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THE CHARTERED ACCOUNTANT

JOURNAL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

Governance & Sustainability

75 Azadi Ka Amrit Mahotsav

ICAI - SET UP BY AN ACT OF PARLIAMENT

सत्यमेव जयते

प्रधान मंत्री

Prime Minister

MESSAGE

I am pleased to learn about the celebration of 'Chartered Accountants Day' to mark the completion of 73 years of The Institute of Chartered Accountants of India (ICAI) on July 1. The gesture to publish the commemorative issue of ICAI journal – 'The Chartered Accountant' is commendable.

Over the decades, ICAI has served the society and nation with dedication and commitment. The Institute has strengthened its credentials as a leading organisation for professionals engaged in the field of Chartered Accountancy.

CAs make an important contribution towards the economic growth of the nation. The fraternity is responsible for certifying entries in account books and preventing malpractices. Thus, CAs have a responsibility in ensuring that economic and financial systems remain in sound health.

The financial skills of our CAs are appreciated the world over. It is important for institutions to leverage technology and innovate constantly to enhance their relevance not just within the country, but globally.

During the last 8 years, our government has implemented fast-paced economic reforms. With inclusive growth as the *mantra,* the nation is today marching ahead with confidence. We have taken comprehensive steps to enhance ease of doing business and ease of living.

May the Chartered Accountants Day encourage every CA to work with renewed dedication and commitment in service of the nation. Heartiest congratulations and greetings to everyone associated with ICAI on Chartered Accountants Day.

(Narendra Modi)

New Delhi

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30th June, 2022

Editorial

Sustainability Reporting – Developing a Sustainable Economy

With sustainability becoming core agenda of governments, regulators and other stakeholders for building sustainable economies, the stakeholders across the globe are focusing on non-financial information which promotes Environmental, Social and Governance goals. However, to make meaningful progress on sustainability and mitigate climate risk a comprehensive strategy is required to educate, empower and engage all the stakeholders. An essential element of transitioning towards greener and sustainable economy is finance, as these changes are long-term in nature and needs huge investments. Building a market for sustainable investments and finance requires comprehensive and precise sustainability reporting with requisite disclosures, including non-financial information which provides transparent information. A fair and transparent sustainability reporting framework is the pre-requisite to support and build trustworthy investment environment and improve the functioning of markets. Sustainability reporting framework can provide us high-quality information for a comprehensive understanding of business performance, impacts and outcomes which will lead to moving towards building a sustainable economy.

Over the past few years, Sustainability Reporting is gaining traction both in public and private sectors as transition to a greener economy necessitates commitment from all stakeholders across the value chain. With the transition towards building sustainable economy, the need for reliable, neutral, and comprehensive global corporate sustainability standards and frameworks is evident. The global sustainability standards would enable comparability in reporting and information across the jurisdictions which will lead to developing better investment markets for sustainable finance. Also, the global sustainability reporting framework shall enable stakeholders to work in a collaborative manner to make meaningful impact.

Governments across the globe are working towards shifting flows of capital into activities that support the transition to a more sustainable, low-carbon economy. Sustainability Reporting is emerging as a key element of corporate reporting which is leading to new requirements and heightened expectations. Regulators, independent standards setters and professional accountants have an important role to play in developing a coherent sustainability reporting ecosystem which not only promotes transparency and accountability but also sets the tone for building sustainable economies.

Globally, there is a lot of fervour to mitigate the risk of climate change, countries, regulators, standard setters, experts and change makers are coming together to work in a coordinated and collaborative way to tackle climate change. World leaders at the United Nations Climate Change Conference (COP26) agreed to adopt the sustainable development agenda. In order to achieve Sustainable Development Goals (SDGs) globally, we need multi-pronged, integrated approaches, including collaborative work from the stakeholders.

The global standards setter ISSB is working to develop International Sustainability standards as well as deepen the competence and capability of various stakeholders. Since its formation the ISSB has launched two Exposure Drafts IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and Exposure Draft IFRS S2 Climate-related Disclosures. These standards are intended to provide a global baseline and to be compatible with jurisdiction-specific requirements, including those intended to meet broader stakeholder information needs.

Sustainability Development calls on corporates to assimilate financial and sustainability information with an integrated approach to make informed decisions that deliver long-term value creation—financial returns to investors while taking account of value to customers, employees, suppliers, and societal interests. The role of professional accountants is undergoing change, as they would lead and assist the organizations to imbibe the sustainable business practices for gaining competitive advantage by bringing together information from corporate functions and external sources about sustainability impact and associated opportunities and risks that are relevant to drive sustainability and value creation.

India is working towards transitioning to a sustainable economy as SEBI has made BRSR reporting mandatory for top 1000 listed companies from FY 2022-23, towards achieving Sustainable Development Goals (SDGs). The ICAI through SRSB is strengthening the assurance frameworks for non-financial information to bring accurate and reliable non-financial reporting, developing reporting metrics for Sustainable Development Goals (SDGs) and benchmarking sustainability disclosures. The Institute is working to nurture skills and enhance knowledge of the members to reap benefits of the professional opportunities emerging in sustainability reporting through consequential initiatives like Certificate Course, Conferences and technical literature. Further the Institute is working towards building a robust sustainability reporting ecosystem in collaboration with SEBI, NITI Aayog, MCA and other global standard setters to enhance quality of sustainability reporting. ICAI and its members and other constituents are working to drive Sustainability and Value creation.

-Editorial Board ICAI: Partner in Nation Building

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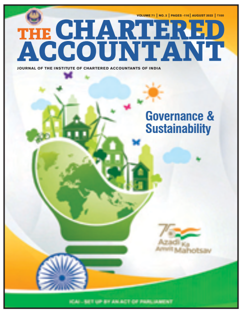

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JOURNAL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

REPORT

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THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
ICAI Bhawan, Post Box No.7100, Indraprastha Marg,
New Delhi-110002, Tel: +91 (11) 39893989.
E-mail: eboard@icai.in, Website: www.icai.org

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From the President

CA. (Dr.) Debashis Mitra
President, ICAI

Dear professional colleagues,

Ya Esa Suptesu Jagarti.

The Motto of our Institute which has been adopted from the Kathopnishad means *"that person who is awake in those that sleep"*. Similar to the Bhagwad Gita in many respects, Kathopnishad is a conversation between Yama and Nachiketa where we find Nachiketa very curious to understand soul and divinity. As the National Anthem is respectful to every citizen of India so is the CA Motto to all members of ICAI.

In today's fast changing scenario, Chartered Accountants are required to be always awake, alert & conscious about the latest changes in their respective areas & continuously update themselves. The Chartered Accountants are acknowledged and respected all across the Globe not only because of their expertise in the fields of Accounts, Finance & Taxation but also due to their adaptability to cope with the changes that are taking place in the emerging areas such as Sustainability, Forensic, Information Technology etc. The expectations of the Government & other stakeholders from our members are increasing everyday.

ICAI, as a partner in nation building, constituted the Sustainability Reporting Standards Board (SRSB) in February 2020 with the mission to formulate comprehensive, globally comparable, and understandable standards for measuring and disclosing non-financial information about an entity's progress towards the United Nations Sustainable Development Goals (SDG) 2030. The Institute strives to bring sustainability reporting and thinking within mainstream business practices both in the public and private sectors. ICAI through SRSB is taking proactive steps to not only identify and develop opportunities for Chartered Accountants in Sustainability Reporting but also to enhance knowledge, upskill and train members by conducting workshops, seminars, and certificate course, publish technical literature on various important topics within the sustainability domain. Further, in its endeavour to promote sustainability reporting ecosystem in the country which would lead to greener low-carbon economy, the Institute is working on two crucial aspects. Firstly, to promote compliance with existing accounting and sustainability related disclosure requirements. Secondly, to strengthen assurance framework to build a solid bridge between sustainability related risks and corporate financial reporting.

Words of Appreciation from the Hon'ble Prime Minister

In a message on the occasion of CA Day our Hon'ble Prime Minister Shri Narendra Modi stated, "*Over the decades, ICAI has served the society and nation with dedication and commitment. The Institute has strengthened its credentials as a leading organisation for professionals engaged in the field of Chartered Accountancy*". Lauding the role of CAs, he highlighted that they "*make an important contribution towards the economic growth of the nation. The fraternity is responsible for certifying entries in account books and preventing malpractices. Thus, CAs have a responsibility in ensuring that economic and financial systems remain in sound health. The financial skills of our CAs are appreciated the world over. It is important for institutions to leverage technology and*

From the President

innovate constantly to enhance their relevance not just within the country, but globally."

Our heartfelt thanks to the Hon'ble Prime Minister for his encouraging words.

Let me present some of the significant professional developments that have taken place since my last communication:

CA Day Celebrations

Our 74th Foundation Day was celebrated with great exuberance. The celebrations commenced with the unfurling of ICAI Flag at the ICAI Head office in New Delhi followed by tree plantation in the august presence of Shri Kailash Choudhary, Hon'ble Minister of State for Agriculture and Farmers' Welfare. The Hon'ble Minister addressed the CA fraternity through a live webcast and lauded the ICAI Go Green initiative.

The CA Day event in the evening was graced by Chief Guest Shri Girish Chandra Murmu, Hon'ble Comptroller and Auditor General of India and Guest of Honour Shri Rajesh Verma, IAS, Secretary, Ministry of Corporate Affairs, Government of India. Stressing on the synergistic relationship between their respective offices and ICAI, the Honourable Guests lauded the profession for its efforts as being a Partner in Nation Building.

Continuing the tradition of nurturing thought leadership on this momentous day, various publications on diverse contemporary topics were released. I congratulate the Regional Councils and the Branches for celebrating CA Day in a befitting manner. A detailed report of the CA function is published separately in the Journal.

Revised Guidance Note on the Companies (Auditor's Report) Order, 2020

Consequent to the various amendments to Schedule III to the Companies Act, 2013, the Auditing and Assurance Standards Board of ICAI has undertaken revision and published "Guidance Note on the Companies (Auditor's Report) Order, 2020 (Revised 2022 Edition)". The Guidance Note has been revised to provide guidance on the corresponding disclosure requirements of Schedule III to the Companies Act, 2013 which pertain to the clauses of CARO 2020 and to align guidance with latest provisions of Companies Act, 2013 and Rules thereunder and other relevant laws & regulations which are referred to in the Guidance Note.

I am sure the Revised Guidance Note shall provide necessary guidance and support to the members in carrying out the audit in an efficient and effective manner.

Meeting with Dignitaries

I, along with Vice President-ICAI CA. Aniket Sunil Talati met Finance Secretary Shri T.V. Somanathan, IAS to deliberate on matters related to the profession and extend warm invitation for the 21st World Congress of Accountants to be held from 18th to 21st November 2022 in Mumbai.

I and Vice-President also had the privilege to meet Mr. B N Reddy Hon'ble Indian High Commissioner to Malaysia wherein discussions were held on enhancing the brand value of Indian Chartered Accountants in Malaysia.

Interaction between RBI and ICAI

The first meeting of Structured Periodical Interaction between RBI and ICAI was held last month. During the meeting various matters of professional relevance and strategic significance were discussed in the interest of the members of our Institute such as recent developments in Audit and Accounting in India and across the globe, Ind AS Implementation by Banks and coverage of Bank Audit.

Expanding Reach of Campus Placement

The 55th edition of Campus Placement programme witnessed great success with 7312 newly qualified CAs getting job offers, out of 10,197 registered candidates. A record number of 173 companies participated in the programme which was held virtually at 9 major and 12 smaller centres across India.

Buoyed by the success, ICAI has decided to extend the campus programme to more number of cities. The 56th edition of Campus programme will cover 6 additional centres viz. Bhopal, Lucknow, Patna, Raipur, Ranchi and Vadodara, thus taking the number of centres to 9 major and 18 smaller centres. Four existing major centres viz. Ahmedabad, Hyderabad, Jaipur and Pune are being elevated as premier day centres, where a minimum CTC of Rs.17 lakhs per annum will have to be offered on the premier day of interviews. The minimum threshold limit of CTC is being increased to Rs.9 lakhs per annum at all existing centres. For new centres, the CTC is being increased to Rs.7.2 lakhs per annum.

MoUs for Capacity Building and Developing Co-operation

A Memorandum of Understanding was signed between the Institute of Chartered Accountants of India and Standing Conference of Public Enterprises (SCOPE) on 14th July, 2022. The MoU mainly promotes knowledge partnership among the two institutions through various ways as well to collaborate with each other to promote research and innovation in areas of mutual interest. SCOPE is an apex professional organization representing the Central Government Public Enterprises and has also some State Enterprises, Banks and other institutions as its Members.

To further enhance the reach of Financial & Tax Literacy amongst masses, a MoU was signed with FICCI Ladies Organisation. We hope that this understanding will provide further boost to an area where ICAI is working with full commitment.

Building momentum towards WCOA

To organize the World Congress of Accountants in a befitting manner, ICAI is reaching out to global accounting institutions for promoting the WCOA 2022. I and Vice President ICAI CA. Aniket Sunil Talati had a meeting on 22nd July, 2022 with Ms. Fann Kor, CEO of Institute of Singapore Chartered Accountants. The ISCA leadership assured its support and cooperation for the WCOA 2022. The ICAI leadership attended the event "Accounting Landscape & Future ready professional" on 23rd July, 2022 organised by the Singapore Chapter of the ICAI which was graced by Mr. Alan Johnson, President, IFAC as well. We also met with Mr. Soon Hoo Koon, Vice President and Mr. Novie Tajuddin, CEO, Malaysia Institute of Certified Public Accountants (MICPA) and Mr. En Mohamad Fasial Abdul Malik, Vice President, Malaysia Institute of Accountants (MIA) on 25th July, 2022 at Kuala Lumpur.

A meeting was also held with the Indonesian Institute of Chartered Accountants (IAI) Central Council members and Aucky Pratama, Executive Director, Asean Federation of Accountants on 26th July, 2022 to discuss ways to further collaborate in the areas of mutual interest and promote WCOA 2022.

Social Audit Standards

Vide notification dated 25th July, 2022, the Securities and Exchange Board of India issued the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2022 wherein Chapter X-A deals with the formation of the Social Stock Exchange. Social auditor has been defined as an individual auditor registered with a self-regulatory organisation under the Institute of Chartered Accountants of India or such other agency as may be specified by the Board. This is recognition for the sincere efforts of the Sustainability Reporting Standards Board of our Institute which has been engaging with the SEBI for more than a year regarding developing Social Audit Standards and carrying out of social audit.

Conclusion

As we celebrate our 76th Independence Day on 15th August, 2022 it will be significant to note that the first meeting of the First Council of the Institute was held on 15th August, 1949 in New Delhi. The then Minister for Commerce of the Government of India, Shri K. C. Neogy while inaugurating the meeting stated as under: "*there was a special significance in that the Council was holding its first meeting on the day of India's independence and it was appropriate that a great and important profession in the country was launching upon a career of autonomy on that day*".

Our Commitment to Independence and being a proud Partner in Nation Building continues since 1949.

Happy Independence Day to all of you.

Debashis Mitra

CA. (Dr.) Debashis Mitra
President, ICAI
New Delhi, 28th July, 2022

Photographs

ICAI President CA. (Dr.) Debashis Mitra and ICAI Vice President CA. Aniket Sunil Talati meeting Dr. T. V. Somanathan, Finance Secretary, Govt. of India. (30th June, 2022)

Signing of MOU to promote Financial & Tax Literacy with FICCI Ladies Organisation (FLO), in the presence of ICAI President CA. (Dr.) Debashis Mitra, ICAI Vice President CA. Aniket Sunil Talati, Ms. Jayanti Dalmia President, FLO and Central Council Members CA. Abhay Kumar Chhajed and CA. Prakash Sharma. (30th June, 2022)

ICAI President CA. (Dr.) Debashis Mitra and ICAI Vice President CA. Aniket Sunil Talati launching the book on 'Sustainability Challenge' in the presence of members of the Central Council, ICAI. (30th June, 2022)

ICAI President CA.(Dr.) Debashis Mitra and ICAI Vice President CA. Aniket Sunil Talati along with members of the Central Council at NIRC Program on the eve of CA Day. (30th June, 2022)

ICAI President CA. (Dr.) Debashis Mitra and ICAI Vice President CA. Aniket Sunil Talati along with Past President CA. G.Ramaswamy and members of the Central Council at the Interactive Meet with members at Coimbatore Branch of SIRC of ICAI. (23rd June, 2022)

ICAI President CA. (Dr.) Debashis Mitra and ICAI Vice President CA. Aniket Sunil Talati along with Central Council members and Secretary, ICAI during Flag unfurling ceremony on the occasion of CA Day. (1st July, 2022)

ICAI President CA. (Dr.) Debashis Mitra and ICAI Vice President CA. Aniket Sunil Talati along with Shri Kailash Choudhary Hon'ble Minister of State for Agriculture and Farmers' Welfare, during tree plantation on CA Day. Also seen in the picture are members of the Central Council. (1st July, 2022)

ICAI President CA. (Dr.) Debashis Mitra and ICAI Vice President CA. Aniket Sunil Talati along with Chief Guest Shri Girish Chandra Murmu, Hon'ble Comptroller and Auditor General of India and Guest of Honour Shri Rajesh Verma, IAS, Secretary, MCA on the occasion of the 74th CA Day Celebrations. (1st July, 2022)

ICAI President CA. (Dr.) Debashis Mitra, ICAI Vice President CA. Aniket Sunil Talati and Central Council members ICAI along with Chief Guest Shri Girish Chandra Murmu, Hon'ble Comptroller and Auditor General of India and Guest of Honour Shri Rajesh Verma,IAS, Secretary, MCA during 74th CA Day Celebrations. (1st July, 2022)

ICAI President CA. (Dr.) Debashis Mitra, ICAI Vice President CA. Aniket Sunil Talati, Shri G C Murmu, Hon'ble CAG of India, Shri Kesavan Srinivasan, Dy. CAG and other members (GASAB) seen in the photograph taken during the 36th Meeting of Government Accounting Standards and Advisory Board (GASAB). (29th June, 2022)

ICAI President CA. (Dr.) Debashis Mitra and ICAI Vice President CA. Aniket Sunil Talati interacting with the members and students, at CoE, Hyderabad. Also seen in the picture are Central Council members CA. Prasanna Kumar D., CA. Mangesh P Kinare, CA. Sushil Kumar Goyal, CA. Muppala Sridhar, CA. Durgesh Kumar Kabra and CA. Purushottamlal H Khandelwal. (6th July, 2022)

ICAI President CA. (Dr.) Debashis Mitra and ICAI Vice President CA. Aniket Sunil Talati at the Interactive meeting with the members at Hyderabad. Also seen are Central Council members, SIRC Regional Council members and Management Committee members of Hyderabad branch of SIRC. (6th July, 2022)

