full life cycle, carbon emission and efficiency of the products. This will enable the telecom operators to select efficient and greener products in a transparent manner. The authorities can promote the use of energy efficient products through certification and taxes.

Safe telecom waste disposal

All e-waste should be disposed of in a manner that the harmful chemicals which are present in them do not enter the ecosystem and lead to release of toxic chemicals into groundwater resources or atmosphere. Telecom companies should ensure proper mechanism for collection of e-waste including mobile phones, chargers, batteries and network equipments, which can be recycled or disposed in a suitable manner afterwards.

Mobile manufacturers/distributors will be required to place collection bins at appropriate places for the collection of e-waste. This includes mobile phones, batteries and charges. E-waste should be safely disposed of or recycled as per the prevailing standards. Materials from obsolete, damages and defective products are often used as inputs for various industries. For example components recovered via recycling old phones can be used for production of bike parts, leathers etc.,

A mobile phone contains, as per estimate-

❋ 250 – 400 mg of silver;

❋ 24 – 45 mg of gold; and

❋ 9 – 16 mg of palladium

About 200 tones of e-waste is annually shipped to countries such as Belgium and Japan for recover of those precious metals.

Government directives

The Telecom Regulatory Authority of India (TRAI) recommendations on Green Energy applications have been approved by Government. Following directives have been issued to the licensees/all ILD service providers to adopt measures to green the Telecom sector setting broad directions & goals. At least 50% of all rural towers and 20% of the urban towers are to be powered by hybrid power (Renewable Energy Technologies (RET) + Grid Power) by 2015, while 75% of rural towers and 33% of urban towers are to be powered by hybrid power by 2020.

All service providers are required to evolve a carbon credit policy in line with carbon credit norms with an ultimate objective of achieving a maximum of 50% over the carbon footprint levels of the base year in rural areas and achieving a 66% over the carbon foot print levels of the base year in urban areas by the year 2020. The base year for calculating all existing carbon foot prints would be 2011, with an implementation period of one year and the first year of carbon reduction would be the year 2012.

Further all service providers have to declare the carbon foot prints of their network twice in a year i.e., half year reports for the period ending September is to be submitted by 15th November and the succeeding half year report for the period ending March is to be submitted by 15th May each year. Further based on the details of footprints declared by all service providers, service providers should aim at carbon emission reduction targets for the mobile network at 8% by the year 2014-15, 12% by the year 2016-17 and 17% by the year 2018-2019.

DoT's initiatives for Green Telecom

The Department of Telecom vide its lr. No. 800-61/2012-VAT, dated 23.01.2012 issued following directions for the implementation of Green Technology in Telecom Sector:

❋ At least 50% of all rural towers and 20% of the urban towers are to be powered by hybrid power (Renewal Energy Technologies (RET) + Grid Power by 2015; 75% of rural towers and 33% of urban towers are to be powered by hybrid power by 2020;

❋ All telecom products, equipment's and services in the telecom network should be certified by 'Green Passport' by the year 2015; Telecommunication Engineering Centre will certify telecom products, equipments and services on the basis of ECR ratings;

❋ All service providers should declare to TRAI, the carbon footprint of their network operations. The Declaration of carbon footprints should be done twice in a year;

❋ Service providers should adopt a voluntary code of Practice encompassing energy efficient Network Planning, infra-sharing, deployment of energy efficient technologies and adoption of Renewable Energy Technology to reduce carbon footprints;

❋ Service providers should evolver a 'Carbon Credit Policy' in line with carbon credit norms with the ultimate objective of achieving a maximum of 50% over the carbon footprint levels of the Base Year in urban areas by the year 2020;

❋ Service providers should aim at Carbon emission reduction targets for the mobile network at 12% by the year 2016 – 17 and 17% by the year 2018 – 19.

DOT undertook pilot projects in USOF Phase I sites through BSNL in order to take care of Environmental issues and arrive at green solutions for Indian Telecom sector with a focus of cost reductions, power saving, Energy efficiency of mobile telecom networks, reducing associated carbon emissions, and utilizing renewable power sources such as solar energy and wind energy. The renewable energy solar/solar-hybrid systems are found to be technically feasible and financially viable for mobile BTS towers. A considerable carbon reduction has been achieved for reduction in DG operating hours.

Conclusion

Telecom or otherwise, the government must focus on policies that promote the production and use of clean energy in India. If suggested reforms materialize, they will shape the course of green telecom. With increased coordination between the sector's stakeholders for an effective solution and various initiatives taking form, it may be hoped that the sector will soon find the green path it has desired. MA

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ENVIRONMENTAL ACCOUNTING OF MAHARATNA COMPANIES

Environmental accounting and disclosure has emerged as an important dimension of reporting practices. The methodology of this explorative study is the content analysis of annual reports and websites of Coal India, IndianOil, and NTPC.

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Environmental accounting facilitates a cost-benefits analysis of a project on environmental issues that guide managers to take decisions and strike a balance between the ecology and economy. It is the process of environment-based categorisation of business activities, and collecting, analysing and monitoring these environment-related activities, and then putting all the information into the balance sheet to help in decision making (Tüsiad, 2005, Environmental Accounting Guidelines, 2005). It mentions environmental accounting as a procedure that allows a company to identify the cost of environmental conservation during the normal course of business, identify the benefit gained, provide the best possible means of quantitative measurement (in monetary value or physical units) and support the communication of its results. Environmental accounting primarily refers to the process of identification, measurement and disclosing the information with regard to the environmentally responsible performance of a business entity to allow economic conclusions.

Objective of the study

The objective is to discuss the concept and scope of environmental accounting and to investigate the level and extent of corporate environment disclosure and reporting practices in Maharatna companies.

Approaches to environmental accounting

There are three approaches to environmental accounting

Physical approach:

The physical environmental accounting system shows the impact of the company's activities on environment. It is measured in physical terms. Though quantitative in approach, no monetary value is assigned.

Monetary approach:

Here, information collected under physical approach is expressed in monetary terms.

Integrated approach:

When both physical and monetary approach are simultaneously used, it is termed as integrated approach.

Environmental management accounting (EMA)

It means integration of business strategy with sustainability strategy by accounting for financial and non-financial information of a body corporation. EMA is defined as the generation, analysis and use of financial and relevant non-financial information, to support the management. EMA integrates corporate environmental and business policies, and thereby provides guidance on building a sustainable business. 'EMA means the management of environmental and economic performance through the development and implementation of appropriate environment related accounting systems and practices. While this may include reporting and auditing in some companies, EMA typically involves life-cycle costing, benefits assessment, and strategic planning for environmental management' (Mohamed, 2002).

Environmental cost accounting (ECA)

In ECA, costs are accounted for by their specific causes. ECA directly places a cost on every environmental aspect, and determines the cost of all types of related action. Environmental actions include pollution prevention, environmental design and environmental management. Environmental costs comprise both internal and external costs and relate to all costs relevant to environmental damage and protection.

Environmental financial accounting (EFA)

Environmental financial accounting (EFA), collects, analyses, records and reports data about financial events. EFA data involves environmental cost. Environmental information of business is shown in financial statements by means of EFA. It mostly focuses on reporting environmental liability costs and other major environmental costs. It is used to provide information needed by external stakeholders on a company's financial performance. This type of accounting allows companies to prepare financial reports for investors, lenders and other interested parties. Various benefits are derived from different aspects of accounting (Anuradha, 2014).

Corporate environmental accounting (CEA)

This can be closely linked to the development and use of an environmental management system or producing a corporate sustainability report. Environmental accounting can be defined as the identification, collection, estimation, analysis, internal reporting and the use of materials and energy flow information, environmental cost information, and other cost information for both conventional and environmental decision making within an organisation (Varghese). CEA is an approach to control and improve an organisation's cost structure and environmental performance. It can be further subdivided into environmental management accounting and environmental financial accounting (Anuradha, 2014). Corporate environmental disclosure must be taken as a part of CEA and it should be defined as a channel to disseminate environmental information to stakeholders.

"ECA directly places a cost on every environmental aspect, and determines the cost of all types of related action. Environmental actions include pollution prevention, environmental design and environmental management."

Natural resource accounting and ecological accounting

Natural resource accounting means incorporation of environmental aspects into the system of national accounts (SNA). It means giving proper weight to environmental concerns in calculating GNP & GDP. The focal point of SNA is natural resources and their exploitation. 'In many cases, the term ecological accounting is used to refer to the preparation of accounts according to physical data only. In addition, ecological accounting is the type of environmental accounting (a dedicated type for natural resource accounting at local administration level)' (Mohamed, 2002). The main purpose of environmental reporting is to transparently provide information about the corporate environmental impacts and efforts done by companies to reduce harmful effects (Gray, Owen, and Adams, 1996). Environmental accounting means reporting of environment specific cost such as liability cost and waste disposal costs. It is accounting for any costs and benefits that arise from change to a firm's products and processes where the change also involves a change in environmental impact (Gupta and Mehra, 2002)

Environmental reporting has a burning impact on the drivers of future earnings. Unfortunately, it is largely ignored in the annual report disclosure. It's strongly recommended that Maharatna PSUs create a culture that emphasises the importance of responsible environment reporting practices.

Methodology of study

This research paper is analytical. It measures reporting practices of three randomly chosen Maharatna companies. These are Coal India Ltd (CIL), Indian Oil Corporation Ltd (IOCL) and National Thermal Power Corporation (NTPC) Ltd. These are environment prone companies and come under mandatory disclosures of several regulatory bodies. The study is based on the secondary data collected from the 2014-15 annual reports and disclosures on websites of these companies. Analysis of the data was based on a few selected categories comprising standard (NVG SEE, MoEF) guidelines to get a better measurement. The data was used as a framework to map the reporting and disclosure levels of the companies. The study calculated the responsible environment reporting disclosure score for the three companies.

Disclosure score =

$$\frac{\text{No. of parameters on which the Maharatna company reported}}{\text{Total no. of parameters}}$$

Content analysis was conducted to extract the disclosure quantity, quality and contents from both corporate annual reports and responsibility reports. Since there is no usable sector-specific index to indicate the level of environmental reporting by Indian companies, the disclosure data was manually extracted from the annual reports through content analysis to achieve the research objectives. It included obtaining the level and content of disclosures and then characterising the current state of reporting practice in terms of both quantity and quality.

Hypothesis

H_1: There is no significant level and extent of disclosure of environmental reporting by the companies.

H_2: There is no significance in the contents and disclosure practices under environmental Reporting by Indian Maharatna companies.

The selected PSUs were awarded the Maharatna status with bigger financial autonomy. These companies have a comparative advantage, giving them greater autonomy to compete in the world market so as to "support them in their drive to become global giants". These companies play a vital role in their specific sectors like oil and gas, power, steel and others. As a result, they are environment prone and are responsible to disclose and report to its stakeholders in this regard.

Discussion and analysis

Table 1: Environmental reporting and disclosure information (As on 30 September 2015)

Information	CIL	IOCL	NTPC
Through annual report	✓	✓	✓
Separate report	✓	✓	✓
Through website	✓	✓	✓
Separate link on website	✓	✓	✓
Total	30	40	30

It is clear from table 1 that all the three companies included RR in their annual reports and/or reported separately, which is resembled by "10" as per dichotomous variable, i.e. 'yes'. The section presents the number of different reporting media. As the main objective of the study is to examine the level and extent of environmental reporting by the Maharatna companies, standalone or separate environment report and corporate annual reports merely cannot be taken as the major sources of information. so we have also any other source of info through website regarding environmental disclosure & reporting (separate link on website). The results reveal that in the same context, IOCL has disclosed maximum through its website, annual and separate link available on website for environment and allied disclosure and reporting.

Table 2: Measurement of the selected companies' environmental reports (2014-15)

Company	Documents analysed	Content measurement method					
		No. of documents	No. of words	No. of sentences	No. of pages	% of pages	% of total disclosure
CIL	Annual/website report, sustainability report	✓	✓	✓	✓	✓	✓
IOCL	Annual/website report (separate link on website)	✓	✓	✓	✓	✓	✓
NTPC	Annual/website report, environment segment on website	✓	✓	✓	✓	✓	✓

CIL disclosed its sustainability report for the year 2014-15, its general information on human rights policy, the corporate environment policy, and similar issues. The CIL sustainable development policy indicated that the company followed a well-structured regulatory framework as per mandatory as well as voluntary disclosure and reporting guidelines.

OCL's environment disclosures were classified under its green agenda, and health, safety and environment overview and green fuel alternatives with a small video of the company's chairman on the various initiatives taken towards environment and sustainability. IOCL is a partner of the UN Global Compact Programme. It has recently undertaken a marked shift from the use of conventional fossil fuels to new and renewable sources of energy that are cleaner, safer and inexhaustible.

NTPC disclosed its environmental report through four different links/segments like environment policy and management, ash utilisation, CenPEEP and afforestation, on its website. The company is also the first among its peers to introduce the e**nvironment impact assessment (EIA)** studies and reinforced it with periodic environmental audits and reviews.

Table 3: Quality and quantity definitions of content analysis

Quantity of disclosure "How Much"	Quality of disclosure "How measured"	Quality definitions
1=Sentence	1=Monetary	Disclosure in monetary/currency terms
2=Paragraph	2=Non-monetary	Quantified in numeric terms of weight, volume, size, etc. but not financial/currency
3=Half A4 page	3=Qualitative	Descriptive prose
4=A4 page	4=Qualitative and monetary	Descriptive prose and currency
5=>A4 page	5=Qualitative and non- monetary	Descriptive prose and numeric terms
	6=Monetary and non- Monetary	A combination of currency and numeric terms.
	7 = Qualitative, monetary and Non-monetary	Descriptive prose, financial and numeric terms.

Table 3 has been further divided into two categories to have a clear insight into the content. For instance, row 3 shows the quantity of disclosures 'how much' and a score to the content present. Row 4, on the other hand, shows the quality of disclosures 'how measured' and a score thereof of the selected companies. However, the content (excluding the figures, pictures, charts, diagrams, and others) was taken into consideration in the 'quantity' aspect of the study.

Table 4: Quantity of disclosures 'how much' of the selected companies (scoreboard)

Quantity of disclosures 'how much'	CIL	IOCL	NTPC
1=Sentence	10	10	10
2=Paragraph	10	10	10
3=Half A4 page	10	10	10
4=A4 page	10	10	10
5=>A4 page	10	10	10
Total	50	50	50

Each category in table 3 has been allotted 10 points each, which makes an overall score of 50 points. However, the content (excluding the figures, pictures, charts, diagrams, and others) was taken into consideration in the 'quantity' aspect of the study. It's evident from table 4 that almost all companies reported >A4 page and scored the full (maximum) 50 points. This, in fact, is a positive sign towards a better responsibility reporting practices.

Table 5: Quality of disclosures 'how measured' of the selected companies (scoreboard)

Quality of Disclosure "How measured"	Coal India Ltd.	IOCL	NTPC Ltd.
1=Monetary	10	10	10
2=Non-monetary	10	10	10
3=Qualitative only	10	10	10
4=Qualitative and monetary	10	10	10
5=Qualitative & non- monetary	10	10	10
6=Monetary and non- monetary	10	10	10
7 = Qualitative, monetary and non-monetary	10	10	10
Total	70	70	70

Table 5 reveals that that the three companies largely presented their environmental disclosure and reporting, in qualitative, monetary and non-monetary terms and have scored full 70 points. The disclosure and environmental reporting was not uniform in terms of quality and quantity, and there is lack of evidence regarding the usage of the measurement, management techniques, and tools by the companies.

Table 6: Scores secured by companies

	Standard		Performance	
Score Range	**Rank**	**Company**	**Total Scores (40+50+70)**	**Scores awarded**
150-120	Excellent	Coal India Ltd.	160	150
100-120	Very Good	IOCL	160	160
75-100	Good	NTPC	160	150
50-75	Average			
Below 50	Poor			

> Since there is no usable sector-specific index to indicate the level of environmental reporting by Indian companies, the disclosure data was manually extracted from the annual reports through content analysis to achieve the research objectives.

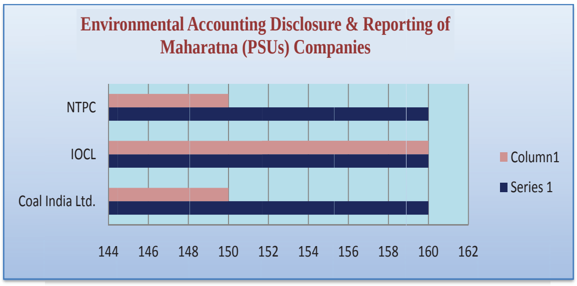
It should be noted that the study adopted various guidelines framed by the government and regulatory bodies like SEBI, MoEF, CAG and others. The National Voluntary Guidelines for Social, Environmental and Economic Responsibilities (NVG SEE) framework is the basis for environmental reporting. However, the materiality of parameters with respect to different sectors, was not considered in the study. This means that some parameters may not be relevant for all sectors and the disclosure score of the companies in certain sectors may not be accurately reflected.

Findings and suggestions

The study reveals that there has been a dramatic increase in the number of disclosing companies, disclosure quantity and disclosure quality among Maharatna companies during the study period. The key components of environmental reporting are inadequately identified, inefficiently managed, and are reported within a consistent framework by two companies.

Only one out of all the environmental disclosure and reports achieved a quality score of 160, indicating the maturity stage of environmental reporting practice in Maharatna companies.

A review of the companies' clusters (environment prone) within the study suggests that some individual Maharatna firms are significantly ahead of others in its



environmental reporting practices.

The traditional annual reports and website disclosure are still the most commonly used reporting means by Maharatna companies, while standalone separate environment sections/segments on website (as in case of IOCL) reports are found to be more informative than other disclosure media, indicating its potential value as the key information media in the future years.

Nonetheless, environmental reporting has a burning impact on the drivers of future earnings. Unfortunately, it is largely ignored in the annual report disclosure. It's strongly recommended that Maharatna PSUs create a culture that emphasises the importance of responsible environment reporting practices in achieving business advantage.

Conclusion

While Indian companies are complying with the environmental norms, clear cut policies are yet to be introduced for ensuring the level of compliance. This study intended to find out the major environmental parameters reported by Indian corporates as part of their environmental reporting practice. The findings of the study suggest that the disclosure of environment related information is mandatory in nature if the companies operate in environment prone segments. Besides, there should be proper accounting which determines environmental related costs, liabilities and expenditure. The study shows that CIL, IOCL and NTPC are concerned about major issues that directly hamper the environmental performance. All companies provided only information about environmental issues, while IOCL also provided information on environmental expenditure and costs. But at the same time, there is also a lack of quantitative information. There should be proper accounting pronouncements from regulatory authorities.

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Congratulations !!!

Our hearty congratulations to CMA (Dr.) Paresh Shah, FCMA, Ph.D. (Finance), and Alumnus of IIM, Ahmedabad on receiving Management Teachers Consortium (MTC) Global Award for Excellence-2015 on September 12, 2015. He was given the award as an Outstanding Management Teacher-Global due to his immense contribution to academia by way of teaching, research and writing. The award criteria and selection is a joint effort of MTC Global, United Nations Academic Impact, United Nations Global Impact, MIT ESCO, ITM Group of Institutions, PES University, Regent Business School, and other national and international associations.

We wish CMA Dr Paresh Shah the very best in all his future endeavours.

Rushil Décor: Sustainable Development through EA

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The declining state of our environment has become a global epidemic. Environmental accounting can be used as one the tools for making companies understand their responsibility and thereby help to sustain the environment.

Environmental accounting is an accounting subset. It is an important tool to understand the role of business enterprises in the economy and towards environmental safety and welfare. Environmental Accounting provides data, highlighting both the contribution of business enterprises to economic wellbeing and sustainability, as well as the costs imposed in the form of pollution or resource degradation. Its target is to incorporate both economic and environmental information.

Environmental accounting is also known as GREEN (Global Readiness in Ensuring Ecological Neutrality) accounting. Green refers to eco-friendly production that's not damaging to the environment. Green accounting is defined as "systematic identification, quantification, recording, reporting and analysis of components of ecological diversity and expressing the same in financial as social terms."

Internationally, environmental accounting has been formalised into the System of Integrated Environmental and Economic Accounting (SEEA), which grew out of the system of national accounts (SNA). SEEA records the flow of raw materials from the environment to the economy, exchange of the material within the economy, and the returns of waste and pollutants. SEEA has been adopted by 49 countries. The US, UK, France, Germany, Australia, Japan and New Zealand have all recognised the concept of calculated energy consumption in their manufacturing and service sectors. The International Accounting Standards Board (IASB) has identified and recognised the measurement of energy conservation under the name and style of environmental accounting.

Objectives of the study

The key purpose of this study is to analyse the role of environmental accounting practice to sustainable development of the society and also to assess its impact on the operation of the business.

Scope of the Study

This study is piloted to analyse the corporate environmental disclosure practice of Rushil Décor and assess whether environmental accounting leads to sustainable development, and its impact on the operations of the company. Rushil Décor is engaged in plywood manufacturing at Chikkamagaluru of Karnataka.

Sample Design

The adopted sample design was as follows.

Population: Employees and shareholders of Rushil Décor, chartered accountants (CAs), accounting trainees, and the general public.

Sample size: 150 respondents were interviewed for the study that comprised 60 employees, and 39 auditors and accounting trainees. The rest were shareholders and from the general public.

Sampling Technique: Convenient sampling technique was used to collect the data.

Hypothesis

The following hypothesis was derived for the study.

H_0: The environmental accounting practice will not impact on sustainable development.

H_0: There is no significant relationship between environmental accounting and operation of organisation.

Hypothesis test

The study has been tested by hypothesis and the researchers used Chi-square test in this regard.

$$X^2 = \sum_{i=1}^{n} \frac{(O_i - E_i)^2}{E_i},$$

Data sources

Primary data was collected through a structured questionnaire and interview. The questionnaire sought the opinion of shareholders and stakeholders, while the interview was used to collect information about the company's environmental practices from its officials.

Secondary data was collected from sources like websites, trade publications, books, and articles in newspapers, magazines, and journals.

Analysis and interpretation

Table 1: Profile of respondents

Gender		
Sex	**Number of respondents**	**Percentage**
Male	90	60
Female	60	40
Total	**150**	**100**
Age (years)		
Below 25	69	46
25-40	75	50
41-55	6	4
Above 55	0	0
Total	**150**	**100**
Occupation		
Employees	60	40

Gender		
Sex	**Number of respondents**	**Percentage**
Businessmen	15	10
Auditors	39	26
Others	36	24
Total	**150**	**100**
Annual income (₹)		
Below 2,00,000	51	34
2,00,001 to 5,00,000	66	44
5,00,001 to 8,00,000	15	10
8,00,000 and above	6	4
Total	**150**	**100**
Education Level		
PUC	6	04
Graduation	63	42
Post-graduation	60	40
CA and other	21	14
Total	**150**	**100**

The above table indicates that there were 60 women and 90 men among the respondents. Majority of them were in the 25-40 age group. More than 80 percent of them were graduates and post-graduates. Annual income of the respondents ranged between ₹2-5 lakhs.

H_1: The environmental accounting practice will impact the sustainable development of the society.

Table 2: Factors influencing sustainable development

Particulars	Response				
	Strongly agree	**Agree**	**Neutral**	**Disagree**	**Strongly disagree**
Environmental protection	75	60	12	0	3
Maintenance of ecological balance	39	90	15	0	6
Survival of future generation	63	60	24	3	0
Conservation of energy	45	60	36	6	3
Improving the quality of life	39	66	36	3	6
Pollution control	75	42	21	6	6
Commitment to equity	24	45	54	12	15

Table 3: Chi-square analysis

Particulars	Values
Computed values	58.1333
Table value at 5% level of significance	36.415
Degree of freedom	24

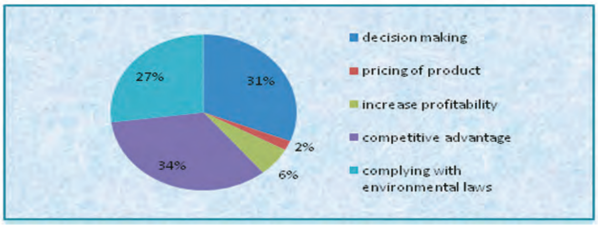
Table 3 reveals that the value of x^2 for two degrees of freedom at five percent level of significance is 36.415. The calculated value of x^2 is 58.1333. It is more than the table value and the null hypothesis is thus rejected and the alternative is accepted, which means that environmental accounting practice will impact sustainable development. This is because the accounting practice upholds ecological balance, helps in the survival of the future generation, reduces environmental pollution, conserves energy, and helps to maintain commitment to equity. It also creates social responsibility to protect the environment. This helps in achieving sustainable development.

Table 4: Importance of environmental accounting on the company

Importance	Number of respondents
Helps the management in decision making	45
Improves pricing of product	3
Increases profitability	9
Gives competitive advantage	48
Helps in complying with environmental norms	45
Total	**150**

Table 4 shows that environmental accounting practices benefit the company in various aspects. However, it's majorly used to extract competitive advantage, in managerial decision making, and also in complying with environmental laws effectively.

Chart 1: Importance of environmental accounting to the company



H2: There is a significant relationship between environmental accounting and the operations of a business organisation.

Table 5: Opinion of chartered accountants

Impact factors	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Creates positive image	27	9	3	0	0
Influences to make investments	6	30	3	0	0
Increases profitability of the firm	3	24	12	0	0
Transparency	9	15	12	3	0
Integrated to business strategy	21	9	3	3	3

Table 6: Chi–square analysis

Particulars	Values
Computed values	84.57
Table values at 5% level of significance	78.90
Degree of freedom	16

Table 6 shows that the value of x^2 for two degrees of freedom at five percent level of significance is 26.296. The calculated value of x^2 is 28.19, which is more than the table value. The null hypothesis is hence rejected and the alternative hypothesis is accepted i.e., there is a significant relation between environmental accounting and operations. Environmental accounting creates a positive image in the mind of the investors which in turn influences the latter. It leads to a positive impact on the company's profits. Environmental accounting also brings transparency in financial reporting and is integrated to business strategy. This helps the top management to take strategic business decisions.

Table 7: Disclosing environmental information in the annual report

Opinion	Number of respondents
Yes	132
No	18
Total	**150**

Table 7 shows that environmental accounting should be made mandatory because it will compel companies to reduce their adverse environmental impacts and also helps to protect shareholders, stakeholders, and other's interests.

Table 8: Constraints faced while adapting environmental accounting practice

Constraints	Number of respondents
Expensive	12
Time consuming	60
Lack of adequate laws	3
No accounting standard or guideline	45
Difficulties in measuring environmental costs and benefits	30
Total	150

Table 8 shows that majority of the companies are not practicing environmental accounting because they encountered various problems during implementation.

Table 9: Respondents towards medium of reporting environmental accounting information

Medium	Number of respon-dents
Annual report	60
Corporate brochures	45
Separate environmental statement	15
Organisation website	18
Newspaper/magazines	12
Total	**150**

Table 9 shows that majority of the respondents suggested that companies must report organisational environmental information in both their annual report and corporate brochures because these are the two most easily available to interested parties. Some CAs prefer a separate environmental report because it helps to get targeted non-financial information rather mixed with financial information in the annual report.

Table 10: Opinion of CAs on regulations about disclosure of environmental information

Guidelines requirement	Number of respondents
Highly essential	27
Essential	9
Neutral	3
Not essential	0
Not at all essential	0
Total	**39**

Table 10 reveals that majority of the respondents opined accounting professional bodies to provide guidelines to disclosure of environmental information in annual report by the companies. This helps the companies to practice environmental information in better way.

Findings

The result of the first hypothesis states that environmental accounting practice has a positive impact on sustainable development of the society.

The second result states that there is a significant relationship between environmental accounting and the operation of a business. Environment related information is a part of the annual report and should be presented likewise.

The CAs, on their part, opined that implementation of environmental accounting in the company has certain constrains, like its more time consuming, and the lack of proper accounting standards, leading to difficulties in measuring environmental cost and benefits. There is need for proper guidelines from the professional bodies for disclosing environmental accounting information, they aid.

Majority of the respondents observed that environmental accounting practice could create a clean and green environment around the factory, which also shows the company's concern towards environment.

US, UK, France, Germany, Australia, Japan and New Zealand have all recognised the concept of calculated energy consumption in their manufacturing and service sectors. IASB has identified and recognised the measurement of energy conservation.

While awareness about environmental accounting by companies and the public is limited, it is one of the best tools to measure business performance.

Suggestions

☆ Environmental accounting practice should be made mandatory in India.

☆ The accounting framework should be prepared to measure and report environmental information.

☆ There is a need to generate awareness regarding environmental accounting and reporting to business groups and the general public.

☆ An environmental performance indicator should be developed to render data in a more understandable and comparable manner.

☆ There is a need for more environment legislations, norms and bureaus.

☆ Companies should submit the whole information regarding environmental issues. Else, appropriate authority must take action against the company.

☆ Professional bodies must create an accounting standard for environmental accounting and reporting practice. Reporting should be made compulsory for all manufacturing industries.

☆ Companies should adopt a proper environment policy and set aside a part of its fund for environment promotion. They must concentrate on environmental sustainability.

☆ Accounting method is the best suitable pattern for disclosing company's environmental accounting information.

☆ A separate account should be opened for environmental expenditures. It will help to measure and report environmental expenditure and environmental performance of each company as well as the whole sector.

☆ Most of the CAs suggested that all manufacturing units should follow green accounting.

☆ The company should disclose its environmental accounting information in the annual report and corporate brochure.

Conclusion

Environment is an inseparable part of us. Corporates should not endanger environmental balance but should greatly contribute towards sustainable development. Environmental accounting, as a part of social and management accounting practices, should apprise the top management of the costs involved in pollution and degradation. Besides providing information to all, environmental accountants should generate consciousness about environmental issues in the company.

The time has come for corporates to prepare a firm environmental policy, take steps for pollution control, comply with the norms and mention adequate details of environmental aspects in their annual report. A well defined environmental policy, with proper follow-ups and proper accounting, is necessary for the country. It is high time that countries across start recognising the responsibilities of corporate both large and small in saving the earth. *MA*

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THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
(Statutory Body under an Act of Parliament)
PUNE CHAPTER
GOLDEN JUBILEE CELEBRATIONS

CORDIAL INVITATION (1st Announcement)

ICAI-Pune Chapter is celebrating its **Golden Jubilee** in the year 2015-16. It is a proud moment for all of us and we propose to celebrate the Golden Jubilee in befitting manner. The theme of the Golden Jubilee is **"Together we make – Great India Greatest"**. The programme is formulated as under.

Thursday, 21st January 2016

Venue: ICAI-Pune Chapter, Laxminagar Premises

08.30 am to 09.30 am	Satyanarayan Puja
09.30 am to 06.00 pm	Blood Donation by members/students and well wishers

Students Day: Friday, 22nd January 2016

Venue: Alpabachat Bhavan, 7, Queens Garden, Near Council Hall, Pune 411 001

08.30 am to 09.30 am	Registration and High Tea
09.30 am to 11.00 am	Inaugural session and felicitation of meritorious students
11.45 am to 01.00 pm	Motivational Programme for students
01.00 pm to 02.00 pm	Lunch
02.00 pm to 03.30 pm	Debate Competition for students
03.30 pm to 03.45 pm	Tea & Coffee
03.45 pm to 05.45 pm	Cultural Programme by students

Golden Jubilee Function: Saturday, 23rd January 2016

Venue: Alpabachat Bhavan , 7, Queens Garden, Near Council Hall, Pune 411 001

08.30 am to 09.30 am	Registration & High Tea
09.30 am to 11.00 am	Inaugural session
11.30 am to 11.45 am	Tea & Coffee
11.45 am to 01.30 pm	Theme Session 1: Simulating Economy, Industry, Agriculture and Infrastructure
01.30 pm to 02.30 pm	Lunch
02.30 pm to 04.00 pm	Theme Session 2 : Advancing in Science, Technology and Environment
04.00 pm to 04.15 pm	Tea & Coffee
04.15 pm to 05.30 pm	Theme Session 3 : Creating Social Harmony-Laws, Justice and Equilibrium
06.30 pm to 09.00 pm	Cultural Programme
09.00 pm to 10.00 pm	Dinner

Golden Jubilee Function : Sunday, 24th January 2016

Venue : Alpabachat Bhavan, 7, Queens Garden, Near Council Hall, Pune 411 001

10.00 am to 11.30 am	Theme Session 4 : Upgrading Security and Quality of Life
11.30 am to 11.45 am	Tea
11.45 am to 01.30 pm	Valedictory Function
01.30 pm to 02.30 pm	Lunch

Delegate fee –
Your Presence along with Your Better Half
(Voluntary Contributions from Members/Participants – Cheque/DD may be drawn in favour of Pune Chapter of Cost Accountants)

In and around Pune –

In month of January, Pune will have best climatic conditions and we assure you best of our hospitality and you can visit following places (each place you can cover in one day)

- Shirdi, Ashtavinayaka's, Jejuri, Sinhagad, Panshet, Karla Caves, Ellora Caves
- Mahabaleshwar, Lonawala Khandala, Matheran (Hills Stations)
- Pune Darshan

Accommodation Options –

- Limited number of rooms are available at walking distance from the venue: Rs.1,200/- to Rs.1,500/-for AC Rooms Double Occupancy, Rs.800/-to 1,000/- for Non AC Rooms Double Occupancy
- Many other options are available in Pune to suit the individuals requirements. ICAI-Pune Chapter will assist in finding suitable option for you on your advance intimation (min. 15 days)

CEP Points –

ICAI-Pune Chapter will be making application for CEP Credit Hours in due course of time.

Kindly make your travel plan and inform us. We will also be happy to provide any further assistance you may require.

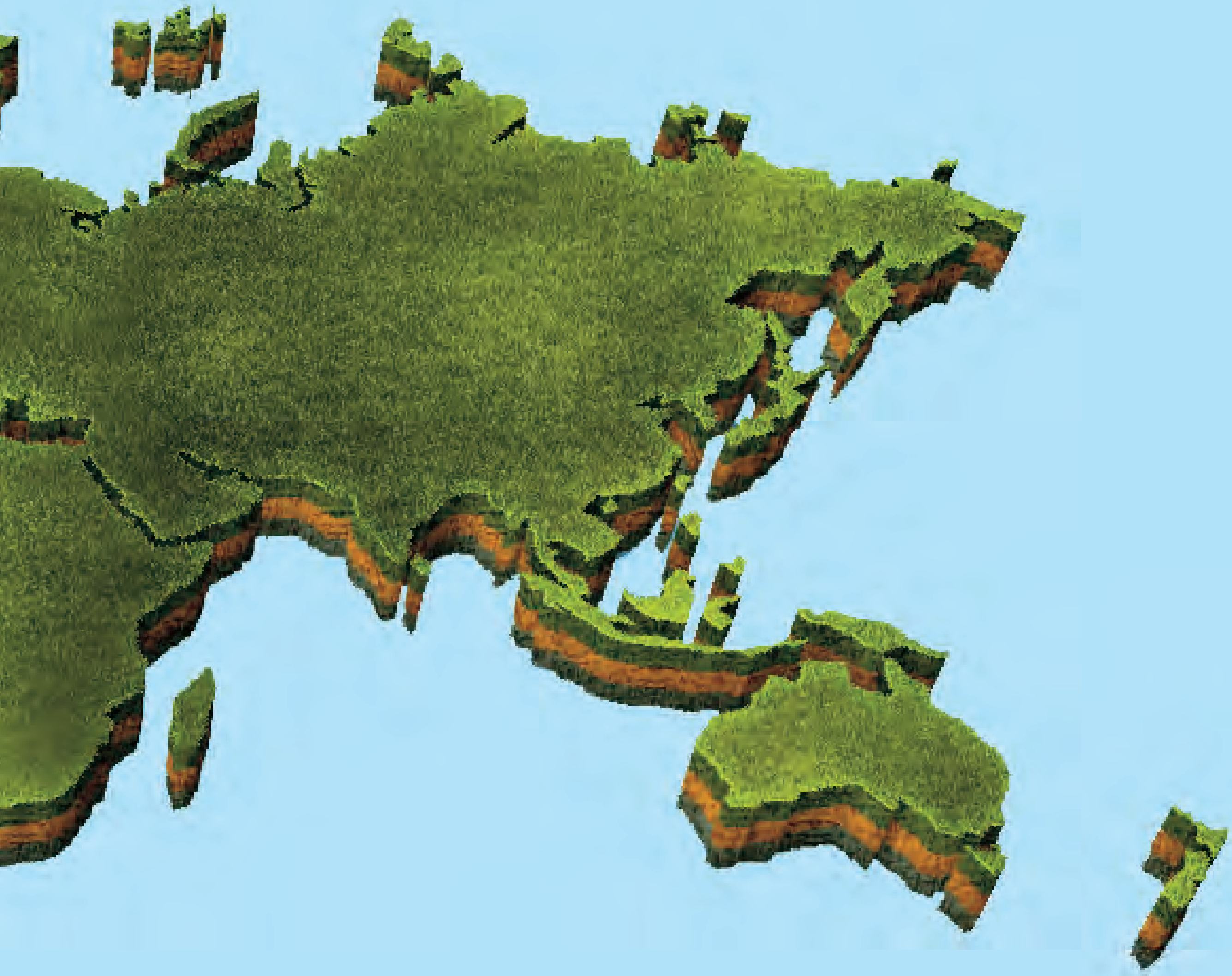
With Warm Regards,

Chairman ICAI – Pune Chapter, Golden Jubilee Committee and Team ICAI – Pune Chapter

Renowned Personalities will share their vision to Make Great India Greatest

Green Accounting in

Sarvesha Dhaimodkar
Assistant Professor
GVM's GGPR College of Commerce & Economics, Goa



Developing Countries

With environmental accounting still at the voluntary stage, companies do not feel the urge to properly report the effects of their activities on the fragile ecosystem. Time has come to make green accounting mandatory.

Businesses are often labelled as the culprit behind all environmental problems. But even then, green accounting is voluntary in most developing countries and the governments have not taken any initiative to make it compulsory. Over-zealous entrepreneurs, always scouring ways to rake in more revenues, often neglect the impact of their activities on the environment. And that has led to the persistent need to make them responsible for their activities in the form of green accounting.

Businesses, in ancient days, centred round the barter system that involved simple exchange of goods. Later, for the sake of convenience, the 'goods for goods' system was replaced with 'goods for money'. Cut to the present times, and there's not a single sector where monetary transactions are not involved, regardless of the product or service.

While business was once considered as a profit making activity, it has now sadly degenerated to a money making exercise. Simple profits are not enough and huge cash inflows are expected. In this dog-eat-dog race for money, ethics and responsibilities towards the society has largely taken a backseat.

The concept of continuity, one of the core concepts of accounting, requires businesses to form long-terms policies with an assumption that it will run perpetually with no possibility of near-term liquidation. Sustainability of the business along with continuous development is the moot point here.

The UN World Commission on Environment and Development, defined sustainable development in 1987, as the "development which meets the needs of the present without compromising the ability of future generations to meet their own needs."

The UN World Commission on Environment and Development, defined sustainable development in 1987, as the "development which meets the needs of the present without compromising the ability of future generations to meet their own needs."

It is obvious from today's cutthroat market competition that the latter part of the definition has not attracted proper attention. Resources are demanded and routinely exploited by businesses. There is a palpable concern among environmental experts on whether enough will remain for our future generation, and whether they will enjoy the fruits of today's ventures. India's increasingly vanishing forest cover leaves much to fear.

Objectives of this paper

The key objectives of this paper is to know the meaning and importance of green accounting, and at the same time, understand the reasons behind the opposition to it, especially in the developing countries.

The paper also examines the steps that could be adopted to incorporate green accounting in companies.

Meaning and importance of green accounting

It is said that there are three 'P's that should concern a business. The proprietor and/or owners are always concerned with only one of them i.e. 'P' for profits. But with greater accessibility to information, environmentalists and social activists have become more concerned with the other two 'P's: people i.e. human beings, and planet or environment. And it's not entirely without reason that businesses have been branded as culprits. There have been quite a few instances where companies were pulled up by courts for violating environment norms.

As already said, the demand for natural resources are ever increasing which has led to their exploitation. It is the responsibility of the society to provide the resources to the business in the form of human and natural capital.

Any business venture needs three types of capitals to run: financial, human, and natural. As such, it is necessary for any business to report on the utilisation of these capitals. The first, financial capital, is taken care of. It is properly measured and reported. But a glance at the financial statements of a company usually reveals no representation of human and natural capital involved in the business.

Similarly, when the income statement is prepared, financial expenditures and incomes are recorded to determine the profit. However, social and environmental costs find no place in the statement. One major reason behind this trend is that environmental and social factors cannot be valued in monetary terms and hence cannot be recorded in the books of accounts. Thanks to the money measurement concept of accounting.

With the rise in awareness about the depletion of environmental resources, it is the duty of every business to account for the activities that have an (direct or indirect) impact on the environment. This has led to the emergence of the concept of green or environmental accounting.

Green accounting does not mean less use of papers or preparing accounts on computers. It seeks to record costs incurred and revenues generated through activities that have an impact on the environment i.e. destruction and protection of the country's green cover, in terms of money. Green accounting involves identification and reporting of environment specific costs, like liability costs or waste disposal costs. Some of the environmental factors that must be considered by companies include energy (consumption, natural gas consumption and alternative fuel usage), water (consumption), greenhouse gas emission, toxic release inventory and number of air pollution ozone action days, global warming and climate change, management of hazardous and non-hazardous wastes (trends in recycling refuse and yard waste), packaging, overall recycling, land contamination and remediation, public transportation, and noise and odour.

The opposition to green accounting

The concept of green accounting, till date, has been only been voluntary. Companies, in their eagerness to rake in better profits, are neglecting the impact of their activities on the environment. There is a pressing need to make them accountable for their activities in the form of green accounting, besides the usual financial accounting that records the economic activities of the business.

There has been a grudging opposition to green accounting by most companies. Following are some points to consider.

1. The concept is new and is still in its infancy. It's a new kid on the accounting block and more efforts are required to make the concept popular. Traditional accountants do not accept the concept of factoring in environmental costs and benefits.

2. There is no proper universally accepted valuation method for environment factors.

3. It cannot be denied that regular collection of information for different activities, their effect on the environment, and their measurement is a herculean task.

4. Green Accounting may also lead to an increase in costs vis-a-vis benefits. At the same time there is a possibility of more exposure. The company's reputation may take a hit because it will be publishing the damage it caused to the environment.

5. There is no incentive on part of the government to incorporate green accounting.

6. In India, there has been a guarded approach to green accounting, largely on philosophical grounds. People here are hesitant to attach a value to natural resources. It is considered unethical to value soil, water, air and other natural resources, in terms of money.

7. There are no proper methods for valuation of environmental factors. Most of the environmental valuation methods try to measure these factors based on the expectations of stakeholders. Hedonic pricing, productivity approach, and replacement method are some of the commonly accepted methods.

Natural resources are invaluable, and at the same time, are limited and must be protected. Today, even a common man knows the value of money. An entrepreneur knows it even better. Thus, when environmental factors are identified and measured in terms of money, the value of the natural resources will become more profound and clearer. If companies begin to realise the value of their environmental costs and the effect on profitability, there will be automatically more concern to reduce expenses, leading to the protection of the environment.

Steps for incorporating environment accounting

It has been argued that accountability of environmental policies of a business corporate is the basic requirement for a secure future. Accounting for economic performance, and its environmental impacts, is the first step towards this goal. It, however, is not so easy. For companies that willing to incorporate environmental accounting, here

While new environmental guidelines are being suggested, there is a need for a clearer understanding of sustainability concepts, defining environmental and social indicators for different types of industries, uniform measure of accounting, and comparable presentation of accounting statements

With the rise in awareness about the depletion of environmental resources, it is the duty of every business to account for the activities that have an (direct or indirect) impact on the environment

are some suggested steps.

1. A company before starting green accounting must clearly define its accounting goals and environmental policies.

2. Identify the stakeholders, the relationship that the organisations has with it and also the level of risk involved.

3. Identify the environmental factors involved, their mode of measurement, and cost of achieving the goals.

4. Identify the resource efficiency and cost-saving techniques by encouraging innovative ideas.

5. Keep record of how environmental costs decline over time with continuous green accounting.

6. The change should start from within. Every organisation should constantly promote new ideas and change at an internal level.

7. The income statement should include cost and benefits attributable to ecological factors.

8. An additional ecological value added statement should be prepared. It should include all operational costs related to environmental management, regulatory costs, revenue generated, cost savings, grants, subsidies received and similar factors.

9. The balance sheet of the company should mention the intangible assets (capabilities and competencies that make up the organisation's competitive advantage) and also the shadow liabilities and provisions.

Most importantly, accountants must broaden their horizon and establish a dialogue with social and ecological professionals to forge a common acceptable accounting framework.

Scope of further study

This paper is fully based on secondary information collected from open sources. There is, however, a lot of scope for more research on green accounting. The concept of green accounting is still in its infancy and being continuously researched upon.

Conclusion

For centuries, man has upset the delicate ecological balance to whet his greed. Goa, the smallest state in India, is known for its scenic beauty, and attracts thousands of tourists both from within the country and abroad. But rampant mining has disturbed Goa's flora and fauna. While the accounts prepared by the mining companies were quite forward in sharing the economic benefits earned, they were hesitant to report on the environmental damage caused by their activities. Had green accounting been compulsory, environmental awareness would have generated better awareness with specific fundamental approach towards Goa's ecology.

While new environmental guidelines are being suggested, there is a need for a clearer understanding of sustainability concepts, defining environmental and social indicators for different types of industries, uniform measure of accounting, and comparable presentation of accounting statements. Green Accounting, with more content, will lead to more effective disclosure, measuring and reporting. The path is difficult and full of obstacles, but the goal to achieve that is essential for the sustainability of a business.

It is us—humans—who must now determine our fate within the fragile environment in which we have to live. We owe it to our coming generation to do all in our power to secure their future. MA

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DIRECT TAXES

Case Laws

- **Compensation received by prospective employee on termination of employment contract isn't taxable** - An amount received by a prospective employee 'as compensation for denial of employment' was not in nature of profits in lieu of salary. It was a capital receipt that could not be taxed as income under any other head - *CIT* v. *Pritam Das Narang* [2015] 61 taxmann.com 322 (Delhi)
- **Roaming facility doesn't require human intervention; roaming charges paid by Telecom Cos aren't 'FTS'** - Human intervention is required only for installation, setting up, repairing, servicing, maintenance, capacity augmentation of the network. When one of the subscribers in the assessee's circle travels to the jurisdiction of another circle, the call gets connected automatically without any human intervention and it is for this, the roaming charges is paid by the assessee to the Visiting Operator for providing this service. Hence, payment of roaming charges cannot be construed as technical services, thus, it does not fall under the ambit of TDS provisions u/s 194J - *Vodafone East Ltd.* v. *Additional CIT* [2015] 61 taxmann.com 263 (Kolkata - Trib.)
- **Period of holding of shares received on conversion of debentures includes holding period of debentures** - Section 47(x) provides that conversion of convertible debenture into shares would not constitute transfer for purpose of computation of income under the head capital gains. Section 49(2A) provides that for computing capital gains on sale of shares (received on conversion of convertible debentures), cost of acquisition of shares shall be cost of convertible debentures. It means, cost of debenture shall be deemed to be cost of such shares received on conversion. Thus, it would be logical to reckon date of acquisition of convertible debentures as date of acquisition of shares received on conversion of convertible debenture - *Naveen Bhatia* v. *CIT* [2015] 62 taxmann.com 87 (Punjab & Haryana)

Statutes

- **Now Form 15G/15H can be e-filed; payee to specify number of Form15G/15H filed during the year** - CBDT has enabled e-filing of declaration in Form 15G or Form 15H, as the case may be. Hence, a payee who is claiming receipt of certain incomes without deduction of tax can e-file declaration to that effect to the payer. Further, now payer has to allot a Unique Identification Number (UIN) to each declaration received by him in Form No.15G and Form No.15H, respectively, during every quarter of the financial year and has to furnish the particulars of declaration along with the unique identification number in TDS return of said quarter - NOTIFICATION NO.76/2015 [F.NO.133/50/2015-TPL]
- **Production cost of abandoned Film isn't capital exp. as Rule 9A doesn't apply to such Films** - CBDT has clarified that Rule 9A does not apply to abandoned feature films, thus, the expenditure incurred on production of such abandoned feature films is not to be treated as a capital expenditure. The cost of production of an abandoned feature film, is to be treated as revenue expenditure and allowed, as per the provisions of section 37 - CIRCULAR NO.16/2015 [F.NO.279/MISC./140/2015-ITJ], DATED 6-10-2015

INDIRECT TAXES

Case Laws

- **Assessee need not reverse credit for 'exempted by-product'** - 'Spent Sulphuric Acid', arising as a by-product is manufacture of 'Acid Slurry', cannot be regarded as a final product; therefore, even if it is partly cleared under exemption, input credit cannot be denied under Cenvat rule 6 - *Commissioner of Central Excise, Pondicherry* v. *Advance Detergents Ltd.* [2015] 59 taxmann.com 319 (Madras)
- **Post-sale reduction in sale price won't lead to payment of less sales tax** - Where assessee had sold goods at a specified value and later on under an agreement value of goods was reduced by purchaser of goods and differential amount was recovered by him from subsequent bills of assessee, claim of assessee that sales tax was required to be paid on lower value of goods could not be accepted - *Universal Cylinders Ltd* v. *Commercial Taxes Officer* [2015] 60 taxmann.com 316 (Rajasthan)
- **Production capacity of machine can be ascertained on basis of actual parameters in absence of manufacturer's invoice** - Where manufacturer's invoice is not available to determine capacity, Commissioner's methodology in going into actual parameters/measurements of furnaces in order to ascertain their capacity, cannot be termed as faulty - *Raj Ratan Castings (P.) Ltd.* v. *Commissioner of Central Excise, Kanpur* [2015] 60 taxmann.com 343 (SC)
- **Delhi High Court allows input tax credit on DEPB scrips** - Assessee purchased scrips of Duty Entitlement Passbook Scheme from registered dealers after paying VAT and used it to pay import duty on goods. Since DEPB scrip has contributed to the price of imported commodity therefore it constituted 'use' of DEPB scrips in the 'sale' of said commodity. Hence assessee was entitled to input tax credit on purchase of such DEPB scrips - *Jagriti Plastics Ltd.* v. *Commissioner of Trade & Taxes* [2015] 62 taxmann.com 62 (Delhi)

Statutes

- **Abatement for Goods Transport Agency service is also applicable to ancillary activities connected thereto** - Goods Transport Agency (GTA) provides composite service which may include various ancillary services such as loading/unloading, packing/unpacking, transshipment, temporary storage etc., provided in the course of transportation of goods by road.

  It has been clarified that such ancillary services would form part of GTA service and abatement of 70%, presently applicable to GTA service, would be available on the value of ancillary services as well. It is subjected to the condition that ancillary services should be provided in the course of transportation of goods by road and the charges for such services should be included in the invoice issued by the GTA. It is also clarified that said abatement is also applicable where GTA undertakes to deliver the goods at destination within a stipulated time so long as the entire transportation of goods is by road and GTA issues a consignment note - CIRCULAR NO. 186/5/2015-ST, DATED 5-10-2015
- **Settlement Commission can't settle cases of gold smuggling: CBEC clarifies** - It is clarified that Settlement Commission has no jurisdiction to entertain the matters in relation to the goods specified under section 123 of the Customs Act, 1962 which include Gold. In case the Settlement Commission admits any such matter for settlement, the jurisdictional field formation should challenge the same in High Court by way of Writ, at the stage of admission - INSTRUCTION F.NO.275/46/2015-CX.8A, DATED 1-10-2015

TAX TITBITS

CMA S. Rajaratnam
Advocate and Tax Consultant
Chennai

Good news - Tax reforms on the way

There is an announcement, that a Committee is being set up to suggest reforms in taxation under the Chairmanship of Justice R.V.Easwar, a former judge of the Delhi High Court and a past President of Income Tax Appellate Tribunal. It is a welcome step as it may be expected that the reform processes will be on and not be a rehash of the present law, which is a poor patchwork of periodical undigested amendments. A simplified law with accountability on the part of administration would ensure development of trade and industry. The choice of the Chairman is commendable as he is a person, who has an excellent track record as a tax advocate and a tax judge.

Aerial distance to be the measure

Notification No. 17/2015 dated 6.10.2015 prescribes aerial measurement of distance for the limits notified for inference of agricultural land as urban land for purposes of liability for wealth tax and capital gains tax. The road distance accepted in some decisions will no longer be good law after the notification takes effect from 1.4.2014 leaving the controversy for earlier period open.

Cost of abandoned films is deductible

Cost of abandoned films not completed or released can be allowed as a deduction under section 37 as now conceded by Circular No. 16 of 2015 dated 6.10.2015. This Circular now accepts the view taken by the Tribunal in RGV Film Factory Ltd. v. Dy.CIT [2015] 43 ITR (Trib) 385 (Hyderabad) and the High Court in CIT v. Prasad

Productions P. Ltd. [1989] 179 ITR 147 (Mad). It follows, that moneys lost in abortive business ventures should be deductible even as held for example in E.I.D. Parry (India) Ltd. v. CIT [2002] 257 ITR 253 (Mad).

Foreign Account Tax Compliance Act (FATCA) is made effective

Notification No. 77/2015 dated 30.9.2015 would implement Indo-U.S. Agreement for the purposes of Foreign Account Tax Compliance Act (FATCA) in India with effect from 31st August 2015 as a part of global effect to counteract Base Erosion and Profit Shifting (BEPS). Enquiries initiated by the U.S. Inland Revenue will now have to be responded by the Indian authorities.

The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 – More clarification

Press Release dated 30.9.2015 answers more queries relating to The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 arising from Circular No. 15 of 2015 dated 3.9.2015.

Gold Bond Scheme – KYC norms clarified

Government has released FAQs on Gold Bond Scheme answering as many as 37 queries along with instructions to the applicants and the forms that are required to be filled up. Answer to Q.8 explains that the requirement of KYC norms will be identification documents like Aadhaar card, Permanent Account Number (PAN) or Tax Deduction Account Number (TAN) or passport or voter ID. The apprehension of the potential depositors as to immediate possible enquiry from the Income Tax Department has not been allayed. KYC norms could have awaited when the bond is redeemed or encashed.

Form 15G and 15H can be e-filed

Notification No. 76 of 2015 dated 29.9.2015 concedes that Form 15G and 15H to avoid tax deduction at source can now be e-filed. However, Unique Identification Number in the TDS return is required to be specified.

Validation of physically filed returns through EVC

Order F.No.225/141/2015-IT.II dated 6.10.2015 would validate a return filed in physical form, if it is now filed in electronic form through Electronic Verification Code (EVC).

Precedents

(i) Foreign tax credit

The High Court in Wipro Ltd. v. Dy.CIT [2015] 62 taxmann.com 26 (Karn) has ruled that foreign tax credit would have to be allowed, even if the related income is exempt in the light of Double Tax Avoidance Agreement between India with U.S.A. and Canada. The federal tax levied by the State Government, it was held, was also found to be eligible for set off. Such a liberal view would have to await acceptance by revenue before one can take it as final.

(ii) Disallowance for TDS failure

Since there is considerable doubt to the circumstances, when deduction of tax at source is warranted, many taxpayers have to face the ordeal of making good the tax failed to be deducted along with interest with possible penalty. Furthermore, the payment itself is being disallowed under section 40(a)(i), if made to non-residents and 40(a)(ia), if to a resident. The Supreme Court in Hindustan Coca Cola Beverage P. Ltd. v. CIT [2007] 293 ITR 226 (SC) has, however, pointed out that the disallowance of payments cannot arise, where the payee has accounted the same in his return of income. An amendment to section 201(1) with effect from 1st July, 2012, recognises this law, subject to a certificate from the Chartered Accountant of the payee, that the receipt is so accounted. It is this law, which was recognised by the High Court in CIT v. Ansal Land Mark Township P. Ltd. [2015] 377 ITR 635 (Del).

(iii) Valuation for purposes of capital gains

The law allows an option to adopt the fair market value as on 1.4.1981, where a property has been acquired earlier to this date. It is not easy to find the market value, that prevailed more than 30 years ago, so that it has led to considerable dispute. The High Court in N. Govindaraju v. ITO [2015] 377 ITR 243 (Karn) points out that where the assessee bases his valuation as on 1.4.1981 on a registered valuer's report, the Assessing Officer cannot reject the same without reference to Valuation Officer. The assessee has, therefore, a remedy to support the valuation before the Valuation Officer. Though the Valuation Officer's report is binding on the Assessing Officer, the assessee can take up the matter in appeal to first appellate authority and to the Tribunal and on a question of law, which will include method of valuation to the High Court and the Supreme Court.

(iv) Adjustment of refunds

It is customary for the Assessing Officers to delay refunds as it would affect the budget targets, though the official position is that no target is fixed. It is not unusual to adjust the refund against any demand, which may even be disputed. Section 245 specifically provides that no adjustment of refund can be made without intimation to the assessee, thereby giving an opportunity to the taxpayer to raise objection, where they can be legitimately raised. Where this prescribed procedure is not followed, the adjustment is not valid as decided in Hindustan Unilever Ltd. v. Dy. CIT [2015] 377 ITR 281 (Bom) following A.N. Shaikh v. Suresh B. Jain [1987] 165 ITR 86 (Bom) and Glaxo Smith Kline Asia P. Ltd. v. CIT [2007] 290 ITR 35 (Del). In a case, where the Assessing Officer delayed the refund to await the demand for succeeding years, the High Court came heavily against the Assessing Officer treating such procedure as an aberration and violation of section 245 in Asst.CIT v. Sundaram Asset Management Co. Ltd. [2015] 378 ITR 500 (Mad).

(v) Related party transactions

Interest free loan to a related party would attract transfer pricing rules, so as to make the lender liable for interest failed to be charged or charged at a concessional rate. Where transfer pricing was sought to be applied for the Global Depository Receipts (GDRs) issued to an associated enterprise, it was held that contribution towards quasi-capital like shares and debentures cannot be treated on par with interest free loans, so that transfer pricing rules can have no application as was decided in Soma Textile and Industries Ltd. v. Addl.CIT [2015] 43 ITR (Trib) 205 (Ahd). This decision should have application even for domestic transactions.

Business expenditure

(i) Landing and parking charges

Landing and parking charges collected by the airports do not require tax deduction at source as such payments do not fall either as works contract under section 194C or as rental for use of premises under section 194-I as has been finally decided setting at rest a subsisting controversy in Japan Airlines Co. Ltd. v. CIT [2015] 377 ITR 372 (SC).

(ii) Sponsorship amounts

Charitable institutions do find sponsors for their activities. Money received from the sponsors can only be treated as donations and not as business receipts as was held in Dy. Director of Income-tax (Exemptions) v. All India Football Federation [2015] 43 ITR (Trib) 655 (Del).

(iii) Cost of application software is revenue expenditure

Any software described as application software for use by assessee is an admissible business expenditure of revenue nature as was decided in ACIT v. Boots Piramal Health Care Ltd [2015] 43 ITR (Trib) 355 (Mumbai).

(iv) Health insurance scheme

Contribution made by an employer towards health insurance of the employees under a group insurance scheme is deductible as decided in Asst.CIT v. Verizon Data Services India P. Ltd. [2015] 43 ITR (Trib) 436 (Chennai).

(v) ISO certificate

Payment for ISO certificate is not technical fees either under section 9(1)(vii) under domestic law or under Article 12(4) in Double Tax Avoidance Agreement between India and Germany, so as to require tax deduction at source as decided in DIT v. TUV Bayren (India) Ltd. [2015] 61 taxmann.com 443 (Bom). MA

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ANONYMOUS DONATIONS

T.C.A.Ramanujam
Chief Commissioner
of Income Tax(retd.)
Madras

T.C.A.Sangeetha

Judicial Intervention saves spiritual Trusts

Trusts for charity have always been suspect in the eyes of taxman. The law allows tax exemption for charitable trusts. Successive Finance Ministers thought that charitable trusts act as conduit for chanalizing black money. The matter was considered by the Wanchoo Committee. In Para 3.57 page 82 of this report:

"The problem of black money finding its way to charitable and religious trusts in the form of 'ghost' or anonymous donations has also been considered by us. We do not think it possible for the Department to track down such donors in view of the cloak of anonymity. In our opinion, the only way to eliminate this tax-free channel for the inflow of black money, and do discourage the frequent practice of feigned ignorance on the part of these institutions about the identity of the alleged anonymous donors, is to subject such donations to tax in the hands of the recipients. We therefore recommend that all 'ghost' or anonymous donations to charitable trusts should be taxed at 65 percent. Religious trusts may, however, be left out of the purview of the provision".

Accordingly, it was proposed in the Taxation Laws (Amendment) Bill, 1973, to tax the donations in the hands of the recipient trusts in case the identity of the voluntary contributors was not established. However, in para, 16 (iii), sub-clauses (i) (c) and (ii), of its report the Select Committee sagaciously observed as follows:

"The Committee feel that subjecting wholly charitable trusts or institutions to tax at the rate of 65 percent on the voluntary contributions received by them, in every case where they fail to establish to the satisfaction of the Income-tax Officer the identity of the persons who made such voluntary contributions, would cause great hardship and that the voluntary contributions should, therefore, continue to enjoy tax exemption".