ICAI President CA. (Dr.) Debashis Mitra at the CA. P. M. Narielwala Memorial Lecture organized by EIRC of ICAI. Also seen in the picture are CA. Sushil Kumar Goyal, Central Council member, ICAI, and CA. Ravi Kumar Patwa Chairman, EIRC. (2nd July, 2022)

ICAI President CA. (Dr.) Debashis Mitra and ICAI Vice President CA. Aniket Sunil Talati at the seminar organised by the Tirupati Branch of SIRC of ICAI. Also seen in the picture are Central Council members CA. Prasanna Kumar D., CA. Rajendra Kumar P and CA. G C Misra, and managing committee members of SIRC and branch. (16th July, 2022)

ICAI President CA. (Dr.) Debashis Mitra addressing the interaction meet organized by SIRC of ICAI at Chennai. Also seen in the picture are Central Council members CA. Rajendra Kumar P. & CA. Sripriya K. and Chairman, SIRC of ICAI CA. China Masthan T. (15th July, 2022)

ICAI Vice President CA. Aniket Sunil Talati at the National CA Students Conference at Guntur. Also seen in the picture are Central Council members CA. Prasanna Kumar D., Chairman, SIRC of ICAI and branch managing Committee members CA. China Masthan T. (16th July, 2022)

ICAI Signing of MoU with SCOPE in the presence of CA. Ranjeet Kumar Agarwal, Chairman, CMI&B, ICAI, CA. (Dr.) Raj Chawla, Vice Chairman, CMI&B and Central Council member CA. Hans Raj Chugh, CA. (Dr.) Jai Kumar Batra, Secretary, ICAI. (14th July, 2022)

ICAI Vice President CA. Aniket Sunil Talati at the National CA Students Conference at Vadodara Branch. Also seen in the picture are Central Council members CA.(Dr.) Sanjeev Kumar Singhal, CA. Sushil Kumar Goyal, CA. Vishal Doshi and CA. Purushottamlal H Khandelwal. (8th July, 2022)

ICAI Vice President CA. Aniket Sunil Talati attending the National Conference Program at the Vijayawada Branch of SIRC of ICAI. Also seen in the picture are Central Council members CA. Prasanna Kumar D., CA. G C Misra and Chairman SIRC of ICAI CA. China Masthan T. (16th July 2022)

ICAI President CA. (Dr.) Debashis Mitra and ICAI Vice President CA. Aniket Sunil Talati along with Central Council member CA. CV Chitale meeting Chairman, CBDT Shri Nitin Gupta. (20th July, 2022)

ICAI President CA. (Dr.) Debashis Mitra and ICAI Vice President CA. Aniket Sunil Talati meeting Ms. Fann Kor, CEO, Institute of Singapore Chartered Accountants (ISCA) and senior officials from ISCA. (22nd July, 2022)

ICAI President CA. (Dr.) Debashis Mitra and ICAI Vice President CA. Aniket Sunil Talati meeting Shri BN Reddy, Hon'ble High Commissioner of India to Malaysia. (25th July, 2022)

ICAI President CA. (Dr.) Debashis Mitra and ICAI Vice President CA. Aniket Sunil Talati meeting with Mr. Soo Hoo Koon, Vice President and Mr. Novie Tajuddin, CEO, Malaysia Institute of Certified Public Accountants (MICPA). (25th July, 2022)

ICAI President CA. (Dr.) Debashis Mitra and ICAI Vice President CA. Aniket Sunil Talati meeting with En Mohamad Faisal Abdul Malik - Vice President, Malaysian Institute of Accountants. (25th July, 2022)

ICAI President CA. (Dr.) Debashis Mitra and ICAI Vice President CA. Aniket Sunil Talati meeting with Institute of Indonesian Chartered Accountants (IAI) leadership. Also seen in the picture is Mr. Aucky Pratama, Executive Director, Asean Federation of Accountants. (26th July, 2022)

Know Your Ethics

Q. Can a Chartered Accountant in practice allow any person to practice in his name as a Chartered Accountant?

A. No, Clause (1) of Part-I of the First Schedule to the Chartered Accountants Act, 1949 prohibits a Chartered Accountant in practice to allow any person to practice in his name as a Chartered accountant unless such person is also a Chartered Accountant in practice and is in Partnership with or employed by him.

Q. Can a Chartered Accountant in practice pay to any person any share, commission or brokerage in the fees or profits of his professional business?

A. No, Clause (2) of Part-I of the First Schedule to the Chartered Accountants Act, 1949 prohibits a Chartered Accountant in practice from paying or allowing any share, commission or brokerage in the fees or profits of his professional business, to any person other than a member of the Institute or a partner or a retired partner or the legal representative of the deceased partner or a member of any other professional body or with such other persons having such qualifications as may be prescribed, for the purpose of rendering such professional services from time to time in or outside India.

Q. Can a Chartered Accountant in practice share his fees with the Government in respect of Government Audit?

A. The Institute came across certain Circulars/ Orders issued by the Registrar of various State Co-operative Societies wherein it has been mentioned that certain amount of audit fee is payable to the concerned State Govt. and the auditor has to deposit a percentage of his audit fee in the State Treasury by a prescribed challan within a prescribed time of the receipt of Audit fee. In view of the above, the Council considered the issue and while noting that the Government is asking auditors to deposit such percentage of their audit fee for recovering the administrative and other expenses incurred in the process, the Council decided that as such there is no bar in the Code of Ethics to accept such assignment wherein a percentage of professional fees is deducted by the Government to meet the administrative and other expenditure.

Q. What is the procedure to be followed for transfer of goodwill of Firm of chartered accountants?

The following procedure is to be followed for transfer of goodwill of Firm of chartered accountants:-

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1. An application in writing should be forwarded by a member, holding Certificate of Practice, intimating his intention to purchase goodwill.

2. The application should be made within 1 year from the date of death of the member.

3. The application should be sent along with the following details:-

   a. "Death Certificate" of the deceased member; and

   b. (i) A draft sale deed for sale/transfer of goodwill entered into between the legal heir/s of the deceased and the member intending to purchase goodwill.

      (ii) The sale of goodwill deed must be very clear as to the amount of consideration and payment thereof in one or more installment(s) to be paid within a specified period. The consideration should not be contingent upon future profits.

4. Documents, such as, succession certificate or will, Legal Heir Certificate or an affidavit sworn by all legal heir/s stating that there is/are no other legal heir to the deceased member.

5. Legal heir, in this context, means spouse, child/children and parents.

6. If the agreement is entered into by one of the legal heirs, 'No Objection' from the other legal heirs, except those minor, are also required to be submitted. In case of minor, 'No Objection' is to be obtained from the guardian.

7. The member intending to purchase the goodwill should give an advertisement about his intention to purchase such goodwill, and the advertisement should spell out that anyone having objection thereto should send the objection directly to the respective Regional Office/ Decentralised office (address of which shall be indicated in the advertisement). A copy of the advertisement so published should be sent by the intending purchaser to the concerned Regional Office/ Decentralised office.

8. Within 30 days of the receipt of the approval, for transfer of goodwill, Form '18' is required to be filed by the member purchasing the goodwill.

Q. Can the goodwill of a proprietary firm of Chartered Accountant, after his death be sold/ transferred to another eligible member of the Institute?

Yes, the Council of the Institute considered the issue whether the goodwill of a proprietary firm of Chartered Accountant can be sold / transferred to another eligible member of the Institute, after the death of the proprietor concerned and came to the view that the same is permissible. Accordingly, the Council passed the following resolution with a view to mitigate the hardship generally faced by the families after the death of such proprietors, subject to following conditions:

(a) in respect of cases where the death of the proprietor concerned occurred on or after 30.8.1998.

    Provided such a sale is completed/ effected in all respects and the Institute's permission to practice in deceased's proprietary firm name is sought within a year of the death of such proprietor concerned. In respect of these cases, the name of the proprietary firm concerned would be kept in abeyance (i.e. not removed on receipt of information about the death of the proprietor as is being done at present) only up to a period of one year from the death of proprietor concerned as aforesaid.

(b) in respect of cases where the death of the proprietor concerned occurred on or after 30.8.1998 and there existed a dispute as to the legal heir of the deceased proprietor.

    Provided the information as to the existence of the dispute is received by

Know Your Ethics

the Institute within a year of the death of the proprietor concerned. In respect of these cases, the name of proprietary firm concerned shall be kept in abeyance till one year from the date of settlement of dispute.

(c) in respect of cases where the death of the proprietor concerned had occurred on or before 29th August, 1998 (irrespective of the time lag between the date of death of the proprietor concerned and the date of sale/transfer of goodwill completed/to be completed).

Provided such a sale/transfer is completed/effected and the Institute's permission to practice in the deceased's proprietary firm name is sought for by 28th August, 1999 and also further provided that the firm name concerned is still available with the Institute.

It may be noted that the sale of goodwill of a Chartered Accountancy Firm is not allowed except as stated above.

Q. Can a member share profits with the widow of his deceased partner?

A. Yes, when there are two or more partners and one of them dies, the widow of the deceased partner can continue to receive a share of the profit of the firm. A legal representative, say widow of a deceased partner, would be entitled to share the profits only where the partnership agreement contains a provision that on the death of the partner his widow or legal representative would be entitled to such payment by way of sharing of fees or otherwise for the specified period.

Q. Can there be any sharing of fees between the widow or the legal representative of the proprietor of a single member firm and the purchaser of the goodwill of the firm on the death of the sole proprietor of the firm?

A. No, there could not be any sharing of fees between the widow or the legal representative of the proprietor of a single member firm and the purchaser of the goodwill of the firm on the death of the Sole proprietor of the firm. Payment of goodwill to the widow is permissible in such cases only for the goodwill of the firm and to enable such payments to be made in instalments provided the agreement of the sale of goodwill contains such a provision. These payments even if they are spread over the specified period should not be linked up with participation in the earnings of the firm.

Q. Can a member in practice charge referral fees?

A. As per Clause (3) of the Part-I of First Schedule to the Chartered Accountants Act, 1949, it is not prohibited for a member in practice to charge Referral Fees, being the fees obtained by a member in practice from another member in practice in relation to referring a client to him.

Q. Can a Chartered Accountant in practice enter into partnership with a practicing Chartered Accountant of a recognized foreign professional body for sharing fee of their partnership within India?

A. Yes, Clause (4) of Part-I of First Schedule to the Chartered Accountants Act, 1949 permits partnership between members of the Institute and the members of the recognized foreign professional bodies either by the Central Government or the Council of the Institute by virtue of either under Section 29(2) of the Act or under Regulation 53B (2) of the CA Regulations provided they share fees of the partnership business both within India and outside India.

Q. Can a practicing Chartered Accountant secure any professional business through the services of a person who is not his employee or partner?

A. No, Clause (5) of Part-I of First Schedule to the Chartered Accountants Act, 1949 prohibits a practicing Chartered Accountant from securing any professional business, either through the services of a person who is not an employee of such Chartered Accountant, or who is not his partner.

APPEAL FOR CONTRIBUTION TO THE C.A. BENEVOLENT FUND (CABF)

CHARTERED ACCOUNTANTS' BENEVOLENT FUND (CABF)

The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)

The Chartered Accountants' Benevolent Fund (CABF) was established in December, 1962 with the objective to provide financial assistance for maintenance, and other similar purposes to needy members of our Institute, their wives, widows, children and dependent parent(s).

During Covid pandemic, hundreds of our members have lost their battle and many others are struggling hard to pass through this difficult time. The impact is deep and has certainly shattered their dreams. The Institute through the CABF has tried to help our members in distress.

Since September 2020, about Rs. 17 Crores have been released as Financial Assistance for Treatment of CORONA Disease and also through one-time Ex-gratia/Monthly/Medical financial assistance to Members or their dependents.

With a view to provide better financial support to our needy members or to their dependents, our humble appeal to members to kindly enroll themselves as Life Members of the Fund by making one-time payment of Rs. 10,000/- and those who are already life Members can further contribute voluntarily any amount for the noble cause. The Contribution is eligible for tax exemption under Section 80G of the Income Tax Act.

Links for Contribution

Life Member:
https://cabf.icai.org/lifeMember

Voluntary Contribution:
https://cabf.icai.org/voluntaryMember

Contributions can also be made directly through NEFT/RTGS

Name of A/C	:	Chartered Accountants Benevolent fund
Name of Bank & Branch	:	Axis Bank Ltd., Swasthya Vihar Branch
A/C No.	:	913010046844303
IFS code	:	UTIB0000055

Voluntary contributions/ donations are also accepted from the Family Trusts of Chartered Accountants, which are managed and regulated by the members of the ICAI, for meeting the expenditure in connection with grant of financial assistance to the members of the ICAI and to their dependent(s) as per criteria laid down by the CABF.

A small contribution with a big heart from each member would facilitate grant of a good amount of financial assistance to needy and suffering members/ dependents of members of the profession to mitigate their hardship during unfortunate circumstances.

LET'S BE A PART OF THIS NOBLE MISSION FOR EXTENDING HELPING HAND TO OUR MORE AND MORE PROFESSIONAL COLLEAGUES DURING UNFORTUNATE CIRCUMSTANCES

Opinion

Presentation of accrued interest in the Statement of Cash Flows

A. Fact of the Case

1. A Corporation is a Central Public Sector Undertaking (CPSU) under the Administrative Ministry of Social Justice and Empowerment and is registered under section 25 of Companies Act, 1956 (Now section 8 of the Companies Act, 2013).

2. The querist has stated that the financial statements of the Corporation are being prepared as per Indian Accounting Standards (Ind ASs) as applicable from the financial year (F.Y.) 2018-19. The accounts of the Corporation are subject to audit by the statutory auditors appointed by the Comptroller and Auditor General (C&AG) of India under section 139(5) of the Companies Act, 2013 (hereinafter referred as 'the Act'). The statutory auditors are responsible for expressing opinion on the financial statements under section 143 of the Act, based on the independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. C&AG is required to conduct supplementary audit under section 143(6)(a) of the Act and give its report.

3. The querist has further stated that the Corporation prepares its statement of cash flows as per indirect method. The Corporation has invested its saving/liquid assets in fixed deposit and gained interest of Rs. 2405.54 lakh during the F.Y. 2020-21 on accrual basis. An amount of Rs. 2244.75 lakh has been credited in its bank account against such gain and Rs. 160.79 lakh (net) accrued during the F.Y. 2020-21. The working of net accrued interest, as given in Note No. 7.01 of balance sheet (F.Y. 2020-21) is as follows:

Particulars	Amount (Rs. In Lakh)
Accrued Interest for the F.Y. 2020-21	696.30
Accrued Interest for the F.Y. 2019-20	535.51
Net Accrued Interest	**160.79**

4. The querist has also stated that for the presentation of above-mentioned interest amount, the Corporation deducted Rs. 2405.54 lakh from the profit to reach the actual cash flows from operating activities and the same amount is also shown in cash inflows from investing activities as per the past practices of the Corporation and statutory auditor is also satisfied with this presentation. Also, in many Central Public Sector Enterprises (CPSEs), the same procedure is followed for the presentation of interest received in the statement of cash flows.

5. According to the querist, it is pertinent to mention that there is no standard format in Schedule III to the Companies Act, 2013 for presentation of statement of cash flows but it refers to follow Indian Accounting Standard (Ind AS) 7 for presentation of statement of cash flows.

6. C&AG, while conducting supplementary audit, issued an audit memo regarding the presentation of interest amount received by the Corporation and pointed out as follows:

i. As per paragraph 31 of the Ind AS 7, 'Statement of Cash flows', "interest and dividends received should be classified as cash flows from investing activities".

ii. The interest received by the Corporation during the year 2020-21 was Rs. 2244.75 lakh; however, the same has been incorrectly depicted as Rs. 2405.54 lakh in cash flows from investing activities due to non-adjustment of accrued interest. Further, the cash outflow due to increase in accrued interest of Rs. 160.79 lakh has incorrectly been included in cash flows from operating activities.

iii. This resulted in understatement of cash flows from operating activities and overstatement of cash flows from investing activities by Rs. 160.79 lakh.

7. The impasse was resolved after resolving to approach the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India for its opinion.

B. Query

8. On the basis of the above, the querist has sought the opinion of the Expert Advisory Committee (EAC) on continuance/discontinuance of presentation of interest received on accrual basis, in the statement of cash flows.

C. Points considered by the Committee

9. The Committee notes that the basic issue raised in the query relates to presentation of accrued interest receivable in the statement of

cash flows, prepared in accordance with Indian Accounting Standard (Ind AS) 7, 'Statement of Cash Flows'. The Committee has, therefore, considered only this issue and has not examined any other issue that may arise from the Facts of the Case, such as, accounting for interest (including accrued interest) for financial year 2019-20 and 2020-21, presentation of cash flows arising from taxes on interest income, etc. Further, the Committee, while expressing its opinion, has presumed that investment in fixed deposits is not part of cash and cash equivalents of the Corporation.

10. The Committee notes that the Corporation in the extant case is preparing its statement of cash flows as per indirect method. The Corporation has invested its savings in fixed deposit and gained interest of Rs. 2405.54 lakh during F.Y. 2020-21 including interest accrued but not received of Rs. 160.79 lakh. The Corporation deducted Rs. 2405.54 lakh from the profit to reach the actual cash flows from operating activities and the same amount is also shown in cash flows from investing activities.

In this regard, the Committee notes the following paragraphs of Ind AS 1, 'Presentation of Financial Statements' and Ind AS 7, 'Statement of Cash Flows':

> *Ind AS 1*
>
> **"27 An entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting."**
>
> *Ind AS 7*
>
> "**Objective**
>
> …
>
> The objective of this Standard is to require the provision of information about the historical changes in cash and cash equivalents of an entity by means of a statement of cash flows which classifies cash flows during the period from operating, investing and financing activities."
>
> "***Cash flows*** **are inflows and outflows of cash and cash equivalents."**

From the above, the Committee notes that the statement of cash flows as per the requirements of Ind AS 7 is essentially a statement of changes in cash and cash equivalents and that the cash flow information is not provided based on the accrual basis of accounting. Thus, an item of income and expenses recognised on accrual basis of accounting in the statement of profit and loss and balance sheet will not become part of changes in cash flows unless it represents changes in cash and cash equivalents during the reporting period.

11. The Committee also notes the following requirements of Ind AS 7:

> "20 Under the indirect method, the net cash flow from operating activities is determined by adjusting profit or loss for the effects of:
>
> (a) changes during the period in inventories and operating receivables and payables;
>
> (b) non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates; and
>
> (c) all other items for which the cash effects are investing or financing cash flows.
>
> Alternatively, the net cash flow from operating activities may be presented under the indirect method by showing the revenues and expenses disclosed in the statement of profit and loss and the changes during the period in inventories and operating receivables and payables."
>
> **"31 Cash flows from interest and dividends received and paid shall each be disclosed separately. Cash flows arising from interest paid and interest and dividends received in the case of a financial institution should be classified as cash flows arising from operating activities. In the case of other entities, cash flows arising from interest paid should be classified as cash flows from financing activities while interest and dividends received should be classified as cash flows from investing activities. Dividends paid should be classified as cash flows from financing activities."**

"Non-cash transactions

43 Investing and financing transactions that do not require the use of cash or cash equivalents shall be excluded from a statement of cash flows. Such transactions shall be disclosed elsewhere in the financial statements in a way that provides all the relevant information about these investing and financing activities.

44 Many investing and financing activities do not have a direct impact on current cash flows although they do affect the capital and asset structure of an entity. The exclusion of non-cash transactions from the statement of cash flows is consistent with the objective of a statement of cash flows as these items do not involve cash flows in the current period. Examples of non-cash transactions are:

(a) the acquisition of assets either by assuming directly related liabilities or by means of a lease;

(b) the acquisition of an entity by means of an equity issue; and

(c) the conversion of debt to equity."

From the above, the Committee notes that in the case of entities (other than financial institutions), cash flows arising from interest received should be classified as cash flows from investing activities. Further, investing transactions (interest received in the extant case) that do not require use of cash or cash equivalents shall be excluded from the statement of cash flows. The Committee further notes that under indirect method of preparation of statement of cash flows, profit or loss is adjusted for the effects of items for which the cash effects are investing and then while presenting cash flows from investing activities, non-cash transactions are excluded.

In this context, the Committee notes that in the extant case, out of total interest income amounting to Rs. 2405.54 lakh, net accrued interest for the reporting period is Rs. 160.79 lakh, which is a non-cash transaction, i.e. not received in the form of cash or cash equivalent. Therefore, this portion of accrued interest which is non-cash should be excluded from the cash flows from investing activities while presenting the statement of cash flows as there is no cash inflow during the current reporting period. However, under indirect method, while adjusting the profit or loss for the effects of items for which cash effects are investing, the amount to be adjusted would be total interest income during the reporting period (i.e. including accrued interest) as the total effect of the investing transaction is to be nullified from the net profit under the cash flows from operating activity. Accordingly, on the basis of above-mentioned requirements, the Committee is of the view that the inclusion of accrued interest amounting to Rs. 160.79 lakh, under the cash flows from investing activities in the statement of cash flows of the Corporation, is not correct.

D. Opinion

12. On the basis of the above, the Committee is of the view that the inclusion of accrued interest amounting to Rs. 160.79 lakh, under the cash flows from investing activities in the statement of cash flows of the Corporation, is not correct, as discussed in paragraphs 10 and 11 above.

1.	The Opinion is only that of the Expert Advisory Committee and does not necessarily represent the Opinion of the Council of the Institute.
2.	The Opinion is based on the facts supplied and in the specific circumstances of the querist. The Committee finalised the Opinion on April 11, 2022. The Opinion must, therefore, be read in the light of any amendments and/or other developments subsequent to the issuance of Opinion by the Committee.
3.	The Compendium of Opinions containing the Opinions of Expert Advisory Committee has been published in forty-first volumes. This is available for sale at the Institute's office at New Delhi and its regional council offices at Mumbai, Chennai, Kolkata and Kanpur.
4.	Recent opinions of the Committee are available on the website of the Institute under the head 'Resources'.
5.	Opinions can be obtained from EAC as per its Advisory Service Rules which are available on the website of the ICAI, under the head 'Resources'. For further information, write to eac@icai.in.

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Physical Participation						
ICAI Member	15,000 (USD 200 approx)	2,700 (USD 36 approx)	17,700 (USD 236 approx)	18,000 (USD 240 approx)	3,240 (ISD 43 approx)	21,240 (USD 283 approx)
Non ICAI Member from Host country	18,000 (USD 240 approx)	3,240 (USD 43 approx)	21,240 (USD 283 approx)	22,000 (USD 294 approx)	3,960 (USD 53 approx)	25,960 (USD 346 approx)
Virtual Participation						
ICAI Member	2,000 (USD 27 approx)	360 (USD 5 approx)	2,360 (USD 32 approx)	2,500 (USD 34 approx)	450 (USD 6 approx)	2,950 (USD 40 approx)
Non ICAI Member from Host country	2,500 (USD 34 approx)	450 (USD 6 approx)	2,950 (USD 40 approx)	3,000 (USD 40 approx)	540 (USD 8 approx)	3,540 (USD 48 approx)

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Green Finance – Ushering in a new era in the world of finance and investment

Injeti Srinivas

Author is Chairperson, International Financial Services Centres Authority. He may be reached at chairperson@ifsca.gov.in and eboard@icai.in

The unprecedented and alarming scale of the risks posed by climate change has brought green finance into the spotlight, which is being seen as an effective tool to tackle the environmental crisis. As per the sixth assessment report of the Intergovernmental Panel on Climate Change, global warming is escalating ever since the industrial revolution began.

Significance of Green Finance

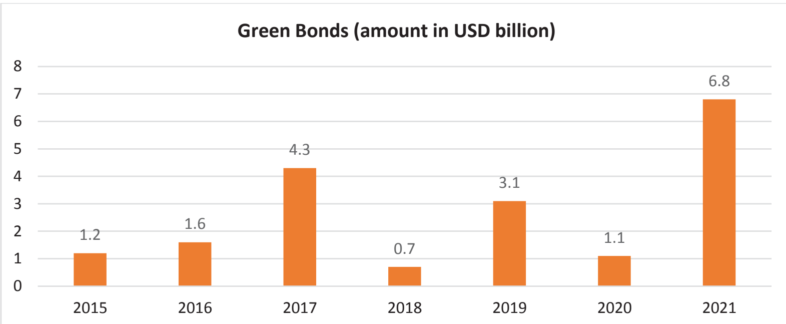
It is estimated that global surface temperature will continue to increase until 2050 and the target of curtailing it within 1.5°C to 2°C of pre-industrial levels would be hard to achieve unless deep reductions in carbon dioxide (CO2) and other greenhouse gas emissions occur from now onwards. Also, as per the Global Assessment Report on Disaster Risk Reduction (GAR), about 700 million people are at a risk of being displaced as a result of drought by 2030 and approximately two thirds of the world would be water stressed by 2025. In this context, nations across the world need to act in unity and with utmost urgency. The need for green financing thus, is an existential necessity today.

The global response to climate change has gathered momentum in recent years. The CoP 26 held in Glasgow in 2021, aims to limit global warming to well below 2°C above pre-industrial levels by 2050, as agreed under the 2015 Paris Agreement and cut the global greenhouse gas emissions by 45 per cent by 2030 and to zero overall by 2050. During the CoP 26 summit, India outlined its strategy and action plan to tackle climate change in the form of 'Panchamrits', that outline five climate related national commitments to be achieved in the coming decades. This involves achieving net-zero emissions by 2070, raising its non-fossil energy capacity to 500 GW by 2030, meeting 50 per cent of its energy demand through renewables, reducing 1 billion tonnes of projected emissions by 2030 and achieving carbon intensity reduction of 45 per cent over 2005 levels by 2030. Meeting these commitments would require massive financing of environment friendly projects, both from public and private sector, and this is where green financing assumes significance.

Growth of Green Finance and its challenges in the Indian context

As per Climate Bonds Initiative, a champion organisation for green finance, the annual green investment is projected to reach $5 trillion by 2025, globally. The issuances of green bonds in India, though are very low compared to other markets with only USD 18.8 billion during the years 2015 - 2021. Nevertheless, the green

bond issuances in India are increasing, with USD 6.8 billion in the year 2021 as compared with only USD 1.1 billion in the year 2020. Over 75% of this has been raised through primary or parallel listing in GIFT IFSC exchanges.



Source: Climate Bonds Initiative

The challenges of green finance in the Indian context are multi-pronged. The supply side constraints exist in the form of a lack of properly green labeled projects. A well-developed taxonomy will ensure uniformity, consistency and standardisation in terms of "what is considered as green?". The demand side challenges include non-availability of cost-efficient capital due to lower credit rating and higher risk perception by the global investors. The adoption of non-financial disclosures by companies can boost the investor's confidence and developing a robust ecosystem for identifying, measuring and tracking green projects would attract global financial capital into the green sectors.

> **"The adoption of non-financial disclosures by companies can boost the investor confidence and developing a robust ecosystem for identifying, measuring and tracking green projects would attract global financial capital into the green sectors."**

Currently, there is lesser awareness and technical know-how with respect to green finance. There is also some shortage of talent and expertise in certification, disclosure and reporting requirements in the ESG landscape. At present, it is only the large sized companies that possess the requisite training and capacity to develop a robust ESG ecosystem. The market infrastructure in the ESG space is still evolving and is a work in progress.

Other challenges in the green financing space include, *inter alia,* risks relating to 'greenwashing', potential maturity mismatches between long-term green investment and relatively short-term interests of investors, lack of adequate private sector investments etc.

As per a report by the Council on Energy, Environment and Water (CEEW), the net-zero transition in India will require funding to the tune of USD 10 trillion. Out of this, US $8.4 trillion would be required to significantly scale up generation from renewable energy (and associated distribution and transmission infrastructure), and US $1.5 trillion would be required to decarbonise the industrial sector (with the remainder for the mobility transition). The study also estimates that there is a high chance that India could face a substantial investment deficit of US $3.5 trillion. In view of resource gap, there is a need to mobilise global capital in the green sector from both domestic and global funds in order to comprehensively address environmental challenges. The role of GIFT IFSC in India becomes very important in acting as a platform to India's green and sustainable projects for accessing foreign investments.

IFSCA - envisioning GIFT IFSC to emerge as a global hub for Green Finance

Gujarat International Finance Tec-City (GIFT) IFSC, Gandhinagar, set up as India's maiden IFSC and regulated by IFSCA, can act as a global gateway that caters to both domestic and international green financing requirements. IFSCA, established under the IFSCA Act, 2019, is a unified authority for the development and regulation of financial products, financial services and financial institutions in the IFSCs in India. IFSCA is an associate member of the International Organization of Securities Commissions (IOSCO). IFSCA has also joined the International Network of Financial Centres of Sustainability (FC4S) to work along with other international financial centres for achieving the SDGs and the Paris Agreement commitments.

IFSCA has taken several initiatives to provide access to world class financial services at GIFT IFSC with enhanced focus on ease of doing business and principles of innovation and sustainability. The GIFT IFSC has certain distinct advantages that include the existence well-functioning capital market ecosystem coupled with cost competitiveness and tax incentives (reduced withholding tax of only 4%). The Government has been providing crucial support to develop GIFT IFSC as a gateway for global green finance. The Finance Minister of India in the Union Budget 2022 -23 announced that - *"Services for global capital for sustainable & climate finance in the country will be facilitated in the GIFT City."*

> **IFSCA has taken several initiatives to provide access to world class financial services at GIFT IFSC with enhanced focus on ease of doing business and principles of innovation and sustainability.**

IFSCA endeavours to develop GIFT IFSC as a global hub for green and sustainable financing facilitating India and developing nations meet their NDCs and net-zero commitments, particularly in the South Asian region. IFSCA, through its regulations and policies, is focused on development of green finance products such as green bonds, green loans, green funds etc.

Regulatory Framework for Green Finance by IFSCA

IFSCA has notified the regulatory framework for listing of various ESG debt securities[1] (green bonds, social bonds, sustainability bonds and sustainability linked bonds) aligned with international standards. The listing regulations also mandate large IFSC listed companies to submit an annual sustainability report with respect to ESG aspects.

Further, IFSCA has specified the regulatory framework for fund management in IFSC requiring large Fund Management Entities to incorporate sustainability-related risks and opportunities in investment-decision making.

On the banking front, IFSCA has issued a framework[2] to promote sustainable lending by IFSC Banking Units ("IBUs") and Finance Companies ("FCs"). The framework mandates IBUs and FCs to develop a comprehensive Board approved framework on sustainable financing. Further, such entities are required to have at least 5 per cent of their loan assets in the form of lending to green/ social/ sustainable/ sustainability-linked sectors/facilities, starting from financial year 2023-24.

IFSCA has also constituted an Expert Committee comprising of global leaders in climate action to provide a roadmap and key recommendations to IFSCA for development of international sustainable finance hub at IFSC.

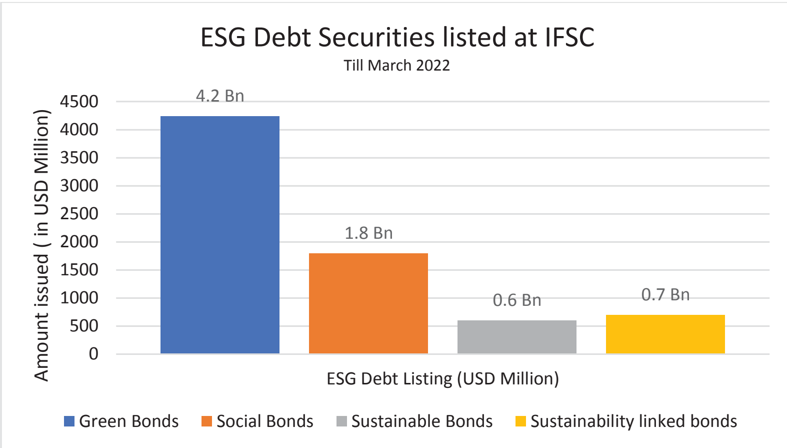
Listing of green and sustainable finance products in GIFT IFSC

The two recognised stock exchanges at GIFT IFSC namely India International Exchange (IFSC) Limited ("India INX) and NSE IFSC are taking several steps to promote green finance in IFSC. India INX has signed a cooperation agreement with Luxembourg Stock Exchange with the objective to strengthen cross-border cooperation in sustainable finance. NSE IFSC has recently launched a dedicated platform i.e., International Sustainability Platform for listing of various categories of ESG related products.

These efforts led to a total listing of ESG labelled debt securities on IFSC exchanges amounting to USD 7.3 Billion with different labelled debt securities such as green, social, sustainable, and sustainability-linked bonds gaining prominence.

[1] *https://ifsca.gov.in/Document/ReportandPublication/consultation-paper-on-ifsca-issuance-and-listing-of-secruties-regulations- 202110032021035750.pdf*

[2] *https://ifsca.gov.in/Viewer/ReportandPublication/28*



Way Forward

Transitioning to net zero by 2070 would need massive funding in sectors such as solar power, green hydrogen, sustainable urban development, green transport, disaster resilient infrastructure and other projects related to climate adaptation and mitigation. For emerging economies such as India, the shift towards green needs to be balanced with the developmental requirements of the aspiring nation. The developed countries, in turn, have the responsibility to provide low-cost capital for meeting the transitional needs of India and developing nations.

IFSC can play a major role in bringing together the supply and demand for green financing. To achieve the aim of making IFSC a global hub for sustainable finance, there is need to focus on 3Ps – Products, Policies and People.

For efficient and low-cost financing of green projects, there is a need to encourage products such as green bonds and green funds which have gained prominence based on international standards. Innovative products such as transition bonds and voluntary carbon credits can facilitate India's transition towards low carbon economy. Mechanisms such as blended finance and risk sharing facilities can catalyse large private capital inflows into India and developing nations. IFSCA is actively engaged with multiple stakeholders to facilitate growth of new products that drives capital towards green financing.

"To achieve the aim of making IFSC a global hub for sustainable finance, there is need to focus on 3Ps – Products, Policies and People."

Regulations and policies are important in development of efficient markets and maintenance of financial integrity. Disclosures and reporting are critical components in boosting investor confidence while raising capital for green projects. Regulations at IFSC are focused on adherence to international standards and provide increased disclosures for products related to green financing. New frameworks are being designed to encourage the development of new products and increase the proportion of financing into green categories.

"There is a growing need for accredited professionals, for rating, certification and ESG reporting, to mitigate the risk of greenwashing."

There is a growing need for accredited professionals, for rating, certification and ESG reporting, to mitigate the risk of greenwashing. Large scale awareness programs and capacity building is necessary to develop the ecosystem of financial services related to green financing. There is a need for various stakeholder educational institutions, research organisations, international forums and networks to actively collaborate and develop the professional capacity of people in the area of green finance. ICAI can also play an active role in developing the capacity for sustainability reporting, and it is indeed encouraging to note that ICAI has set up a Sustainability Reporting Standards Board to help companies achieve their sustainability goals.

A thriving ecosystem needs policy makers, investors, issuers, rating agencies, financial intermediaries etc. to work in a concerted manner towards facilitating and promoting green finance. Green finance needs a sustained and a sincere effort and IFSCA is actively focused on facilitating its growth that would usher in a paradigm shift in the world of investment to achieve the common goal of mitigating climate change. ■■■

Natural Resource Accounting – A step towards meeting our Commitments made under Sustainable Development Goals

Work done by GASAB under the aegis of CAG of India

CA. Ram Mohan Johri

Author is Additional Deputy Comptroller and Auditor General, CAG Office. He may be reached at johrirm@gmail.com and eboard@icai.in

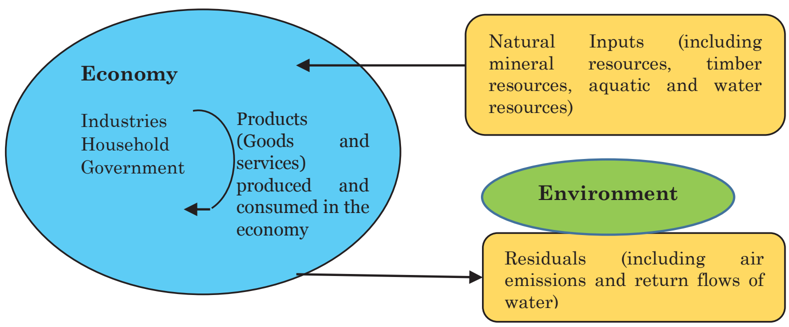
Background

1.1 Natural resources play a crucial role for economic development of a country and are crucial for their inbuilt value of inter-generational equity and sustenance.

> *"Earth provides enough to satisfy every man's needs, but not every man's greed"*
>
> \- Mahatma Gandhi

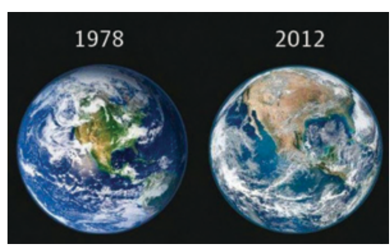
1.2 The need for accounting for natural resources took its first step at the United Nations (UN) conference on Human Environment in 1970 when the relationship between economic development and environmental degradation was discussed for the first time. The Brundtland Commission, set up by the UN, articulated the idea of close association between the environment and economic activities in 1987 which was followed up by environmental accounting and the Earth Summit at Rio de Janeiro in 1992.