The Wanchoo Committee itself recognized the objections to the proposal. In para 3.48 page 49 the Committee said:

"By tradition, private philanthropy in our country has been playing a very special and prominent role in enriching our cultural heritage and in catering to the educational, medical, socio-economic and religious needs of our people. In so doing, it has supplemented the work of a welfare State and the State in turn has recognized its contribution by giving generous tax treatment to the donations given to philanthropic institutions and also to the income thereof applied for public religious or charitable purposes".

The proposal was revived when the Finance Minister announced in his budget speech for 2006-07 as under:

"168. The Standing Committee on Finance has expressed concern that many charitable institutions misuse the provisions of the Income-tax Act. I propose to focus on one misuse, namely, receiving anonymous or pseudonymous donations. Accordingly, I propose that anonymous or pseudonymous donations to wholly charitable institutions will be taxed at the highest marginal rate. Such donations to partly religious and partly charitable institutions/trusts will be taxed only if the donation is specifically for an educational or medical purpose. However, I make it clear that such donations to wholly religious institutions and religious trusts will not be covered by the new provision."

Section 115BBC was inserted in the Income-tax Act, 1961. According to the section, anonymous donations received by any university or other educational institution or hospital or a charitable fund under Section 10(23)(c) will be taxed. Exemption was however given to donations received by any trust established wholly for religious purposes or trusts partly for religious and partly for charitable purposes. Correspondingly section 2(24)(iia) was amended to define voluntary contribution as including anonymous donations. Consequential amendments were made in Section 10(23C) and Section 13. Exemption was provided for donations received by the trusts established wholly for religious purposes.

The Subsequent Amendment in 2009

The section underwent changes in 2009. The CBDT circular explained the changes in para 39 of the Explanatory Notes to the provisions of Finance (No.2) Act, 2009 dt.3rd June, 2010 (324 ITR page 333).

"39.Tax relief on anonymous donations in certain cases:

39.1 Under the provisions of section 115BBC, wholly religious entities are outside the purview of taxation of anonymous donations. Partly religious and partly charitable entities had also been exempted from the taxation of anonymous donations, except where the anonymous donation is made to an educational or medical institution run by such entity in which case such donations were taxed at the rate of 30 percent. In the case of wholly charitable entities, all anonymous donations are taxed at the rate of 30 percent.

39.2 It was observed that in the case of some such institutions, there are practical difficulties to maintain complete records of donation received. In order to mitigate the compliance burden, the above section was amended and some relief was provided to such organizations by exempting a part of the anonymous donations from being taxed. The amendment has resulted in the following scheme:-

1. Anonymous donations received by wholly religious institutions shall remain exempt from tax.

2. In the case of partly religious and partly charitable institutions, anonymous donations directed towards a medical or educational institutions run by such entities shall be taxable only to the extent such donations exceed 5 percent of total donations received by such trust or institution or a sum of Rs.1 lakh, whichever s more. Other donations to partly religious and partly charitable institutions shall remain exempt from taxation.

3. In the case of wholly charitable institutions, anonymous donations shall be taxable only to the extent such donations exceed 5 percent of total donations received by such trust or institution or a sum of Rs. 1 lakh, whichever is more.

39.3 Applicability – These amendments have been made applicable with effect from 1st April 2010 and will accordingly apply for assessment year 2010-11 and subsequent assessment years.

CIT vs. Bhagwa Shree LaxmiNarainDham Trust 2015 280 CTR 335 (Delhi)

Problems in interpreting the new Section 115BBC arose in the above case. The trust was registered under Section 12A in May 2005. It was set up to carry out various charitable, spiritual and religious objects as set out in the trust deed. Educational institutions, Orphanages, Old Age Homes, Dharmashala, Mahila Ashram etc., were to be set up and helped. Clause (viii) is relevant:

"to give spiritual lectures to mentally disturbed persons and spiritual lectures to all kinds of human beings". On scrutinizing the return, the Assessing Officer found that the trust had received Rs.5,28,84,204 by way of donations. Out of this huge amount, identity could not be established in respect of donors to the tune of Rs.27,25,306. The Assessing Officer invoked Section 115BBC of the Act and drought this amount to tax. He was of the view that the trust was not a public religious trust but a mere spiritual organization and was hit by the provisions of Section 115BBC. The sum of Rs.27,25,306 was treated as anonymous donations and brought to tax. Penalty proceedings were also initiated under Section 271(1)(c) of the Act. The Income Tax Appellate Tribunal allowed the appeal of the trust observing that the Departmental authorities had proceeded on a very narrow and incorrect understanding in the view that a Trust imparting spiritual knowledge was not exempt. Revenue took up the matter in appeal before the Delhi High Court. In a lucid Judgment dt.7th September 2015, the Delhi High Court dismissed the Revenue's appeal. It quoted the Supreme Court's observations in CIT vs. DawoodiBohraJammat (2015) 364 ITR 31 (SC):

"in certain cases, the activities of the trust may contain elements of both: religious and charitable and thus, both the purposes may be overlapping. More so when the religious activity carried on by a particular section of people would be a charitable activity for or towards other members of the community and also public at large. For example, the practice of option charity in the form of Khairat of Sadaquah under the Mohammadan Law would be covered under both charitable as well as religious purpose. Further, while providing food and fodder to animals especially cow is religious activity for Hindus, it would be charitable in respect to non-Hindus as well. Similarly, service of water to the thirsty would find mention as religious activity in sacred texts and at the same time would find mention as religious activity in sacred texts and at the same time would qualify as a charitable activity".

The High Court went on to examine what constituted religious activity in the context of the Hindu Religion. It expressed the opinion that religious activity need not be confined to activities incidental to a place of worship like a temple. It quoted the Supreme Court observations in Commissioner Hindu Religious Endowments vs. Sri LakshmindraThirthaSwamiarAIR 1954 SC 282: "a religious denomination or organization enjoys complete autonomy according to the tenets of the religious they hold and no outside authority has any jurisdiction to interfere with their decision in such matters. It examined the scope of the protection under art, 25 and 26 of the Constitution and observed as follows:

14. We now come to art, 25 which, as its language indicates secures to every person, subject to public order, health and morality, a freedom not only to entertain such religious belief, as may be approved of by his judgment and conscience but also to exhibit his belief in such outward acts as he thinks proper and to propagate or disseminate his ideas for the edification of others.

17. What then are matters of religion? The word 'religion' has not been defined in the Constitution and it is a term which is hardly susceptible of any rigid definition. A religion undoubtedly has its basis in a system of beliefs or doctrines which are regarded by those who profess that religion as conducive to their spiritual well-being, but it would not be correct to say that religion is nothing else but a doctrine or belief. A religion may not only lay down a code of ethical rules for its followers to accept, it might prescribe rituals and observances, ceremonies and modes of worship which are regarded as integral parts of religion, and these forms and observances might extend even to matters of food and dress".

The Delhi High Court quoted the famous observations of the Supreme Court in MuldasBhudardasVaishya AIR 1996 (SC) 1119 para 29: " when we think of the Hindu religion, we find it difficult, if not impossible, to define Hindu religion or even adequately describe it... it may broadly be described as a way of life and nothing more".

The Delhi High Court observed that the Trust is also engaged in Charitable activities which are very much part of religious activity. In carrying on charitable activities along with organizing of spiritual lectures, the trust by no means ceases to be a religious institution. Its various activities can be included in the broad conspectus of Hindu Religious activity. The Delhi High Court finally held that the anonymous donations received by the trust would qualify for deduction and cannot be included in its assessable income. Revenue's appeal was dismissed.

This is a great judgment and the only one of its kind on the subject. There was a time when interpretation of religious tenets was left to pontiffs and mutt Heads. Today, the judiciary has taken up the role of interpreting religion. *MA*

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Q&A

CMA Jitendra Panda
MD and CEO of Peerless Securities

Q What are your key priorities for Peerless Securities for the coming years in order to retain your stable position in the market?

Peerless group is a growing and also renewing its entrepreneurial spirit to the new opportunities. Peerless Securities is part of the Peerless family providing bouquet of financial products and advisory services. We have marked presence in the state of West Bengal and have now expanding rapidly across the Country. We have more than doubled our client base in the last 2 years, and our product basket has yielded rich dividend to our clients who continue be patrons of Peerless. We look forward to take this mission forward to each district of WB and major cities of the country with online products and services. We are committed to excel in guiding our clients with financial planning, thus creating value in their financial assets.

Q Are you hopeful about Employees' Provident Fund Organization's (EPFO) venture into the stock markets to fetch better returns than Govt. bonds?

In a historic move on 7th August, 2015 EPFO kick started investments in equity and equity related instruments. In India there is no significant social security net and EPF is the only instrument to depend upon by millions, working in organized sector for their retirement corpus. EPFO had been investing in the funds in fixed income instruments only, with expected downtrend in interest rate in coming years this is a proactive move and well timed. Historically, Equity markets give superior returns in the long term compared to other instruments. This move will increase the efficiency of investment return of EPFO as equity generally generates superior returns compared to fixed income in long term. For the stock markets perspective, EPF participation will gradually increases the counter balance buffer in the times of any possible FII selling, reacting to particular global event. We have seen how LIC has invested in equity market for last few decades and given handsome returns to its policy holders, now EPF is also expected to offer meaningful real rate of return in the long term and time will only prove that this step was well taken.

***Q** What steps according to you, are to be taken to channelize more household savings in to the Stock market and to make the market more attractive and investors' friendly?*

Indian household savings portfolio primarily comprises of fixed deposits, Gold, Insurance, and Provident Funds. Only 2-3% of the Indian household savings on an average is invested in Stock market directly. Household savings are pre-dominantly in bank fixed deposits, the post tax return on this instrument does not beat inflation, a very high price paid for safety in the long term.

Multiple steps have been taken and needs to be continued. The few steps to improve market and make it investors friendly are:

A) Awareness programs: Equity markets are instruments for long term, the benefits are higher as the risk is higher. Awareness through seminars, workshops and in colleges are being undertaken and needs to be extended further.

B) Importance of SIP: The way PF is saved monthly for long term, why not follow monthly saving in equity market also through monthly SIP. This is very efficient and effective model for retail investors to generate long term wealth.

C) Role of Financial Advisor: There is lack of experienced and well educated financial advisors in the country to guide investors, professionals like Cost Accountants, Chartered Accountants and Company Secretaries have a major role to play in guiding investors how to manage and take calculated risk for retirement with help of equity market instruments.

D) Strengthening regulatory Framework: India should further strengthen its regulatory mechanism and ensure the reach of capital market to improve the credibility and integrity of our institutions. Ponzi schemes running many parts of the country should be prevented at initial stages to safeguard the retail investors and extensive awareness programmed needed to increase the financial literacy among common people.

***Q** Indians are more interested to invest in gold and real-estate rather than financial savings. What steps must the government take to reverse this trend?*

The affinity towards Gold and real-estate among Indians has been from centuries. The government has taken few very good steps recently for reversing the trend of investment both in Gold and real-estate. The Government started with higher import duties on Gold and safeguarded the country from higher depletion of its foreign currency. The Gold Bond scheme is innovative and novel to convert existing and new investments to economic use. In real estate Higher stamp duty, and strict norms for legal compliance including service tax on builders has seen property prices correcting and demand slowing down. Household savings has to move now to equity instruments to beat the inflation as fixed deposit interest rates are also moving downwards. Low interest rate scenario generally attracts higher retail money into equities.

***Q** The E&Y survey ranks India as the most attractive market in this year. Do you believe India would be able to sustain this position?*

We believe that the Indian Economy is strengthening though it has not reflected in corporate earnings yet but the macro numbers have shown improvement. Nearly two decades of economic liberalization, along with robust domestic demand, a growing middle class, a young population, and a high return on investment make India a credible investment destination and will be able to sustain this position. The interest rate lowering cycle adds to the credibility and at these levels valuations do not look stretched.

India is a consumer of commodities unlike other major emerging markets like Russia, Brazil, Argentina, and South Africa are producer of commodities and the fall in commodity prices is benefiting India in a big way. These factors put India in a unique position among emerging market peers.

Although Q2FY16 results were disappointing, Indian corporate margin has improved over 500bps due to low input cost.

***Q** What are the triggers that will drive the Indian markets in the coming future?*

The growth expectations from Corporate and investment cycle to kick-start are now keenly watched. Macroeconomic conditions are improving, the Government spending in key sectors like power, road and railways is expected to pick up and this will boost economic recovery. The winter session and then budget in the next quarter could see some major reforms and will be key triggers for driving ahead the Indian markets.As a token of advice to the new investors, kindly suggest how they would manage their portfolio in the volatile market.

Markets are volatile in the short term and with globalization they will remain volatile due to various factors. In the last 15 years we had major events like Kargil War, 9/11, Sub-prime crisis, attack on our parliament and still Indian Equity Markets have given nearly 15% return year on year if you had invested for the last 15 years your money would have multiplied nearly 8 times. As per AMFI in the last 16 months ending Oct'15 mutual funds have seen $19bn cumulative equity inflows. Take advice from professional advisors and start investing for long term. Invest the savings which will not be required in the short term. Selection of the scrips or mutual funds for investments has to done judiciously with professional help.

***Q** What trend do you see for the Indian investing market? What is your expectation from Government?*

The trend of investing is growing although slowly, we observe efforts from various organizations including regulators in last few years are yielding results. The awareness of equity markets is now much greater with the young generation with financial planning being part of curriculum of various management and professional institutes. The new generation has started investing their savings in financial instruments, we are optimistic that by 2018 there will be a boom in investors. Government has empowered Regulators to take steps for strengthening the market. They should continue to create awareness of financial planning. Additionally, in absence of social security system in India incentives for long term investments should continue.

***Q** 'Portfolio Management' and 'Risk Management' are the buzzwords in the business. Cost Management plays a pivotal role in Portfolio Management and Risk Management. Please suggest in what ways Cost and Management Accountants may offer their expertise more effectively in this quest?*

There is huge shortage for good financial planners across the country, each CMA professionals are equipped to guide and make smart investment decisions for corporate and HNIs. We are equipped with the expertise of identifying, analyzing Companies balance sheet and hence we can apply this knowledge in not only managing portfolio but more importantly managing risk. Each member of the Institute has all the ingredients to aspire for an successful Research analyst career. There are specific certifications courses set by the Regulators and conducted by the Exchanges, which Institute Members have to pass for undertaking a career in the financial advisory, analyst, risk management or fund management.

***Q** As a member of this Institute, what do you feel ICAI should do to initiate associations and tie-ups for Industry-Institute interface?*

Our Institute has always taken the initiative to create financial awareness among the Indian community through forums, workshops and meetings. These activities have yielded positive results and we should continue with it. Many corporate do not educate or train their employee's how to manage their financial savings. The theme to train the employees of the Industry by the Institute would create opportunities for CMA members of the Institute to become their advisors and consultants.

***Q** What are the various ways your organization can integrate with the Institute for the diverse avenues in professional development matters?*

We observe tremendous lack of awareness of financial products among people of the Eastern region, ponzi schemes have been rampant in the past and gullible investors have been cheated. Now, these investors have to be educated and guided for financial planning in basket of asset class based on their objectives. Peerless has the bouquet of products and a professional team to educate and guide, we would like to extend our support and time to train Institute members and conduct Corporate workshops on behalf of the Institute.

THE COMPANIES (AMENDMENT) ACT, 2015: A Welcome Change or a Legislation of Lacunae?

Ms. Sinjini Majumdar
National Law University, Jodhpur

Ms. Sruti Baid
The WB National University of Juridical Sciences, Kolkata

1. Introduction

The Companies Act is considered to be the most basic legislation which regulates the way business activities are to be conducted in this Country. The provisions are expected to be clear and unambiguous so as to ensure the ease of doing business. However, the Companies Act, 2013 was far off the mark. The Act, consisting of 470 Sections, was brought into force in two phases- one in September, 2013 and the other in April, 2014. As a result of this hurried implementation, several loopholes and ambiguities in the Act were left unattended. This created several interpretational and operational difficulties in the corporate sector. The Rules that were introduced to fill in the gaps were inconsistent with the provisions of the Act, thereby resulting in further confusion. The Ministry of Corporate Affairs started issuing clarificatory notifications. A new circular, notification or clarification would be issued in order to amend or substitute some ill-placed rule or to clarify the intent of the Act. Since these notifications were not drafted properly, they led to further confusion and ambiguities. As a result of the practical difficulties in complying with the provisions of the 2013 Act and on the advice of various corporate house and company law experts, the Government introduced the Companies (Amendment) Bill, 2014. The Bill proposed as many as 21 amendments. It was passed by both the houses of the Parliament and received the assent of the President on 25th May, 2015. It was published in the Official Gazette of India on 26th May[1]. The first part of this paper analyzes some of the key amendments introduced by the Act.

The next part of the paper examines whether the Amendment Act will be successful in achieving its objective of facilitating business. Lastly, the paper deals with a few other issues which could have been dealt with by the Amendment Act.

2. Key Amendments and their Interpretation

2.1. Minimum Share Capital Requirement:

The Companies Act, 2013 mandated a share capital requirement of INR 100,000 for private companies and INR 500,000 for public companies. This provision has now been amended to remove any minimum share capital requirement. This will facilitate new businesses to be set up easily, especially in the case of small companies[2] and one-person companies[3].

2.2. Common Seal:

Sections 9, 12, 22, 46 and 223, mentioning the common seal of a company, have all been amended, and the words have been removed. A common seal is no longer mandatory, and all such documents which required affixing the common seal can now instead be signed by two directors or one director and a company secretary of the company[4]. This amendment makes it easier for companies to maintain documents in an electronic form.

2.3. Commencement of Business:

Under Section 11 of the Companies Act, 2013, before the commencement of business, the director of a company had to file declarations before the Registrar of Companies stating that every subscriber to the Memorandum of Association has paid the value of shares taken up by him, and the minimum paid-up share capital has been made. The company also had to file a verification of its registered office. This section has now been omitted, thus resulting in a smooth commencement of business without procedural delays.

2.4. Punishment for Acceptance of Deposits:

A new provision has been added in relation to contraventions of Sections 73 and 76, which pertain to the acceptance of deposits by a company. Section 76A has been inserted by the Amendment Act, which reads:

"Where a company accepts or invites or allows or causes any other person to accept or invite on its behalf any deposit in contravention of the manner or the conditions prescribed under section 73 or section 76 or rules made thereunder or if a company fails to repay the deposit or part thereof or any interest due thereon within the time specified under section 73 or section 76 or rules made thereunder or such further time as may be allowed by the Tribunal under section 73,—

(a) the company shall, in addition to the payment of the amount of deposit or part thereof and the interest due, be punishable with fine which shall not be less than one crore rupees but which may extend to ten crore rupees; and

(b) every officer of the company who is in default shall be punishable with imprisonment which may extend to seven years or with fine which shall not be less than twenty-five lakh rupees but which may extend to two crore rupees, or with both:

Provided that if it is proved that the officer of the company who is in default, has contravened such provisions knowingly or wilfully with the intention to deceive the company or its shareholders or depositors or creditors or tax authorities, he shall be liable for action under section 447."

This provision has been added for the protection of interests of innocent investors. The amendment comes in the wake of the Saradha Scam, where the Saradha Group of Companies fraudulently laundered the money of many small time investors in a ponzi scheme. It seeks to avoid similar situations in the future.

2.5. Inspection on Board Resolutions:

A restriction has been imposed on the obtaining and inspecting of copies of board resolutions. General information such as certificate of incorporation, MoA, AoA, names of directors, date of board meetings, authorised signatories, are still made available to the public, but copies of board resolutions often contain strategic information (which cannot be classified as "general information") which may be used by rival companies. In order to prevent such a situation, a proviso has been added in Section 117 of the Companies Act, 2013.

2.6. Declaration of Dividend:

A proviso has been added to Section 123, as per which, a company cannot declare dividends unless all carried over losses and depreciation in past years are set off against the profits of the company in that year. This is to ensure the financial stability of the company. This amendment was introduced to be at par with the Companies (Declaration and Payment of Dividend) Amendment Rules, 2014, which has a similar rule regarding declaration of dividend.

2.7. Regulation of Transfers of Unclaimed Dividend and Shares:

Section 124 of the Act provides for the transfer of the dividend declared, to the unpaid dividend account when the same has not been claimed within 30 days of such declaration. The amendment has clarified that, if the dividend has not been paid or claimed for a period of seven consecutive years from the date of such transfer, then the amount would be transferred by the company to the Investor Education and Protection Fund along with the shares in respect to which the unclaimed or unpaid dividend has been transferred. This would in effect, help to keep a track of the amounts.

2.8. Reporting of Fraud by Auditor:

The Companies Act, 2013 has made it mandatory for company auditors to report frauds committed by officers or employees of the company, to the Central Government. The present amendment to Section 143(12) prescribes threshold limits for the reporting of the frauds. Frauds above the threshold limit need to be reported to the Central Government, while frauds below the limit need to be reported to the audit committee constituted by the Board of Directors[5], or directly to the Board of Directors in companies which do not have an audit committee. .Moreover, the Report by the Board of Directors now includes details with respect to frauds, as reported to auditors under Section 143(12), other than those reportable to the Central Government[6]. These two provisions accord more transparency to shareholders and the public at large.

2.9. Omnibus Approvals for Related Party Transactions:

As per the amendment to Section 177, audit committees now have the power to give omnibus approvals subject to conditions prescribed. This is in accordance with Clause 49 of the Listing Agreement. It aims to remove barriers in related party transactions and thus bring clarity in corporate governance norms.

2.10. Loan to Directors:

Section 185 prohibits advancing loans, guarantees or securities to directorsor any person in whom the director is interested in. A proviso to this section lists instances when the above is not applicable. The amendment adds two more exceptions, which are as follows:

* Loans, guarantees or securities given by a holding company to its wholly owned subsidiary company,
* Guarantees or securities given by a holding company in relation to loan advanced by a bank or financial institution to the subsidiary company.

The above was already there in the Companies (Meetings of Board and its Powers) Rules, 2014. However, it was essential to add it to the Act, as there were confusions regarding interpretation of the provision, and the fact that a Rule cannot override the Act led to instances when loans and guarantees by holding company to subsidiary company were not allowed.This amendment merely seeks to rectify this problem and bring clarity to the substantive law.

2.11. Related Party Transactions:

Under Section 188 of the Companies Act, 2013, related party transactions required an approval from the shareholders by passing a special resolution (three-fourth majority). This has now been replaced with an ordinary resolution (simple majority), by the amendment. Furthermore, in the case of related party transactions between holding and wholly owned subsidiary companies, no resolution is required to be passed provided that the accounts of the holding and subsidiary companies are consolidated and placed before the shareholders in a general meeting for approval. This relaxation accords speedy transactions to take place.

2.12. Bail Restrictions:

Previously, bail restrictions only applied to a specific list of offences under Section 212. The amendment has widened the scope of this provision by providing bail restrictions for any offence which falls within the definition of 'fraud' as per Section 447.

2.13. Removal of Name of Company:

As per Section 248 of the Companies Act, 2013, the Registrar could remove the name of the company if subscription to the Memorandum of Association was not paid within 180 days from the date of incorporation[7]. This provision has been omitted, thus according the ease of doing business.

2.14. Restriction of the Powers of the Benches of Tribunals:

An amendment to Section 419 restricts Special Benches of the National Company Law Tribunal (3-member benches) from hearing cases pertaining to the winding up of companies. Now, such cases will be heard by 2-member benches[8].

2.15. Special Courts:

The amendments to Sections 435 and 436 essentially bring clarity to these provisions by narrowing down their scope. Special Courts can now only try offences which are punishable with imprisonment for two years or more. All other offences are to be tried by a

The Companies Act, 2013 marked a paradigm shift in the Indian corporate sector. However, once the legislation was enforced, a number of loopholes and unaddressed issues came to the notice of the government. In order to address the same, the Companies (Amendment) Act, 2015 was passed. This Act has made changes to 22 provisions of the Companies Act. Some of the key amendments include the abolition of minimum share capital requirement, punishment for acceptance of deposits, making common seal optional, restriction on inspection of board resolutions, regulation of transfers of unclaimed dividends, relaxations on related party transaction, and so forth. However, this Act fails to address a lot of other problems, such as exemptions for private companies, penalty for non-compliance of CSR, functions and powers of Key Managerial Personnel, issues related to the appointment of women directors and independent directors. This paper aims to examine the amendments in the Companies (Amendment) Act, 2015, and analyse its effectivity. Further, it discusses a number of aspects which should have been included in the Amendment Act, but were not.

Metropolitan Magistrate, or a Judicial Magistrate of the First Class. This is in order to ease the burden of the Special Courts.

2.16. Exemption to Companies from the Provisions of the Act:

The procedure for laying draft notifications granting exemptions to various classes of companies or modifying provisions of the Act in Parliament, as per Section 462 has been amended such that the said notification laid before a House of Parliament within 30 days, should not include any period during which the House is prorogued or adjourned for more than four consecutive days. Further, the notification should be laid before each House of Parliament as soon as it has been issued. This amendment ensures a speedy process in the issue of notifications[9].

3. How far will the Act be Successful in achieving its Objectives?

The Companies Amendment Act, 2015 was enacted with the objective of bringing about an ease in doing business. Some provisions of the said Act will definitely help in achieving the desired objective. For instance, the removal of the requirement for having a minimum paid up capital of Rs 1 lakh for private companies[10] and Rs 5 lakhs for public companies[11] will help in reducing the registration cost for incorporation of new companies. This will also encourage more people to form companies who could not have done so earlier due to lack of adequate capital. However, there is a downside to the amendment as well. The minimum capital requirement acted as a filter. It encouraged the formation of companies for legal and bona-fide purposes. This amendment may lead to the formation of illegal companies or sham shell companies.

There is no longer a need for the directors to file a declaration stating that the subscribers to the memorandum have paid the value of the shares taken by them[12]. The amendment also absolves them from filing a verification of the registered office. This reduces the documentation that needs to be filed by a company. Another important amendment is removal of requirement of common seal[13]. The requirement of affixing common seal on each and every document posed a lot of operational difficulties as an elaborate procedure of fixation had to be followed. Moreover, with the era of digitalization, most records are maintained in soft copies, and this provision now makes that easier, as it is very difficult to put a seal on soft copies. Thus for the purpose of ease of doing business, affixing common seal has been made optional. Doing away with the requirement of obtaining a certificate of commencement of business is considered a welcome move. The companies can now start off with their business right after incorporation instead of waiting for days for the certificate. Prohibiting individuals from obtaining a copy of the board resolutions passed by the company[14] ensures that the affairs of the company enjoy confidentiality and secrecy.

The 2013 Act provisions with respect to related party transactions, loans to wholly owned subsidiaries and reporting of frauds were causing a lot of hindrances in day to day running of the business. An amendment bringing about a relaxation in these provisions was felt to be the need of the hour. In particular, provision requiring a simple majority instead of a special majority to approve a related party transaction[15] will bring great relief to the companies. However there is a divergence between this provision and Clause 49 of the Listing Agreement. As per Clause 49, a company can undertake a material related party transaction, only if is approved through a special resolution. Moreover only non-related party shareholders are authorized to vote. The Amendment Act allows related party shareholders to vote as well, as long as they are not interested in the transaction. This divergence poses a great challenge to the implementation of this provision as far as listed companies are concerned. This provision can be effectively implemented only if there is a similar amendment to the Listing Agreement as well. Companies still hope that these provisions will get aligned at some point in time, thereby making implementation easier. Moreover, the provision for ordinary resolution may lead to exploitation of this provision and the owners of the company may indulge in such related party transactions that have private benefits. The 2015 Amendment Act also allows the Audit Committee to give omnibus approvals for related party transactions in order to facilitate ease in doing business[16]. This is in sync with the corresponding provisions of the Listing Agreement. However the circumstances under which such an approval can be granted are yet to be notified

Companies can now give loans to their wholly owned subsidiaries and can provide guarantee or security in respect of loans advanced by a bank to both wholly owned subsidiaries and other subsidiaries, without attracting the provisions of S.185[17]. This is in line with the (Meeting of Board and its Powers) Rules, 2014. However, this comes with a rider. Loans can be advanced to wholly owned subsidiaries only if they utilize the funds for their principal business activities. Wholly owned subsidiary has not been defined in the 2013 Act or in the 2015 Amendment Act. Moreover, no objective test as to what would constitute a "principal" business activity has been laid down. It is only when the judiciary lays down an objective test to determine what "principal" means, will it be seen whether this amendment is actually effective.

The amendment requiring an auditor to report only material frauds crossing a prescribed threshold, to the Central Government, is believed to provide some relief to the company[18]. The objective behind setting a threshold for materiality is to ensure that the Government is not burdened with small and trivial matters. However the Government is yet to prescribe a threshold. Whether the amendment will achieve its desired objective or not can be ascertained for sure, only after the threshold has been subscribed. Immaterial frauds have to be reported by the auditor in the board report. However the provision is not clear as to whether those frauds which have already been noted by the directors have to be reported as well.

Even though the 2015 Act is a step in the right direction, it could have delivered a lot more. It focuses more on resolving anomalies rather than bringing about substantial changes. A lot of concerns under the 2013 Act are yet to be addressed. The next section looks at some issues which could have been dealt with by the Amendment Act.

4. Changes which could have been incorporated in the Amendment Act

4.1. Exemptions to Private Companies:

Contrary to the expectations of professionals and company law experts, the Amendment Act does not introduce exemptions for private companies. Under the 1956 Act, private companies enjoyed certain privileges. However, under the 2013 Act, reference to private companies has been sparingly made. The relevant provisions only deal with issue of shares by private companies[19], proportional representation on the board of a private company[20], number of directorships in a private company[21] and quorum[22]. There are several other provisions which use the word "company" and hence are applicable to both private and public companies. These are provisions relating to further issue of share capital[23], loan and investment by companies[24], appointment of managing and whole-time directors[25] and issue of debentures by way of private placement[26]. There is a need to carve out exemptions for private companies from these provisions. This is because these companies are smaller than public companies with respect to size and scale of operations. Hence, it will be extremely burdensome for them to comply with these rigorous provisions.

4.2. Issue of Securities by Private Companies:

Section 23(2) of the 2013 Act allows private companies to issue rights shares as long as they comply with the requirements given in Part II of Chapter III. Part II, is however subject to Section 26 of the Act, which contains a long list of items which need to be disclosed by the companies. S.26 is largely a reproduction of Schedule II of the 1956 Act which applied to public companies seeking to raise capital through public issue of shares. However, as stated before, private companies are smaller in size as well as in area of operation. Moreover, they do not use public money to carry out their ordinary business and other activities. Hence, there is really no need for them to comply with such high standards of disclosure. The Amendment Act should have devised a simplified format for private companies.

4.3. Acceptance of Deposits by Private Companies:

The 2013 Act allows a private company to accept deposits from its members. Section 73 of the Act along with Companies (Acceptance of Deposits) Rules, 2014 has laid down elaborate procedure for issuing circulars, creating securities, taking insurance for the deposits etc. The Amendment Act should have taken into account the fact that public and private companies do not stand on the same footing and should have laid down simple procedures for private companies. This would have also brought down the cost of raising deposits.