1.3 Mankind, in its quest to rapid economic development has harmed nature and used natural resources indiscriminately. This paradigm of resource-led economic development is not sustainable and hence it has become necessary to strike a balance between uses of natural resources *vis-à-vis* economic growth giving birth to the concept of Sustainable Economic Development (SED) by amalgamating the economic and environmental accounting. The concept has emerged to capture the intimate interplay between the various components of the natural environment and the economic progress of a country.



It is based on the concept 'measurement of a resource leads to its better management'.

1.4 With continued efforts for two decades, the UN brought out the System of Economic and Environmental Accounting – Central Framework (SEEA – CF) in August 2012 – which is the latest internationally accepted and adopted framework for resource accounting. The framework, *inter-alia*, prescribes for a four-stage implementation strategy as follows:



Degradation of earth over time

Stage 1 • **Asset Account for individual asset in physical and monetary terms showing stock changes**

Stage 2 • Supply and use tables in physical and monetary terms showing flow of inputs, products and residuals

Stage 3 • A sequence of economic accounts highlighting depletion adjusted economic aggregates, and

Stage 4 • Functional accounts which records transactions and other information about economic activities undertaken for environmental purposes

1.5 While developing the framework, the SEEA – CF acknowledged initial problems and constraints to be faced by the countries and thus allowed flexibility and country specific needs to be prioritised.

1.6 Government of India is a signatory (25th September 2016) to the UN General Assembly resolution on adoption of SDGs titled, "transforming our world; the 2030 agenda for sustainable development." NRA has deep inter-linkage to sustainable development; and 10 of the 17 goals (Sustainable Development Goals or commonly known as the SDGs, 2030) directly or indirectly relate to management of natural resources and their accounting.

1.7 Under the leadership of the United Nations, many nations like Australia, Canada, China, France, and Germany have attained various degrees of environmental accounting while many others are contemplating to catch up.

2. Endeavour of GASAB, India

About GASAB

2.1 Government Accounting Standards Advisory Board (GASAB), constituted by the CAG of India is a representative body of the major accounting services of Government of India, regulating bodies like RBI, ICAI *etc* and State Governments with the responsibility of formulating, proposing and improving standards of government accounting and financial reporting. GASAB has decided in its meeting in 2018-19 to help the cause of NRA in the country.

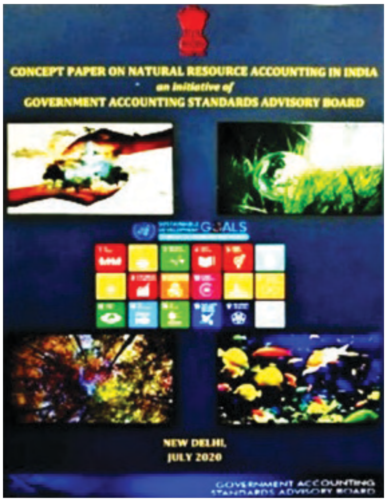
Endeavour in preparing the Concept Paper

2.2 International Organisation of Supreme Audit Institutions (INTOSAI), of which, CAG of India is a member, has recommended in 2010 that in countries where NRA has not been developed, SAIs should get involved in the process and help the country in

- developing the NRA
- Identifying challenges in applying environmental accounting
- recommending strategies to overcoming challenges
- Identifying best practices in NRA.

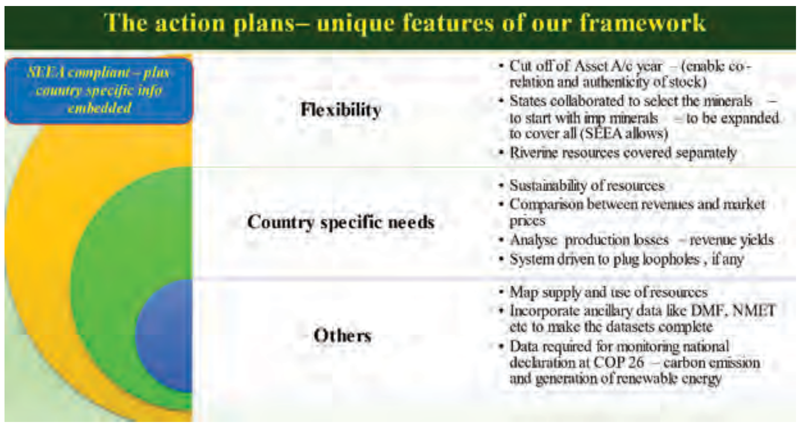
2.3 Keeping the above in view, GASAB initiated (2019) the efforts in furthering the efforts by preparing a roadmap for implementation of NRA in India through a Concept paper on NRA.

2.4 The paper finalised by the GASAB Secretariat was digitally launched by the then Hon'ble Minister of State for Environment, Forest and Climate Change on 28 July 2020. The Hon'ble MoS had shared the paper, demi-officially, with the Hon'ble Prime Minister of India. The PMO has appreciated the endeavour of GASAB in taking up such a huge work. Electronic version is available at http://gasab.gov.in/gasab/pdf/NR-Accounting-final.pdf.



2.5 The paper, besides discussing the concept of NRA, includes related issues like the SDGs and Climate Change, endeavour of UN in bringing out the latest framework, progresses made around the world including those in India – inter-alia, envisaged short, medium and long term goals in consonance with the four stage strategy suggested by the System of Environmental and Economic Accounting (SEEA) Framework of the United Nations, as mentioned below:

2.6 GASAB, with its innovative approach has applied the concepts of NRA to visualize the three-pronged goals to implement the whole concept of economic and environmental accounting in India in a span of 10 years to converge with the target date of SDGs, i.e. 2030. Acknowledging the constraints due to the vastness of the country, magnitude of resources and the reliability of available data coupled with the federal structure of governance typical in India, GASAB has envisioned starting the process with the States.



2.7 In addition, the paper also delved deep into the issues involved, discussed possible challenges and provided comprehensive guidelines for the entities to prepare the Asset Accounts with vivid examples including sample Accounts and source of information for the Asset Accounts on Mineral & Energy Resources.

Stakeholder consultation process

2.8 In order to take the stakeholders, subject experts and academia onboard, GASAB has constituted a broad based Consultative Committee consisting of representatives of stakeholder ministries in Government of India

Short term goals	Mid-term goals	Long term goals
• Preparation of Asset Accounts on mineral and energy resources in States • Initiation and preparation of disclosure statement on revenues and expenditure related to NRA	• Preparation of National Asset Accounts on mineral and energy resources • Preparation of Asset Accounts in respect of other three resources namely water, land and forest resources in the States • Preparation of supply and use tables in physical and monetary terms showing flow of natural resource inputs, products and residuals	• Preparation of the economic accounts highlighting depletion adjusted economic aggregates; and • Preparation of functional accounts recording transactions and other information about economic activities undertaken for environmental purposes.
(2019-20 to 2021-22)	*(2022-23 to 2024-25)*	*(2025 - 26 onwards)*

like MoMines, MoEFCC, MoSPI, MoPNG, MNRE, MoJal Shakti, Department of land Resources, specialist agencies like Indian Bureau of Mines, ICAI, ICoAI, TERI, NRSC among others and five State Governments and Accountants General in these five States (Gujarat, Karnataka, Meghalaya, Jharkhand and Uttarakhand) and eminent environmentalist and retired bureaucrat Shri Mukul Sanwal, IAS 1971, to continuously get the works vetted and additional suggestions/comments to make the process inclusive and robust.

2.9 Two meetings of the Committee had been held in September 2021 and June 2022 besides continuous vetting of the documents like the Concept Paper, booklet on templates and Guidelines/ SOPs etc. by the Committee.

Second Consultative Committee was held in CAG's Office in June 2022

2.10 In addition to the Consultative Committee of NRA Cell as stated above, GASAB Secretariat has formed NRA Cells in the States consisting of the Audit, A&E and State Government Departments to enable co-ordination between the Accountants General Offices in the States with the local State Governments to enable closer coordination and steer the project at the state level.

2.11 The Chief Secretaries of the States were demi-officially informed (July 2021) about the project by the Deputy CAG & Chairperson, GASAB and presentations were made to all the State Governments regarding the concept, resources to be covered initially, the formats, approach of the work and expectations from the State Governments and their Departments. Seven meetings were held (August – September 2021) in which 28 States and 2 UTs (Delhi and J&K) were covered. The States welcomed the project and agreed to extend all co-operation.

Short-listing of resources

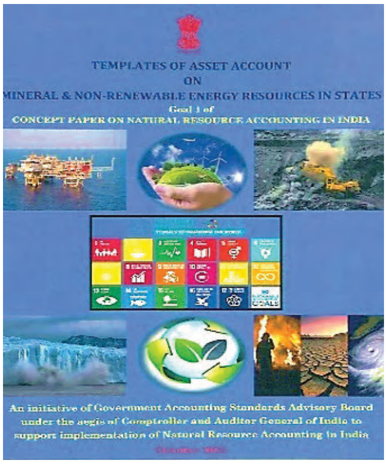
2.12 Out of seven resources listed by the SEEA framework, the Concept Paper has identified and suggested commencing with five major resources, namely Mineral & Non-Renewable Energy Resources, Water Resources, Forestry & Wildlife Resources and Land Resources, of which, Mineral & Non-Renewable Energy Resources has been prioritised mainly due to their finiteness/ non-renewability and sustainability for future generations as well as their contribution towards growing concerns on climate change.

Testing the draft templates in States

2.13 In order to test the draft templates of Asset Accounts on Mineral & Energy Resources included in the Concept Paper (Chapter XI of the Paper refers), pilot studies were carried out between July 2020 and March 2021 and successfully completed in three States, namely Goa, Meghalaya and Rajasthan. The pilot studies were conducted in coordination with the State Government Departments of Geology & Mining, Finance and Statistics and the reports were validated by both, the department of Geology & Mines and also the Audit Office.

Finalisation of the templates

2.14 The concept visualization, detailed actionable plans, preparation of model templates and their successful test run in the pilot states coupled with extensive consultative processes and continuous trainings/capacity building has culminated into the final templates on Mineral & Non-Renewable Energy Resources and was released in the form of a booklet. The book contains the overall processes involved, works done, the templates of the Asset Accounts and mechanisms suggested for further streamlining the control mechanism on mining and allied activities in the States and ensuring regular flow of information to ease out the building up of Asset Accounts in future years. Electronic version is available at http://gasab.gov.in/gasab/pdf/TemplateAssetAc.pdf.



2.15 The books have been circulated to the Chief Secretaries, State Government Departments, Accountants General for preparation of the first draft of the Asset Accounts on Mineral & Non-Renewable Energy Resources in the States for the year 2020-21 by March 2022 with the aim of developing a well-defined methodology for preparation of Asset Accounts, including identification of underlying assumptions.

Trainings, capacity building and continuous hand holding

2.16 Parallel to the above efforts, GASAB Secretariat has been holding workshops under the aegis of Knowledge Center at Regional Training Institute, Prayagraj to update the knowledge base of the Officers in the field Offices, both Audit and A&E Offices including the Group Officers to handle preparation of the Asset Accounts.

2.17 GASAB Secretariat has also conducted State specific workshops involving the concerned Departments besides participation from the State AsG Offices. These workshops were planned to onboard the States which are crucial in implementing the project and to convey the idea of NRA, our expectations from States besides assessing the preparedness and constraints of the States. On the other hand, these workshops helped us instill confidence in the State Governments about our endeavour mooted as a handholding exercise to enable the country to become compliant to the SEEA – CF framework. The State Accountants General Offices are continuously holding meetings and organising workshops/trainings for the State Government departments.

2.18 In order to hand hold and guide the States, monthly meetings are being held with the States since October 2021 to monitor the progresses and clarify/mitigate the queries/challenges. Along with the State Accountants General Offices, the State Government departments are also participating in these meetings. As on date 8 such meetings were held with all the states.

National declaration at COP – 26 – inclusion in the Asset Accounting framework

2.19 Consequent upon the national declaration on *Panchamrits* (five points) at COP-26 at Glasgow, the necessity of gathering information/data on reducing the carbon emissions and generation of renewable energy resources to continuously monitor the progresses towards the international commitment also became a necessity. The commitments were :

1. India will take its non-fossil energy capacity to 500 GW by 2030.
2. India will meet 50 percent of its energy requirements from renewable energy by 2030.
3. India will reduce the total projected carbon emissions by one billion tonnes from now till 2030.
4. By 2030, India will reduce the carbon intensity of its economy by more than 45 percent.
5. By the year 2070, India will achieve the target of Net Zero.

2.20 GASAB quickly comprehended the need to lay down a system of monitoring at the State level and developed templates for capturing the details of generation/progress in generation of renewable energy resources in States vis-à-vis the total need and how the surplus/shortfall are being managed.

Achievement of short-term action plans

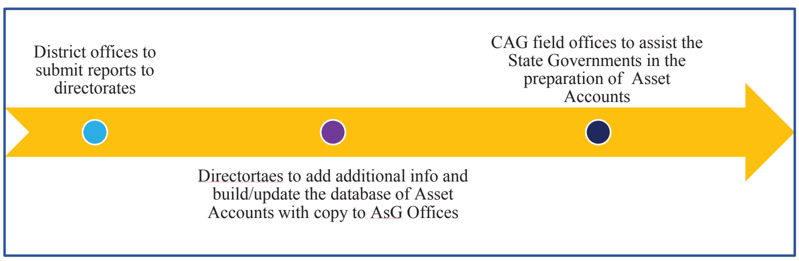
2.21 The State Government Departments in 28 States and 1 UT (J&K) prepared the first draft of Asset Accounts in the States for the year 2020-21 with the active assistance of Accountants General Offices as per the guidance of GASAB. Further works to compile the Asset Accounts for 2021-22 is also underway. GASAB was continuously in the loop, handholding the States in achieving this crucial milestone of attaining the first and most vital stage of preparation of Asset Accounts showing the physical flows of resources.

2.22 The joint effort bore results. As on date (July 2022), Asset Accounts on Mineral and Energy Resources in all 28 States and 1 UT (J&K) stand completed and are being validated by the State Governments and cross verified by CAG field offices. As per the reports available as on date, roughly, 34 major minerals, 58 minor minerals and all fossil fuels (coal, crude oil, natural gas and lignite) are being covered in the Asset Accounts. To ensure uniformity in reporting, these Asset Accounts are being presented in the shape of a Report outlined and circulated by GASAB.

Status of preparation of Asset Accounts in States	Status of preparation of Asset Accounts in UTs	Remarks
Prepared in all 28 States	**Prepared in 1 UT**	**Remaining 1 UT**
Andhra Pradesh, Arunachal Pradesh, Assam, Bihar, Chhattisgarh, Goa, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Mizoram, Nagaland, Odisha, Punjab, Rajasthan, Sikkim, Tamil Nadu, Telengana, Tripura, Uttar Pradesh, Uttarakhand, and West Bengal	*Jammu and Kashmir*	*Delhi – as reported by the State Government Department, no mineral is endowed within the State jurisdiction. This is being cross-referenced and verified with records of Indian Bureau of Mines.*

3 Continuing the process

3.1 In order to ensure that the work is carried on unhindered in the States with continuous generation and flow of information/data from the district units through the Directorates to the Accountants General Offices periodically, preparation of a set of Guidelines/SOPs were felt necessary guiding the States to develop systems and processes and watch their compliance closely.



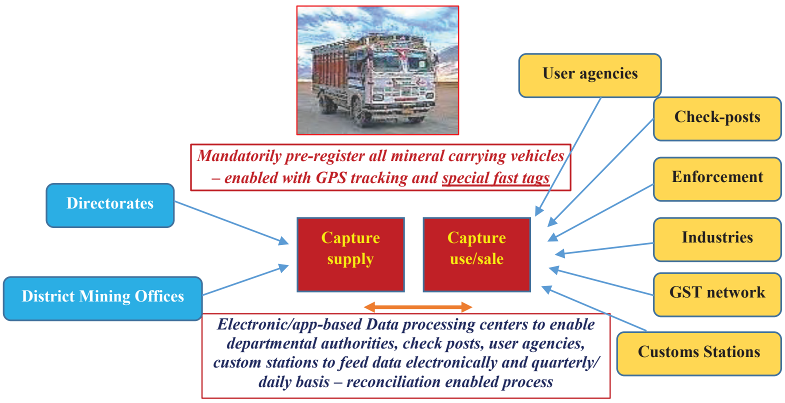
3.2 Accordingly, GASAB has prepared the Guidelines/SOPs amalgamating the non-renewable as well as renewable resources which has been continuously run through the Consultative Committee and also the State Governments as these evolved between December 2021 and March 2022. Electronic version of the Guidelines is at http:// gasab.gov.in/ gasab/pdf/ Guidelines_June2022.pdf.

> *"Let us pledge to collectively work towards conserving precious environment resources. Let us live in harmony and keep our beloved earth clean and green."*
>
> *Shri Narendra Modi, Prime Minister of India*

3.3 Besides the dataflow, the Guidelines/SOPs also suggest several recommendations for end- to-end mapping of supply and use of resources The framework designed by GASAB envisages collecting information from the exporting, consuming, using points of resources within the States to compare with the resource extractions and dispatch to identify illegal mining which is expected to help the States in mopping up due revenues from exploitation of resources and plugging the leakage and wastage of invaluable natural resources aiding in better resource management and sustainability for the future generations. The diagram has the details.

will make it easier to assess and review the royalty rates – arrest windfall gains and protect State's revenue interest.

- *To bring out sustainability of resources – in years.*
- *Enable assessment of revenue streams for the future.*
- *Pace of exploitation*
- *Sustainability of resources*
- *Enabler of identification of alternate resources (economic as well as energy)*



4 *Key takeaways for the States – once Asset Accounts are completed*

4.1 The Asset Accounts, once compiled, are designed to aid in evidence-based decision-making and good governance by providing the following inputs for the policy makers.

- *Preparation of NRA and meet the commitment made to meeting SDGs*
- *Resources at a glance - a one pager document on State-wise resources.*
- *Compilation of physical and monetary values to enable cross verification of revenues vis-à-vis actual extractions.*
- *Will provide pace of exploitation.*
- *Analysis of revenue vis-à-vis market value/export value*
- *Close monitoring on illegal mining*
- *Progresses on commitment made at COP 26.*

4.2 Thus, achievement of the short and mid-term goals by 2024-25 would not only help the entities with a consolidated database on availability, usage and sustainability of resources vis-a-vis revenues generated and the costs involved, but also will be a major breakthrough towards attaining first two out of four stage implementations of NRA as envisioned in the SEEA - CF. Also, this will help India to get into the elite list of countries where Asset Accounts on natural resources (importantly non-renewable resources) are being generated.