4.4. Key Managerial Personnel:

The Companies Act, 2013 has introduced the concept of Key Managerial Personnel (KMP)[27]. KMP is defined to include the Chief Executive Officer or the managing director or the manager, the company secretary, the whole-time director, the Chief Financial Officer, and any other officer that may be prescribed. Even though KMP finds mention is a number of sections of the Act[28], the powers of the KMP have not been clearly defined, and this could lead to ambiguities. This issue should have been addressed and rectified as well.

4.5. Women Directors:

The Act mandates every listed company and every other public company having a paid up capital of one hundred crore or more or a turnover of three hundred crores or more to have at least one woman director on board[29]. This provision was introduced to bring about gender diversity in the composition of the Board. However, to ensure that this provision for women representation does not become merely ornamental and that they effectively participate and contribute to decision making, the Amendment Act should have laid down certain academic and professional qualifications for directors. As a result of this, women with considerable experience in the corporate sector would have been appointed as directors.

4.6. Independent Directors:

A lot of importance has been given to Independent Directors under the 2013 Act. They are supposed to be persons with excellent professional skills and qualifications and are supposed to bring to the board their expertise and experience. They are expected to exercise their independent judgement and act in the best interest of the company and its various stakeholders. However, they are appointed by the shareholders in the annual general meeting and their reappointment requires a special resolution[30]. As a result of this, they are subject to permeating influence of the majority shareholders. So how can they be expected to act in the best interest of the minority shareholders? The Amendment Act should have laid down a different mode of appointment of independent directors in order to ensure that their independence is retained and that they act in a way which is beneficiary to the minority shareholders and other stakeholders as well.

The independent directors have been bestowed with a lot of powers under the Act. They can supervise the working of the executive directors and can guide them to act in the best interest of the Company. However they are liable with respect to only those omissions and commissions by the Company which had occurred within his knowledge or with his consent or connivance or where he had not acted diligently[31]. This makes it very easy for an independent director to escape liability. All he has to plead is that he exercised due care and diligence, yet he was not aware of the irregularities or the fraudulent activities carried out by the Company. In order to ensure that the independent directors exercise their powers and duties effectively, the 2015 Act should have provided for stricter penalties for them.

4.7. No penalty for CSR Defaulters:

It is mandatory for all companies, having a turnover of Rs 1000 crore or more, or net worth of Rs 500 crore or more or net profit of Rs 5 crore or more, to spend two percent of their average net profit in the last three financial years on Corporate Social Responsibility (CSR) activities[32]. However, in case a company fails to comply with S.135 of the Act, no penalty is attracted as long as the Board records reasons for non-compliance. This provision was enacted in order to ensure that a company fulfills its responsibilities towards the society. In order to fulfill the stated objective, the Amendment Act should have introduced sanctions for non-compliance with CSR obligations.

4.8. Layered Investments through Subsidiaries:

Section 186 of the Companies Act, 2013 prohibits investments through more than two layers of investment companies[34], which was previously allowed in the 1956 Act. This change was effected to prevent money laundering through diversion of financial assets and bring about more transparency in corporate transactions. First of all, it is not clear from the provision, whether this change would have retrospective operation on already existing structures. This provision is also detrimental to genuine special purpose vehicles of large corporations which have varying business activities[35]. The Amendment Act should have addressed this, as there is ambiguity in the understanding of this provision and may lead to confusion.

5. Conclusion

The Companies (Amendment) Act, 2015 is a welcome change and addresses a number of loopholes left unnoticed by the Companies Act, 2013. The amendments have the potential to bring about the ease of doing business, if properly implemented. However, there are a few problems with the amendments too, such as the conflict between Section 16 of the Amendment Act and Clause 49 of the Listing Agreement, the potential of the formation of sham companies. Furthermore, a large number of concerns concerning the 2013 Act have not been dealt with. As the Companies Act is the most important legislation regulating business activities, it is of utmost need for the government to identify and rectify several more changes, some of which have been addressed in this paper. To this effect, the Ministry of Corporate Affairs has constituted a Companies Law Committee, to make recommendations regarding the implementation of the Companies Act, 2013, and examine the recommendations of other agencies which are related with business affairs. We can now hope that this Committee will help facilitate future changes and help India match global standards in the ease of doing business. MA

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[31] S. 149(10), The Companies Act, 2013.

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CAPITAL RECOVERY under Levelized DCF Tariff for Gas Pipeline in India

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Introduction:

In a regulated business scenario capital recovery is one of the contentious issue, similar is the case in gas pipeline where tariff is fixed by the by regulator.In India Petroleum and Natural Gas Board (PNGRB) established under the Petroleum and Natural Gas Regulatory Board Act 2006 is the regulatory body regulating the Gas Pipelines. One of the major function of PNGRB is to regulate the tariff of the Gas Pipeline which are functioning or approved on or before the date of establishment of PNGRB i.e. 1st October, 2007. For regulating the tariff PNGRB has come out with Regulations for Determination of Natural Gas Pipeline Tariff in 2008. As per the regulations tariff of the gas pipeline shall be based on Discounted Cash Flow (DCF) methodology. While working out the tariff under the DCF all inflows from the projected revenue earning out of natural gas pipeline tariff and the outflows of capital and operating expenditure over the economic life of the pipeline is equated by discounting these flows at the project's reasonable rate of return. Regulations have provided for 25 years of economic life and the reasonable return of 12% post tax, however, return is allowed on pre-tax basis after grossing up with normative tax rate. Initially tariff is worked out for the economic life projecting all the inputs to the tariff i.e.

Petroleum and Natural Gas Board (PNGRB) has been established as regulatory body to regulate the Gas Pipelines in India. One of the major function of PNGRB is to regulate the tariff of the certain existing Gas Pipeline. As per PNGRB Regulations, tariff shall be worked out based on Discounted Cash Flow (DCF) by levelizing over the economic life of 25 yearsin such a manner which is sufficient to recover the operating cost and capital cost along with the reasonable rate of return. As in DCF calculations though the recovery of operating cost can be separately monitored but the recovery of capital cost and the return is recovered in combined form, which makes the monitoring of each parameter of tariff difficult. Objective of this paper is to break the interest part and capital recovery part from the total revenue earned. This will not only help the regulator for better monitoring of each component but also help in reviewing the capital cost in between the economic life if required. General notion is that capital recovery under the gas pipeline tariff is uniformly recovered over economic life.With the help of example of tariff working, it has been demonstrated that under the levelized DCF method results in lower capital recovery in the initial year instead of uniform capital recovery. Methodology has been demonstrated to break the capital recovery and interest part to enable the review and corrective measure on each component.

capital cost, operating cost, revenue, volume etc. over the economic life and there is review mechanism after every five years to make adjustment on account of difference in projected vis-à-vis actuals, except volume is considered based on the normative build up.Further, Tariff is levelized over the economic life and tariff during each review period is worked out by levelizing over the balance economic life. Objective of levelizing is to address the issue of variation

in tariff due to factors like replacement of assets, major maintenance, inflation etc. during the economic life of the pipeline and keep the tariff at same level.

Objective of the Article:

Gas pipeline tariff is worked out in such a manner under the DCF methodology which is sufficient to recover the operating cost and capital cost along with the reasonable rate of return over economic life. In DCF calculations though the recovery of operating cost can be separately monitored but the recovery of capital cost and the return is recovered in combined form, which makes the monitoring of each parameter of tariff difficult. DCF method is generally used for the project feasibility study, however, if DCF method is to be used for working out the tariff after levelizing the same over the longer period and with the provision of review in between this may not be the best method. Objective of this paper is to see how the capital cost is recovered in levelized scenario and suggest the method to further break the DCF calculations to get the separate breakup of the year wise capital cost recovery and the yearly return earned on the same. This will not only help the regulator for better monitoring of each component but also help in reviewing and make necessary adjustment in the capital cost in between the economic life if required. This will also helpful in monitoring the recovery of each component as the initial calculations is for longer period with the provision of review in between.

Detailed DCF Methodology:

To understand the levelized tariff workings under DCF method, the same have been explained with the help of an example. Let us assume the initial cost of laying pipeline as Rs. 100 Cr, operating cost as 5% of capital cost, expected volume of 60 units, reasonable rate of return of 12% , tax rate of 33% and economic life of 25 years. A typical tariff working would be as shown in Table 1

Table 1

Year		0	1	2	3	4	5	21	22	23	24	25
Outflow	Net Present Value											
Capex		-100										
Opex			-5	-5.25	-5.51	-5.79	-6.08	-13.27	-13.93	-14.63	-15.36	-16.13
Inflow												
Revenue	**Rs.136.60**		24.87	24.87	24.87	24.87	24.87	24.87	24.87	24.87	24.87	24.87
Net Cash Flow	Rs.0.00	-100	19.87	19.62	19.36	19.08	18.79	11.60	10.94	10.24	9.51	8.74
Tariff at IRR-17.91%	11.84											

As can be seen in Table 1 Levelized tariff in this case comes to Rs. 11.84 per unit and the present value of revenue comes to Rs. 136.60 Cr. over economic life. Revenue for the each year comes to same amount of Rs. 24.87 Cr because revenue has been assumed based on the levelized tariff. Net Cash flow comes to Rs. 19.87 Cr. for first year, Rs. 19.62Cr for second year and keep on reducing and comes to Rs. 8.74 Cr for 25th year. This net cash flow is comprised of return on investment and the investment but there is no break up of this and therefore in case regulator wants to review and make some changes in the capital cost in between the economic life there is need of breakup. It is generally presumed that capital cost is recovered equally over economic life of the project i.e. for 25 year economic life capital recovery would be 4%, Table 2 below shows the working in case capital cost is recovered equally over economic life keeping other assumptions same.

Table 2

Year		0	1	2	3	4	5	21	22	23	24	25
Revenue Requirement	Net Present Value											
Capital Recovery			4	4	4	4	4	4	4	4	4	4
Opex			5.00	5.25	5.51	5.79	6.08	13.27	13.93	14.63	15.36	16.13
Return			17.91	17.19	16.48	15.76	15.04	3.58	2.87	2.15	1.43	0.72
Total Revenue Requirement			26.91	26.44	25.99	25.55	25.12	20.85	20.80	20.78	20.79	20.84
Volume			21000	21000	21000	21000	21000	21000	21000	21000	21000	21000
NPV of Revenue Requirement	**Rs.136.60**											
NPV of Volume	115343.20											
Tariff	11.84											

As can be seen from the Table 2 capital recovery is considered as equal over economic life as Rs. 4 Cr. per year and in that case tariff is same as Rs.11.84 per unit and the present value of revenue requirement is also same as Rs. 136.60 Cr. However if we see the first year revenue requirement is Rs. 26.91 Cr, second year is Rs. 26.44 Cr, third year is Rs. 25.99Cr and keep on reducing to Rs. 20.84 Cr in 25 year against the revenue requirement in Table 1 is Rs. 24.87 Cr from the first year to last year. Therefore, it would be wrong to assume that we are getting the equal capital recovery in DCF method when the tariff is worked out on levelized basis, though over a economic life under both the Table 1 and Table 2 investor would get the

return along with capital however, in case of reviewing in between the amount of capital recovery would be different. Therefore, in the Table 3 below working is made in such a way that the net cash available after operating cost, as per the cash flows worked out in DCF calculations in Table 1, is first adjusted against the interest on the investment in that year and the balance is considered as capital cost recovery keeping all other assumptions same.

In Table 3 workings have been done considering the cash flow investor is going to receive based on the DCF calculations as shown in Table 1. In table 3, working of Table 1 is further detailed into return on the investment in

Table 3

Year		0	1	2	3	4	5	21	22	23	24	25
Outflow	Net Present Value											
Capex		-100										
Opex			-5	-5.25	-5.5125	-5.78813	-6.07753	-13.2665	-13.9298	-14.6263	-15.3576	-16.1255
Inflow												
Revenue	**Rs.136.60**		24.87	24.87	24.87	24.87	24.87	24.87	24.87	24.87	24.87	24.87
Net Cash Flow	Rs.0.00	-100	19.87	19.62	19.36	19.08	18.79	11.60	10.94	10.24	9.51	8.74
Tariff at IRR-17.91%	**11.84**											
Detail DCF Working												
Return	85.35		17.91	17.56	17.19	16.80	16.39	5.86	4.83	3.74	2.57	1.33
Net Cash flow after adjusting return			1.96	2.06	2.17	2.28	2.40	5.74	6.11	6.51	6.94	7.42
Capex												
Opening		0	100	98.04	95.98	93.82	91.54	32.71	26.97	20.86	14.36	7.42
Addition		100	0	0	0	0	0	0	0	0	0	0
Recovery	14.65	0	1.96	2.06	2.17	2.28	2.40	5.74	6.11	6.51	6.94	7.42
Closing		100	98.04	95.98	93.82	91.54	89.14	26.97	20.86	14.36	7.42	0.00

that year and the balance cash flow is considered towards capital recovery. So, we can see in the DCF Levelized tariff calculations capital recovery is not equal during the economic life, in the initial years capital recovery is less as compare to later years at the same tariff as worked out in Table 1 or 2 above. In the above table 3 we can see that at the end of year five capital recovery is only around 11%.

This split of capital recovery and return can help in monitoring the capital recovery made and the balance left to be made further this can also enable the adjustment in capital cost if for some part of the year certain capital cost is not required to be considered for allowing return. This will also be helpful in allowing the capital cost to the extent the volume considered for working out the tariff. Further, presently under the regulations recovery of capital cost is worked out based on the depreciation rate allowed as per Company Act the same can also be corrected based on the above formulation.

This breaking up of capital recovery and return on capital would not only help in monitoring each component separately but also help in taking any corrective measure if required and also help the investor to get the return on the appropriate capital base. MA

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STRATEGIC PLANNING THROUGH BCG GROWTH SHARE MATRIX

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It is experienced that Strategic decision making theories are not profusely used by the decision makers, mainly because of lack of awareness, skill to use it, finding difficult to use or the theories itself become redundant over a period of time. In spite of that a systematic, and continuous use and evaluation of these theories, make an entity competitive expedient in terms of productivity, revenue and ROI.

While evaluating strategy for a diversified entity, I decided to look at a forty five years old theory of Strategy, called BCG Growth Share Matrix (BCGM), developed by BD Henderson of Boston Consulting Group (BCG) during 1970. Since than a number of comments, critics and articles made about this theory.In spite of all this has great relevance in terms of Cash Generation Strategy, Startup, Market Share and applying integrated approach of strategic planning potential in today's business scenario.

For a beginner and student, this theory is what about?
The Theory is based and developed under three basic concepts:
1. The value of a product and services depends on its obtaining a leading share of its market before growth slows.
2. Every product and service should eventually be a cash generator; otherwise it is worthless.
3. Only a diversified company with a balanced portfolio can use its strengths to truly capitalize on growth opportunities.

Strategic Business Unit (SBU) categorized into four categories based on their market share and market growth rates over the life cycle of the product.The BCGM helps an entity to decide how much money to invest in a SBU, based on whether it has a good market share and whether the market share is growing or else.The four categories under a matrix defined as:

Question Marks

SBU demands high investment and low return.
The SBU with a low market share but operate in high market growth rates. The challenge for the business is to discover what is causing the low market share and hindering growth. The danger is that the SBU consumes high cash but impact not in commensurate. This product has potential to gain market share and become a star, and a cash cow thereafter, when the market growth slows. If it doesn't become a market leader it will become a dog when market growth declines. Question marks need to be analyzed carefully if there is worth for investment to grow market share. However if the SBU can solve the problem of market share,this can generate good returns.

Stars

SBU generates high growth and high return.
This SBU is at the growth stage of the product life cycle so it needscash outflow in terms of investment to maintain

There are a number of strategic decision making theories and concepts developed in managements' science over period of time. A considerable number of those are not being used profusely in decision making and planning. This may be because of lack of awareness and/or practical hindrance. A very useful strategic decision making tool is called BCG Growth Share Matrix, developed about forty five years back by Mr.BD Henderson of Boston Consulting Group (BCG) during 1970. Significant part of this theory is its integrated approach about market share and growth with Cash flow and return (ROI). Also, with better simulation of data and information, optimum resource allocation among the SBUs could be derived. Accountants and analysts must equip themselves about this theories and skill them to use in practical scenario, particularly for multiproduct and startup entities.

its growth rate and market leading position. Since it generates money for the entity, it is worth to invest. Once market gets matured, this SBU turns into a cash cow, and declining market growth rate.

Dog

SBU demands low investment but generates low revenue.

The strategists must ask themselves, do they really need to continue with SBU and wasting resources? Else should not go for a product of Stars. Basically this SBU is cash trapped. Very low ROI, Large amount of investment and more alternatives are available to divest the resources. It is always prudent, unless the Dog is for another strategic purpose, it is always prudent to liquidate or divest.

Cash Cow

Low Rate of Market Growth High

Question Marks Action-**Analyze** Product is at Introduction Stage of Life Cycle	**Stars** Action-**Invest More** Product is at Growth Stage of Life Cycle
Dogs Action-**Divest to others** Product is at Ending Stage of Life Cycle	**Cash Cows** Action-**Milk It** Product is at Maturity Stage of Life Cycle

Low Relative Market Share High

SBU demands low investment but generates high revenue.

A matured market scenario, where product more or less stabilized, does not need investment for growth, having a large share of market and generate high revenue. Also, increase in investment does not generate more expected revenue. More or less these product is a leader in market, needs to milk the cash, without investing much.Cash generated from this SBU could be diverted to the product under 'Question marks' to generate another market leader.

Market Share and Market Growth

Two dimensions, on which the theory applies, are market share and market growth. Both are interrelated.

Market share is percentage of total market an entity is contributing measured in terms of revenue or volume for a particular period. Where relative market share for a particular year equals to:

$$\frac{\text{Revenue of your Entity (SBU)}}{\text{Revenue of the market Leader}}$$

Where market growth calls for a lot of opportunity to grow into the market and make profit. This defines as:

$$\frac{\text{Revenue of current period- Revenue of corresponding previous period}}{\text{Revenue of corresponding previous period}}$$

A reliable theory

All above are about the theory, but is it reliable, practical and relevant to apply under present scenario? At least my answer is yes, because:

1. This theory assesses identical product/ services or SBU.
2. Investment and cash demand could be known precisely.
3. Product development life cycle could be identified and assessed.

4. Divestment decision make easy.
5. It helps for allocation of internal market capitalization and optimum utilization of resources.
6. It is a simple portfolio planning matrix, useful and practical for multiunit and multi industry entities.
7. The theory narrates about opportunity and competes, easy to simulate data and information on two dimensions.
8. This provides an integrated report on Strategic planning along with financial plan about cash return or revenue.

Matured and Growing Market

A typical example of Indian Telecom industry, where number of telephone (voice) subscribers is 1 billion+, but number of internet (data) subscribers is only 10 million+. Both the products are interdepended for some entity and independent too for others. Here voice is under matured market and to be categorized under 'Cash Cows' with low investment and high return. The cash generated from voice, to be infused to data, which is at a growing market with lot of potential to grow to be categorized under 'Stars'- High investment and high return. Accordingly investment in voice will not fetch same return as of data. Prudently an entity would like to go for data, till it reaches a stage of 'Cash Cows'.

In an automotive industry too, where SBUs could be Vehicle, Spare Parts and After Sale Services. Though all these three SBUs are perfectly interdependent to each other, they play under different niche markets. If SBU -Vehicle is under matured market and categorized, under 'Cash Cows', it is wise to invest more and more on After Sale Service by opening new workshops, quick service station and mobile services. Income generated from vehicle to be infused to Spare parts and After Sale Service. This will not only help to grow the After Sale Service SBU, but also improve customer satisfaction and in turn, increase in revenue of vehicle SBU. Also, the entity could able to provide, optimum allocation of its resources to generate maximum ROI.

Startup and SMEs

Limited fund, zero or scanty market share, unknown market growth potential and lack of prudent financial planning are some of the few challenges an SME and Startup face. It is always sensible and sincere advice to follow the BCGM strategy theory, which gives an opportunity to integrate the market information into financial data in order to make a better and quick decision.

Across the world, package drinking water industry has high potential and growth oriented market, in spite of that there are number of SMEs shutdown every year because of some reason or others at 'Question Marks' stage. If proper market information and allocation of resources are put, it is not a big deal to bring this to a level of 'Stars'. Also with a little market share, maximize return. IT and online startup too, gradual and intelligent investment in marketing expenses over a period of time and continuous periodical review bring the entity to a 'Stars' level in shortest possible time.

Accountant and Analyst's role

Integrated reporting is new era's demand. It is almost impossible to work independently from beginning to end. Accountants should discuss, gather and generate statistics with cross functional team about market, demand and growth pattern. Simulate this statistics into financial data and estimated cash flow statement. Making conventional budget plan (which is largely exponent of historical records) on data spread sheet will hardly serve any purpose to the entity, until and unless it is supported by market shares, market growth pattern and optimum utilization of resources. This is a high time for you to go to your learning stage, acknowledge and equip with these theories conceptually and bring down the data to make a qualitative decision.

This is a challenge as well as opportunity to these professionals, to use these strategic planning theories and other decision making theories in order to maximize productivity and return.

Competitive Advantage

Allocating resources to different products and optimum internal capital marketing is key to success any business in terms of higher return and maximum productivity. BCGM is very simple and practical as compared to other decision making theories. Other popular theories like SWOT analysis, Five Forces, PESTEL and Balance Score Card have also their own advantages, but it is viewed that BCGM is advantageous because of its integrated approach and simplicity. MA

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Financial Inclusion Standing in Malda District

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'Financial Inclusion' is the most talked about phrase today in the country. It has been receiving due attention in our country since 2005. Financial inclusion refers to the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low-income groups at an affordable cost (The Committee on Financial Inclusion (2008), Chairman Dr. C. Rangarajan). According to the Planning Commission (2009), Financial Inclusion, broadly defined, refers to universal access to a wide range of financial services at a reasonable cost. These include not only banking products but also other financial services such as insurance and equity products. According to Chakraborty (2011) *"the process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections and low income groups in particular, at an affordable cost, in a fair and transparent manner, by regulated, mainstream institutional players"*. Financial Inclusion of the excluded, low income, disadvantaged section of people has a multiplier effect on the economy as a whole and brings about an improvement in their financial condition and their living standard. It provides larger market of financial services. It accelerates mobilization of savings. It ensures sustainable live hood. Overall increased levels of financial inclusion support both economic efficiency and equity. Financial Inclusion is therefore important not only from the perspective of the benefit it provides to the
poor but also from the perspective of overall stability of the social and economic system of the country.

The Government of India had set up Committee on Financial Inclusion to look into the issues involved and suggest measures for bringing the excluded population into the ambit of financial system. The Committee envisaged that 50 per cent of the excluded rural households (55.8 million) should have access to financial services by 2012, and the rest by 2015. Since 2005, many concerted measures are initiated by the Reserve Bank of India and Government of India in favor of financial inclusion. While considerable progress has been made over the years for deepening the growth of the financial inclusion in the country but availability, access and usage of formal financial services to a large section of disadvantaged low-income groups are still low compared to other countries. As the majority of the rural population is still not included in the inclusive growth, the concept of financial inclusion becomes a challenge for the Indian economy. It is the high time to evaluate the present status of the financial inclusion. That is, to what extent the financial inclusion has been achieved.

As per the census estimates of 2011, Malda district is spread over 3733 sq km with total population of 39.89 lakh consisting of 84.42% rural and only 13.58% urban population, total number of households 838938 and total literacy level 61.73%. The district is divided into 15 administrative blocks and 2 municipalities with 194 bank branches i.e. the average population per branch is 21000. RBI advised West Bengal to complete 100% financial inclusion in eight districts including Malda. Following the RBI advisory, the State Government along with Commercial Banks, Cooperative Banks and the National Bank for Agriculture & Rural Development (NABARD) has been working sincerely in this direction and taken various schemes so as to extend banking services like savings and loans to every household. The state level bankers committee (SLBC) led by its convener

Select Performance Indicators of Financial Inclusion at Malda District

Indicators / Year	Total No of Households covered under S/B accounts	Total No. of No Frill A/Cs opened Since inception	No. of SHG A/C opened since inception	Total No. of Households under Financial Inclusion (% of Growth)
2008	233056	32621	NA	215493
2012	414319	86553	25359	422856 (96%)
2013	440078	185113	43400	440078 (4%)
2014		552585	46706	

Source: State Level Banker's Committee, West Bengal (http://www.slbcbengal.com/finDetails-archive.asp viewed on 02/07/13) and Annual Credit Plan Report of Malda District -2013-14, Lead Bank UBI.

United Bank of India is supervising the progress. From the table it can be fairly presumed that there has been tremendous growth over the years towards financial inclusion in Malda district. But, this growth seems to be hollow, showing the inclination is supposed to availing Government subsidy by the majority disadvantaged low-income rural people on the various schemes accelerating this inclusion program. So, the banking practices among the rural people for enjoying subsidized advantage makes complete financial inclusion still a long way to go. Again, as per 2011 census data, only 29.7% of total numbers of households in Malda district are availing banking services, which is much lower in compare to the state (48.8%) and all India position (58.7%). Even based on the data of Annual Credit Plan Report of Malda District, by the end of March 2013 more than 48% of total number households in Malda are still excluded from availing banking facilities. The dependence on non-informal sources of finance has not yet minimized; the chit-fund business continues to flourish.

In this backdrop, present study aims to construct a composite financial index considering several indicators and to evaluate the extent and present status of the financial inclusion in Malda District through the lens of proposed index scores.

Literature Review

Extent of financial inclusion and exclusion in India has been measured from the various perspectives. NSSO 59th Round Survey Results[3] exhibts that 51.4% of farmer households are financially excluded from both formal/ informal sources, overall, 73% of farmer households have no access to formal sources of credit. As per census 2011, only 58.7% of households are availing banking services in the country. However, as compared with previous census 2001, availing of banking services increased significantly largely on account of increase in banking services in rural areas, World Bank 'Financial Access Survey' Results show that in our country, financial inclusion is quite low as compared with most of developing countries in the world (Bhaskar, 2013).

Sharma (2008) attempts first to develop financial inclusion index following multi dimension approach. He examines through cross county empirical study and shows a positive close relation between financial inclusion and different socio-economic factors. Sanghwan (2006), Meher (2014) study the extent of financial inclusion across various states of India. They suggest significant role of SHG-Bank linkage Programmea in achieving role financial inclusion. Meher (2014) shows that low income states are worse compared to the middle and high-income states except Odisha. Chattopadhay (2011) also measured state wise index and district wise index of West Bengal considering 10 demographic and geographic indicators.

CRISIL (2013) measured the extent of financial inclusion in India in the form of comprehensive index called Inclusix. CRISIL used three major parameters: branch, deposit and credit penetration measured in terms of non-monetary aggregate based on number of individual having access to financial service rather than focusing on the deposit and loan amount. The key findings of the report are: one in two Indians has a savings account and only one in seven Indians has access to banking credit. CRISIL Inclusix indicates overall improvement in financial inclusion in India. It measures state and district wise Inclusix scores.

Literature still lacks a comprehensive measure that can be used to measure the extent or degree of financial inclusion of a particular area or a district. Lack of information makes also difficult to know about the true degree of financial inclusiveness. Most of the studies based on some common individual factors available in the literature can only provide partial information regarding the level of financial inclusion. In order to fill the gap in the existing literature, present study aims at to build up a composite financial inclusion index of Malda district of West Bengal at block level, which captures several indicators of financial inclusion of this district. Present study is different from others in at least three ways: (i) the time period (2014) taken in the analysis (ii) measurement of index of a district at block level and (iii) incorporating information on all possible aspects of financial inclusion of the district.

Methodology

We have followed multidimensional approach for constructing financial inclusion index (FII) of Malda district at block level. Our approach is similar to the approach proposed by Sarma 2008. Proposed index is computed based on the three basic dimensions: availability of banking services, access to banking services and usage of banking service. Each of the dimensions is measured by considering a number of parameters developed from a particular definition of financial inclusion. Financial inclusion may be defined in many ways. However, present study defines the term Financial Inclusion as the delivery of banking services at an affordable cost to the vast sections of the disadvantaged and low-income groups. It means extending the banking habits among the less privileged both in urban and rural areas. The main objectives are to connect people with banking system and to give people access to savings, payment and credit system. Keeping in mind this definition of financial inclusion, the present study has considered 16 parameters or indicators for measuring financial inclusion index (FII) of each of the select 15 blocks of Malda District. Following parameters have been considered for measuring each of the three dimensions.

Dimension	Parameters	Interpretation
a) Availability Dimension	1. No. of Bank Branches per 1000 Households (Bank branches include commercial, Garmin and other branches)	The higher is the better. Availability of bank services has been measured in terms of number of House Holds (HH) instead of population and area as because of high disparity amongst the blocks with regard to population per square km.
	2. No of Ultra Small Branches & Business Correspondents (USB & BCs) per 1000 Households (HH)	
	3. No of Automated Teller Machine (ATMs) per 1000 HH	
	4. No of Bank Employees per 1000 HH	
b) Access Dimension	5. No. of CASA Accounts per 100 Adult Population	The higher is the better. We, use various accounts in terms of 100 adult populations to measure access to banking service indicators. No. of accounts per capita is avoided as because per capita measure underestimates of the proportion of banked population. Hence, we have used no. of accounts as proportion of adult population as indicators of banking penetration. *Considered only active accounts
	6. No. of No-Frill and PMJY Accounts per 100 Adult Population*	
	7. No. of Deposit Accounts per 100 Adult Population	
	8. No. of Credit Accounts per 100 Adult Population	
	9. No. of SHG Credit Link Accounts per 100 Adult Population	
	10. No. of Krishan Credit Card (KCC) Accounts per 100 Adult Population	
	11. No. of General Credit Card Accounts per 100 Adult Population	
c) Usage Dimension	12. Amount of Deposit (In Lakh) per Account [Total Amount of Deposit/ Total No. of Deposit Accounts]	The higher is the better.
	13. Amount of Credit (In Lakh) per Account	
	14. Amount of KCC (In Lakh) per Account	
	15. Amount of GCC (In Lakh) per Account	
	16. Proportionate Amount of Deposit + Credit [(Total Deposit + Total Credit of a Block) / (Total Deposit + Total Credit of the District)]	

We first calculate parameter wise index score of each block. For this, we follow the given formula.

$$p_i = \frac{(A_i - m_i)}{(M_i - m_i)}$$

Where

p_i = i^{th} parameter

A_i = Actual value of parameter i

m_i = minimum value of parameter i

M_i = maximum value of parameter i

Above formula ensures that $0 \leq p_i \leq 1$. Higher the value of p_i, higher the relative performance of the block in parameter i is. If n parameters for financial inclusion are considered, a block j, then, will be represented by a point ($p_{1j,}$ $p_{2j,,}$ $p_{3j} ...... p_n$). In the n dimemensional space, the point (0, 0, 0 ....0) represents the point indicating the worst situation while the point (1, 1, 1 ....1) represents the highest or best achievement or complete financial inclusion.