4.3 Besides the inputs to the policy makers, the Asset Accounts will help with an outline of resource bases across the States adding immense value towards the planning for resource exploitation and policy framing for the present as well as sustainability of resources for the future generations.

4.4 Successful implementation of Asset Accounts on Mineral & Energy Resources in the States would mean that India not only meets the first of the four-stage implementation strategy prescribed by the SEEA - CF but will also get into the elite list of countries where Asset Accounts on natural resources (importantly non-renewable resources) are being generated.

4.5 Undoubtedly, NRA would also help in attaining other pressing commitments like the sustainable development goals and targets for reduction in green-house gases to mitigate the devastation caused by climate change. The efforts may then be taken forward with the aim of achieving the remaining two stages by 2030 - the indicative target of achievement of Sustainable Development Goals set by the United Nations. ■■■

The article is co-authored by Shri Sudipto Biswas Sr AO, GASAB

Sustainability and how quick companies can start implementation

CA. Shailesh Haribhakti and CA. Suyash Agrawal

Authors are members of the Institute. They may be reached at eboard@icai.in

Environmental, Social, and Governance (ESG) is a mindset, a tool or framework to deliver on the promise of "Conscious Capitalism". An attempt to refocus on stakeholder primacy over shareholder value, to think long-term value over short-term profits, to drive equitable distribution of opportunities and to restore the ecological balance. In current scenario, our strengths of pillar and forces that will drive ESG justice are collaboration, change of mindset, adaption of exponential, converging technologies, and rapid high skill innovation.

Hold on for a minute. Close your eyes. Think. For baby boomers (born 1946-1964) and generation X (born 1965-1980), take this minute to reflect on your childhood and adolescence. What was the world, nature and the climate, like when you were growing up? Now think about what happened between now and then. Is this the world one wants to leave behind for our future generation?

For millennials (born 1981-1996) and generation Z (born 1997-2012), what is the climate impact of our fast-internet, fast-fashion, fast-food, fast-travel, fast-gratification, and fast-life? Is this sustainable? Is this the world our parents brought us in? Where are we headed? Are we so lost in social media that we have forgotten the sounds of birds chirping, the warm embrace of a tree and the ocean breeze?

Through this piece, we want to elicit a response from our decision makers and a call for immediate action from our generation of movers and shakers. We have been presented an unprecedented opportunity to change the course of humanity.

Massive economic growth, profitability and job creation lies at the heart of this evolution. According to the World Business Council for Sustainable Development (WBCSD), the sustainable economy has the potential to unlock USD 12 trillion in economic value and 380 million jobs by 2030. What we need is, collaboration, change in mindsets, technology and innovation.

Setting this as our prologue, let's take a deep dive into the world of sustainability and ESG.

Net Zero. ESG. Climate-technology. 1.5 degrees target of the Paris Agreement. Carbon credits. GHG emissions. Green finance. GRI. SASB. BRSR. Integrated Report.

The aforementioned are a few terms, most people are hearing these days. Before we get into specific actions to be taken by companies to set themselves on the path of sustainability, it is imperative to understand, how the world economy evolved, what happened to our climate and how we got here.

SUSTAINABILITY

Evolution of the world economy and the social contract

Evolution of the world economy

Business models, population and rising temperatures are all interlinked

	Up to the 19th Century	20th Century	21st Century	
Dominant Business Model	Colonialism	Capitalism	Entrepreneurialism/ Consumerism	
Key Drivers	Countries and Dynasties	Corporations	Citizens	
Metrics	Power	Profits	Purpose	
Population Figures	1850 – 1.2 Bn 1900 – 1.6 Bn	1950 – 2.5 Bn 2000 – 6.1 Bn	2010 – 6.9 Bn 2020 – 7.8 Bn	7x growth
Global Emissions (CO2)	1850 – 196.9 Mn Tons 1900 – 1.95 Bn Tons	1950 – 6 Bn Tons 2000 – 25.23 Bn Tons	2010 – 31.61 Bn Tons 2020 – 34.91 Bn Tons	175x growth
Global Mean Annual Temperature	1880s – 13.73 degree Celsius	1900s – 13.74 degree Celsius 1960s – 13.99 degree Celsius	1990s – 14.31 degree Celsius 2020s – 14.91 degree Celsius	

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International trade continued to evolve in the 19th century. Colonialisation was at its peak. Powerful countries from the west exerted their force on weaker ones, exploiting their resources, leaving them with pittance. This started unravelling in the 20th century. This century was marked by two world wars, liberation of several erstwhile colonies, massive post-world war industrialisation, rise of corporations and an unending race to establish supremacy between the Americans and Soviets.

As we complete, over 70 years since the end of World War II and the formation of United Nations, the 21st century is seeing unprecedented nuclear stockpiles, global warming, mass pandemics and a failing economic agenda. As per the Global Risks Report 2022 by the World Economic Forum, the top 5 risks are either environment or social.

The answers to most of our questions lie in in the evolution of the social contract. The social contract is an implicit agreement on which all societies rest. It is an accord that balances the roles and responsibilities of corporations and states with that of individuals. While the exact terms keep evolving based on the law of a society, the larger idea is to keep humanity harmonised. This contract, in way or the other is breaking globally.

While every country faces its individual problems, the premise has remained the same. In the "so-called" liberalised economies, corporations started to write rules, making way for monopolies.

As corporations grew bigger, governments in liberalised economies ceded control. Focused on shareholder value, corporations failed to deliver on environmental and social agendas. What we are left with is global warming, unbridled consumer price inflation, fear of constant surveillance, human rights' violations and mass wealth disparity.

Having failed to deliver on its promise of equitable growth, it is time to reform capitalism. India must lead this reformed and more equitable model of "Conscious Capitalism". This is where ESG comes in.

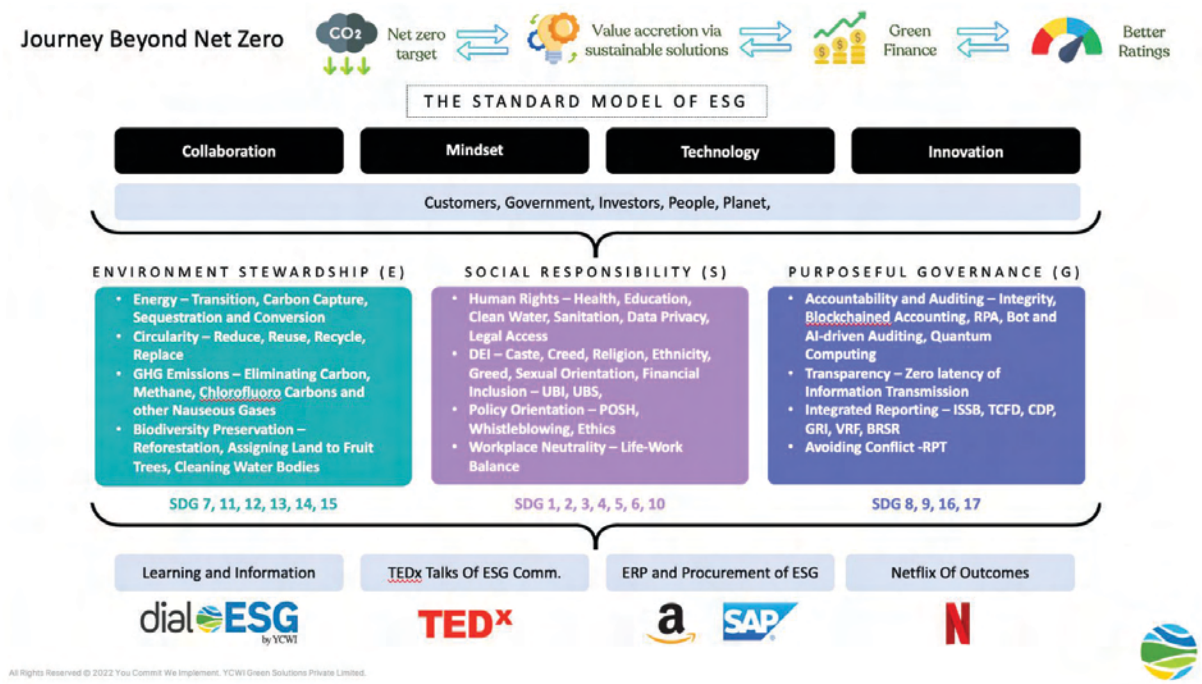
ESG stands for, E – Environmental Stewardship, S – Social Responsibility and G – Purposeful Governance. ESG, sustainability, climate action, impact investing, PRI (Principles of Responsible Investing), called by several names, have multiple overlaps.

ESG is a mindset, a tool or framework to deliver on the promise of "Conscious Capitalism". An attempt to refocus on stakeholder primacy over shareholder value, to think long-term value over short-term profits, to drive equitable distribution of opportunities and to restore the ecological balance.

What must companies do, how must they implement, how must they report?

We believe, that the most important for companies is to STOP seeing ESG as an additional burden or cost. It is an opportunity to rethink supply chains, business models and processes, to make them more eco-friendly and future proof. What you see below is our Standard Model of ESG. While we have tried to incorporate everything relevant on one image, the model is continuously evolving.

SUSTAINABILITY



Our research across multiple sectors has shown that globally companies that have adopted sustainability with a defined net zero target have managed to attract green finance and better ratings. They implement sustainable solutions that drive enterprise value accretion and report transparently.

We call our model "A Journey Beyond Net Zero". We are moving towards more natural disasters if we do not change course immediately. Critically important is for all organisations to make their net zero commitments taking into account scopes 1, 2 and 3. Companies must believe that a change in their business model will lead to better unit economics. Therefore, ESG will take route only by lowering cost of operation. Once you have the definition of your journey it becomes important as a validation to seek green finance and to have objective assessments of your activity through an external rating of credibility.

Our strengths of pillar and forces that will drive ESG justice are collaboration, change of mindset, adaption of exponential, converging technologies, and rapid high skill innovation.

> **Our research across multiple sectors has shown that globally companies that have adopted sustainability with a defined net zero target have managed to attract green finance and better ratings.**

These forces are being exercised by five sets of economic interests customers, the governments around the world, investors, bankers, people, and the planet, which is crying out to be saved. Let us now go deep into what the E, S and G stand for in our hypothesis. SDGs are a common universal language to communicate efforts in the areas of impact. We have extensively used the SDGs, mapping to them in our ESG model.

E is for environmental stewardship, it encompasses the following:

- Energy transition, carbon capture, carbon sequestration and carbon conversion to energy.
- It embraces circularity in terms of reduce, reuse, recycle, and replace.
- Efforts of significant importance to eliminate greenhouse gas emissions, i.e., carbon dioxide, methane, Chlorofluorocarbons, among others. Other nauseous gases which do not permit safe breathing must be mitigated at source.

- Biodiversity preservation, that will cause existence and interaction of all life, on land and under water, reforestation using fruit trees, and cleaning air and water bodies.

For an interconnected world to emerge, we must support the existence of all life of our planet. The SDGs which are supported by this are 7, 11, 12 13, 14 and 15. Abundant healthy span life can be promoted only if these SDGs are fully achieved by 2030.

Moving on social responsibility is the S in the equation, includes the following:

- Human rights, that includes the right to high-quality health, and telehealth. The mapping of the genome, microbiome, the availability of blood markers and all DNA representations in the cloud so that a medical practitioner from wherever in the world can actually treat a patient.
- Access to education, clean water, sanitation, data privacy and legal access. All of this happens in a way that, the time of need to the time of need satisfaction is kept at an absolute minimum.
- Diversity, equity and inclusion (DEI). No discrimination by caste, creed, religion, ethnicity, greed, sexual orientation.
- Financial inclusion for all through instruments of universal basic income (UBI) and universal basic services (UBS).
- Policy orientation must be very strong in every enterprise. They should have a policy on sexual harassment, whistleblowing, unethical conduct, workplace neutrality and a lifework balance.

“Policy orientation must be very strong in every enterprise. They should have a policy on sexual harassment, whistleblowing, unethical conduct, workplace neutrality and a lifework balance.”

The SDG's which are supported by the SRSDG is 1,2,3,4,5,6 and 10.

- The G stands for purposeful governance and includes the following:
- Accountability, absolutely independent and thorough auditing that will deliver integrity.
- Blockchain accounting robotic process automation must drive auditing. Large-scale deployment of machine learning, artificial intelligence, and quantum computing will be critical in delivering great governance.
- Transparency-zero latency in information transmission through very high-powered internet-driven networks so that information becomes available ubiquitously.

“With sustainable development and the climate change movement gaining momentum, the sustainability reporting landscape is rapidly changing and becoming more demanding of companies to be more transparent with stakeholders.”

- Integrated reporting on the six capitals, while mapping critical elements of other frameworks such as the Task Force on Climate-related Disclosures (TCFD), Global Reporting Initiative (GRI), Value Reporting Foundation (VRF), and the Climate Disclosure Project (CDP), among others.
- Greenwashing must be avoided at all costs, regulation must accommodate for heuristics and defined deviations, to make reporting and assurance more usable for investors.
- Conflicts arising due to related party transactions must be traced, monitored and avoided at all costs.

The G in the ESG equation supports SDGs 8, 9, 16 and 17.

Significant progress across each of the sub-elements of the E, S and G can be only achieved when supported with initiatives of learning, newsroom and a media house, masterclasses, carbon accounting and documenting outcomes. That is to have a learning and information dissemination utility through an app which will expand awareness of ESG. An ERP of sustainable procurement and carbon accounting, with in-built data sets to support the transition to a more sustainable world. Finally, a showcase of outcomes so efforts of every organisation becomes an example for the entire world to get inspired and learn from.

Risk, Reporting and Disclosures

Following the growing support for ESG and Stakeholder capitalism, a whole new era of corporate reporting is emerging with a focus on 6 capitals: Financial, Environmental, Human, Physical, Relationship, and Innovation.

With sustainable development and the climate change movement gaining momentum, the sustainability reporting landscape is rapidly changing and becoming more demanding of companies to be more transparent with stakeholders.

Five forces: Planet, People, Customers, Governments, and Investors will operate on Innovation, changed mindsets, and a commitment to a better tomorrow. Unless all of us pull together we won't achieve the exponential results that we are capable of delivering. The evolving model of Reporting will have Integrated thinking and love for the Planet reflected fully!

Companies must adopt risk management tools that can help:

- Evaluate gaps between companies' risk management initiatives and global best practices and implement enhancing actions
- Assess materiality and review of priorities

"Drawing inspiration from GRI, the BRSR is a comprehensive extension of BRR. Continuous efforts by the SEBI and MCA have demonstrated their intent and commitment towards ESG."

- Effectively capture and measure data sets
- Commit to science-based commitments and targets
- Produce accurate and reliable outcomes and end reports

To standardise these disclosures reporting bodies and regulators have put together comprehensive reporting frameworks. Some of these include Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), Integrated Reporting (IR), Climate Disclosures Project (CDP) and Task Force on Climate-related Financial Disclosures (TCFD).

As for India, the transition to ESG reporting started in 2009 with the MCA issuing National Voluntary Guidelines on Corporate Social Responsibility, our first step towards mainstreaming ESG. Since then, ESG reporting in India has continuously evolved. A decade of several iterations has got us to the Business Responsibility and Sustainability Reporting (BRSR) today.

Drawing inspiration from GRI, the BRSR is a comprehensive extension of BRR. Continuous efforts by the SEBI and MCA have demonstrated their intent and commitment towards ESG. Corporates must invest in accurate AI/ML-led data capture to enable reliable reporting. Dedicated efforts to embed ESG in the organisational purpose and culture will create long-term value.

Globally, the UK and US are recognising climate risks and mandating climate reporting like never before. While the UK has gone with data driven disclosures, the US has proposed to draw heavily from the "four pillar" disclosure framework of TCFD and Greenhouse Gas Protocols (GHG). TCFD is built on the following thematic pillars:

- Governance
- Strategy
- Risk Management
- Metrics and Targets

Corporations must act, the time is now or never

While regulators are doing their bit, laws and guidelines mean nothing without honest and committed enforcement. Corporates must implement ESG through the virtuous cycle of measuring, mitigating, monitoring and transparent reporting. This will be enabled by engaging experts, exponential technology solutions and collaborative partnerships.

Future CEOs and Board Members must understand that companies driven by societal purpose have delivered long-term value across key drivers such as sales, brand and reputation, capital access and market value, operational efficiency, talent retention and risk mitigation.

One such case is Unilever. Integrating sustainability in its organisational purpose, deep stakeholder engagement and prioritising long term value has delivered profitability, stable shareholder returns and deep penetration in competitive emerging markets.

Focused implementation to drive ESG-agenda

While our Standard Model, reporting frameworks and regulations push for adoption of sustainable practices. Actual change has to come from within the organisation. Focused efforts on implementing sustainable technologies and solutions that will help decarbonise are the need of the hour. With the commitments at the COP26, the Prime Minister has the set the tone at the top, corporates must now, absorb, implement and decarbonise. To see India, becoming great at 100 in 2047, our efforts must be realigned to eradicate the following:

> Corporates must implement ESG through the virtuous cycle of measuring, mitigating, monitoring and transparent reporting.

- Eradicate construction waste being sent to landfills, enable precision construction using 3D printing, and green cement at scale
- Eradicate Coal, Oil and Gas - India must be the first fossil fuel economy at 100.
- Eradicate the production of virgin steel by 2050.
- Eradicate low margin, water guzzling crops, and reallocate land to fruit trees at scale.
- Eradicate illegal delays and transform jails.
- Eradicate lack of access to education.
- Eradicate lack of access to low quality healthcare.
- Eradicate newsprint import.
- Eradicate lack of care for animals and other biodiversity.
- Eradicate suspicion among fellow Indians and build trust in each other.

We must make all efforts to bring the various elements of ESG and sustainability. While this can be in a structure of the "Standard Model" that we propose through this article or a format one is comfortable with.

Extinction is Closer Than It Seems, our Time To Act Is Now or Never

A garbage patch thrice the size of France is floating in the Pacific, Australia is reeling under one its worst floods in history and constant drilling in Siberia is causing temperatures to soar.

India faces the probability of one of the worst water crises ever, 35 million people will face coastal flooding and 40% of the population is to face water scarcity.[1]

Concentrated efforts to push for fast adoption of sustainable technologies is the only way forward. Governments, corporates (large and small), non-profit organisations (NPOs), professionals, and citizens, must all take note, our planet is on the brink of extinction, an event that happened 65 million years ago.

> Focused efforts on implementing sustainable technologies and solutions that will help decarbonise are the need of the hour.