FII of the block j is then calculated by the following formula.

$$FII_j = 1 - \frac{\sqrt{(1-p_{1j})^2 + (1-p_{2j})^2 + \quad + (1-p_{nj})^2}}{\sqrt{n}}$$

In the above formula, the numerator of the second component is the Euclidean distance of p_i from the ideal point, normalizing it by √n and subtracting from 1 gives the inverse normalized distance. The normalization is done in order to make the value lie between 0 and 1 and the inverse distance is considered so that higher value of the FII corresponds to better Financial Inclusion of the blocks.

Data Source

All the data are secondary in nature as on 31.12.14. All data are obtained from Regional Office of Lead District Bank UBI, Malda.

Performance Analysis

Table 1: Different Index Scores and ranks of 15 blocks of Malda district

SL No	Block	FII		Availability Index		Access Index		Usage Index	
		Score	Rank	Score	Rank	Score	Rank	Score	Rank
1	Bamangola	0.249	5	0.236	4	0.442	4	0.050	15
2	Chanchal-I	0.285	3	0.246	3	0.449	3	0.129	13
3	Chanchal-II	0.212	8	0.193	7	0.353	6	0.061	14
4	English Bazar Block	0.521	1	0.574	1	0.531	2	0.469	1
5	Gazole	0.242	6	0.207	6	0.303	7	0.192	10
6	Habibpur	0.282	4	0.224	5	0.438	5	0.147	12
7	Harishchandrapur-I	0.219	7	0.144	9	0.263	8	0.222	7
8	Harishchandrapur-II	0.141	13	0.065	13	0.156	13	0.184	11
9	Kaliachak-I	0.096	14	0.056	14	0.022	15	0.249	6
10	Kaliachak-II	0.171	12	0.158	8	0.157	12	0.202	8
11	Kaliachak-III	0.090	15	0.020	15	0.057	14	0.201	9
12	Manikchak	0.211	9	0.119	12	0.166	11	0.371	2
13	Old Malda	0.442	2	0.261	2	0.698	1	0.344	3
14	Ratua-I	0.191	11	0.129	10	0.167	10	0.282	5
15	Ratua-II	0.210	10	0.129	11	0.199	9	0.299	4

The financial inclusion index (FII) of 15 blocks computed by using of 16 indicators under three dimension reveals that only one block 'English Bazar' (IFI Value 52 on a 100 point scale) has high level of inclusion and Old Malda

(IFI Value 44) has medium level of inclusion. Rest of the 13 blocks is in the group of low level of inclusion. This categorization is as per the criteria proposed by Sharma 2008 for different level of financial inclusion (Box1).

Box 1

Criteria	Level of Financial Inclusion
$0.5 < FII \leq 1$	High
$0.3 < FII \leq 0.5$	Medium
$0 \leq FII < 0.3$	Low

Index suggests that English Bazar and Old Malda block consisting of one Municipality each are not only way ahead of other blocks , their scores are also far above the average score (23.7) of the district. This observation also supports the findings of many other studies that level of inclusion in urban area is more than that of rural area. It can also be observed from Table1 that not a single block is found in the high and medium level of financial inclusion group in all the three dimension indices. Four blocks namely Bamangola, Chanchal-I, Chanchal-II and Habibpur that perform better in availability and access parameter are found to perform relatively bad in usage parameter. On the other hand, Ratua-I, Ratua-II, Harishchandrapur-I that perform badly in availability and access parameter, stand relatively better in usage indicator. In this regard, an important observation is that Kaliachak-III and Kaliachak-I which stand last and second last position in availability and access parameter, stand better in usage parameter (6^{th} and 8^{th} position respectively). However, overall level of financial inclusion of these two blocks is very poor (about 9% only) compare to other blocks. This is to be considered for taking any further measures for these two blocks for the overall progress of the district towards financial inclusion. It is further observed that the most of the blocks performing good (or bad) in access index perform bad (or good) in usage index as evidenced from the negative rank correlation between these two indices (Table 3).

Table 2: Descriptive statistics of Different Index Scores

	Financial Inclusion Index(FII)	Availability Index(AVI)	Access Index-(ACI)	Usage Index (USI)
Average	0.237	0.184	0.293	0.227
SD	0.115	0.130	0.189	0.114
Min Score	0.09	0.02	0.022	0.05
Max Score	0.521	0.574	0.698	0.469
No of Blocks evaluated	15	15	15	15
No of High Level Financial Inclusion Blocks ($0.5 < FII \leq 1$)	01	01	02	00
No of Medium Level Financial Inclusion Blocks ($0.3 < FII \leq 0.5$	01	00	05	03
No of Low Level Financial Inclusion Blocks ($0 \leq FII < 0.3$)	13	14	08	12

Descriptive statistics of FII suggests that average level of financial inclusion of Malda District is 23.7% which is low compared to state average (28.8, CRISI 2013) and far below the national average (40.1 CRISI 2013). However, it is indicating that the district level financial inclusion is steadily improving overtime when we compare CRISIL Inclusix scores with the IFI score of this study (Box2).

Box 2

	CRISIL Inclusix Score of Malda District			FII Score of the study
Year	2009	2010	2011	2014
Score	18.4	20.6	22.1	23.2

This average score of 23.7 on a scale of 0 to100 implies that blocks of Malda district still have the opportunity to increase the present level of financial inclusion on an average by 28.4% (52.1% - 23.7%) compared to the performance to the English Bazar Block and by 76.3% (100% - 23.7%) to reach into the ideal complete financial inclusion position. Therefore, the district has to go a long way in achieving complete financial inclusion. The results also indicate that there exists asymmetry between blocks of Malda district as regards their extent of financial inclusion as evidenced from the high range of score between from 52 to 9 and SD 11.5. This irregularity presents in the three dimension indices also.

Table 3: Correlation Coefficient between indices

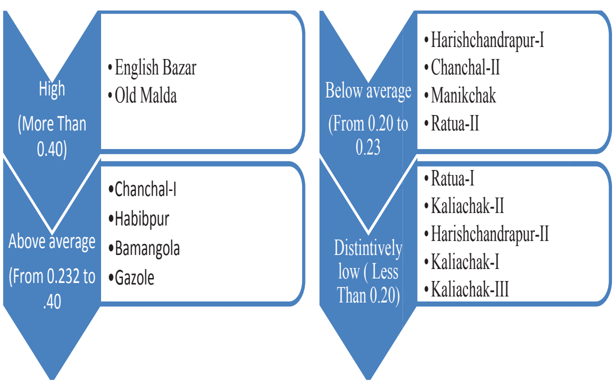
	Financial Inclusion Index(FII)	Availability Index (AVI)	Access Index (ACI)	Usage Index (USI)
FII	1			
AVI	0.92* (0.94*)	1		
ACI	0.89* (0.96*)	0.76*(0.95*)	1	
USI	0.46 (0.004)	0.35 (- 0.102)	0.06 (- 0.08)	1

*Note: *Correlation is significant at .01 levels. Parentheses indicate rank correlation coefficient*

Correlation coefficient indicates that FII is mostly influenced by AVI followed by ACI and then USI. We can also say that higher availability of banking service ensures higher access to banking services as evidence from high significant positive correlation between these two indices (0.76).

The very low insignificant positive correlation coefficient between access and usage indices (0.06) suggests that higher access to banking services does not mean higher usage to banking services. Usage index largely depends on various other factors such as income level, literacy level, occupation pattern and social factors. This finding also supports the proposition that a considerable portion of the no-frill accounts, accounts under the Pradhan Mantri Jan Dhan Yojana (PMJDY) and accounts under some other Government schemes are idle or not operating. Following rank categorization of blocks is made based on the level of IFI scores. This segregation helps to find better insights into the extent of financial inclusion of Malda District.

Box 3



Conclusion

The present study has measured financial inclusion index of Malda district following multidimensional approach in line with Sharma 2008. Constructed index incorporates information on all possible aspects of inclusion of the district (16 indicators). It can be used to evaluate relative position of financial inclusion across the blocks in Malda district. This can also be used to monitor the progress of financial inclusion over time for this district. The study shows that there exists high disparity among blocks with regard to the IFI scores. Financial inclusion Level of Malda district (23.2) is low compare to the state (28.8) and national level (40.1). However, district level score is increasing gradually overtime. Only one block 'English Bazar' belongs to high IFI group with IFI vales 52 on a 100-point scale. Another one block 'Old Malda' (IFI value 42) has medium level of inclusion while rest of 13 blocks has low IFI value between 28.5 and 9. Kaliachak III & I have lowest IFI scores. It is interesting to observe that these two blocks perform worst in availability and access to banking service criteria but perform relatively much better in usage of banking service. It is further observed that the most of the blocks performing good (or bad) in access index perform bad (or good) in usage index as evidenced from the negative rank correlation between these two indices. For overall progress of the district towards financial inclusion, Policy makers, bankers should concentrate more on the blocks of distinctively low groups (Box3) and should take measures considering the disparities among blocks with regard to indices scores. Blocks with low IFI score should follow the relatively good practice of two rural blocks Habibpur and Chanchal-I. MA

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Cluster Development of select MSMEs in West Bengal

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Clusters are widely considered now as effective platforms to enlarge the production base, trigger growth, alleviate poverty and redress regional economic imbalances. A cluster is a group of enterprise which exists within an identifiable geographical area, not limiting to the same block or district in the state, but located within a practicable and coverable area producing same or similar range of products or services and is linked by positive interrelationships, basic commonalities and complementarities. India has more than 6400 clusters. These have been classified as industrial, handloom, and handicraft clusters. Most successful clusters in India are handloom cluster of Chanderi, Moradabad brass products cluster, hand block printed textiles cluster of Jaipur (Bagru), Tirupur cotton knitwear cluster, Delhi ready made cluster, Chennai leather cluster, Ludhiana knitwear cluster, Rajkot engineering cluster, Surat diamond cluster, Ahmedabad pharmaceuticals cluster, Kerala coir cluster, Saharanpur wood carving cluster, Firozabad glassware and bangles cluster, Malda honey processing cluster, Howrah foundry cluster etc.

State governments of Gujarat, Madhya Pradesh, Andhra Pradesh, Kerala, etc. in their industrial policy made the cluster development approach as a means to support, develop and enhance productivity of SMEs and make them globally competitive. Government of West Bengal laid emphasis on job creation in village industry, which includes khadi and textiles, sericulture, handicrafts and agro-based industry. This has been achieved through the geographical cluster approach. The West Bengal Government has given special focus on sustainable socio-economic development of MSMEs in the backward region of Bankura, Purulia, West Midnapur and Birbhum districts by providing financial and institutional supports to artisans.

The Government of West Bengal is encouraging and extending supports to various clusters like Bee Keeping & Honey Processing, Electric Fan, Silver Filigree, Zari, Plastic, Clay and Roofing Tiles, Re-rolling Machines, Woolen Manufacturing, Jems and Jewellary, Leather Shoe & Chappal Making, Handloom, Brass Metal, Terracotta, Fire Works etc.

There are in India that have undertaken cluster development initiatives across some path breaking institutions operating various clusters in the country to meet the socio-economic objectives. The major institutions involved with cluster development initiatives in India include the following:

- Small Industries Development Bank of India (SIDBI)
- United Nations Industrial Development Organization (UNIDO)
- Development Commissioner (MSME)
- State Bank of India (SBI)
- National Bank for Agriculture & Rural Development (NABARD)
- Textiles Committee
- Technology Information, Forecasting and Assessment Council (TIFAC)
- Khadi and Village Industries Commission (KVIC)
- National Institute for Small Industry Extension Training (NISIET) [supported by DC(MSME)]
- Entrepreneurship Development Institute of India (EDII)
- MSME Foundation (An EDI initiative with support of UNIDO)

Cluster Development Programme

The Cluster Development Programme (CDP) initiative is formulated with the objective of strengthening the institutional framework, creating stronger backward and forward linkages and introduction of modern technology in order to enhance the productivity and competitiveness of the enterprises in the cluster. It facilitates economies of scale in terms of deployment of resources and inbuilt capacity of MSEs through formation of SHGs, mutual credit guarantee funds, business development services (BDS) providers etc.

CDP has macro level impact on the MSME sector. Financial as well as non financial benefits of CDP initiatives can be perceived in a range of indicators like productivity, competitiveness, capacity building, cost efficacy and growth prospects of the beneficiary units.

The steps of cluster development programme are:

(i) Selection of cluster
(ii) Selection of cluster development executive,
(iii) Diagnostic study
(iv) Soft interventions,
(v) Special purpose vehicle (SPV),
(vi) Detailed project report for approval of budget and funds from various institutions,
(vii) Hard interventions/Common Facility Centre (CFC) running
(viii) CFC commissioned and testing
(ix) Monitoring and evaluation
(x) Handing over and exist and
(xi) Self Management phase.

Cluster development programme are implemented by Special Purpose Vehicles (SPV) along with Cluster Development Executives (CDEs). SPV consists of the actual/ likely cluster beneficiaries/ enterprises organized in the form of co-operative society, registered society, trust, company etc. In cluster development programme, there are following two main sequences of activities:

(i) Soft Interventions:

These create awareness building, confidence building and capacity building of SPV functionaries and the beneficiary units. It includes also market development activities, management development and technology up gradation.

(ii) Hard Interventions:

Establishment of common facility center (CFC) that creates tangible "assets and builds up social capital. CFC has been providing all necessary support services to the SPV and non SPV members.

International leading organization such as United Nations Industrial Development Organization (UNIDO) is concentrating on soft interventions significantly while United States Agency for International Development (USAID) is emphasizing on both soft and hard interventions for developing and capacity building of the MSME sector. A snapshot of CDP is presented below in Table: 1

Table 1: Cluster Development Programme-Sequences

Soft Interventions	Hard Interventions
Counseling and Motivation	Testing Facility
Seminar and Workshop	Design Centre
Training Program & Technology Demo	Production Centre
Exposure Visits to model clusters	Training Centre
Interlinked with BDS & Institutions	R&D Centre
Participation in Foreign Fairs	Raw Material Bank/ Sales Depot
Launching Common Website	Product Display Centre
Craft Show & Export Meet	Information Centre
Publication of Brochure/ journal	Effluent Treatment Plant

Cluster Development Programme in West Bengal

As per MSME-CDP statistics1, all District Industries Centers (DICs) across the state have identified 92 clusters. But only 30 clusters are in various phases of interventions. Out of 30 clusters, 8 clusters have already been completed both soft and hard interventions, 9 clusters have completed soft interventions and hard interventions are running. Remaining 13 clusters have completed soft interventions and Detailed Project Reports (DPRs) have been prepared for approval of funds to execute hard interventions and infrastructural development. Remaining 62 clusters had already been assigned to Project Management Consultants (PMCs) for making feasibility study reports about whether they would have any potentiality to initiate soft interventions or discontinue.

One of the most successful clusters in West Bengal is Bee-Keeping & Honey Processing Cluster, at Malda. Both soft and thereafter hard interventions have already been completed. Market demand of the product is huge and spread over the nation. A national exporter, Kejriwal Co. has been purchased top class honey significantly from this cluster. There is no direct marketing approach for popularity and can't seize price advantages properly. Others key issues are dearth of liquid fund, no testing laboratory and unfair trade practices by the local mahajans/ money lenders.

Another small and potential cluster in West Bengal is Clay Tiles Cluster at Murlu, Bankura. CDP is done well. There is growing market demand and meeting the local needs mainly. The key concerns are lack of adequate fund, absence of raw material banks and to install modernized machineries for improving design and glaze.

Objective of the Study

The main objective of the study is to examine the effectiveness of the cluster development programme with reference to soft interventions of some selected clusters in West Bengal.

Database and Methodology

Secondary data have been collected from various sources including District Industries Centre (DIC), Office of the Development Commissioner of MSME, Sector Reports and MSME Annual Reports and consulted various web resources.

The primary data have been collected through structured questionnaire. We have communicated with the officials of the State Government, SPV members and solely beneficiaries of eight selected clusters in West Bengal through telephone, e-mail, or personal interaction to understand the effectiveness of CDP. 645 MSE units have visited. Out of which 399 (62% of 645) MSE units responded positively.

The following soft intervention indicators of cluster development programme are used in this study to analyze CDP and to measure its effectiveness on the selected clusters in the MSME sector of West Bengal:

1. Organizing seminars, workshop and meetings that increase awareness among the member units.

2. Training programmes enhance confidence building.

3. Capacity building through exposure visits is important for cluster development.

4. Soft skill development Programme.

The present study is concentrated in soft interventionsonly. In order to present and interpret data, cross tabulation has been used. For qualitative data, Chi-Square test has been used to examine the impact of cluster development programme (CDP) on the micro and small enterprises (MSEs). Survey has been conducted during 2014-15. SPSS package version-19 has been used to analyze the data.

Three sets of hypotheses have been formulated (shown in analysis section) based on the soft interventions for analyzing cluster development programme and their impact on the Micro and Small Enterprises.

Analysis and Findings of the Study

The objective of the study is to assess the impact of soft interventions in the MSME sector. Therefore, clusters having received soft interventions and hard interventions have been selected. The study has focused only the soft interventions of selected MSME clusters in West Bengal. A brief profile of selected clusters is given below:

Name of the Clusters	Status of Soft & Hard Interventions	SPV	District	No. of Units	Sample Units
Fan	Completed	Pvt. Ltd.	Kolkata	260	54
Honey Processing	Completed	Co-operative Society Ltd.	Malda	660	102
Lead Acid Storage	Completed	Pvt. Ltd.	Darjeeling	72	10
Plastic Processing	Completed	Co-operative Society Ltd.	Jalpaiguri	90	13
Re-Rolling Mills	Completed	Pvt. Ltd.	Howrah	175	27
Roofing Tiles	Completed	Co-operative Society Ltd.	Bankura	175	28
Silver Filigree	Completed	Co-operative Society Ltd.	South 24 Parganas	650	84
Zari	Completed	Co-operative Society Ltd.	South 24 Parganas	4500	81

(Source: Compiled by the Researchers)

One of the important objectives of the MSME sector is to create massive employment. Most of the clusters are labour intensive in nature. Re-rolling Mills clusters at Howrah is biggest cluster among them in terms of all parameters. CDP is strongest tools for helping and empowering the beneficiary units. It is observed from the study that employment is increasing after joining cluster development programme. Employment status of before soft intervention and after soft intervention of selected clusters is shown in table 3 below.

Table 3: Employment status of before soft intervention and after soft intervention

Sl. No	**Name of the cluster**	**Employment before soft intervention (2013-14)**		**Employment after soft interventions**		**%(approx) change in units**	**%(approx) change in employment**
		Units	Employment	Units	Employment		
1.	Fan	260	4860	300	6100	15	20
2.	Honey Processing	660	1400	860	1790	30	28
3.	LAS Battery	72	4000	150	6000	108	50
4.	Plastic Processing	90	860	175	1500	94	75
5.	Re-Rolling Mills	175	16250	190	18000	9	11
6.	Roofing Tiles	175	1600	224	2050	28	28
7.	Silver Filigree	650	1650	1800	2070	177	25
8.	Zari(S24Pgs) Embroidery	4500	12000	5700	15250	27	27

(Compiled by the Researchers)

In order to evaluate the effectiveness of CDP in the MSME sector three core issues of soft interventions have been identified:

(i) awareness creation,
(ii) confidence building and
(iii) capacity building relating to performance of CDP.

Questions were asked accordingly of the diverse beneficiaries. However, 399 beneficiaries responded against the questionnaire from eight clusters which cover seven districts across the State of West Bengal.

Three sets of hypotheses have been formulated.

Hypothesis-1:

Null Hypothesis (Ho) = There is no impact between awareness creation programme of CDP and confidence building through training programme of the beneficiaries.

Alternative Hypothesis (H1) = There is an impact between awareness creation programme of CDP and confidence building through training programme of the beneficiaries.

A cross tabulation of the two parameters is shown in table-4 and 5.

Table 4 Cross Tabulation: Organizing Seminars, Workshop, Meetings increase Awareness Creation and Training Programme Enhance Confidence Building

Particulars		Training Programme Enhance Confidence Building			Total
		Agree	Neutral	Disagree	
Organizing seminars, workshop and meetings increase awareness creation	Agree	285	30	4	319
	Neutral	63	1	3	67
	Disagree	10	3	0	13
Total		358	34	7	399

Table 5: Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.305[a]	4	.023
Likelihood Ratio	11.736	4	.019
Linear-by-Linear Association	.239	1	.625
N of Valid Cases	399		

It appears from the cross tabulation that 71.4% respondents agreed of enhancement of confidence building through training programme which is one of the core issues of soft interventions of cluster development programme.

The Pearson Chi-Square or P value of the test at 5% level of significance is 0.023 which is less than .05. So we reject the Null Hypothesis and accept the alternative hypothesis. Now it can be said that there is a positive impact of organizing seminars, workshops, and meeting on confidence building of the selected SMEs units.

Hypothesis-2

Null Hypothesis (Ho)	= There is no significant effect of exposure visit through CDP on the capacity building of the MSEs.
Alternative Hypothesis (H1)	= There is a significant effect of exposure visit through CDP on the capacity building of the MSEs.

A cross tabulation of the two parameters is shown in table-6 and 7.

Table 6 Cross tabulation: Training Programme Enhance Confidence Building and Capacity Building through Exposure Visits is important for Cluster Development

Particulars		Capacity Building through Exposure Visits is important for CD			Total
		Agree	Neutral	Disagree	
Training Programme Enhance Confidence Building	Agree	326	30	2	358
	Neutral	29	5	0	34
	Disagree	6	0	1	7
Total		361	35	3	399

Table 7: Chi-Square Tes

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	19.660[a]	4	.001
Likelihood Ratio	7.259	4	.123
Linear-by-Linear Association	2.737	1	.098
N of Valid Cases	399		

It is found from the above cross tabulation that 81.7% respondents agreed of enhancement of capacity building through exposure visit which is another core issue of soft interventions of cluster development programme.

The Pearson Chi-Square or P value of the test at 5% level of significance is 0.001 which is less than .05. So we reject the Null Hypothesis and accept the alternative hypothesis. Now we may conclude that there is a close relationship between confidence building and capacity building through the soft intervention programme of CDP.

Hypothesis-3

Null Hypothesis (Ho) = There is no impact of soft skill development programme of CDP on Capacity Building of the beneficiaries.

Alternative Hypothesis (H1) = There is no impact of soft skill development programme of CDP on Capacity Building of the beneficiaries.

A cross tabulation of the two parameters is shown in table-8 and 9.

Table 8 Cross tabulation: Capacity Building through Exposure Visits is important for CD * Soft Skill Development Programme

Particulars		Soft Skill Development is the Key Outcome of SI			Total
		Agree	Neutral	Disagree	
Enhancing Capacity Building	Agree	343	17	1	361
	Neutral	28	7	0	35
	Disagree	2	1	0	3
Total		373	25	1	399

It appears from the above cross tabulation that 85.9% respondents agreed of enhancement of capacity building through soft skill development programme relates to MSME sector which is one of the core issues of soft interventions of cluster development programme.

The Pearson Chi-Square or P value of the test at 5% level of significance is 0.002 which is less than .05. So we reject the Null Hypothesis and accept the alternative hypothesis. Now it can be said that there is close relationship between capacity building and soft skill development. So, capacity building and soft skill development programmes are interrelated.

Conclusion

Micro and small enterprises play a very significant role in terms of balanced and sustainable growth of the economy by way of employment generation, development of entrepreneurial skills and contribution to export earnings. It is found from the study that soft interventions of cluster development programme are highly successful and effective in selected MSME clusters. Under soft interventions, the level of awareness building, confidence building and capacity building are increased among the beneficiary units. It is observed that products from clusters under study are used to meet the needs of the local people in some regions as well as national demand. However, beneficiary units are not able to reach at national and international level in greater extent due to poor marketing strategies and limited technological approach. It may conclude that though cluster development programme is an effective tool to MSE sector but the beneficiary units are far reach to grab optimum outcome. However, common facility centre builds up social capital in the society.

The prevalent practice to complete of the soft interventions is about 3 years which is too long. The series of trust building measures should be completed within the period of 12 to 18 months. Otherwise this may tend to loss of interest among the cluster participants as well as increase of cost. Fund allowed currently for soft interventions are now insufficient and overdue. Therefore it needs to be reviewed, revised and prompt.

The present study has been considered the CDP of the eight clusters in West Bengal. It could have been better if all clusters whose soft interventions had already been completed in West Bengal. The study did not considered hard interventions while measuring effectiveness of CDP. MA

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RBI & MONETARY POLICY

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1.Objective of the Study:

The objectives of the study are-

i. Understanding the Monetary Policy and its controlling mechanism.

ii. Study of inflation of post LPG period (1991 onwards).

iii. Factors affecting monetary policy of RBI.

2. Research Plan:

The study is divided in two parts. First part deals with monetary policy and its mechanism where the objectives and mechanism of the policy is discussed in details. In the second part the trends and behaviour of inflation, monetary policy and other factors are analysed. The Research Methodology for the research followed here is Exploratory (research) in nature and purely based on the secondary sources of data.In order to accomplish the objectives of the study the help of various secondary sources were be taken. RBI website was the main source of the secondary data. Apart from this few research papers, books and other websites were also considered to get the desired output.

3. Understanding the Monetary Policy and its controlling mechanism

Monetary policy or monetary management is regarded as an important tool of economic management in India. The ultimate goal of monetary policy is recognised to be maximisation of welfare, which in turn can be visualised in terms of maintaining low and stable inflation and stabilising the "welfare relevant output gap"[1] . It is also one of the most important functions of RBI. RBI controls the supply of money and bank credit. RBI has the duty to see that legitimate credit requirements are met and at the same credit is not used for unproductive and speculative purposes. RBI rightly calls its credit policy as one of controlled expansion.

Because of being so much vital to the economy of India, Monetary Policies are formulated and implemented by RBI very cautiously. It is a very serious task as the economy of the country wholly depends on it. RBI monitors, regulates and controls the same very carefully and efficiently as the Monetary Policy of RBI is not merely one of credit restriction, but it has also the duty to see that credit requirements are met and at the same time credit is not used for unproductive and speculative purposes. For

On September 29, 2015, the Reserve Bank of India announced reduction of the policy repo rate under the liquidity adjustment facility (LAF) by 50 basis points from 7.25 per cent to 6.75 per cent with immediate effect. It has also kept the cash reserve ratio (CRR) of scheduled banks unchanged at 4.0 per cent of net demand and time liability (NDTL). Monetary Policy formulated and regulated by Reserve Bank of India (RBI) is a great indicator of the health Indian economy. The main purpose of this policy is to create a competitive environment and orderly conditions in financial sector, assure timely and adequate delivery of credit at reasonable cost and to achieve the growth and stabilityof the economy by facilitating certain hindrances via some rates and ratios. The most common among these are bank rate, repo rate, reverse repo rate, cash reserve ratio and statutory liquidity ratio. In general, we presume that inflation is the only or the strongest deciding factors for such changes, but it is only the outcome of some events. This study tries to explore all the possible factors, before joining of the present Governor of RBI Raghuram Rajan, which were forcing RBI directly or indirectly to fix the rates and ratios

this purpose RBI uses two various methods of monetary control. They are categorised under two broad heads-

I. Quantitative Credit Control Methods and
II. Selective or Qualitative Credit Control Methods.

Quantitative credit controls are used to maintain proper quantity of credit money supply in market. Some of the important general credit control methods are-Bank Rate Policy, Open market operations, Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR), Repo and Reverse Repo Rates. On the other hand, Selective or Qualitative Credit Control Methods are:Ceiling on Credit, Margin Requirements, Discriminatory Interest Rate (DIR), Directives, Direct Action, Moral Suasion

4. Study of inflation of post LPG period (1991 onwards)

Inflation refers to a significant rise in the general price level in a country over a long period of time and this affects the economy of a country in many ways. It is always a very big deciding factor in almost every economic decision. In a less developed country like India it is always playing a very crucial role. Basically following are the factors that affect inflation-

i. Area and production, which is dependent on weather and technology.
ii. Minimum Support Price
iii. Government policies
iv. Substitute product
v. Demand or consumption
vi. Seasonal Cycles
vii. International prices etc.

In the pre-reform period, inflation had accelerated during the 1960s for the two wars in 1962 and 1965. In the next decade, average inflation increased to 6.2%. Price changes were the lowest at a negative of 0.91% in 1968-69. High inflation during these two years can largely be attributed to impact of the Pakistan war in 1965 and the famine experienced during 1965-66. The decade of the 1970s stands out as the most turbulent period in India in terms of inflationary uncertainty, witnessing very high inflation mainly driven by the supply shocks emanating from agricultural and oil prices. Independent India's highest inflation occurred in September 1974 when it reached 33.3%. Country's worst inflationary episode was from November 1973 to December 1974 when inflation never dropped below 20% and was above 30% for four consecutive months starting June 1974. Though on an average, inflation based on the WPI remained below the 7% level through the 1950s and 1960s, it accelerated during the first half of the 1970s to touch double digit figures but decelerated in the second half of 1970s as also through the 1980s.

5. Inflation in the Post-reform Period (from 1991 onwards)

It is the most important era for Indian economy which also known as post LPG era. During this course of time

Independent India's highest inflation occurred in September 1974 when it reached 33.3%. Country's worst inflationary episode was from November 1973 to December 1974 when inflation never dropped below 20% and was above 30% for four consecutive months starting June 1974.

maximum changes have been taken place in India. Many private and foreign came in to the picture bringing a revolution to the economy of India. The inflation also came down to a very stable rate for couple of years. Rupee depreciated to its lifetime lowest against US Dollar which happened a few months back. Between end March 1991 and end March 1992, the Indian rupee depreciated by nearly 37% with respect to the US dollar. This led to supply demand imbalance in essential commodities like pulses, oilseeds and edibles oils further added to inflation. Lower foreign exchange reserve in the early 1990s that constrained the import option was another reason for demand supply imbalance. Apart from this sustained rise in fuel prices in the first half of the 1990s also had its impact on inflation, both directly and indirectly. Except the 1993 in all other years from 1991 to 1995 inflation remained in double digits varying from 13% to 10%. 1995-96 onwards, there has been a continuous deceleration in the inflation rates and the average inflation was the lowest since the mid-1950s.

The range of inflation varied from a low of 3.77% in 2001 and 2003 to a high of 13.17% in 1998. During this period, inflation has had a distinct decelerating trend, in spite of facing a severe drought in 2002-2003; it remained moderate at 3.4%. Moreover, 2002-03 India also faced several others adverse developments such as border tensions and high international crude oil prices. Increment of international oil prices and bad monsoon in the previous year led to increase of inflation during the first half of 2004-05. Gradually it began to ease in the second half of 2004-05 and it touched 4.25% in 2005, in comparison with 3.77% in 2004. The average inflation of the previous 5 years i.e. from 2000 to 2004 was 3.9%. From 2005 onwards it started inflating each year. The years 2003-04, 2004-05, 2006-07, and 2008-09 also witnessed high inflation in manufactured products such as basic metal alloys and metal products, non-metallic mineral products, and machinery and machine tools because of high prices of raw materials.