All governments must immediately push for mass clean-ups of water bodies, zero waste to landfill, waste segregation at source and incentives for full-scale circularity initiatives. At companies and NPOs, from the board to the last employee in the organisation, all must speak only one language of sustainability and climate action.

Only policy formulation will not make the cut anymore. Implementation is the need of the hour. Progress on implementation must be measured, monitored and reported adequately, accurately and communicated transparently. Data and analytics must be available for the world to see in real-time.

We have no time, we can't take pride and relief in committing to net zero by 2050. While we should have taken action yesterday, all we have now is today and every day.

"Conscious Capitalism" is built on a greener planet, far-reaching and inclusive community development and transparent tech-enabled governance. Technology and ESG must fuse together in the context of our innate spiritual teachings to see India rise as the nation with a maximum quantum of soft power. ■■■

[1] *https://www.forbesindia.com/article/news-by-numbers/india-can-face-92-gdp-loss-by-2100-due-to-global-warming-ipcc-report/74107/1*

Carbon Neutrality – Towards a Sustainable Future

CA. (Dr.) Sanjeev Kumar Singhal and CA. Priti Savla

Authors are members of the Institute. They may be reached at sanjeevsinghalca1997@gmail.com and eboard@icai.in

Climate Crisis and Importance of Carbon Neutrality

"The Global Risk Report 2022" issued by World Economic Forum states that respondents to the Global Risks Perception Survey (GRPS) 2021–2022 rank "climate action failure" as the most critical threat to the world in both the medium term and long term, with the highest potential to severely damage societies, economies and the planet. Climate change has led to ever more ferocious cyclones and extended droughts leading to the destruction of infrastructure and the disruption of livelihoods. The global average temperature in 2020 was 1.2°C warmer than the pre-industrial temperature, and the effects of this warming are felt globally. Based on the current climate data, there is an urgent need to accelerate efforts to reduce atmospheric Greenhouse Gas (GHG) concentrations to reverse global climate change. In such alarming situations, carbon neutral target must be realised globally by the middle of the 21st century. Unfortunately, "Emissions Gap Report 2019" released by the United Nations Environment Programme (UNEP) presents that there still exists a big gap between countries' targets to reduce carbon emissions and °1.5C goal.

In response to the ever-increasing global greenhouse effect, all countries had signed a landmark United Nations climate agreement in Paris on 12 December 2015, to jointly tackle GHG emissions and combat climate change. Under the 2015 Paris agreement, all countries agreed to keep warming below 2.0°C and make an effort to curb global warming to less than 1.5°C by achieving C neutrality by 2050.

Box 1. The Paris Agreement cycle and its cooperation mechanisms

The Paris Agreement prescribes that each country "prepares, communicates and maintains successive nationally determined contributions" (NDCs) to reduce global emissions. Under the agreement, countries agree to submit updated NDCs every five years and undergo an assessment process (Feedback Mechanism). In year one, the UNFCCC Secretariat prepares a synthesis report of the newly submitted NDCs ahead of the annual Conference of the Parties (COP). The Feedback Mechanism includes a Global Stocktake of collective efforts to take place in 2023, as well as the review of individual progress according to codified procedures every two years, starting with the 2022-2024 cycle (Enhanced Transparency Framework).

To facilitate the attainment of NDCs, the Paris Agreement (Article 6) envisages international cooperation mechanisms to transfer mitigation outcomes internationally and to promote capacity building, technology transfer and financial support, especially towards developing countries, including the use of carbon credits generated under the Kyoto Protocol and partially carried-over at the COP26 in Glasgow.

Source: A Framework to Decarbonise the Economy, OECD (2022)

Carbon neutrality refers to offsetting the generated carbon dioxide (CO_2) through carbon capture, storage, and conversion within a certain period of time, so as to achieve "zero emission" of greenhouse gases. This concept originated from the Samsoe Island, Denmark in 1997, and has been gradually accepted by people from all over the world and introduced into various industries. The promotion of carbon neutrality can not only reduce carbon emissions constantly, but also decrease the concentration of air pollutants, improving air quality. Carbon emissions reduction does not just depend on one path, instead it calls for the synergistic effect of multiple strategies aiming to reduce carbon emissions.

Network for Greening the Financial System has issued "NGFS Climate Scenarios for central banks and supervisors" in 2021. It states that "The world is at a critical juncture where climate pathways could move in materially different directions: from a successful transition to net-zero emissions by 2050; to a hot house world with global warming of 3˚C or more by 2100. In the face of such uncertainty, climate scenario analysis is a vital tool that helps us to prepare for a range of future pathways. And it does this by focussing minds on a variety of different outcomes, challenging users to consider what risks and opportunities might arise – and crucially, what action might be required today in light of these potential challenges tomorrow."

documents. Setting legally binding emission-reduction targets is a way to enforce these targets, strengthen policy signals and translate climate change ambitions into policy action. In many countries the gap between intermediate targets and the 2050 goal of carbon neutrality is large.

		Physical risk	Transition risk			
Category	Scenario	Policy ambition	Policy reaction	Technology change	Carbon dioxide removal	Regional policy variation*
Orderly	Net Zero 2050	1.5°C	Immediate and smooth	Fast change	Medium use	Medium variation
	Below 2°C	1.7°C	Immediate and smooth	Moderate change	Medium use	Low variation
Disorderly	Divergent Net Zero	1.5°C	Immediate but divergent	Fast change	Low use	Medium variation
	Delayed transition	1.8°C	Delayed	Slow/Fast change	Low use	High variation
Hot House World	Nationally Determined Contributions (NDCs)	~2.5°C	NDCs	Slow change	Low use	Low variation
	Current Policies	3°C+	None – current policies	Slow change	Low use	Low variation

Colour coding indicates whether the characteristic makes the scenario more or less severe from a macro-financial risk perspective^

Lower risk

Moderate risk

Higher risk

Source: NGFS Climate Scenarios for central banks and supervisors (NGFS, 2021)

Global Efforts and India's roadmap to carbon neutrality

Many countries have announced ambitious targets to reduce Greenhouse Gas emissions after the 2015 Paris Agreement, including reaching net-zero emissions in 2050 and intermediate targets in 2030-40. However, such national targets are still inadequate to put global emissions on a downward path before 2030 (UNFCCC, 2021). Global emissions would need to decline on average by over 7% per year in the ten years to 2030 to reach emission levels that are consistent with limiting the increase in global temperature to 1.5 C compared with pre-industrial levels (United Nations Environment Programme, 2019).

Some countries have included emission-reduction targets into law while in many others they are in national policy

On December 11, 2019, the European Union (EU) announced a new policy on climate change named *A European Green Deal in Brussels*, aiming to achieve net zero greenhouse gas emissions as well as the decoupling of economic growth and resource consumption in Europe by 2050. This goal was also written into the draft of the *European Climate Law*. According to *A roadmap for Moving to a Competitive Low* Carbon Economy *in 2050* proposed by the EU [15], the EU pledged to reduce its total domestic carbon emissions by 40% by 2030, 60% by 2040, and 80% by 2050, for the purpose of moving Europe towards a cleaner and climate-friendly path. 78% of the cities have a carbon emissions reduction target and 25% have the ambition to realise carbon neutrality.

On January 20, 2021, the U.S. President Biden announced the return of the United States to the Paris Agreement *after taking office*. He is an active advocate of addressing climate change and global warming. During the campaign, The Biden Plan for a Clean Energy Revolution and Environmental Justice *calls for a "carbon-free electricity society" by 2035 through a transition to renewable energy; carbon neutrality and a %100 clean energy economy by 2050."*

The 2021 United Nations Climate Change Conference (COP26, held in Glasgow, the United Kingdom), which passed the Glasgow Climate Pact, concluded with important steps towards the 1.5°C scenario. It requested governments from 153 countries to update and strengthen their nationally determined contributions (NDCs), bolstered climate adaptation finance efforts, and continued the mobilisation of billions of US dollars for climate funding and trillions to be reallocated by private institutions and central banks towards global net zero.

The Government of India is proactively taking steps towards sustainable and inclusive growth, with a focus on Climate change. Hon'ble Prime Minister Narendra Modi at the World Economic Forum, Davos Summit, had shared that for the next 25 years, India has set the targets of high growth

> **"The promotion of carbon neutrality can not only reduce carbon emissions constantly, but also decrease the concentration of air pollutants, improving air quality."**

and saturation of welfare and wellness. Further, this period of growth will be green, clean, sustainable, and reliable. The commitment of the country towards building resilient, inclusive, and sustainable economies can also be seen with Hon'ble Prime Minister, Modi introducing five nectar elements, India's Panchamrit earlier at the Conference of Parties (COP 26) in November 2021. The five nectar elements, 'Panchamrit' which are India's contribution towards climate action are as follows:

- First- India will take its non-fossil energy capacity to 500 GW by 2030.
- Second- India will meet 50% of its energy requirements from renewable energy by 2030.
- Third- India will reduce the total projected carbon emissions by one billion tonnes by 2030.
- Fourth- By 2030, India will reduce the carbon intensity of its economy by more than 45%.
- And fifth- by the year 2070, India will achieve the target of Net Zero.

As per "A Framework to Decarbonise the Economy" issued by OECD (2022), a systematic and regular assessment of countries' progress towards climate change mitigation targets is key to identifying laggards and leaders and spreading best practices. Such an assessment requires the following:

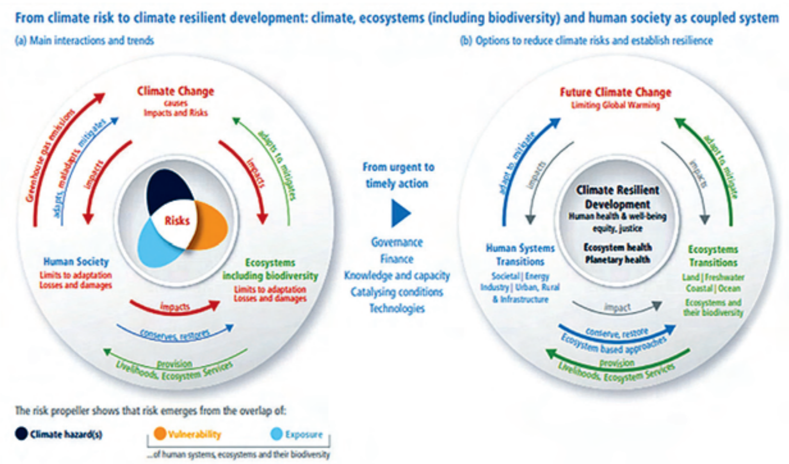
- Collecting past emission trends and current performances using economy-wide indicators, such as, GHG emissions and emission intensity, and comparing such trends across countries and national targets;
- Collecting and comparing sectoral indicators to assess critical areas of underperformance and best practices;
- Extrapolating trajectories under separate scenarios, e.g., building on the IEA's World Energy Outlook or the OECD Environmental Outlook to 2050. The Climate Action Tracker provides policy scenarios based on current policies that can inform such assessments;
- Identifying the main areas of economic and technological uncertainty and their potential impact on emissions.

> **"Some countries have included emission-reduction targets into law while in many others they are in national policy documents."**

Building net zero transition plans by organisations

In past years, the increased frequency and intensity of extreme weather and climate-related events, highlight that financial risks related to climate change, including transition risks, are not a long-term issue any more. It has created an emergency situation. Climate related risk highlight the challenges and underscore the importance of continued progress to embed effective risk management practices and build up financial system which is resilient to the risks posed by climate change. Organisations should embrace decarbonisation and should make disclosures of their climate related risks, and the steps taken to mitigate them. Transition to lower carbon economy, managing carbon emission, ensuring no wasteful energy usage goes a long way in building brand trust and sustainability. Organisations need to evaluate its vulnerability to environment related commitments, carbon emission, energy usage, climate-related effects such as regional shifts in the availability of energy and water, the reliability of infrastructures and supply chains. Resource aggregation and supply models, water treatment innovation, Hybrid car, solar and wind energy usage, renewable battery, e-books, e-anniversaries, learning, remote diagnostic and treatment, etc., are some of positive disruptive models and innovative product and services which have emerged from opportunities arising from climate change. Governing body should systematically assess these risks and then decide which to reduce through redesigning operations, which to transfer to others through insurance, and which to bear.

Disclosure by companies of information on material, climate-related financial risks is an essential building block to ensure that climate risks are measured and managed effectively. Disclosure of such information enables financial regulators and market participants to better understand climate change impacts on financial markets and institutions. Issuers of securities can use disclosure to communicate risk and opportunity information to capital providers, investors, derivatives customers and counterparties, markets, and regulators. Issuers of securities can also use disclosures to learn from peers about climate-related strategy and best practices in risk management. Investors can use climate-related disclosures to assess risks to firms, margins, cash flows, and valuations, allowing markets to price risk more accurately and facilitating the risk-informed allocation of capital.[1]



Source: NGFS Climate Scenarios for central banks and supervisors (NGFS, 2021)

Role of Accountants

Globally, investors, creditors, insurers and customers are increasingly demanding more specific information about an organisations' exposure to, and management of, climate related risks. Work to strengthen the comparability, consistency and decision-usefulness of climate-related financial disclosures has moved forward rapidly. A milestone has been the publication by the newly established International Sustainability Standards Board (ISSB) under the IFRS Foundation of two Exposure Draft standards, on climate-related and general sustainability related disclosure standards, for public consultation with the aim to issue the final standards by end-2022, subject to feedback. Both ISSB Exposure Draft standards build on the recommendations by the FSB's Task Force on Climate-related Financial Disclosures (TCFD) and the work of existing international sustainability bodies. The ISSB standards aim to establish a common global baseline that is interoperable with jurisdictions' frameworks through a building block approach that will drive more comparability and consistency on common climate disclosures across jurisdictions. The ISSB is putting in place governance arrangements to enable input from a wide range of stakeholders. Though these standards will require a lot of tweaking for these to be globally acceptable, it is a good stepping-stone.

"The ISSB is putting in place governance arrangements to enable input from a wide range of stakeholders. Though these standards will require a lot of tweaking for these to be globally acceptable, it is a good stepping-stone."

High-quality disclosures will require the expertise and coordination of several areas, such as sustainability, risk management, strategy, operations and finance. Accountants have a crucial role in enabling climate action by providing transparency and insights on the financial impacts of climate change. Climate related financial disclosures, risk management, integrating climate risk into decision making are important areas where accountants can contribute. They can help organisations to expand strategic considerations beyond financial returns and competitive advantage.

They can also help organisations to access climate impact for complete financial modelling, cash flow projection, contingency projection and overall return on investment. Proactive assessment may enable organisations to diversify, identify alternative areas of demand, manage operational cost, improve or sustain value of physical

[1] *Managing Climate Risk in the US Financial System - Report of the Climate-Related Market Risk Subcommittee, Market Risk Advisory Committee of the U.S. Commodity Futures Trading Commission https://www.cftc.gov/sites/default/files/2020-09/9-9-20%20Report%20of%20the%20Subcommittee%20on%20Climate-Related%20Market%20Risk%20-%20Managing%20Climate%20Risk%20in%20the%20U.S.%20Financial%20System%20for%20posting.pdf*

assets and generate sustainable return on investment. Assurance of climate related disclosures will bring credibility and would minimise greenwashing. Carbon trading requires organisations to change their business models and there are tremendous opportunities in this emerging area. Accountants have an important role to play in transition to low carbon economy and helping to achieve carbon neutrality targets.

> **"Climate related financial disclosures, risk management, integrating climate risk into decision making are important areas where accountants can contribute."**

The Institute of Chartered Accountants of India (ICAI) through Sustainability Reporting Standards Board (SRSB) has proactively taken several initiatives for strengthening sustainability reporting ecosystem and for creating awareness on sustainability related issues. With a view to provide guidance to its members important publications like, Background Material on Business Responsibility and Sustainability Reporting (BRSR) and Standard on Assurance Engagements (SAE) 3410 "Assurance Engagements on Greenhouse Gas Statements" have been released. Sustainability Reporting Maturity Model (SRMM) Version 1.0, a comprehensive scoring tool, has been developed to measure their sustainability performance in terms of four levels of maturity of sustainability reporting. Publication on "Sustainable Development Goals (SDGs) - Accountants Creating Sustainable World - Part 1, 2 and 3" has been developed to encourage all stakeholders to contribute towards the attainment of SDGs.

ICAI Sustainability Reporting Awards 2021-22 and ICAI International Sustainability Reporting Awards 2021-22 are being conducted to recognise, reward and encourage Excellence of Businesses in Sustainability Reporting and bring to light their outstanding contribution to the 2030 Agenda for Sustainable Development. Capacity building of the chartered accountants in this emerging area is being done by conducting online Certificate on Business Responsibility and Sustainability Reporting. Awareness initiatives like, Take the ICAI Sustainability Challenge, Carbon Footprint Challenge, ICAI Sustainability Literacy Drive, Corporate film on Simple Steps to make our Planet Sustainable, Champions of SDGs and SDG Videos have also been undertaken. Contributing to the initiatives of SEBI to create an ecosystem via Social Stock Exchanges, ICAI is in the process of developing Social Audit Standards and working on Certification Course for Social Auditors.

SRSB of ICAI is partnering with stakeholders, government, regulators, and others to help maximise contribution to Sustainable Development Goals (SDGs) and also collaborating with international bodies in advancing sustainability agenda. Initiatives are in progress in the area of Sustainable Finance, Green Bonds, ESG rating and Climate related Financial Disclosures. ESG Roundtable for board members, ESG Talk show, Webinars are other initiatives being undertaken. ICAI is fully committed to contribute proactively to building low carbon economy leading to inclusive and equitable growth. This transition is possible only through collaborative efforts of all the stakeholders. Time has come that we should strategically work together to restructure our economy so that it is circular and regenerative instead of linear and extractive.

> **"SRSB of ICAI is partnering with stakeholders, government, regulators, and others to help maximise contribution to Sustainable Development Goals (SDGs) and also collaborating with international bodies in advancing sustainability agenda."**

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Business Responsibility and Sustainability Reporting (BRSR) – A challenge as well as opportunity

***CA. Raj Mullick and **Ms. Mitika Bajpai**

*Author is member of the Institute. Authors may be reached at eboard@icai.in

The accounting world is going through a transformation to keep pace with the changing requirements of business and economy. Sustainability or Environment, Social and Governance (ESG) performance is one such megatrend to prepare for. Currently stakeholders including investors, governments, and advocacy groups have started emphasising on non-financial disclosures, for evaluation of a company's sustainable business model. Accordingly, as a good corporate citizen companies are required to give disclosure on energy consumption, carbon emission and other key Sustainability indicators.

Historically, in order to disclose non-financial data companies were expected to refer to global frameworks and benchmarks, like GRI, SASB, ISO and CDP. However with a push from the Indian regulatory bodies, companies now have frameworks like IR and BRSR that cater to an India-focused reporting landscape. Frameworks encouraged by SEBI, like Integrated Reporting (IR) in 2017-18 and Business Responsibility and Sustainability Reporting (BRSR) in 2022-23 for the top 1000 listed Indian companies help all report readers and stakeholders get the right information, understand the company's story/ business model/ performance holistically while seamlessly integrating the environmental, social and governance laws that are applicable within India.

Evolution of Reporting: from BRR to BRSR

While it is important for a company to have effective sustainability strategies and policies in place, it is equally important to communicate these to all the stakeholders. The Company's annual report and Investors/ Analysts meets provide a good platform to communicate the company's efforts to a wider audience.

Until this financial year 2021-22, companies were disclosing limited non-financial data to SEBI through the Business Responsibility Report (BRR). From the next financial year 2022-23, the top 1000 Indian listed companies will be expected to publish the Business Responsibility and Sustainability Reporting (BRSR) which is certainly a more comprehensive framework for non-financial data reporting - one that was created by incorporating the best case practices from multiple globally relevant frameworks.

Let's look at the milestones in the evolution of the BRR:

- In July 2011, Ministry of Corporate Affairs, Government of India introduced the National Voluntary Guidelines (NVG) which focused on principles of Social, Environmental and Economic responsibilities of businesses.
- In August 2012, Business Responsibility Reporting (BRR) was mandated for Top100 listed companies for disclosure on ESG parameters in the annual report. The reports were to be prepared in line with NVG principles.
- In December 2015, the mandate was extended for top 500 listed companies of India, and finally in November 2019 the mandate was extended for top 1,000 listed companies of India by market capitalisation. To comply with the mandate, companies were to disclose information on the ESG parameters in the format

prescribed by SEBI as part of the annual report or sustainability report.

- In order to align the National Voluntary Guidelines (NVGs) with the emerging global concerns, the NVGs were revised and released as National Guidelines on Responsible Business Conduct (NGRBCs) in March 2019.
- In March 2021, SEBI board decided to introduce new requirements for sustainability reporting by listed entities i.e., Business Responsibility and Sustainability Reporting (BRSR) which shall replace the BRR.
- In May 2021, SEBI issued a circular noting departure from BRR to BRSR for top 1000 listed entities (by market capitalization) and mandated reporting BRSR w.e.f FY 2022-23.

Over time the BRSR will be integrated with filings made on the MCA21 portal. This information captured through BRSR filings could be used to develop a Business Responsibility-Sustainability Index for companies.

About the BRSR

The BRSR comprises of about 140 questions across 3 sections. The third section comprises of the 9 NGRBC principles. Across the 9 Principles, BRSR asks for 122 indicators. Each Principle has Essential (i.e. mandatory) and Leadership (i.e. voluntary) Indicators. The table below shows the 122 indicators split between Essential and Leadership. It also shows the new indicators that have been added by Principle (compared to the BRR) which makes the BRSR more comprehensive than its predecessor.

Row BRSR incorporates NGRBC's Nine principles

Principle	Description	Essential indicators		Leadership indicators		New indicators added (as % of total indicators)
		Old indicators (part of BRR)	New indicators	Old indicators (part of BRR)	New indicators	
Principle 1	Businesses Should and Govern themselves with integrity, and in a manner that is ethical, transparent and accountable	2	6	0	2	78%
Principle 2	Businesses should provide good and services in a manner that is sustainable and safe	2	2	2	3	56%
Principle 3	Businesses should respect and promote the well – being of all employees, including those in their value chains	2	14	0	6	91%
Principle 4	Businesses should respect the interests of and be responsive to all its stakeholders	2	0	0	3	60%

Principle	Description	Essential indicators		Leadership indicators		New indicators added (as % of total indicators)
		Old indicators (part of BRR)	New indicators	Old indicators (part of BRR)	New indicators	
Principle 5	Businesses should respect and promote human rights	1	9	2	3	80%
Principle 6	Businesses should respect and make efforts to protect and restore the environment	2	13	1	8	88%
Principle 7	Businesses, when engaging in influencing public and regulatory policy should do so in a manner that is responsible and transparent	2	1	0	1	50%
Principle 8	Businesses should promote inclusive growth and equitable development	3	2	2	5	58%
Principle 9	Businesses should engage with and provide value to their consumers in a responsible manner	4	3	1	4	58%

The questions and disclosure requirements for the BRSR also integrates seamlessly with the Integrated Reporting (IR) format – wherein most of the disclosure requirements can be mapped or cross-referenced with the 6 Capitals recognised by the International Integrated Reporting (<IR>) Framework. For this article we have cross-referenced 8 essential indicators with 3 capitals to show the correlation:

IR - Capitals	BRSR – Essential indicators (sample)
Natural Capital	• Energy and water consumption • Air emissions (Permissible limit and actual value) • Liquid discharges for top 3 major facilities • Solid waste generated
Human Capital	• Employee and workmen representation (permanent and non-permanent) in total workforce • Women representation (no. and %) in board and key managerial positions • Safety related data like injuries, fatalities, injury rate, etc.
Social & Relationship Capital	• Grievance mechanisms and complaints for each stakeholder group i.e., communities, business partners, investors, shareholders, customers, value chain partners

The BRSR can similarly also be cross-referenced or mapped with the existing and established global reporting frameworks like Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), and Taskforce of Climate-related Financial Disclosures (TCFD). In doing so, a company can understand where they stand in their existing sustainability journey, and can easily adapt to this new reporting requirement. This essentially means that if a company already has certain sustainability/ ESG practices in place, they will not need to start again from scratch, instead they now have an opportunity to showcase their sustainability/ ESG practices in a standard and structured format.

We can elaborate on this further by discussing a few sample questions of the BRSR. Below are 4 BRSR essential indicators covering an aspect each of Environment, Social and Governance:

1. Principle 3 – Question on Safety indicators:

Q 11	**Details of safety related incidents, in the following format:**			
	Safety Incident/Number	**Category**	**Financial Year Current**	**Financial Year Previous**
	Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees		
		Workers		
	Total recordable work-related injuries	Employees		
		Workers		
	No. of fatalities	Employees		
		Workers		
	High consequence work-related injury or ill-health (excluding fatalities)	Employees		
		Workers		

The above question asks about the company's Safety performance in the current and previous year. If a company has an internal Safety team, this data will be readily available, and hence requires no new systems to be introduced. Disclosing this data externally serves as an added incentive for companies to improve their safety performance and hence offer a safer workplace to its entire workforce. Since the national peers will also be disclosing this data in the same format through the BRSR, the companies can now easily benchmark their performance against their national peers and possibly share and adopt best case practices across the industry.

2. Principle 5 – Question on median remuneration across hierarchy:

Q 3	**Details of remuneration/salary/wages, in the following format:**				
		Male		**Female**	
		No.	**Median remuneration/ salary/ wages of respective category**	**No.**	**Median remuneration/ salary/ wages of respective category**
	Board of Directors				
	Key Managerial Personnel				
	Employees other than BoD and KMP				
	Workers				

Governance related questions are introduced across the BRSR within Section A and B, and through mostly Leadership indicators within Principles. Under Principle 5, the framework asks for more transparency when discussing Human Rights. The question above is mandatory and asks for the median remuneration of Board members, Key managerial leaders, Employees and Workers – all categories split by gender. This is a major step in the direction of bridging the wealth divide across classes and genders (where relevant) within the country. Strong governance is important across the organisation for all financial and non-financial disclosures. Questions such as this help us see the correlation between social measures/ impact and responsible financial capital.

3. Principle 6 – Question on greenhouse gas (GHG) emissions:

Q 6	Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:			
	Parameter	**Unit**	**Current Financial Year**	**Previous Financial Year**
	CO_2	Metric tonnes of CO_2 equivalent		
	CH_4	Metric tonnes of CO_2 equivalent		
	N_2O	Metric tonnes of CO_2 equivalent		
	Flare emissions	Metric tonnes of CO_2 equivalent		
	Total Scope 1 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent		
	Total Scope 2 emissions	Metric tonnes of CO_2 equivalent		
	(Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)			
	Turnover (INR in crore)			
	Total Scope 1 and Scope 2 emissions per rupee of turnover (kgCO_2/Rs.)			
	Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.			

Global leaders through the Paris Agreement and the more recently concluded COP 26 have pledged to keep a global temperature rise this century well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5°C. Earlier this year, India also committed to achieving Net Zero emissions by 2070. In order to achieve such targets and mitigate the global risk of climate change, it is crucial to monitor our GHG emission performance and work actively towards reducing the emissions.

Question 6 in BRSR Principle 5 does exactly that. It helps monitor the listed companies' emissions and understand the emission trend in absolute values and as an intensity. This GHG data is becoming more and more crucial globally. Everyone, right from investors to regulatory authorities are asking for the same. Having these questions in a structured format helps communicate the emission performance effectively and transparently. Auditing the same helps add credibility and ensure that the data is more reliable. Monitoring and mitigation is a strong step toward achieving our national emission reduction goals.

4. Principle 6, 8 – Questions on Impact Assessments:

Q 1 - Principle 8	Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.					
	Name and brief details of project	**SIA Notification No.**	**Date of notification**	**Whether conducted by independent external agency (Yes / No)**	**Results communicated in public domain (Yes / No)**	**Relevant Web link**

A few essential indicators in Principle 6 and Principle 8 include questions regarding the Environment Impact Assessment (EIA) and Social Impact Assessment (SIA) conducted by the company. A leadership indicator in Principle 2 also asks about a Life Cycle Assessment (LCA). These studies are intended to help a company understand the impact of their business on the environment, on society and on their value chain; and (hopefully) create a more positive impact overtime. Such questions encourage companies to delve deeper into their sustainability performance and offer tools to help understand their performance or areas of improvement better. If companies don't already conduct these studies, they can initiate such science-based studies easily within a reporting cycle.

Role of Chartered Accountants

We are almost certain that Chartered Accountants will be playing an important role in the adoption of sustainability-based reporting by Indian corporates. The chartered accountants will play a key role in the following areas:

- Sustainability is a philosophy and approach that the corporates should pursue and it will definitely be a top-driven approach. The CFO will play a dominant role in guiding the corporates in the journey of sustainability.

> **"Governance related questions are introduced across the BRSR within Section A and B, and through mostly Leadership indicators within Principles."**

  Policies are required to be framed and adhered to and the CFOs will be a custodian of the same. In my opinion CFOs will be the key stakeholder in the emergence of sustainability based reporting.

- One of the challenges that corporates face across the globe today is systemic maintenance of Sustainability data. Sustainably has a wide coverage from HR and Energy, to governance and accounting. Data is required to be extracted not only from financial systems but also from HR, manufacturing, marketing and various other systems, thus this poses a key challenge in having a depository and ownership. Our experience is that corporates in India as well as in matured economies like US, Europe, Australia, etc. are struggling to fix this issue. This is both a challenge and opportunity for the chartered accountants. They can play a huge role in the corporates in creating a system-based depository of data and ensure its credibility.

- ESG reporting will result in humungous amount of data to be reported. This means the corporates, as a process of governance, will require assurances before reporting the data. This opens up a new avenue to the practising chartered accountants, which would be exciting as well as challenging. I will not be surprised if this constitutes a significant chunk of revenue to the firms in days to come.

> **"ESG reporting will result in humungous amount of data to be reported. This means the corporates, as a process of governance, will require assurances before reporting the data."**

In conclusion

With the advent of the BRSR, we will see a significant increase in transparent disclosures regarding a company's sustainability or ESG performance. With non-financial disclosure gaining as much traction as financial disclosures, it is important for us finance professionals to understand, comply and contribute meaningfully to this transition. Chartered accountants are well poised to play a dominating role in the emergence of the sustainability reporting era.

For more details regarding the BRSR please refer the following links:

- SEBI's circular from May 2021: *https://www.sebi.gov.in/media/press-releases/may-2021/sebi-issues-circular-on-business-responsibility-and-sustainability-reporting-by-listed-entities-_50097.html*

- Annexure 1 of the circular with BRSR format: *https://www.sebi.gov.in/sebi_data/commondocs/may-2021/Business%20responsibility%20and%20sustainability%20reporting%20by%20listed%20entitiesAnnexure1_p.PDF*

Sustainability Reporting - Accountancy Profession Taking Lead

Contributed by the Sustainability Reporting Standards Board of the ICAI. Comments may be sent to srsb@icai.in and eboard@icai.in

Sustainability emphasises the need for society to conserve resources, protect natural ecosystems, minimise pollution and promote social equity. In 1987, the World Commission on Environment and Development also popularly known as the Brundtland Report, defined development as 'sustainable" when it 'meets the needs of the present without compromising the ability of future generations to meet their own needs'. There are three pillars of sustainability – environment, society and economy. Multi-level collaboration is required to achieve sustainability and address interconnected problems by balancing the needs of economic growth and resource conservation equally.

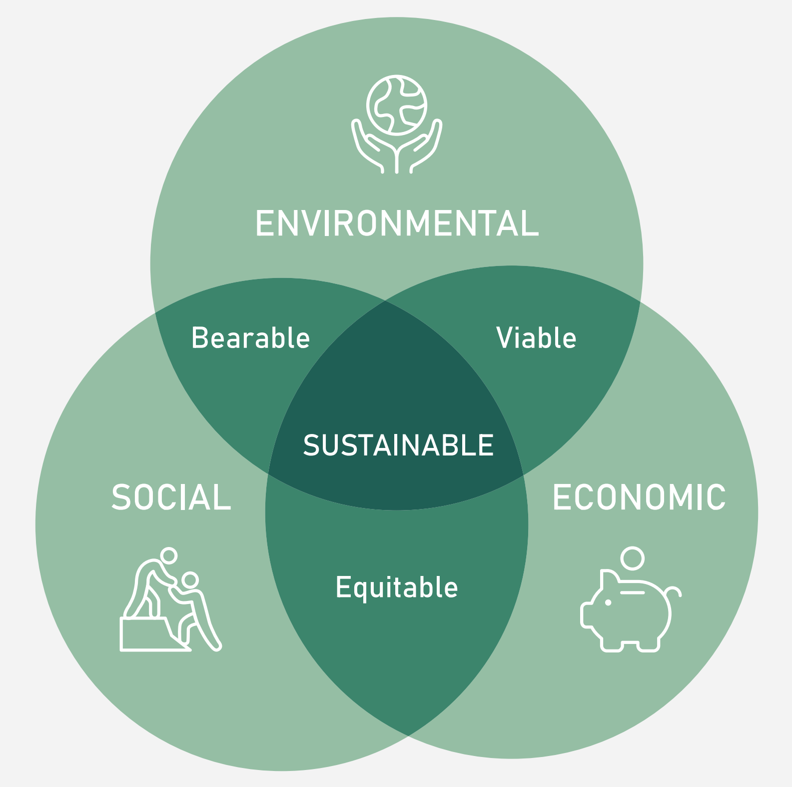
We all should take steps to incorporate sustainability into every aspect of our life. Our willingness to think and act differently by putting economic development and the environment on equal footing as central parts of the same equation will help us resolve glaring problems like, air pollution, food shortage and food scarcity.

Entities can have a positive impact on society and the economy by improving their sustainability performance. Sustainability Reporting is gaining momentum year on year due to stakeholders' ever-rising demands for more transparent and better communication regarding their sustainability practices, initiatives and performance. Much like their global counterparts, Indian corporates too are leaning towards reporting frameworks to demonstrate their ability to create, preserve and grow value for a diverse stakeholder base.

The Institute of Chartered Accountants of India (ICAI) has a strong tradition of service to the country towards sustainable as well as economic development. ICAI, as a partner in nation building, constituted the Sustainability Reporting Standards Board (SRSB) in February 2020 with the mission to formulate comprehensive, globally comparable, and understandable standards for measuring and disclosing non-financial information about an entity's progress towards the United Nations Sustainable Development Goals (SDG) 2030. ICAI strives to bring sustainability reporting and thinking within mainstream business practices both in the public and private sectors. ICAI through SRSB is taking proactive steps to not only identify and develop opportunities for Chartered Accountants in Sustainability Reporting but also to enhance knowledge, upskill and train members by conducting workshops, seminars, and certificate course, publish technical literature on various important topics within the sustainability domain. Further, in its endeavour to promote sustainability reporting ecosystem in the country which would lead to greener low-carbon economy, the Institute is working on two crucial aspects. Firstly, to promote compliance

with existing accounting and sustainability related disclosure requirements. Secondly, to strengthen assurance framework to build a solid bridge between sustainability related risks and corporate financial reporting.

With a view to strengthen sustainability reporting ecosystem in the country, important publications like, *Background Material on Business Responsibility and Sustainability Reporting (BRSR), Standard on Assurance Engagements (SAE) 3410 Assurance Engagements on Greenhouse Gas Statements* and *Frequently Asked Questions (FAQs) on Sustainability Reporting – Heart of Good Governance* have been released. Sustainability Reporting Maturity Model (SRMM) Version 1.0, a comprehensive scoring tool, has been developed to measure their sustainability performance in terms of four levels of maturity of sustainability reporting namely Level 1 to Level 4. Publication on *Sustainable Development Goals (SDGs) - Accountants Creating Sustainable World - Part 1, 2 and 3* has been developed to encourage all stakeholders to contribute towards the attainment of SDGs. In its endeavour to benchmark global best practices in Sustainability Reporting, ICAI has instituted and conducted the *ICAI Sustainability Reporting Awards* to recognise, reward and encourage Excellence of



Businesses in Sustainability Reporting and bring to light their outstanding contribution to the 2030 Agenda for Sustainable Development. ICAI has also instituted and conducted *ICAI International Sustainability Reporting Awards* with an objective to recognise and award exemplary entities for outstanding contribution to Sustainable Development Goals which have led initiatives undertaken towards Gender Equality and Climate Change.

> **ICAI strives to bring sustainability reporting and thinking within mainstream business practices both in the public and private sectors.**

Capacity building of the chartered accountants in this emerging area is being done by conducting online Certificate Course on Business Responsibility and Sustainability Reporting (BRSR) on regular basis where more than 800 members have participated. Awareness initiatives like, Carbon Footprint Challenge, ICAI Sustainability Literacy Drive, Corporate film on Simple Steps to make our Planet Sustainable, Champions of SDGs and SDG Videos have also been undertaken. ICAI has also rolled out an online competition *Take the ICAI Sustainability Challenge* across the length and breadth of the country as part of Azadi ka Amrit Mahotsav (AKAM) initiatives to encourage young minds to showcase their creativity and innovative thinking to identify steps to be taken for addressing climate crisis and making our planet healthier, happier and safer. Students from schools, colleges and those pursuing the CA

course were encouraged to participate in the event. Entries received were innovative and reflected thoughts of young minds on how we can contribute to making our planet greener. In consonance with the nation's vision of *Satat Bharat – Sanatan Bharat* (Sustainable India), ICAI has organised *All India Tree Plantation Drive – "Go Green"* at various locations across India. Contributing to the initiatives of SEBI to create an ecosystem via Social Stock Exchanges, ICAI is developing Social Audit Standards and working on Certification Course for Social Auditors.