In 2008 and 2009 inflation remained high for high international fuel and commodity prices. The year 2009 and 2010 was an abnormal one due to global slowdown and unfavourable monsoon. Hike in vegetable prices with unseasonal rains post-monsoon and rising global commodity prices that resulted in significant cost-push and demand-pull pressures since December 2010. Food products were the main drivers of price rise during April-July 2010. However, these price pressures spilled over to manufactured non-food products during December

2010-March 2011, which accounted for 61% of the price rise in this period .Because of continuous price increase in fuel group overall inflation remained high and significant throughout the year despite suppressed inflation from the administered prices of some petro-products, coal and electricity. The inflation decelerated to 7.7% in first half of (April-September) of 2012-13. WPI inflation was 8.07% in September 2012, which was 8.01% in August 2012. It has fallen to 7.32% in October 2012, 7.24% in November, 7.18% in December 2012 and stood at 6.62% for the month of January 2013. Table1 is showing the CPI inflation of India during 1991- 2013

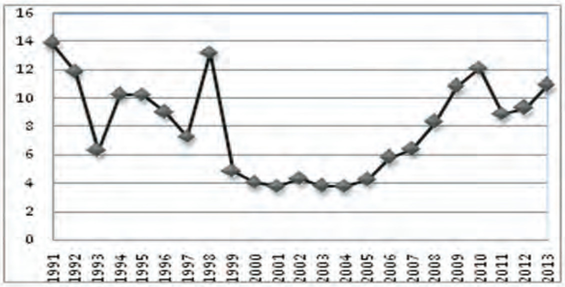
Table1: CPI Inflation in India

Year	Inflation Rate (in %)	Year	Inflation Rate (in %)
1991	13.88	2002	4.31
1992	11.88	2003	3.81
1993	6.31	2004	3.77
1994	10.24	2005	4.25
1995	10.22	2006	5.79
1996	8.98	2007	6.39
1997	7.25	2008	8.32
1998	13.17	2009	10.83
1999	4.84	2010	12.11
2000	4.02	2011	8.87
2001	3.77	2012	9.3
2013		10.92	

Source: Ministry of Statistics and Programme Implementation

Figure1 is showing the inflationary trend of India during 1991- 2013

Figure1: Trend of CPI inflation in India



Source: Ministry of Statistics and Programme Implementation

7. Factors affecting Monetary Policy of RBI

Reserve Bank takes monetary policy and monetary measures depending up on its assessment of various macroeconomic and financial conditions. It reflects the changing circumstances and priorities of the Reserve Bank and the thrust of policy measures for the future. Though liquidity has emerged as the key element of the present operating procedure of monetary policy but it is not the only reason. As it has been already mentioned inflation is more of an effect than being a cause. It is the outcome of happening and non- happening of some events or objects. Some of the major events or factors are-

1. Forex Reserves
2. Gross Domestic Product
3. Fiscal Deficit

Though there are some other factors also which have a substantial impact on inflation, but for feasibility of the study only the above mentioned factors are taken into consideration. But before going in to the details of these factors let us look at the changes made by RBI in the Monetary Policy during past two decades. The table below is reflecting the changes made by RBI in major rates and ratios from 1998 to 2013

To get a clearer view let us look at number of times changes made by RBI in the rates and ratios from Table2

Table 2:No. of Changes made in Monetary Policy

Year	Bank Rate	CRR	SLR	Repo Rate	Reverse Repo
1998	4	4	0	0	0
1999	1	4	0	0	0
2000	2	4	0	0	0
2001	3	5	0	2	1
2002	1	2	0	2	3
2003	1	1	0	2	2
2004	0	2	0	1	1
2005	0	0	0	1	2
2006	1	0	0	4	3
2007	0	6	0	2	0
2008	0	10	1	3	1
2009	0	1	1	3	3
2010	0	3	1	6	6
2011	0	0	0	7	7
2012	2	4	1	1	1
2013	4	1	0	3	3
Total	19	47	4	37	33

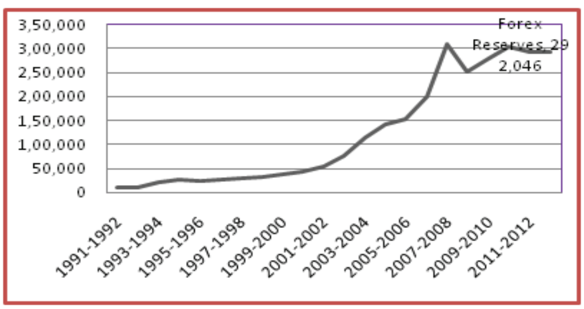
Source: Handbook of Statistics on the Indian Economy, RBI

From Table2, it can be found out that Repo, Reverse Repo and CRR have been changed several times during past two decades.Out of these two again CRR has been modified more number of times.

Details of Forex Reserves, Gross Domestic Product and Fiscal Deficit are given below-

Forex Reserves: Foreign Exchange reserve or Forex reserve is one of the vital indictor of the condition of an economy, especially for a less developed country like India. The economy is largely dependent on the reserves. The oil and gas prices are the most dependent factors on forex reserves as India imports huge amount of oil & gas from gulf countries in foreign currencies. So shortage of reserves will hamper the import which will affect its prices. Forex reserves here include SDRs, Gold, Foreign Currency Assets and Reserve Tranche Position of India. Figure2 below is showing the trend of forex reserves held by India since 1991

Figure2:Trend of Forex Reserves of India since 1991(in million US$)



Source: Handbook of Statistics on the Indian Economy, RBI

Table 3:Forex Reserves and Percentage change since 1991(in million US$)

Year	Forex Reserves	Percentage Change	Year	Forex Reserves	Percentage Change
1991-1992	9,220		2002-2003	76,100	40.65
1992-1993	9,832	6.64	2003-2004	1,12,959	48.43
1993-1994	19,254	95.83	2004-2005	1,41,514	25.28
1994-1995	25,186	30.81	2005-2006	1,51,622	7.14
1995-1996	21,687	-13.89	2006-2007	1,99,179	31.37
1996-1997	26,423	21.84	2007-2008	3,09,723	55.50
1997-1998	29,367	11.14	2008-2009	2,51,985	-18.64
1998-1999	32,490	10.63	2009-2010	2,79,057	10.74
1999-2000	38,036	17.07	2010-2011	3,04,818	9.23
2000-2001	42,281	11.16	2011-2012	2,94,398	-3.42
2001-2002	54,106	27.97	2012-2013	2,92,046	-0.80

Source: Handbook of Statistics on the Indian Economy, RBI

Analysis: From the above mentioned data it can be inferred that-

• CRR has been changed 10 times in the year 2008 and growth of forex reserve in 2008-2009 was in negative. Repo rate was changed for 3 times and both SLR and reverse repo was changed for 1 time each.

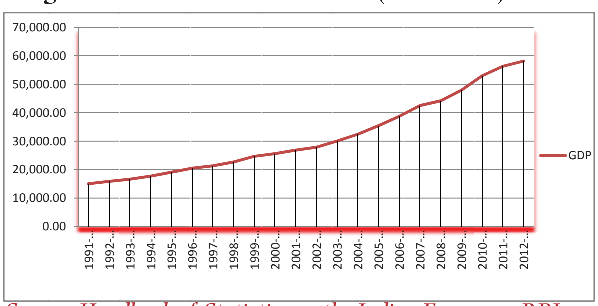
• Moreover from 2011- 2013 the growth of forex reserve was negative and all rates and ratios were changed 20 times during this period.

• wThe changes took place in the monetary policy in the above mentioned time frame was one of the highest during its life.

Finding: Therefore, it can be concluded that Forex Reserves have an influence in the monetary policy and it can be considered in formulating the policies.

GDP: GDP of a country is the prime indicator showing development that has taken place within a specified time. The GDP of India comprises of agriculture, industry, mining & quarrying, Manufacturing, Electricity, Gas & Water Supply, Services, Construction, Trade, Hotel, Transport and Communications, Insurance, Real Estate & Business Services and Community, Social & Personal Services. Shortage of production in any among these may lead to discomfort to the economy and act in mysterious ways.

Figure3: Trend of GDP of India (in Billion)



Source: Handbook of Statistics on the Indian Economy, RBI

The figure above is showing the trend of GDP from 1991 onwards. In the table it shows the amount of GDP in billion rupees and percentage changes from previous year-

Table5: GDP and Percentage Changes since 1991(in ₹ Billion)

Year	GDP	Percentage Change	Year	GDP	Percentage Change
1991-1992	15,033.37	-	2002-2003	27,852.58	3.80
1992-1993	15,857.55	5.48	2003-2004	30,041.90	7.86
1993-1994	16,610.91	4.75	2004-2005	32,422.09	7.92
1994-1995	17,717.02	6.66	2005-2006	35,432.44	9.28
1995-1996	19,058.99	7.57	2006-2007	38,714.89	9.26
1996-1997	20,497.86	7.55	2007-2008	42,509.47	9.80
1997-1998	21,327.98	4.05	2008-2009	44,163.50	3.89
1998-1999	22,646.99	6.18	2009-2010	47,908.47	8.48
1999-2000	24,650.29	8.85	2010-2011	52,961.08	10.55
2000-2001	25,597.11	3.84	2011-2012	56,313.79	6.33
2001-2002	26,831.90	4.82	2012-2013	58,136.64	3.24

Source: Handbook of Statistics on the Indian Economy, RBI

5.2.1Analysis: Things could be imbibed from above are-

• From year 2000 to 2003 when GDP was comparatively lower preceding years the rates and ratios were changed for 31 times, out of which CRR has been changed for highest number of times i.e. 8 times.

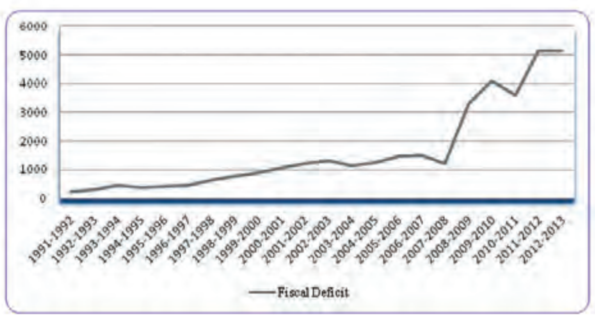
• In 2008-2009 the GDP stood very low i.e. 3.89% in comparison with the preceding year i.e. 9.80%. That same year CRR has been changed 10 times, highest ever in a year.

• From 2011 to 2013 again there was a dip in the GDP from 10.55% to 6.33% and then 3.24%. During that time frame both repo and reverse have been changed 22 times altogether.

5.2.2Finding: GDP has a substantial role in rates and ratios. It is also a strong parameter of inflation.

5.3 Fiscal Deficit: As time is passing the population of India is growing rapidly and demand of goods and services is also increasing. Specially at this era of industrialization the requirement of items like oil and gas is booming, which letting huge outflow of funds to the foreign countries and the output is increasing fiscal deficit. The figure below is showing the trend of fiscal deficit from 1991 to 2013-

Figure4:Trend ofFiscal Deficit of India since 1991(in ₹ Billion)



Source: Handbook of Statistics on the Indian Economy, RBI

Table5 is showing the amount fiscal deficit in billion rupees and percentage changes from 1991 onwards-

Table6:Fiscal Deficit of India since 1991(in ₹Billion)

Year	Fiscal Deficit	Percentage Change	Year	Fiscal Deficit	Percentage Change
1991-1992	246.22		2002-2003	1,338.29	8.74
1992-1993	302.22	22.74	2003-2004	1,155.58	-13.65
1993-1994	459.94	52.19	2004-2005	1,262.52	9.25
1994-1995	403.13	-12.35	2005-2006	1,457.43	15.44
1995-1996	424.32	5.26	2006-2007	1,512.45	3.78
1996-1997	463.94	9.34	2007-2008	1,207.14	-20.19
1997-1998	630.62	35.93	2008-2009	3,290.24	172.56
1998-1999	799.44	26.77	2009-2010	4,114.48	25.05
1999-2000	899.10	12.47	2010-2011	3,610.26	-12.25
2000-2001	1,078.54	19.96	2011-2012	5,141.03	42.40
2001-2002	1,230.74	14.11	2012-2013	5,136.60	-0.09

Source: Handbook of Statistics on the Indian Economy, RBI

5.3.1Analysis:

• In 1998 and 2001, the monetary policy has been revised several times but there no such remarkable change is noticed in the fiscal deficit.

• In 2003-2004 fiscal deficit has reduced by 13.65% than the previous year and repo & reverse repo was changed twice along with bank rate and CRR once each.

• In 2007-2008 again fiscal deficit showed a good move and reduced by 20.19%. That same period CRR changed six times and repo twice.

• In 2008-2009 deficit rose significantly by 172.56% and the policy changed highest number of times i.e. 15 times.

5.3.2 Finding: Fiscal Deficit does not have that much impact like GDP and Forex Reserves but it plays an important role in rates and ratios.

Conclusion

In general parlance inflation is the mainly responsible for the changes and modifications of the monetary policy, but actually it is not. It can be said so because inflation is itself an outcome of excessive supply of money in the market or abnormal demand in the market or poor productivity of different variable specially the agricultural sector or low GDP etc. So in order to regulate and maintain good health of the economy these causes should be given more stress. GDP, Forex Reserves and Fiscal Deficit are three among such factors. Apart from these there could be some other factors like per capital income, Government Debt, FII, FDI etc. MA

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[1]Blanchard (2006) argues that the role of monetary policy is maximisation of welfare rather than simply the control and stabilisation of inflation

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CORPORATE FRAUDS AND AUDITORS' RESPONSIBILITY

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The Companies Act, 2013, has introduced several new reporting requirements for statutory auditors. Section 143(12) requires statutory auditors to report to the government about frauds/suspected fraud committed against the company by the officers or employees of the company. The ministry of corporate affairs has also introduced the Companies (Auditor's Report) Order, 2015, which also talks about fraud report.

That brings us to a case where a dispute recently arose between the cost auditor and the management of a public sector undertaking (PSU). While auditing at a branch office of the PSU, the cost auditor found that the company had filed a FIR with the local police station about the theft of some raw materials for production, worth several lakhs. The auditor, on further verification, found out that the police could not recover the materials even after the passage of months. The auditor also found that neither was the above fact disclosed by the financial auditor in the audit report, nor was any provision made in the books of the audited accounts. It meant that the profit was overstated, leading to excess payment of income tax and dividend.

The auditor mentioned this fact in his audit report because according to CAS 6 on material cost accounting, any abnormal material loss must be reported by the auditor and it should be excluded from the cost of production, and charged under the profit and loss account of the company. Relevant provisions of section 447 of the Companies Act, 2013, also speak likewise.

The company management, however, disagreed with the auditor. They were of the opinion that the matter was beyond the limits of cost audit and the cost auditor had overstepped his boundaries. Section 447, the management said, deals with fraud and missing raw materials was not such a case. It was merely a case of mistake.

The cost auditor, on his part, was of the opinion that it was impossible to differentiate between mistakes and frauds. In PSUs, all mistakes are treated as frauds and the auditor has no responsibility to determine whether a misappropriation was mistake or fraud. Moreover, in this case, the company suffered losses by paying income tax and dividend on excess profit because of not provisioning the losses.

The dispute continued for long and the cost auditor did not cede his ground. But it nonetheless raised questions about the provisions of the Companies Act and the decision of the cost auditor.

There's no hiding the fact that corporate fraud is a major problem in our country and has increased in leaps and bounds over the past few decades. The growing number of frauds have undermined the integrity of financial reports, contributed to substantial economic losses, and eroded investor confidence regarding the usefulness and reliability of accounting statements. The increasing number of white-collar crimes demands stiff penalties, exemplary punishments, and effective enforcement of law with the right spirit.

India, for the record, has witnessed several corporate frauds. The ₹5,000 crore Harshad Mehta scam in 1992, the ₹7,000 crore Satyam fiasco in 2009, and the ₹27,000 crore Sahara case which began in 2010, are all currently sub-judice in the court.

Before the Companies Act 2013 came into being, corporate frauds were largely seen as a broad legal concept. The Act fixed the responsibility on auditors to detect as well as report corporate frauds.

Let us first try to find out what is fraud under the Companies Act, 2013.

Section 447(1) of the Companies Act, says: "Fraud' in relation to affairs of a company or any body corporate, includes any act, omission, concealment of any fact or abuse of position committed by any person or any other person with the connivance in any manner, with intent to deceive, to gain undue advantage from, or to injure the interests of, the company or its shareholders or its creditors or any other person whether or not there is any wrongful gain or wrongful loss.'

Wrongful gain, in turn, has been explained as 'the gain by unlawful means of property to which the person gaining is not legally entitled and "wrongful loss" means the loss by unlawful means of property to which the person losing is legally entitled.'

Fraud, according to section 17 of the Indian Contract Act, 1872, 'includes any of the following acts committed by a party to a contract, or with his connivance, or by his agents, with intent to deceive another party thereto his agent, or to induce him to enter into the contract—the suggestion as a fact, of that which is not true, by one who does not believe it to be true; the active concealment of a fact by one having knowledge or belief of the fact; a promise made without any intention of performing it; any other act fitted to deceive; any such act or omission as the law specially declares to be fraudulent.'

Punishment for fraud under Companies Act

Section 447 deals with the provision related to punishment for fraud. It says: 'Without prejudice to any liability including repayment of any debt under this Act or any other law for the time being in force, any person who is found to be guilty of fraud, shall be punishable with imprisonment for a term which shall not be less than 6 months but which may extend to 10 years and shall also be liable to fine which shall not be less than the amount involved in the fraud, but which may extend to 3 times the amount involved in the fraud, where the fraud in question involves public interest, the term of imprisonment shall not be less than 3 years.'

Different sections of the Act provide punishment for fraud. These are 7(5), 7(6), 8(11), 34, 36, 38(1), 46(5), 56(7), 66(10), 75, 140(5), 206(4), 213, 229, 251(1), 266(1), 339(3), 448, and others. These sections provide punishment for directors, key managerial personnel

> The growing number of frauds have undermined the integrity of financial reports, contributed to substantial economic losses, and eroded investor confidence regarding the usefulness and reliability of accounting statements

(KMP), auditors and/or officers of company. Thus, the new Act goes beyond professional liability for fraud and extends to personal liability if a company contravenes such provisions.

Table 1: Penalties for corporate frauds under the Companies Act

Section	Fraud (with respect to)	Who will be penalised
7(5)	Company registration	A person furnishing false information or suppressing any material information of which he/she is aware
36	Inducing persons to invest money	The person involved
75(1)	Acceptance of deposit with intent to defraud depositors or for any fraudulent purpose	Every officer of the company who accepted the deposit
206(4)	Conducting business of a company for a fraudulent or unlawful purpose	Every officer of the company who has defaulted.
213	Business of a company being conducted with an intent to defraud its creditors; fraud, misfeasance or other misconduct of the company or any of its members; company withholding information from members with respect to its affairs, which they may reasonably expect	Every officer of the company who is in default and the person(s) concerned in the formation of the company or management of its affairs
229	Furnishing false statement, or mutilation, or destruction of documents	Person required to explain, or make a statement during the course of inspection, inquiry or investigation, or the officer or other employees, as required.
251(1)	Application for removal of name from the register to evade liabilities/intent to deceive	Persons in charge of the management of the company
339(3)	Conducting business of the company with an intent to defraud its creditors, any other persons, or for any fraudulent purpose	Every person who was knowingly a party to the business in the aforesaid manner
448	Making a false statement in any return, report, certificate, financial statement, prospectus, statement or other document required by or for the purpose of any of the provisions of this Act or the rules made thereunder	Person(s) making such a statement

Fraud reporting under Companies Act

The new act has given a lot of responsibility on the auditor to report frauds to the board of directors and the government. It means that even for a small fraud in any large multi-location enterprise, the onus would be on the concerned chartered account, or cost and management accountant to report frauds. The provision has mandated an auditor/cost auditor/secretarial auditor, appointed by the company under section 139/148/204, to report frauds directly to the government, besides their existing responsibilities of reporting requirement to the shareholders or

The new act has given a lot of responsibility on the auditor to report frauds to the board of directors and the government. It means that even for a small fraud in any large multi-location enterprise, the onus would be on the concerned chartered account, or cost and management accountant to report frauds

the company's board of directors.

Section 143(12) to 143(15) of the Act contains provisions relating to reporting of fraud.

Section 143(12):

'Notwithstanding anything contained in this section, if an auditor of a company, in the course of the performance of his duties as auditor, has reason to believe that an offence involving fraud is being or has been committed against the company by officers or employees of the company, he shall immediately report the matter to the central government within such time and in such manner as may be prescribed.'

Section 143(13):

'No duty to which an auditor of a company may be subject to shall be regarded as having been contravened by reason of his reporting the matter referred to in sub-section (*12*) if it is done in good faith.'

Section 143(14):

'Provisions of this section shall mutatis mutandis apply to (a) the cost accountant in practice conducting cost audit under section 148; or (b) the company secretary in practice conducting secretarial audit under section 204.'

Section 143(15):

'If any auditor, cost accountant or company secretary in practice do not comply with the provisions of sub-section (12), he shall be punishable with fine which shall not be less than ₹1 lakh but which may extend to ₹25 lakh.'

Similarly, Rule 13 of The Companies (Audit and Auditors) Rules, 2014 contains the operational procedure of reporting of fraud as prescribed in Section 143(12) of the Act.

Rule 13(1) says: "For the purpose of sub-section 12 of Section 143, in case the auditor has sufficient reason to believe that an offence involving fraud, is being or has been committed against the company by officers or employees of the company, he shall report the matter to the central government immediately but not later than 60 days of his knowledge and after following the procedure indicated herein below:

(i) Auditor shall forward his report to the board or the audit committee, as the case may be, immediately after he comes to knowledge of the fraud, seeking their reply or observations within 45 days;

(ii) On receipt of such reply or observations the auditor shall forward his report and the reply or observations of the board or the audit committee along with his comments (on such reply or observations of the board or the audit committee) to the central government within 15 days of receipt of such reply or observations;

(iii) In case the auditor fails to get any reply or observations from the board or the audit committee within the stipulated period of 45 days, he shall forward his report to the central government along with a note containing the details of his report that was earlier forwarded to the board or the audit committee for which he failed to receive any reply or observations within the stipulated time.

Rule 13(2) further states that the report must be sent to the secretary, ministry of corporate affairs.

Rule 13(3) says: 'The report shall be on the letter-head of the auditor containing postal address, e-mail address and contact number and be signed by the auditor with his seal and shall indicate his membership number.'

Rule 13(4) says that the report shall be in the form of a statement as specified in Form ADT-4.

It must be remembered that similar provisions of fraud reporting is applicable to the cost auditor as well. Rule 13(5) has clarified that the provision of this rule shall also apply, mutatis mutandis, to a cost auditor and a secretarial auditor while carrying out their duties under section 148 and 204 respectively.

Conclusion

It should be clear by now that fraud covers the active concealment of a fact by one having knowledge or belief of the fact (the amount may be as small as ₹1,000) and it is the duty of the cost auditor to report such fraud, otherwise he/she will be held responsible. The cost auditor, who was mentioned at the beginning, was absolutely correct in highlighting the theft of raw materials in his report. MA

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BANKING

☆ Risk Management & Inter-Bank Dealings: Relaxation of facilities for residents for hedging of foreign currency borrowings

With a view to facilitating hedging of long term foreign currency borrowings by residents, it has been decided to permit them to enter in to FCY-INR swaps with Multilateral or International Financial Institutions (MFI/IFI) in which Government of India is a shareholding member subject to the following terms and conditions:

(i) Such swap transactions shall be undertaken by the MFI / IFI concerned on **a b**ack-to-back basis with an AD Category-I bank in India.

(ii) AD Category-I banks shall face, for the purpose of the swap, only those Multilateral Financial Institutions (MFIs) and International Financial Institutions (IFIs) in which Government of India is a shareholding member.

(iii) The FCY-INR swaps shall have a minimum tenor of three years. All other operational guidelines, terms and conditions relating to FCY-INR swaps as laid down in A.P. (DIR Series) Circular No. 32 dated December 28, 2010, as amended from time to time, shall apply, mutatis mutandis.

(iv) In the event of a default by the resident borrower on its swap obligations, the MFI / IFI concerned shall bring in foreign currency funds to meet its corresponding liabilities to the counterparty AD Cat-I bank in India.

(v) AD Category-I bank shall report the FCY-INR swaps transactions entered into with the MFIs / IFIs on a back-to-back basis to CCIL reporting platform, including details of the foreign currency borrower, in terms of Reserve Bank circular no. FMD.MSRG.No. 94/02.05.002/2013-14 dated December 4, 2013 on the reporting platform for OTC Foreign Exchange and Interest Rate Derivatives.

Source: RBI/2015-16/232 [A.P. (DIR Series) Circular No. 28] dated: November 5, 2015

☆ Software Export – Filing of bulk SOFTEX-further liberalization

In order to provide benefits to small exporters also, it has been decided to extend this facility to all software exporters. Accordingly, all software exporters can now file single as well as bulk SOFTEX form in excel format to the competent authority for certification. The SOFTEX form is given at Annex I. Since the SOFTEX data from STPI/SEZ is being transmitted in electronic format to RBI, the exporters are required to submit the SOFTEX form in duplicate as per the revised procedure. STPI/SEZ will retain one copy and handover the duplicate copy to the exporters after due certification.

Source: Notification No. RBI/2015-16/231 [A.P. (DIR Series) Circular No.27] dated: November 05, 2015

Read more at: https://www.rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=10113

☆ Internet Banking Facility for Customers of Cooperative Banks

State Cooperative Banks (StCBs) and District Central Cooperative Banks (DCCBs) so far have not been allowed to provide internet banking facilities to their customers. As some of the StCBs/ DCCBs have requested for permission to offer Internet Banking facility, it has been decided to allow StCBs and DCCBs to extend the facility of internet banking to their customers. Accordingly, the guidelines issued to the UCBs were reviewed and uniform guidelines for all the cooperative banks are now issued in supersession of previous guidelines issued to UCBs in the matter. The revised guidelines applicable to all the cooperative banks are as follows:

Internet Banking (View only) facility

All licensed StCBs, DCCBs and UCBs which have implemented Core Banking Solution (CBS) and migrated to Internet Protocol Version 6 (IPv6) and complying with the guidelines prescribed in Annex-I to this circular may offer Internet Banking (View only) facility to their customers, without prior approval of RBI. In case, any service offered under 'view only' facility requires two-factor authentication or One Time Password (OTP), banks may adopt the security features prescribed in Annex II to this circular, as appropriate to such services.

The cooperative banks offering Internet Banking (View only) facility to their customers should ensure that the facility is strictly for non-transactional services such as balance enquiry, balance viewing, account statement download, request for supply of cheque books, etc. and no online fund-based transactions are allowed.

The cooperative banks have to report commencement of the service to the concerned Regional Office of RBI (and also NABARD in case of StCBs/DCCBs) within one month of operationalization of Internet Banking (View only) facility.

Internet Banking with Transactional facility

All licensed StCBs, DCCBs and UCBs which have implemented CBS and have also migrated to Internet Protocol Version 6 (IPv6) and fulfilling the following criteria may offer Internet Banking with transactional facility to their customers with prior approval of RBI:

a. CRAR of not less than 10 per cent.

b. Net worth is Rs.50 Crore or more as on March 31 of the immediate preceding financial year.

c. Gross NPAs less than 7 % and Net NPAs not more than 3%

d. The bank should have made a net profit in the immediate preceding financial year and overall, should have made net profit at least in three out of the preceding four financial years.

e. It should not have defaulted in maintenance of CRR/ SLR during the immediate preceding financial year.

f. It has sound internal control system with at least two professional directors on the Board.

g. The bank has a track record of regulatory compliance and no monetary penalty has been imposed on the bank for violation of RBI directives/guidelines during the two financial years, preceding the year in which the application is made.

StCBs, DCCBs and UCBs fulfilling the above-mentioned criteria will be allowed to extend Internet Banking with transactional facility provided they comply with the guidelines prescribed in Annex I and II to this circular. For this purpose, the intending StCB, DCCB and UCB shall submit an application to the concerned Regional Office of RBI (through NABARD in case of StCB/DCCB) with the following documents:

i. A copy of the Board approved policy on internet banking along with a certificate from an independent auditor (CISA qualified) that the IT and IS policy requirements prescribed in RBI guidelines have been adhered to.

ii. An undertaking to inform RBI about any material change in the services/products offered by them.

iii. The business plan, cost and benefit analysis, operational arrangements like technology adopted, business partners, third party service providers and systems and control procedures that the bank proposes to adopt for managing risks.

Source: Notification No. RBI/2015-16/229 [DCBR.BPD.(PCB/ RCB) Cir. No. 6 /19.51.026/2015-16] dated: November 05, 2015

Read the annexure at: https://www.rbi.org.in/scripts/ BS_CircularIndexDisplay.aspx?Id=10111

☆ Gold Monetization Scheme, 2015 - Interest Rate

Central Government has fixed the rate of interest on Medium and Long Term Government Deposit (MLTGD) under the GMS vide Notification No. RBI/2015-16/220 [DBR.IBD.BC.53/23.67.003/2015-16] dated: November 3, 2015 as follows:

i. On medium term deposit – 2.25% p.a.

ii. On long term deposit – 2.50% p.a.

Read more at: https://www.rbi.org.in/Scripts/ NotificationUser.aspx?Id=10103&Mode=0

☆ Sovereign Gold Bonds, 2015-16 - Operational Guidelines

Operational guidelines with regard to this scheme are given below:

1. Application: Application forms from investors will be received at branches during normal banking hours from November 5 to 20, 2015. Relevant additional details may be obtained from the applicants, where necessary.

2. **Joint holding and nomination:** Multiple joint holders and nominees (of first holder) are permitted. Necessary details may be obtained from the applicants as per practice.

3. **Interest on application money:** Applicants will be paid interest at prevailing savings bank rate from the date of realization of payment to the settlement date, ie. the period for which they are out of funds. In case the applicant's bank account is not with the receiving bank, the interest has to be credited by electronic fund transfer to the account details provided by the applicant.

4. Cancellation: Cancellation of application is permitted till the closure of the issue, i.e., November 20, 2015. Part cancellation of submitted request for purchase of gold bonds is not permitted. No interest on application money needs to be paid if the application is cancelled.

5. **Lien marking:** As the bonds are government securities, lien marking, etc. will be as per the extant legal provisions of Government Securities Act, 2006 and rules framed there under.

6. Agency arrangement: Scheduled commercial banks may engage NBFCs, NSC agents and others to collect application forms

on their behalf. Banks may enter into arrangements or tie-ups with such entities.

7. Processing through RBI's e-kuber system: Sovereign Gold Bonds will be available for subscription at the branches of scheduled commercial banks and designated post offices through RBI's e-kuber system. The e-kuber system can be accessed either through Infinet or Internet. The receiving offices need to enter the data or carry out bulk upload for the subscriptions received by them. An immediate confirmation will be provided to them for receipt of application. In addition, a confirmation scroll will be provided for file uploads to enable the receiving offices to update their database. On the date of allotment, ie., November 26, 2015, Holding Certificates will be generated for all the subscriptions. The receiving offices can download the same and take printouts. The Holding Certificates will also be sent through e-mail to the investors who have provided their email address. For the investors who have specified their demat account details, the securities will be credited in their demat accounts on the allotment date.

8. Printing of Holding Certificate: Holding Certificate needs to be printed in colour on A4 size 100 GSM paper.

Read more at: https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10104&Mode=0

CUSTOMS

☆ CBEC seeks to further amend notification No. 52/2003-Customs dated 31-03-2003 so as to enable EOUs to become eligible for duty exemption on raw materials/parts consumed in manufacture of certain specified ships/vessels and cleared to DTA, even if such ships/vessels are exempt from basic customs duty and central excise/CV duty vide Notification No. 55/2015-Cus, dt. 24-11-2015.

☆ CBEC seeks to further amend notification No. 12/2012-Customs dated 17.3.2012 so as to provide exemption from custom duties on all raw material and parts for use in manufacture of certain specified ships/vessels subject to actual user condition and also removing the requirement of manufacturing of ships/vessels in a custom bonded warehouse under the provisions of Section 65 of the Customs Act, 1962 for availing duty benefits vide Notification No. 54/2015-Cus, dt. 24-11-2015.

☆ Amendment of Notification No. 10/2008 – Customs, dated 15th January 2008, so as to deepen the tariff concessions in respect of specified goods under the Comprehensive Economic Co-operation Agreement (CECA) between India and Singapore, when imported from Singapore vide Notification No. 53/2015-Cus, dt. 23-11-2015.

☆ CBEC further amended Notification No 12/2012 -Customs dated 17.03.2012 so as to withdraw the TRQ of 15,000 MT for total imports of white butter, butter oil and anhydrous milk fat (AMF) at nil import duty by omitting the said entry (S.No.9) vide Notification No. /2015-Cus, dt. 20-11-2015.

☆ Central Board of Excise & Customs hereby determines the rate of exchange of conversion of the foreign currency for the purpose of the said section, relating to imported and export goods with effect from 20th November, 2015 vide Notification no. 112/2015-Cus (NT), dt. 19.11.2015.

Read more at: http://www.cbec.gov.in/htdocs-cbec/customs/cs-act/notifications/notfns-2015/cs-nt2015/csnt112-2015

☆ CBEC imposed definitive anti-dumping duty on Carbon Black used in rubber Applications, originating in or exported from China PR and Russia for a period of five years vide Notification No. 54/2015-Cus (ADD), dt. 18-11-2015.

CENTRAL EXCISE

☆ CBEC further amended notification No. 22/2003-CE dated 31-03-2003 so as to enable EOUs to become eligible for duty exemption on raw materials/parts consumed in manufacture of certain specified ships/vessels and cleared to DTA, even if such ships/vessels are exempt from basic customs duty and central excise/CV duty vide Notification No. 45/2015-CE, dt. 24-11-2015.

☆ CBEC further amended notification No. 12/2012-CE dated 17.3.2012 so as to provide exemption from excise duty on all raw material and parts for use in manufacture of certain specified ships/vessels subject to actual user condition and also removing the requirement of manufacturing of ships/vessels in a custom bonded warehouse under the provisions of Section 65 of the Customs Act, 1962 for availing duty benefits vide Notification No. 44/2015-CE, dt. 24-11-2015.

☆ Amendment of notification No. 12/2012-Central Excise, dated 17.03.2012 so as prescribe the Basic Excise Duty (BED), with effect from 07.11.2015, on the following products at the rates indicated below: (i) Unbranded petrol from Rs.5.46 per litre to Rs. 7.06 per litre; (ii) Branded petrol from Rs. 6.64 per litre to Rs. 8.24 per litre; (iii) Unbranded diesel from Rs.4.26 per litre to Rs. 4.66 per litre; and (iv) Branded diesel from Rs.6.62 per litre to Rs. 7.02 per litre vide Notification No. 43/2015-CE, dt. 06-11-2015

SERVICE TAX

☆ Composition rate for Swachh Bharat Cess as applicable to ST under sub-rules 7, 7A, 7B, 7C of rule 6 of STR, 1994

The person liable for paying the service tax under sub-rule (7), (7A), (7B) or (7C) of rule 6, shall have the option to pay such amount as determined by multiplying total service tax liability calculated under sub-rule (7), (7A), (7B) or (7C) of rule 6 by 0.5 and dividing the product by 14 (fourteen), during any calendar month or quarter, as the case may be, towards the discharge of his liability for Swachh Bharat Cess instead of paying Swachh Bharat Cess at the rate specified in sub-section (2) of section 119 of the Finance Act, 2015 (20 of 2015) read with notification No.22/2015-Service Tax, dated the 6th November, 2015, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R. 843 (E), dated the 6th November, 2015, and the option under this sub-rule once exercised, shall apply uniformly in respect of such services and shall not be changed during a financial year under any circumstances.

Source: Notification No. 25/2015-Service Tax dated: 12th November, 2015

Swachh Bharat Cess

In exercise of the powers conferred by sub-section (1) of section 93 of the Finance Act, 1994 (32 of 1994) read with sub-section (5) of section 119 of the Finance Act, 2015 (20 of 2015), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts all taxable services from payment of such amount of the Swachh Bharat Cess leviable under sub-section (2) of section 119 of the said Act, which is in excess of Swachh Bharat Cess calculated at the rate of 0.5 percent. of the value of taxable services:

Provided that Swachh Bharat Cess shall not be leviable on services which are exempt from service tax by a notification issued under sub-section (1) of section 93 of the Finance Act, 1994 or otherwise not leviable to service tax under section 66B of the Finance Act, 1994. This notification shall come into force from the 15th day of November, 2015.

Source: Notification No. 22/2015-Service Tax dated: 6th November, 2015

Read more at: www.cbec.gov.in/htdocs-servicetax/st-notifications/st-notifications-2015/st22-2015

INCOME TAX

☆ Interest from Non-SLR securities of Banks

It has been brought to the notice of the Board that in the case of Banks, field officers are taking a view that, "expenses relatable to investment in non-SLR securities need to be disallowed u/s 57(i) of the Act as interest on non-SLR securities is income from other sources." Clause (id) of sub-section (1) of Section 56 of the Act provides that income by way of interest on securities shall be chargeable to income-tax under the head "Income from Other Sources", if, the income is not chargeable to income-tax under the head "Profits and Gains of Business and Profession".

The matter has been examined in light of the judicial decisions on this issue. In the case of ClT Vs Nawanshahar Central Cooperative Bank Ltd. [2007] 160 TAXMAN 48(SC), the Apex Court held that the investments made by a banking concern are part of the business of banking. Therefore, the income arising from such investments is attributable to the business of banking falling under the head "Profits and Gains of Business and Profession".

Even though the abovementioned decision was in the context of co-operative societies / Banks claiming deduction under section 80P (2)(a)(i) ofthe Act, the principle is equally applicable to all banks/commercial banks, to which Banking Regulation Act, 1949 appl ies. In the light of the Supreme Court's decision in the matter, the issue is well settled.

Accordingly, the Board has decided that no appeals may henceforth be filed

on this ground by the officers of the Department and appeals already filed, if any, on this ground before Courts/ Tribunals may be withdrawn / not pressed upon. This may be brought to the notice of all concerned.

Source: Circular No. 18/2015 [F.N 0.2 79/Misc./140/20 IS/ IT J] dated: 2nd November, 2015

SEBI

☆ Format for quarterly holding pattern, disclosure norms for corporate governance report and manner for compliance with two-way fungibility of Indian Depository Receipts (IDRs)

In terms of sub regulation (1) of regulation 69 of Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015 ("Listing Regulations"), listed entity shall file with the stock exchange the Indian Depository Receipt (IDR) holding pattern on a quarterly basis within fifteen days of end of the quarter in the format specified by SEBI.

Further, sub regulation (1) of regulation 72 of Listing Regulations requires the listed entity to comply with the corporate governance provisions as applicable in its home country and other jurisdictions in which its equity shares are listed and sub regulation (2) of regulation 72 requires such a listed entity to submit to the stock exchange, a comparative analysis of the corporate governance provisions that are applicable in its home country and in the other jurisdictions in which its equity shares are listed along with the compliance of the same vis-à-vis the corporate governance requirements applicable under regulation 17 to regulation 27, to other listed entities.

Read more at: http://www.sebi.gov.in/cms/sebi_data/attachdocs/1446701154442.pdf

☆ Format for Business Responsibility Report (BRR)

Pursuant to notification of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations"), the aforesaid circular dated August 13, 2012 was rescinded. As per clause (f) of sub regulation (2) of regulation 34 of Listing Regulations, the annual report shall contain a business responsibility report describing the initiatives taken by the listed entity from an environmental, social and governance perspective, in the format as specified by the Board.

Accordingly, listed entities shall be guided by the format as per Annexure I. Certain key principles to assess the fulfillment of listed entities and a description of the core elements under these principles are detailed at Annexure II.

Those listed entities which have been submitting sustainability reports to overseas regulatory agencies/ stakeholders based on internationally accepted reporting frameworks need not prepare a separate report for the purpose of these guidelines but only furnish the same to their stakeholders along with the details of the framework under which their BR Report has been prepared and a mapping of the principles contained in these guidelines to the disclosures made in their sustainability reports.

Source: Circular - CIR/CFD/CMD/10/2015, November 04, 2015

Read the annexure at: http://abcaus.in/sebi/Format-for-Business-Responsibility-Report-BRR.pdf

☆ Streamlining the Process of Public Issue of Equity Shares and Convertibles vide Circular CIR/CFD/POLICYCELL/11/2015 November 10, 2015

As a part of the continuing endeavor to streamline the process of public issue of equity shares and convertibles, it has been decided, in consultation with the market participants -

(i) to reduce the time taken for listing after the closure of issue to 6 working days as against the present requirement of 12 working days, and

(ii) to broad-base the reach of investors by substantially enhancing the points for submission of applications.

In this regard, necessary amendments to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 have already been notified.

Read more at: http://www.sebi.gov.in/cms/sebi_data/attachdocs/1447148033366.pdf

(For further details on these issues, please visit the Institute's website: www.icmai.in for the complete CMA e-Bulletin, December 2015, Vol 3, No 12 in the "Research and Publications" section.)

Role of CMAs in Green Accounting and Sustainability

Corporate Social Responsibility: Green accounts are a vital part of Corporate Social Responsibility and can help in decision making as well as enhance profitability. Essentially an organization needs to compare the costs of avoiding or preventing environmental damage against the cost of remedial activities. The CMAs can apply Lifecycle Costing for effective decision-making purpose and make decisions based on calculating environmental impacts at every stage of a product's life, from raw materials, through production, distribution and final disposal or recycling.

Effective Reporting: Green/Environmental Reporting is the term popularly used across nations for disclosure of environment related data, audited or not, regarding environmental risks, environmental impacts policies costs and liabilities. The CMAs can apply certain tools and techniques for quantification and monetization of externalities and full environmental cost accounting for effective and fair reporting like Life-Cycle Assessment, Hierarchical Cost Analysis, Activity-Based Costing, Balanced Score Card, etc.

Corporate Sustainability: Sustainability is a business approach that creates long-term consumer and employee value by not only creating a "green" strategy aimed towards the natural environment, but taking into consideration every dimension of how a business operates in the social, cultural, and economic environment. Corporate sustainability is an evolution on more traditional phrases describing ethical corporate practice. Here, CMAs can assist management by formulating apposite strategies to build a company that fosters longevity through transparency and proper human resource development.

Environmental Accounting and Auditing: Environmental accounting contributes to enhance environmental performance of organizations, while simultaneously improves operational and financial efficiency, thereby promoting sustainable development. Environmental issues – along with the related costs, revenues and benefits – are of increasing concern. In this context, the CMAs can carry out audit to express an opinion if the financial statements are presented fairly and are prepared, in all material aspects, in accordance with the financial reporting framework to present a true and fair view of the entity.

Green Gross Domestic Product (GDP): The idea of Green GDP initiated in the early 1990s to balance the shortcomings of traditional GDP to account for the economic costs of natural resources depletion and pollution damages, which in turn would influence human welfare as well as economic sustainability. In recent years, Green GDP accounting has become momentous basis to develop and implement the sustainable development strategies in the world. Hence, it is essential to build up a robust environmental accounting system for more accurate and comprehensive accounting. Funding research and development by government plays an important role in environmental valuation research. In this regard, the CMAs can quantify the actual requirement of the fund and assist the Government to keep track of allocation and apportionment of grants and loans.

Carbon Management: Carbon management allows companies to recognize areas for reduction in emissions and potential energy efficiency projects. The greatest opportunities for carbon management improvements come from money-saving energy efficiency measures, making the investment in carbon management a valuable business practice. With the dawn of the ratification of Kyoto Protocol by most of the nations, business entities started to consider issues such as trading in carbon allowances (or permits), investment in low- Carbon Dioxide emission technologies, counting the costs of carbon regularity compliance and passing on the increased cost of carbon regulation to consumers through higher prices. The CMAs can apply cost management techniques and measures for informed decision making. They can apply strategic cost accounting systems to evaluate the 'whole-of-life' costs in terms of carbon emissions relating to products and services.

Eastern India Regional Council

Bhubaneswar Chapter of Cost Accountants

The Chapter observed the 'Rashtriya Ekta Diwas (National Unity Day)' on October 30, 2015 at its premises in the memory of Late Sardar Vallabhai Patel as per the notification of the Institute. To mark the celebration of members in Industry Fortnight and as suggested by the Institute, the chapter organized a seminar on 'Advance Tax, TDS & Tax Planning'. CMA Patitapaban Sahu, Senior General Manager (Finance), Odhisha Hydropower Corporation Ltd. graced the seminar as Guest of Honour and CMA Niranjan Swain, General Manager (Finance), OPGC Ltd. was the chief speaker on the occasion who delivered on Tax Planning in details. CMA Sudhansu Kumar Sahu, Deputy General Manager (Finance), CESU, Bhubaneswar was the co speaker on the occasion and deliberated on Advance Tax and TDS in details.

Rourkela Chapter of Cost Accountants

The Chapter organized a one day seminar on 'Insight of Goods and Services Tax in India' on October 18, 2015 where CA R K Sharma, IPS, IG Police, Western Range, Rourkela, the Chief Guest emphasised the importance of GST and the role of finance professionals to act towards facilitating the implementation of the proposed GST. CMA Sitaram Pradhan, General Manager (Finance) SAIL, RSP highlighted the current taxation system and the cascading effect of taxes. Highly acclaimed faculties, CMA A B Nawal, FCMA, CCM, Chairman, Taxation Committee and CMA Niranjan Swain, FCMA, General Manager, Finance, OPGC handled the technical sessions. During the technical session, speakers highlighted the challenges ahead and the role of finance, materials management and IT department for smooth transition to GST. CMA M.K. Sahoo, DGM (Finance), SAIL, RSP & the chairman of the chapter delivered the welcome address while vote of thanks was proposed by Secretary, CMA G.S. Das, AGM (Finance), SAIL RSP.

Northern India Regional Council

NIRC organized a seminar on October 14, 2015 based on the theme 'Total Cost Management' at CMA Bhawan, New Delhi celebrating the Corporate Cost Management week which was from October 12, 2015 till October 18, 2015. The keynote speaker was CMA S.M Anwar Hasan, past chairman of Allahabad chapter who shared his knowledge on the above theme. CMA Sanjay Gupta, Central Council Member, and CMA Ravi Kr. Sahni, vice chairman, NIRC and CMA Navneet Jain, RCM, NIRC were also present in the seminar.

Another seminar had been held on Cost Management in Education and Health Care Sector on October 17, 2015 at Bareilly . Shri Satosh Gangwar, Minister of States Textiles (Independent Charge), Parliamentary affair and water resources, Govt. of India was the chief guest who assured his assistance to the Institute by enlarging the scope of cost audit also in banks and insurance sectors. Dr. I.S Tomar, Mayor, Bareilly was the guest of honour who gave his assurance that the CMAs will be included in all state level societies for audit purpose. CMA Ravi Kr. Sahni, vice chairman, NIRC was the keynote speaker who shared the knowledge on Cost Management in Education & Health Care Sector. CMA Arvind Kumar, RCM, NIRC also shared his knowledge on the concerned theme. CMA Anil Choudhary, CMA Gautam Prakash Vaish, CMA Ritesh, CMA Sharad Gautam, CMA Pramod Mishra and CMA Pradeep Tiwari were also present in the seminar.

Patiala Chapter of Cost Accountants

The Chapter along with Multani Mal Modi College, Patiala organized a motivational seminar for students on October 24, 2015. The guest of honour and the speaker, CMA Preet Mohinder Singh, chairman of Chandigarh Panchkula Chapter of Cost Accountants motivated the students about their career options. Chairman of the chapter, CMA Ravinder Kumar along with Principal of Multani Mal Modi College Patiala, Shri Kushwinder Kumar shared their experiences and motivated the students to do better in their professional life.

Udaipur Chapter of Cost Accountants

The Chapter organized an Investors Awareness programme on October 25, 2015 as per the guidelines given by Director, Training & Placement of the Institute in association with Ministry of Corporate Affairs, New Delhi. Dr. G. Soral, Prof & Dean College of Commerce and Management studies, the chief guest, emphasized the individuals attending the programme on savings and investments in securities, insurance, mutual funds etc. Dr. Pradeep Kumawat, Director, Alok Sansthan, Udaipur stressed for investments in various fields. Dr. J.C Bhadada, Retired Principal, Govt. Girls College Chittorgarh and Shri S.K. Sharma principal, The Study, Sr. Secondary School, Udaipur were also invited as the guest of honour. Shri Dipanjan Sarkar of Bajaj Allianz explained in detail the importance of Life Insurance as it gives protection against risk and savings for future and Shri Vishal Tandon of India Infoline, Mumbai discussed about investment in equity, bonds and other forms of investments to get better return.

Jaipur Chapter of Cost Accountants

The Chapter organized full day seminar on Cost Auditing Standards and GST on November 1, 2015 at its premises. Key speaker of the first technical session, CMA J.K. Budhiraja, Sr. Director, Professional Development of the Institute gave effective presentation on 'Cost Auditing Standards' which have been made mandatory with effect from September 11, 2015. In the second technical session, key speaker was CA Virendra Parwal giving detailed presentation on GST and providing latest status on the same. The seminar was inaugurated by CMA S.K. Bhatt, Chairman, NIRC and CMA Ravi Kumar Sahni, Vice Chairman NIRC was also present on this occasion.

Lucknow Chapter of Cost Accountants

The Chapter organized Sports Day on October 11, 2015 celebrating World Students Day. The Chairperson of the chapter,CMA Anjana Chadha inaugurated the sports competition in the presence of Vice Chairman, CMA Pawan Tiwari, Secretary, CMA Dharmendra Singh Saluja, Jt. Secretary CMA Neha Sharma and Treasurer CMA Amit Yadav. The Chapter organized CMA Youth Talent Conclave on World Students day and Corporate Cost Management Week on October 15, 2015. Dr. N. J. Rashudi, Director, I.I.L.M. Lucknow, the chief guest presented the prize to the winning students. A Seminar was organized by the chapter on October 18, 2015 on the theme 'XBRL, Cost Accounting Standard and Special Audit under Central Excise' at its CMA Bhawan. CMA Sanjay Gupta, Chief Guest of the seminar and Central Council Member of the Institute informed the activities of NIRC and discussed the steps for development of profession with Govt. of India. CMA Anjana Chadha, Chairperson of the chapter, CMA S.K.Bhatt, Chairman, NIRC, CMA Saurabh Srivastava, past vice chairman, NIRC, CMA Sunil Kumar Singh, Secretary NIRC, CMA Pawan Tiwari, Vice Chairman, CMA Dharmendra Singh Saluja, Secretary, CMA Neha Sharma, Joint Secretary, CMA Amit Yadav, Treasurer of the Chapter, CMA K.L.Prabhakar, Founder Member of the Chapter were among the members present in the seminar. CMA J.K. Budhiraja, Senior Director(PD) presented his views on XBRL , Cost Accounting Standard Rules and shared the importance of these rules for Indian Economy and Industries and CMA Ravi Sahni, Vice-Chairman NIRC presented his views on the Special audit under Central Excise rules and its effects in costing

Southern India Regional Council

Bangalore Chapter of Cost Accountants

The Chapter organized Pracititioner's Meet on Exposure Draft of Cost Accounting Standard on Capacity Determination, CAS-2 (Revised 2015) on September 11, 2015. A Communication and Soft Skills Training (CSS) for intermediate students of postal coaching had been organized by the chapter from September 13 till September 15, 2015 and students of oral coaching from October 18 till October 20, 2015. A Professional Development Meet had been organized by the chapter on September 26, 2015. Shri. Chandrahsekar, Shri K S Venkatakrishnan and Shri B S Narayanaswamy, Members of Bangalore Branch of Institution of Valuers delivered the lectures at PD Meet. A professional development meet had been organized by the chapter on October 10, 2015 where Shri B V Ravi, Additional Commissioner (Policy & Law), Department of Commercial Taxes, delivered lecture on 'Recent Judgments on VAT & Allied Laws' and CMA Vishwanath Bhat, Cost Accountant, delivered lecture

on 'VAT Audit & Related Issues (VAT 240)'. On October 17, 2015 a corporate cost management week was held by the chapter where CMA P. Thiruvengadam, Sr. Director, Consulting, Deloitte Touche Tohmatsu India Pvt Ltd., deliberated on 'Achieving Business Excellence through Cost Management', CMA Premnath Murthy, Management Consultant, discussed on Achieving Operation objectives through Risk Management.

CMA K R Murali Krishna, Cost Accountant, spoke on Cost Management in Service Industry and CMA Prof Dr Madhavi Lokhande, Welingkar Institute of Management narrated on Cost Management in MSMEs. On October 21, 2015, a professional development programme was held where Shri Subray M Hegde, Joint Commissioner of Commercial Taxes (Retd) and Consultant, Fiscal Policy Institute, spoke on 'Constitutional Amendment Bill of GST'.

An Investor Awareness programme was organized on October 26, 2015. Prof R. Madhwaraj, Management Consultant, spoke on Corporate Enterprise/Governance in the concerned programme. Rashtriya Ekta Diwas, the National Unity Day was celebrated on October 30, 2015 and staffs of the chapter participated in the programme.

Coimbatore Chapter of Cost Accountants

The chapter conducted various PDP Meetings on 'Lean Manufacturing Primer', 'Recent Amendments to Service Tax', 'Financial Analysis Using Excel', 'Current Updates on Service Tax', 'Recent Changes in Cost Audit Report & e-filing', 'Recent Issues in Vat, Income Tax & Service Tax' on various dates of June 2015 till October 2015. A discussion on 'e-Filing of Cost Audit Report in XBRL Format' was held at the chapter on September 21, 2015. The first Faculty meeting of this year was conducted on June 6, 2015 at the chapter attended by vice chairman, secretary and treasurer of the chapter. Various career awareness programmes were conducted on various dates of June, July and September 2015 at different colleges of Coimbatore. The chapter organised a yoga session in view of the call for adoption of June 21,2015 as International Day of Yoga by Hon'ble Prime Minister of India and as advised by the President of the Institute where Smt. Ponmani Avinashilingam, Yoga Expert, presented a lecture demonstration on the topic 'Stress Management thro Yoga'. The Communication and Soft skill programmes for Intermediate students were conducted in July, August and October, 2015. The programmes were conducted by CMA R.Maheswarn. The Annual Festival of Cost and Management Accountants, an inter-collegiate event, 'Cosma fest – 2015' was conducted by the chapter on August 22, 2015 at PSG Institute of Management, Coimbatore. Sri. D.Nanadakumar, President, The Indian Chamber of Commerce, Coimbatore inaugurated the event. Dr. R. Nandagopal, Director, PSG Institute of Management, Coimbatore addressed the participants at the valedictory function. The seven days Industry Oriented Training Programme for final students commenced at our chapter since September 20, 2015. Around 20 students registered for this programme.

Mettur Salem Chapter of Cost Accountants

A career guidance programme on Cost & Management Accounting was organised by the Department of Commerce, Muthayammal College of Arts & Science, Rasipuram, Namakkal dated October 7, 2015. Principal Dr R Selvakumaran addressed the students and CMA KM Krishnamurthy, Chairman, CMA RV Thiagarajan, Vice Chairman, CMA V Krishnakumar, Secretary and CMA Vidya, Treasurer of the chapter explained in detail the course contents, fee structure, scope of employment or practice etc to the students. The Corporate Cost Management Week had been celebrated by the chapter on October 17, 2015 based on the theme 'Business Excellence through Cost Management'. Dr V Jayaprakash, Principal, Sona College of Technology advised the delegates including students to well manage the time which is part and parcel of Cost Management. CMA K Balasubramanian, DGM (F&A) and Head of the Department of Finance & Accounts, SAIL Refractories Company Limited discussed on the studies made by successful airways operators, Mobile companies well received by the delegates.CA R Muralidharan gave an overview of the proposed Goods and Service Tax by the Government of India. In his detailed presentation made on 'Business Excellence thro Cost Management' by CMA RV Thiagarajan, Retired Asst General Manager (F&A), SAIL, Salem Steel Plant, he explained various aspects to be considered for 'Business Excellence'.

Trivandrum Chapter of Cost Accountants

On October 16, 2015 the chapter conducted a seminar on the occasion of 'Corporate Cost Management Week' based on the theme 'Cost Management in Higher Education' at its CMA hall. CMA B Kumar, Coordinator, ASAP-CAT Programme handled the session and members and students participated in the seminar.

Madurai Chapter of Cost Accountants

On July 24, 2015, the chapter inaugurated its oral coaching classes where CMA Dr.I. Ashok, Council Member in his presidential address explained the students about the importance of obtaining additional qualification along with the degree which is now- a- days a minimum requirement to meet the competition in the current scenario of globalization. CMA S Kumararajan, chairman of the chapter had been invited to deliver key note address with Dr. Perrys

P Mahendravel, Chairman, Perrys Biscuits P Ltd at the inauguration of coaching programme conducted by Kalis Coaching Academy of Sri Kaliswari College, Sivakasi on July 25, 2015. Mr A P Selvarajan, Secretary of the college presided over the function. The Chapter organized career guidance programme on August 6, 2015 where CMA S.Kumararajan, chairman of the chapter addressed the students explaining the value of CMA course, opportunities available, its contents, procedures for enrollment, fee structure, examinations etc. In celebration of corporate cost week, the chapter conducted a half day Professional Development programme on the theme 'Basic Excellence through Cost Management' on October 18, 2015. CMA. Dr. A. Mayilmurugan, Secretary, SIRC, briefly explained the significance of cost management and the role of CMA in helping the business community for sustainability during the dynamic and changing business scenarios. An Awareness programme on CMA was held at Saliar Mahajan Higher Secondary School (Govt. Aided) Aruppukottai, Virudhunagar Dist. on October 29, 2015 where Dr. I. Ashok, Central Council Member motivated the students to take up the CMA Course simultaneously during their college education as an additional qualification which may be helpful to meet the challenges in the growing competitive world. On November 4, 2015 the chapter organised members in industry meet where CMA K S Viswanathan, President and Secretary of Sundaram Industries P Ltd explained all about working capital management and shared his personal experience in dealing with cash management and banking apart from rehabilitation of sick industries. The programme ended with the vote of thanks of CMA. Dr. A, Mayilmurugan, Secretary, SIRC and Ex Officio Member, Madurai Chapter.

Visakhapatnam Chapter of Cost Accountants

On November 1, 2015 the chapter organized a seminar on 'Cost Management in Healthcare Sector'. Hon'ble Minister for Health and Medical Education, Govt. of Andhra Pradesh, Dr. Kamineni Srinivas highlighted the necessity of cost management in the present scenario and Guest of Honor, Dr. G. Santha Rao, Director of Medical Education, Govt of Andhra Pradesh explained the knowledge, professionalism and experiences of CMAs in healthcare sector for providing the reasonable cost. Guest of Honor, CMA K. Sanyasi rao, Chairman, SIRC explained the role of managements

of the hospitals and the doctors in providing better services in health care sector with low cost of medical expenses. CMA S. Natranajn, Advisor, TDEC Chennai,

explained about the National Health Policy 2015 where the Government is very much concentrated on cost control in healthcare services. CMA S.Ramprasad , CMA C.S.Sundara Murthy ,CMA V.J.Gupta , CMA N.Aruna, CMA N.V.B.Rama Sarma , CMA P.V.S.Suryanarayana, CMA V.S.Rama Kotaiah, and large number of members and corporate delegates participated in the seminar . The Chapter organized Members in Industry Fortnight on 'Leadership Qualities in Financial Management' on November 8, 2015 at its premises. Speaker CMA M.V.S Kameshwar Rao explained the leadership qualities of a Finance Head (CFO) in the organisation and also explained the futuristic opportunities of CFO to lead the company. CMA S.Ramprasad , CMA C.S.Sundara Murthy , CMA U.Lakshmana Rao and members of the chapter participated in the program and CMA CH.V.S.N Krishna Kishore proposed vote of thanks.

Hyderabad Chapter of Cost Accountants

On October 3, 2015, a programme on Look at CMA held at CMA Bhavan had been organized by the chapter and on October 4, 2015, the chapter conducted a seminar on 'Overview of ERP' held at CMA Bhavan and CMA T.C.A. Srinivasa Prasad, Advisor (ERP), NMDC & Corporate Trainer was the speaker of the seminar who detailed out the processes, level of automation, its impact on the decision making process in an organization. On October 8, 2015 two Investor Awareness programs were held by Dr. Srinivasa Rao Seethalapu, Asst. Professor, PG Dept. of Management Studies, TJPS College, Guntur. On October 9, 2015 a joint programme with Indian Accounting Association, Hyderabad Chapter, Roots Degree College, Hyderabad & ICAI, Hyderabad Chapter had been initiated with a discussion on Role of Accounting in National Building and CMA Career held at Roots College, Somajiguda, Hyderabad. Panel Members Dr. Jaya Prakash Narayanan, Former IAS Officer and Public Representative, addressed the audience

by highlighting the importance of accountants in following principle based reporting and how it helps in the development of the society. CA MV Purushottam Rao, Practicing Chartered Accountant, CMA M. Nanda Kishore, Executive Director, Ramky Industries Ltd. illustrated from the mining industry, Dr. K.V. Achalapathi, Prof. of Commerce, Osmania University, CMA K.Ch.A.V.S.N. Murthy, General Secretary, IAA, Hyderabad, Prof. Md Akbar Ali Khan, Dean, Faculty of Commerce, Osmania University, Prof. S.V. Satyanarayana, Head, Dept. of Commerce, Osmania University & Prof. D. Obul Reddy, Chairman, IAA, Hyderabad Chapter were among other eminent dignitaries present in the programme. On October 10, 2015 Gender Sensitization programme was held at CMA Bhavan, Himayatnagar. On October 13, 2015 a seminar on CAS 4 was conducted for Central Excise Office staff at their premises. CMA E. Vidya Sagar, Practising Cost Accountant was the speaker of the event. On October 18, 2015 a full day seminar on the occasion of Corporate Cost Management week based on the theme 'Business Excellence through Cost Management' was held by the chapter. CMA Rameesh Kailasam, Dy. Managing Director & Senior Director, APCO Worldwide, New Delhi delivered his keynote address, CMA D.S. Ahluwalia, Director (Finance) NMDC Ltd. was the chief guest. CMA N. Raj Sekar, CFO & Secretary, Shantha Biotechnics Ltd., Sri K. Govindarajan, CFO, KIMS Hospitals and CMA T.S.N. Raja, Dy. General Manager in A.P. State Financial Corporation were the speakers of the seminar. On October 17, 2015 a study circle meet on 'Overview of Cost Auditing Standard – 1' was held by the chapter. On October 18, 2015, CMA K.Ch.A.V.S.N. Murthy, Past Chairman , SIRC gave an interview in HMTV about Direct Taxation aspects. On October 30, 2015 a programme on Rashtriya Ektha Diwas was held at CMA Bhavan, Himayatnagar.

Western India Regional Council

Aurangabad Chapter of Cost Accountants

The Chapter organized a felicitation function for successful students on October 27, 2015 where Dr. Abhijeet Shelke, Director, Department of Management Science, Dr. Babasaheb Ambedkar Marathwada University, Aurangabad, the chief guest deliberated

in brief at the function. Shri Vijay Kamble, Zonal Manager, Bank of Maharashtra, Aurangabad and CMA Prabhat Kumar Khemka, Director, Khmeka Broach and Splin Gauge, Aurangabad were the guests of honor. Training Committee Chairman, CMA Parag Rane emphasized on the training activities and future plans of the training committee. CMA Prabhat Kumar Khemka mentioned Aurangabad an important industrial destination due to Auto Cluster, Delhi Mumbai Industrial Corridor and Smart City.

Bhopal Chapter of Cost Accountants

The Chapter organized a seminar on the theme 'Business Sustainability and Cost Management' celebrating corporate cost management week under the joint auspices of WIRC on October 18, 2015 inaugurated by CMA Debasish Mitra , chairman, WIRC who delivered presentation on External Commercial Borrowings and also informed the members about various activities undertaken by WIRC and Institute in recent times. CMA KIshore Bhatia was the key note speaker and he enlightened the participants about various provisions of cost audit report rules under the companies act 2013 and how cost audit report data can be utilized for optimum utilization of resources.

Pimpri Chinchwad Akurdi Chapter of Cost Accountants

The Chapter in celebration of Corporate Cost Management Week organized a CEP seminar on 'Achieving business excellence through Cost Management' dated October 17, 2015 at CMA Bhawan, Pimpri. In the technical session, CMA C S Adawadkar, the guest speaker detailed on Cost and Management accountancy and described it a powerful tool which can be used to improve efficiency of the organisation. On October 29, 2015 the chapter again organized a CEP seminar on 'GST-Registration, Payment and Refund' at CMA Bhawan, Pimpri wherein the technical session, CMA L D Pawar, RCM , the guest speaker, explained in detail the provisions regarding registration procedure involved in GST.

Green Index

The Global Carbon Project was formed to assist the international science community to establish a common, mutually agreed knowledge base supporting policy debate and action to slow the rate of increase of greenhouse gases in the atmosphere. The growing realization that anthropogenic climate change is a reality has focused the attention of the scientific community, policymakers and the general public on the rising concentration of greenhouse gases, especially carbon dioxide (CO2) in the atmosphere, and on the carbon cycle in general. Initial attempts, through the United Nations Framework Convention on Climate Change and its Kyoto Protocol, are underway to slow the rate of increase of greenhouse gases in the atmosphere.

Table A: Global Carbon Budget

Year	*Fossil fuel and cement emissions*	*Land-use change emissions*	*Atmospheric growth*	*Ocean sink*	*Land sink*
2000	6.77	1.23	2.65	2.12	3.23
2001	6.93	0.97	3.82	1.97	2.12
2002	7.00	1.05	5.05	2.34	0.66
2003	7.42	0.90	4.75	2.46	1.11
2004	7.81	1.03	3.41	2.31	3.12
2005	8.09	1.03	5.15	2.36	1.61
2006	8.37	1.01	3.69	2.51	3.18
2007	8.57	0.94	4.43	2.51	2.56
2008	8.78	0.66	3.75	2.43	3.25
2009	8.74	0.71	3.58	2.56	3.31
2010	9.17	0.83	5.11	2.55	2.34
2011	9.46	0.88	3.63	2.69	4.03
2012	9.67	0.93	5.09	2.85	2.66
2013	9.86	0.89	5.36	2.88	2.51

Source: globalcarbonproject.org; All values in billion tonnes of carbon per year (GtC/yr), for the globe. For values in billion tonnes of carbon dioxide ($GtCO_2$) per year, multiply the numbers below by 3.664; Note: 1 billion tonnes C = 1 petagram of carbon (10^15 gC) = 1 gigatonne C = 3.664 billion tonnes of CO2; All uncertainties represent ± 1 sigma error (68 % chances of being in the range provided)

Table B: Fossil fuel and cement production emissions by country (territorial, using the region names from the sheet "consumption emissions") MtC/yr

	2000	*2001*	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*
China	929	951	1007	1234	1442	1579	1749	1852	1919	2098	2260	2481	2620	2723
United States of America	1558	1528	1541	1549	1579	1589	1565	1590	1543	1449	1482	1447	1392	1428
India	**324**	**328**	**335**	**350**	**368**	**385**	**410**	**439**	**494**	**541**	**548**	**571**	**626**	**657**
Russian Federation	425	425	425	438	437	441	455	455	468	429	475	493	499	495
Japan	333	328	332	337	344	338	336	341	329	300	319	320	342	340
Germany	226	233	226	227	225	220	221	214	214	200	203	196	202	207
South Korea	122	123	127	127	132	126	128	135	139	139	155	165	166	168
Saudi Arabia	81	81	89	89	108	108	118	107	114	118	127	130	138	142
Canada	146	143	142	151	151	154	150	153	149	140	136	138	136	137
Indonesia	72	80	84	86	92	93	94	102	112	124	118	129	131	135
Brazil	89	92	91	88	92	95	95	99	106	100	114	118	124	131
Mexico	104	108	107	111	112	119	120	124	129	122	121	126	128	127
United Kingdom	148	150	145	147	147	148	148	144	142	130	135	125	130	126
South Africa	101	99	95	104	116	108	116	121	127	137	125	122	123	122
EU28	1067	1090	1082	1107	1110	1104	1107	1094	1071	990	1012	979	970	951
Europe	1639	1664	1655	1704	1707	1702	1721	1706	1699	1559	1641	1633	1627	1600
OECD	3493	3474	3491	3548	3596	3604	3591	3629	3560	3345	3434	3390	3351	3367
Asia	2142	2193	2279	2544	2813	2966	3177	3355	3486	3689	3913	4202	4439	4584
Non-OECD	3068	3134	3220	3546	3866	4062	4329	4522	4728	4909	5197	5519	5774	5937
World	**6765**	**6927**	**6996**	**7416**	**7807**	**8093**	**8370**	**8566**	**8783**	**8740**	**9167**	**9457**	**9668**	**9861**

Source:globalcarbonproject.org

All values in million tonnes of carbon per year. For values in million tonnes of CO_2 per year, multiply the values below by 3.664.

1MtC = 1 million tonne of carbon = 3.664 million tonnes of CO_2

Table C: Top Green Companies in the World 2015

Rank	Newsweek Green Score	Company	country	GICS Sector	GICS Industry	Energy Productivity	Carbon Productivity	Water Productivity	Waste Productivity	Green revenue	Sustainability Pay Link	Sustainability Themed Committee	Audit Score
1	89.20%	Biogen Inc.	US	Health Care	Biotechnology	14.10%	14.20%	12.80%	11.30%	17.00%	10%	5%	5%
2	85.10%	SHIRE PLC	Ireland	Health Care	Pharmaceuticals	13.20%	14.50%	10.10%	13.20%	14.00%	10%	5%	5%
3	84.20%	Allergan, Inc.	US	Health Care	Pharmaceuticals	12.40%	13.10%	12.00%	12.60%	14.10%	10%	5%	5%
4	84.10%	Reckitt Benckiser Group PLC	UK	Consumer Staples	Household Products	14.30%	11.90%	13.30%	12.70%	11.80%	10%	5%	5%
5	82.60%	Adobe Systems Incorporated	US	IT	Software	13.40%	9.10%	11.70%	9.40%	19.00%	10%	5%	5%
6	81.60%	Swisscom AG	Switzerland	Telecom. Services	Diversified Telecomm	13.60%	12.80%	9.90%	10.60%	14.60%	10%	5%	5%
7	81.30%	Unilever PLC	UK	Consumer Staples	Food Products	10.30%	13.20%	12.60%	14.50%	10.70%	10%	5%	5%
8	81.30%	Broadcom Corporation	US	IT	Semiconductors & Semico.Equipment	13.60%	12.50%	13.70%	8.60%	13.00%	10%	5%	5%
9	80.40%	Roche Holding AG	Switzerland	Health Care	Pharmaceuticals	9.30%	12.40%	12.20%	12.20%	14.20%	10%	5%	5%
10	80.40%	BT Group PLC	UK	Telecomm. Services	Diversified Telecomm.	9.90%	13.40%	8.20%	12.80%	16.00%	10%	5%	5%
194	50.70%	Infosys Limited	India	IT	IT Services	6.80%	5.50%	1.30%	0.10%	17.00%	10%	5%	5%
222	48.50%	TCS	India	IT	IT Services	5.20%	2.30%	2.20%	1.80%	17.00%	10%	5%	5%
303	37.90%	Reliance Industries	India	Energy	Oil, Gas & Consumable Fuels	12.80%	0.00%	3.70%	9.20%	2.10%	0%	5%	5%
305	37.80%	ITC	India	Consumer Staples	Tobacco	0.60%	2.20%	0.10%	11.50%	3.40%	10%	5%	5%
376	25.20%	Hindustan Unilever	India	Consumer Staples	Household Products	9.10%	0.00%	0.00%	0.00%	11.00%	0%	0%	5%
385	23.20%	Sun Pharma	India	Health Care	Pharmaceuticals	4.20%	0.00%	0.00%	0.00%	14.00%	0%	0%	5%
418	17.30%	HDFC	India	Financials	Thrifts & Mortgage Finance	0.00%	0.00%	0.00%	0.00%	12.30%	0%	0%	5%
427	16.80%	ICICI Bank	India	Financials	Banks	0.00%	0.00%	0.00%	0.00%	11.80%	0%	5%	0%
428	16.50%	HDFC Bank	India	Financials	Banks	0.00%	1.50%	0.00%	0.00%	10.00%	0%	5%	0%
439	15.00%	SBI	India	Financials	Banks	0.00%	0.00%	0.00%	0.00%	10.00%	0%	5%	0%
465	12.50%	ONGC	India	Energy	Oil, Gas & Consumable Fuels	0.00%	1.50%	0.00%	0.00%	1.00%	0%	5%	5%
493	5.40%	Coal India	India	Energy	Oil, Gas & Consumable Fuels	0.00%	0.00%	0.00%	0.00%	0.40%	0%	5%	0%

Source: http://www.newsweek.com

Newsweek Green Rankings covers the 500 largest US and the 500 largest publicly traded companies worldwide. Newsweek's Green Ranking could be considered as one of the most important rankings on environmental sustainability. It consists of eight KPIs covering e.g. energy, green house gas, waste and water productivity each weighted 15 %. Three corporate governance indicators sum up to a weight of 20 %. The highest weighed single indicator now measures the "Green Revenue Score" which is the portion of a company's revenue that is derived from products and services that contribute positively to environmental sustainability. The data is provided by HIP Investor, a company specialized in sustainability metrics. While this KPI still could contain errors as it relies on data delivered by the companies reviewed it is a much better metric than the KPI applied last year. All other KPIs and data sources remain unchanged.

Capital Market Corner

- ❖ A stock market index is created by selecting a group of stocks that are representative of the whole market or a specified sector or segment of the market. An Index is calculated with reference to a base period and a base index value. As the value of stocks within an index change, the index value also changes.

A. Performance of Important Sectoral Indices under NSE (as on 30'th Nov.2015)

Index Name	1 Month Return %	3 Months Return %	6 Months Return %	9 Months Return %	1 Year Return %	3 Years Return %
Nifty PSU Bank	6.7878	0.9974	-8.3756	-16.1294	-24.3158	-2.6875
Nifty Auto	4.8184	5.7152	-0.6431	-5.0753	-0.6838	86.1688
Nifty Consumptin	1.8171	2.9131	2.0133	3.2517	3.7895	52.7498
Nifty Energy	1.7705	6.6629	-2.8905	-5.2138	-12.9161	6.4914
Nifty Media	1.1413	4.3204	15.3923	9.0188	4.621	44.5626
Nifty CPSE	0.8479	-1.4795	-16.5947	-17.1705	-19.9576	-
Nifty FMCG	0.7965	0.5187	0.8517	-3.9038	1.2538	30.3932
Nifty PSE	0.5393	-1.5915	-13.5458	-15.3339	-17.2871	6.9831
Nifty Bank	0.4374	1.2692	-6.8956	-11.4813	-5.8485	43.3551
Nifty Financial	-1.2816	0.8833	-5.6584	-11.5032	-4.5968	40.9006
Nfty Commodities	-1.3612	0.2192	-12.0561	-15.8264	-16.9148	-3.6474
Nifty Services	-1.43	-0.6718	-5.0015	-10.9728	-5.5195	44.7486
Nifty Realty	-1.5621	5.8967	-13.1328	-27.6107	-20.7952	-34.9841
Nifty 50	-1.6186	-0.8335	-5.9097	-10.8584	-7.6034	34.9567
Nifty MNC	-1.9876	-3.1203	-5.092	-6.2486	5.1935	63.0288
Nifty Infra	-2.1985	-7.3714	-13.9544	-16.1972	-14.717	5.3924
Nifty IT	-2.4454	-3.2986	-3.1883	-11.4836	-5.8165	78.9167
Nifty Metal	-3.8897	-4.6342	-27.1468	-33.2397	-38.8512	-35.979
Nifty Pharma	-12.7352	-11.1883	-8.1431	-2.5914	2.116	95.7988

Sources: Capitaline Corporate Database;

Methodology: Returns (%) are absolute returns, calculated on point-to-point basis, Return (%) based on closing Index as on 30 th Nov, 2015 and with respective previous periods as given.

- ❖ Nifty 50 closed at ***7935.25*** as on November 30, 2015, a decrease of 130.55 points (-1.62 %) as against ***8065.80*** as on October 30, 2015. Many of the equity indices across categories declined during the month. Nifty PSU Bank index gained the most (6.79%) amongst all the indices during the month whereas the Nifty Pharma index (-12.74 %) was the biggest loser during the one month period ending November 30, 2015. During the 3 month period ending November 30, 2015, indices which gained by more than 5% are Nifty Midcap 50 (8.59%), Nifty Energy (7.81%), Nifty Realty (7.41%), and Nifty Auto (6.71%).

B. Performance (Share Price) of different companies under Nifty AUTO (as on 30'th Nov.2015)

Index Name	1 Month Return%	3 Months Return%	6 Months Return%	9 Months Return%	1 Year Return%	3 Years Return%
Motherson Sumi	17.6255	-8.4928	-10.8832	-4.0146	1.3665	273.4349
TVS Motor Co.	15.6309	38.8512	28.9104	10.2928	33.9442	687.1795
M & M	15.3684	10.6609	8.5367	5.6929	3.1539	44.1922
Tata Motors	9.9493	24.467	-12.125	-27.9022	-19.8147	56.4406
Hero Motocorp	4.5615	12.5302	0.0853	0.5401	-14.2419	47.765
Maruti Suzuki	3.5491	9.5355	21.6922	27.2325	37.6756	212.5759
Ashok Leyland	0.9605	2.6587	32.4003	35.4331	80.5343	233.0986
Exide Inds.	-0.602	-3.5691	-3.3181	-17.3066	-10.5089	4.5742
Bharat Forge	-1.024	-28.084	-30.9366	-32.192	-11.8601	220.4181
MRF	-2.2271	-5.2222	8.3397	-5.6656	15.8671	255.1459
Bajaj Auto	-2.7917	8.7605	7.0442	15.1292	-6.1175	28.3987
Amara Raja Batt.	-3.1931	-14.4304	-1.2364	-0.5175	17.0179	249.93
Apollo Tyres	-5.1155	-10.4552	-14.5115	-7.2571	-28.9405	91.844
Eicher Motors	-5.7126	-11.5774	-11.4707	2.9119	15.2231	510.934
Bosch	-8.8308	-21.2053	-21.2004	-27.9494	-1.4213	104.5329

Sources: Capitaline Corporate Database

Methodology: We have chosen Nifty Auto indices only. Returns (%) are absolute returns, calculated on point-to-point basis, Return (%) based on closing Index & Closing price as on 30 th Nov, 2015 with respective previous periods as given.

- ❖ The earnings report is a key way for a publicly traded company to tell current and potential investors how it sits financially. Because it is such an important document, and because it is released by the company itself, investors should realize that it is in the company's best interest to present as rosy a picture as possible without violating any Securities and Exchange Commission (SEC) regulations.

C. Synopsys of Quarterly Results (September, 2015)

Rs. in Cr

Co_Name	NS	NS Gr.%	Other Inc.	Interest	RPAT	RPAT Gr.%	EPS	PBIDTM (%)	PATM (%)	LMP (30'th NOV)	MCap (30'th NOV)	P/E Ratio (NSE)	BETA (1Yr.)	SP Return %1Yr.
Rain Industries	31.23	1914.84	36.64	2.64	31.17	20.72	0.93	109.86	99.81	40.1	1348.76	51.41	0.7755	-19.5587
L&T Fin.Holdings	131.92	1235.22	19.47	5.29	143.07	9502.01	0.59	108.33	108.45	66.7	11481.48	26.68	1.02	-5.5909
Eros Intl.Media	441.47	202.58	4.83	10.38	58.38	183.67	6.27	24.14	13.22	222.6	2082.73	14.23	0.7539	-34.4137
PTC India Fin	420.97	136.78	0	126.93	211.25	454.03	3.76	92.49	50.18	40.55	2279.23	6.64	1.645	-26.6063
Glenmark Pharma.	1534.97	125.3	27.32	9.36	366.71	214.96	13	32.22	23.89	981	27679.52	17.07	0.8872	19.6998
Torrent Pharma.	1531	82.26	150	47	729	550.89	43.07	70.22	47.62	1425.55	24123.16	13.98	0.7625	38.7329
Inox Wind	942.91	81.87	30.56	27.87	112.87	84.52	5.09	20.33	11.97	361.45	8021.23	19.22	1.2176	
Sterlite Tech.	1040.54	81.27	3.66	66.05	29.39	134	0.74	13.1	2.82	90.85	3585.01	32.1	1.6272	31.8578
Adani Ports	1536.5	80.87	243.86	264.38	1036.96	95.89	5.01	94.51	67.49	267.7	55439.38	19.77	1.2831	-7.7692
Alembic Pharma	921.62	70.5	0.05	0.53	252.67	200.62	13.4	36.89	27.42	692.75	13058.34	27.78	0.7189	64.6269
Kotak Mah. Bank	4005.65	70.27	615.73	2326.91	569.5	28.12	3.28	79.77	14.22	692.35	126819.57	72.42	1.0223	15.1518
SKS Microfinance	266.4	60.67	33.02	116.95	77.86	37.2	6.15	82.56	29.23	452.55	5743.32	26.04	1.3689	27.0672
Eicher Motors	1295.25	58.73	7.97	0.22	228.51	62.09	84.19	28.45	17.64	16728.9	45425.79	60.6	1.1135	15.2231
Cadila Health.	1750.72	56.6	42.2	7.16	614.08	67.96	6	45.93	35.08	400.9	41041.84	21.86	0.7534	29.5608
Ashok Leyland	4878.81	54.86	178.29	70.18	286.81	137.64	1.01	12.62	5.88	94.6	26921.99	37.54	1.38	80.5343
Automotive Axles	272.01	50.76	0.43	1.65	7.85	109.33	5.19	8.29	2.89	715.15	1080.59	41.24	0.528	-2.3086
PNC Infratech	462.53	45.13	3.31	5.94	30.45	43.43	5.93	13.92	6.58	530.95	2724.19	24.12	1.1594	
Va Tech Wabag	324.54	38.78	5.28	3.36	23.87	105.07	4.39	13.2	7.36	700.05	3814.06	34.62	1.0618	-14.8233
Bajaj Fin.	1592.09	36.05	20.64	694.67	279.39	41.71	52.37	71.31	17.55	5515.15	29579.28	28.32	0.7204	78.377
V I P Inds.	294.7	35.31	0.4	0.5	15.7	313.16	1.1	8.69	5.33	95.35	1347.3	24.96	0.978	-11.3436

Sources: Capitaline Corporate Database

Notes: NS-Net Sales, OI-Other Income, Exp.-Expenditure, PBIDt-Profit before Interest Depreciation & Tax, RPAT-Reported Profit after Tax, EPS-Earning Per Share (Adj) (Unit Curr.), PATM- Profit after Tax Margin, LMP-Latest Market Price, MCap-Market Capitalisation, P/E- Price Earnings Ratio as on 30'th Nov, SP-Share Price.
Methodology: Nifty 500 stocks are considered for the study. The Nifty 500 Index represents about 95.77% of the free float market capitalization of the stocks listed on NSE as on March 31, 2015.We have filtered the above stock based one equal or more than 25% of NS growth and 20% of RPAT growth. Only 20 companies are considered and it's on descending order based on NS growth% i.e. (NS on Sept, Qtr. 2015 less NS on Sept, Qtr. 2014) / (NS on Sept, Qtr. 2014) x100. Beta and Share Price Return are calculated for one year (30.11.2014 to 30.11.2015). LMP, MCap, PE is based on 30th Nov 2015.

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9	Taxable event as the touchstone of taxation: The conflict of dates in the service tax almanac	Dr. Ravindran Pranatharthy	52-55	6
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THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)

EXAMINATION TIME TABLE & PROGRAMME – DECEMBER 2015

FOUNDATION COURSE EXAMINATION
(Multiple Choice Questions – Online Mode)

Day & Date	Foundation Course Examination	
	Syllabus-2012	
	Paper – 1 & 2 (100 Marks) **Time : 10 A.M. to 12.00 Noon**	**Paper – 3 & 4 (100 Marks)** **Time : 2 P.M. to 4.00 P.M.**
Saturday, 19th December, 2015.	**Paper 1** : Fundamentals of Economics and Management (50 Marks) **Paper 2** : Fundamentals of Accounting (50 Marks)	**Paper 3** : Fundamentals of Laws & Ethics (50 Marks) **Paper 4** : Fundamentals of Business Mathematics and Statistics (50 Marks)

Examination Fees

Foundation Course Examination	**Inland Centres**	**₹ 1200/-**
	Overseas Centres	**US $ 60**

1. **The Foundation Examination under syllabus-2012 will be conducted in M. C. Q. Mode through Online only**.

2. Total Questions: 100 (Multiple Choice Questions) in each session, Maximum Marks: 100 (Each Question will carry 1 Mark) in each session. There will be no negative marking for wrong answers.

3. **Foundation Examination will be conducted under 2012 syllabus only.**

4. **Application Forms for Foundation Examination has to be filled up through online only and fees will be accepted through online mode only (including Payfee Module of IDBI Bank). No Offline form and DD payment will be accepted for domestic candidate.**

5. **STUDENTS OPTING FOR OVERSEAS CENTRES HAVE TO APPLY OFFLINE AND SEND DD ALONGWITH THE FORM**.

6. **(a) Students can login to the website www.icmai.in and apply online through payment gateway by using Credit/Debit card.**

   (b) Students can also pay their requisite fee through payfee module of IDBI Bank.

7. **Last date for applying for Foundation Examination of December 2015 term is 3rd November, 2015.**

8. **Examination Centres**: Agartala, Ahmedabad, Akurdi, Allahabad, Asansol, Aurangabad, Bangalore, Baroda, Berhampur(Ganjam), Bhilai, Bhilwara, Bhopal, Bewar City(Rajasthan), Bhubaneswar, Bilaspur, Bokaro, Calicut, Chandigarh, Chennai, Coimbatore, Dehradun, Delhi, Dhanbad, Durgapur, Ernakulam, Erode, Faridabad, Gandhidham, Ghaziabad, Guwahati, Hardwar, Hazaribagh, Howrah, Hyderabad, Indore, Jaipur, Jabbalpur, Jalandhar, Jammu, Jamshedpur, Jodhpur, Kalyan, Kannur, Kanpur, Kolhapur, Kolkata, Kota, Kottayam, Lucknow, Ludhiana, Madurai, Mangalore, Mumbai, Mysore, Nagpur, Nasik, Nellore, Noida, Panaji (Goa), Patiala, Patna, Pondicherry, Port Blair, Pune, Rajahmundry, Ranchi, Rourkela, Salem, Sambalpur, Shillong, Siliguri, Solapur, Srinagar, Surat, Thrissur, Tiruchirapalli, Tirunelveli, Trivandrum, Udaipur, Valsad, Vashi, Vellore, Vijayawada, Vindhyanagar, Waltair and Overseas Centres at Bahrain, Dubai and Muscat. **(If no examination centre is available at a particular location, examinees will be accommodated at the nearest Centre available)**

9. **A candidate who is completing all conditions for appearing the examination as per Regulation will only be allowed to appear for examination.**

10. **Probable date of publication of result : 9th January, 2016.**

A. Das
Director (Examination)

*** For any examination related query, please contact exam.helpdesk@icmai.in**

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)

EXAMINATION TIME TABLE & PROGRAMME – DECEMBER 2015

	PROGRAMME FOR SYLLABUS 2012	
Day, Date & Time	**Intermediate** 9.30 A.M. to 12.30 P.M.	**Final** 2.00 P.M. to 5.00 P.M.
Thursday, 10th December, 2015	Financial Accounting	Corporate Laws and Compliance
Friday, 11th December, 2015	Laws, Ethics and Governance	Advanced Financial Management
Saturday, 12th December, 2015	Direct Taxation	Business Strategy & Strategic Cost Management
Sunday, 13th December, 2015	Cost Accounting & Financial Management	Tax Management & Practice
Monday, 14th December, 2015	Operation Management and Information Systems	Strategic Performance Management
Tuesday, 15th December, 2015	Cost & Management Accountancy	Corporate Financial Reporting
Wednesday, 16th December, 2015	Indirect Taxation	Cost & Management Audit
Thursday, 17th December, 2015	Company Accounts and Audit	Financial Analysis & Business Valuation

EXAMINATION FEES

Group (s)		Final Examination	Intermediate Examination
One Group	(Inland Centres) (Overseas Centres)	₹1400/- US $ 100	₹1200/- US $ 90
Two Groups	(Inland Centres) (Overseas Centres)	₹2800/- US $ 100	₹2400/- US $ 90

1. **Application Forms for Intermediate and Final Examination has to be filled up through online only and fees will be accepted through online mode only (including Payfee Module of IDBI Bank). No Offline form and DD payment will be accepted for domestic candidate.**
2. **STUDENTS OPTING FOR OVERSEAS CENTRES HAVE TO APPLY OFFLINE AND SEND DD ALONGWITH THE FORM.**
3. **(a) Students can login to the website www.icmai.in and apply online through payment gateway by using Credit/Debit card.**
   (b) Students can also pay their requisite fee through payfee module of IDBI Bank.
4. **Last date for applying for December 2015 Examination is 25th October, 2015.**
5. **Finance Act 2014, involving Assessment Year 2015-2016 will be applicable for P7 - Direct Taxation, P11- Indirect Taxation and P16 - Tax Management & Practice for the purpose of December 2015 term of Examination. Refer clarification issued for December 2015, BoS(Academics)/9/08-02/2015-16 dated 25/8/2015.**
6. **The provisions of the Companies Act 2013 and The Companies (Cost Records & Audit) Rules 2014 – are applicable in December 2015 Examinations. Supplementary reading materials for both Intermediate & Final is uploaded in the website of the Institute. Refer clarification issued for December 2015, BoS(Academics)/9/08-02/2015-16 dated 25/8/2015.**
7. If a student obtains at least 60 per cent marks in any paper, the benefit of carry forward/exemption is allowed for the immediately successive three terms of Examination only.
8. Examination Centres: Adipur-Kachchh(Gujarat), Agartala, Ahmedabad, Akurdi, Allahabad, Asansol, Aurangabad, Bangalore, Baroda, Berhampur(Ganjam), Bhilai, Bhilwara, Bhopal, Bewar City(Rajasthan), Bhubaneswar, Bilaspur, Bokaro, Calicut, Chandigarh, Chennai, Coimbatore, Cuttack, Dehradun, Delhi, Dhanbad, Durgapur, Ernakulam,Erode, Faridabad, Ghaziabad, Guwahati, Hardwar,Hazaribagh, Howrah, Hyderabad, Indore, Jaipur, Jabbalpur, Jalandhar, Jammu, Jamshedpur, Jodhpur, Kalyan, Kannur, Kanpur, Kolhapur, Kolkata, Kota, Kottayam, Lucknow, Ludhiana, Madurai, Mangalore, Mumbai, Mysore, Nagpur, Naihati, Nasik, Nellore, Neyveli, Noida, Panaji (Goa), Patiala, Patna, Pondicherry,Port Blair, Pune, Rajahmundry, Ranchi, Rourkela, Salem, Sambalpur, Shillong, Siliguri, Solapur, Srinagar, Surat, Thrissur, Tiruchirapalli,Tirunelveli, Trivandrum, Udaipur, Vapi, Vashi, Vellore, Vijayawada, Vindhyanagar, Waltair and Overseas Centres at Bahrain, Dubai and Muscat.
9. A candidate who is fulfilling all conditions specified for appearing in examination will only be allowed to appear for examination.
10. Probable date of publication of result : Inter & Final – 21st February 2016.

A. Das
Director (Examination)

*** For any examination related query, please contact exam.helpdesk@icmai.in**

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