ICAI is partnering with stakeholders, government, regulators, and others to help maximise contribution to SDGs and collaborating with international bodies in advancing the sustainability agenda. ICAI welcomes the announcement of formation of new International Sustainability Standards Board (ISSB) by the IFRS Foundation (IFRSF) and extends its full support towards convergence to a single set of sustainability reporting standards. New initiatives have been planned in the area of Sustainable Finance, Green Bonds, ESG rating and Climate related Financial Disclosures. ESG Talk show and training program for board members on ESG are other initiatives in pipeline. ICAI is working towards making the upcoming 21st World Congress of Accountants (WCOA) being held in November 2022 carbon neutral. All these initiatives are focused towards promoting sustainable organisations that create long-term value for investors and society.

> **"ICAI is partnering with stakeholders, government, regulators, and others to help maximise contribution to SDGs and collaborating with international bodies in advancing the sustainability agenda."**

The Government of India is taking proactive steps towards sustainable and inclusive growth with a focus on climate change. The commitment of the country towards building resilient, inclusive, and sustainable economies can also be seen with Hon'ble Prime Minister Narendra Modi introducing five nectar elements, India's Panchamrit, at the Conference of Parties (COP 26) in November 2021. ICAI is leaving no stones unturned to integrate its action plan with the overarching objectives of the country towards low carbon economy and achieving the 2030 Agenda both in letter and spirit.

Sustainability Reporting in case of Oil and Gas Industry: An Empirical Analysis in the context of GRI Sustainability Reporting Standards, 2016

Dr. Shikha Gupta

Author is Associate Professor, Department of Commerce, Shaheed Bhagat Singh College, DU. She can be reached at shikha.gupta1@sbs.du.ac.in and eboard@icai.in

Reporting and disclosure are one of the important ways for businesses to account for the impact of their operations on the economic, social, and physical environment. Businesses depend on stakeholders for the supply of inputs such as capital, labour, raw materials, etc., and are, therefore, required to practice and communicate the benefits which they have created for these stakeholders.

The present study attempts to analyse the sustainability reporting practices as per GRI Sustainability Reporting Standards, 2016 of the oil and gas industry which is one of the most closely scrutinized industries given its nature and strategic importance in the economy. Through content analysis of the reports and descriptive statistics, both parameter-wise and company-wise, it was found that the industry is quite aware of the economic, environmental, and social impacts of its operations and has largely communicated these impacts, although the narrative and depth differ from year to year and company to company. Few parameters which demand attention include - reporting on tax strategy; supplier environmental assessment; impact on biodiversity and a few indicators of labour management relations including diversity and equal opportunity. These were either not reported or reported in a passive, vague and self-laudatory manner. ONGC Ltd. and Gail (India) Ltd were the top companies following the GRI guidelines. They consistently and proactively report the suggested parameters over the study period. At the bottom was Hindustan Petroleum Corp Ltd. The study provides an in-depth sectoral analysis of sustainability reporting and can be utilised for other sectors as well.

Introduction

Sustainability is one of the most important issues faced by the world today. However, its precise definition is still elusive as it means "different things to different people in different contexts" (Bebbington, 2001). It is widely believed that the concept originated from Brundtland Report 'Our Common Future.' It stated that economies should strive to achieve development that is sustainable, in the sense that it should satisfy the needs of the present generation without jeopardising the needs of the future. (United Nations World Commission on Environment and Development, 1987). Sustainable development encompasses three areas- economic progress, environmental protection, and social concern.

> **The industry is quite aware of the economic, environmental, and social impacts of its operations and has largely communicated these impacts, although the narrative and depth differ from year to year and company to company.**

Till recently, economic progress used to be a barometer of an economy's progress as exhibited by its GDP numbers, whereas environment and social parameters mostly occupied secondary positions. In the same way, businesses were primarily concerned about profits as this was considered their sole responsibility. So much so, in the landmark judgment of Dodge vs. Ford Motor company (1919), it was held that 'profit-making is the primary objective of a business. Its responsibility is only towards its shareholders who have contributed capital to it and is not, in any way responsible to the community.' The judgment was followed as sacrosanct by businesses. In the same vein, Nobel Laureate Milton Friedman propagated the agency theory in 1970 and suggested that corporate resources should be allocated only to those activities alone which enhance profitability. Any expenditure on environmental protection or on social progress leads to cost escalations which impact its bottom line and hence should be avoided.

> **GRI (Global Reporting Initiative) is an independent, international organisation that helps businesses to adopt a global common language to communicate the impact of their operations on the economy, environment, and society.**

However, increasing social and environmental concerns like inequality, corruption, underemployment, climate change, pollution, loss of biodiversity, etc. forced regulators and social scientists to reconsider agency theory and adopt a more comprehensive view of business sustainability. Many scholars argued that businesses are obligated to perform activities that are beneficial for society because of the countless resources they derive from it. In this sense, businesses are not only responsible to stockholders but to 'stakeholders.' Stakeholders were defined as "...any group or individual who can affect or is affected by the achievements of an organization's objectives" (Freeman, 1984). According to stakeholders' theory, an enterprise must endeavour to balance the interests of all stakeholders like investors, regulators, employees, environmentalists, etc., and not just shareholders in order to achieve sustainability in the long run.

These principles set a path for businesses to integrate social and environmental responsibilities within the otherwise predominant economic aspect. Moreover, numerous research findings thereafter, propounded that the adoption of sustainable practices by a firm improves its reputational capital, provides a competitive edge, avoids costly class-action suits, thus leading to better profit margins in the long term (Laskar and Maji 2017; Andersen and Dejoy 2011). In this sense, adoption and reporting of sustainability practices represent not just an obligation on the part of businesses but also an opportunity.

Sustainability Reporting- Theoretical Background

Sustainability Reporting has been defined as *"The practice of measuring, disclosing, and being accountable to internal and external stakeholders for organizational performance towards the goal of sustainable development."* (GRI, 2011) Sustainability reporting is the means by which businesses disclose the extent to which they have impacted their physical, social, and economic environment. Under 'environmental communication' a corporate discloses information about the impacts of its operations on land, air, water, biodiversity, etc. The 'social communication' of sustainability provides information about the impact on the social systems including employees, customers, suppliers, and the community at large. The 'economic communication' of sustainability informs about an organisation's economic progress and its likely impact at local, national, and global levels." (GRI, 2012).

Global Reporting Initiative

GRI (Global Reporting Initiative) is an independent, international organisation with headquarters in Amsterdam, Netherlands, that helps businesses to adopt a global common language to communicate the impact of their operations on the economy, environment, and society. Globally, the GRI standards are the most frequently used sustainability reporting standards. They are followed by almost 94% of the world's largest 340 corporates across 100 countries (GRI Standards, 2021). The evolution of GRI is captured in Figure 1.

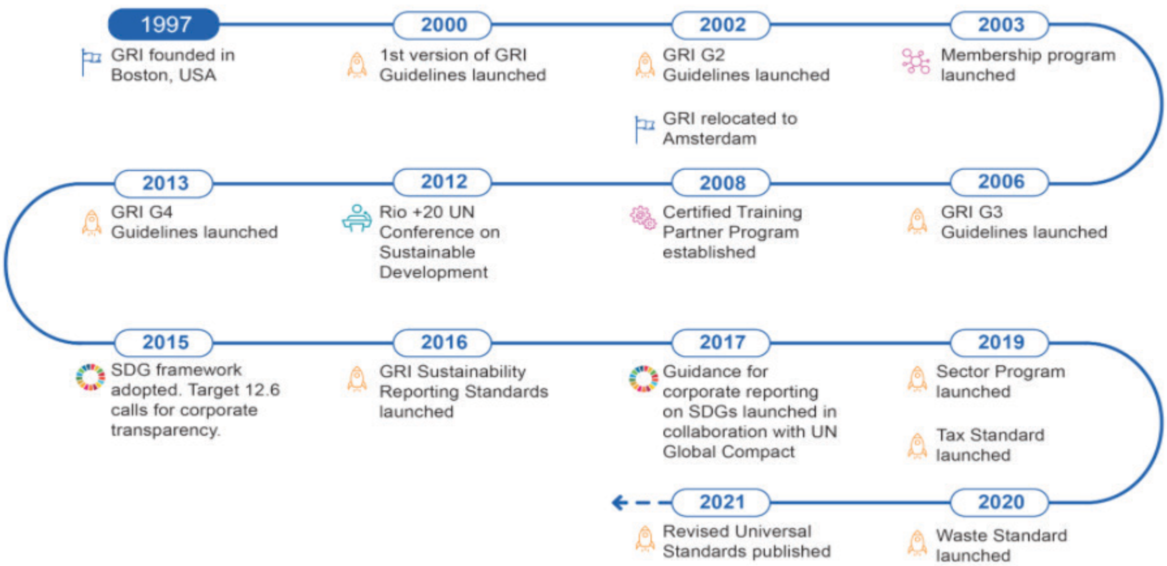


Figure 1: GRI-mission and history. Retrieved from: https://globalreporting.org/about-gri/mission-history/

As per the Times of India report (2012, Dec 11) – "from only 34 Indian companies in 2011 reporting as per the Global Reporting Initiative (GRI) framework, the number increased to 80 in 2012." Further, 334 Indian companies submitted their sustainability reports as per the GRI framework to GRI as of 31st December 2020 (GRI Standards, 2021).

Indian Scenario

In India, sustainability reporting norms have evolved over the years to keep pace with global standards and home considerations. The year 2007 saw a modest beginning when the Reserve Bank of India advised all commercial banks to disclose information on their CSR efforts. Thereafter, in 2011, the Ministry of Corporate Affairs issued 'National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business.' These guidelines were advisory in nature and suggested the broad principles and structure on which sustainability reports should be based. In 2012, the Securities and Exchange Board of India (SEBI) issued a Circular on Business Responsibility Reports. It mandated "top 100 (by market capitalization) listed companies to follow NVGs and to clearly disclose their CSR efforts in Business Responsibility Reports (BRR) which would be part of Annual Reports". This number increased to 500 in 2015. In 2014, a landmark CSR law was passed through an amendment in the Companies Act which mandated a minimum CSR spending on the part of specified firms. Among other developments in the arena of sustainability reporting since then, the most recent is the circular issued by The Securities and Exchange Board of India in May 2021 which mandated the preparation of a Business Responsibility and Sustainability Report (BRSR) by top 1000 firms, in place of earlier BRR. Other firms are also being encouraged in this regard.

Interestingly, although in India many developments have taken place over the years to ensure that businesses adopt and disclose their sustainability practices, there is no uniformity or standardization as to the contents of the reports. There are no specific guidelines that seek to present the relevant non-financial information in a single report. Nevertheless, the results of numerous studies

"In India, sustainability reporting norms have evolved over the years to keep pace with global standards and home considerations."

have revealed that the majority of the companies have started reporting on sustainability issues in some form or the other.

Review of Literature and Research Gap

This section provides a brief outline of sustainability reporting practices around the globe.

Kelly (1981) analysed sustainability disclosure practices of 50 Australian firms and found out that larger companies tend to disclose more information than their smaller counterparts.

Guthrie and Parker (1990) studied 146 annual reports of specified companies in Australia, the UK, and the US and found that countries differ as far as the form and degree of sustainability disclosures are concerned.

Bewley and Li (2000) found that the depth and quality of non-financial disclosures by a company depend on its pollution propensity, political influence, audit quality, and profitability.

International Survey on Corporate Responsibility Reporting revealed that 95% of the 250 largest companies in the world disclose non-financial information in one way or another, though reporting practices differ from country to country. Moreover, it was found that the reporting is imbalanced globally in the sense that corporates in developed countries report more in relation to developing countries.

> **Environmental disclosures relate to communication regarding material, energy, water, and effluents, impact on biodiversity, harmful emissions, waste management, etc.**

Although there are several studies that analyse the sustainability reporting practices around the globe, there is a dearth of literature in the Indian context. Further, there is no sector-specific study that explores the sustainability reporting practices according to GRI guidelines.

The oil and gas industry is one of the most important industries in a country. Not only does it produce fuel for transportation and energy generation and provides raw materials for chemical products and polymers, the sector's outputs are also used in construction, clothing, fertilizers and insecticides, medical and electronic equipment, and a range of everyday objects. Thus, in a way, it impacts the operations of the majority of companies. According to IEA (India Energy Outlook, 2021), primary energy demand is expected to rise to 1123 million tonnes of oil equivalent, as the country's GDP is expected to increase to USD 8.6 trillion by 2040. Besides that, to cope with the continuous rise in the demand level, the Government has allowed 100 percent foreign direct investment (FDI) in many segments of this sector. Moreover, as already discussed, this sector is one of the most environmentally sensitive sectors. Thus, keeping in mind its significance, the present study attempts to analyse its sustainability reporting practices according to GRI Sustainability Reporting Standards, 2016.

Objectives of Study

The study aims to analyse the extent to which Oil and Gas companies listed in NSE 100 adhere to sustainability reporting practices as per GRI Sustainability Reporting Standards, 2016. The analysis is attempted: (i) parameter-wise; and (ii) company-wise.

Research Methodology

Sample size

> **The oil and gas sector is considered one of the most polluting sectors and these companies are aware of it. A non-disclosure will invite penalties and public wrath.**

The sample consists of seven NSE 100 listed oil and gas companies. These are (i) Bharat Petroleum Corp Ltd., (ii) Gail (India) Ltd., (iii) Indian Oil Corporation Ltd., (iv) Reliance Industries Ltd., (v) ONGC Ltd., (vi) Oil India Ltd., and (vii) Hindustan Petroleum Corp Ltd.

Data source and period of study

The data has been obtained from the annual reports, sustainability reports, and websites of the companies for the period 2017-18 to 2019-20.

Parameters

The study analysed the sustainability reports based on three disclosures viz. economic, environmental, and social as contained in GRI Sustainability Reporting Standards, 2016. These are explained in Table 1 below:

Table 1: Parameters contained in GRI standards

GRI Standard	Economic Disclosures	Information related to
201	Economic Performance	Revenue, operating costs, etc. generated from a company's audited financial statements.
202	Market Presence	Ratios of entry-level wage to minimum wage, the proportion of senior management that are hired from the local community.
203	Indirect Economic Impacts	Infrastructure investments, (whether within or beyond the scope of a company's main operations) that have an impact on local communities like transport links, health, and sports centres, etc or which result in changes in productivity because of greater adoption of information technology, (for pharma companies) preferential pricing of medicines for low-income groups that contributes to a healthier population that can participate more fully in the economy, etc.
204	Procurement Practices	Procurement of raw materials from local/small/medium-sized suppliers, suppliers owned by women, and other vulnerable groups.
205	Anti-Corruption	An organisation's anti-corruption policy, confirmed instances of corruption and actions taken
206	Anti-Competitive Behaviour	Legal actions pending against the company for indulging in anti-competitive behaviour e.g., coordinating bids, market restrictions, cartels, etc
207	Tax	An organisation's approach to tax planning and engagement with tax authorities e.g., types of tax incentives it uses or its approach to transfer pricing

GRI Standard	Environmental Disclosures	
301	Materials	Raw materials used for primary products- weight or volume, renewable or non-renewable, recycled or not, etc.
302	Energy	Energy (electricity, heating, cooling, steam) consumption, efforts undertaken for consumption efficiency.
303	Water and Effluents	Water source, consumption, and discharge.
304	Biodiversity	Operational sites located in or near to protected areas having high biodiversity value, efforts to mitigate biodiversity loss e.g., the introduction of species
305	Emissions	GHG emissions, ozone-depleting emissions, etc.
306	Waste	Waste generated by type (hazardous or non-hazardous) and method of disposal.
307	Environmental Compliance	Adherence to mandatory and voluntary environmental laws.
308	Supplier Environmental Assessment	New suppliers who are screened using environmental criteria.
GRI Standard	**Social Disclosures (Employees)**	
401	Employment	Number of employees (full time, part-time), leave policy, turnover, benefits.
402	Labour Management Relations	Minimum notice period in case of changes in operations, termination or resignation; number of strikes and lockouts; complaint redressal system
403	Occupational Health & Safety	Steps taken to ensure employees' health and safety, work-related injuries and ill health, health insurance.
404	Training and Education	Programs for training and skill development of employees; average hours of training per employee per year.
405	Diversity & Equal Opportunity	Diversity of employees on the basis of gender, age, minority, etc., declaration on child labour.

Source: Author's compilation based on GRI Sustainability Reporting Standards, 2016

The study employs the disclosure approach of the content analysis method to analyse the extent and details of the disclosure in sustainability reports of the selected companies. Under this method, an unweighted binary coding method is employed to check the presence or absence of a disclosure item (assign 1 if a particular item is disclosed, otherwise assign 0). Several research studies have advocated the use of unweighted codes as it reduces the "subjectivity involved in determining the weights of each item." (Cyriac, 2013).

Analysis and discussion

Parameter-wise analysis

i. ***Economic Disclosures***

The companies are analysed on the basis of their economic, environmental, and social disclosures in accordance with GRI Sustainability Reporting Standards, 2016. The results of economic disclosures are presented in Table 2.

Table 2: Economic Disclosures (Narrative)

Disclosure Standard	2019-20			2018-19			2017-18		
	NDS	%	Rank	NDS	%	Rank	NDS	%	Rank
Economic Performance (201)	7	100	1	7	100	1	7	100	1
Market Presence (202)	4	57.14	4	4	57.14	4	1	14.28	6
Indirect Economic Impacts (203)	5	71.42	3	5	71.42	3	5	71.42	3
Procurement Practices (204)	4	57.14	4	4	57.14	4	4	57.14	4
Anti-Corruption (205)	7	100	1	6	85.71	2	6	85.71	2
Anti-Competitive Behaviour (206)	6	85.71	2	5	71.42	3	3	42.86	5
Tax (207)	2	28.57	5	1	14.28	5	1	14.28	6

NDS: Narrative Disclosure Scores. Source: Author's own

A perusal of Table 2 reveals that the sample companies report on their economic performance (GRI: 201) and anti-corruption policies (GRI: 205) the most in comparison to other economic disclosures. These are consistently ranked high for the entire study period. At the other end of the spectrum are the disclosures relating to tax strategy (GRI: 207) which are either not revealed or are sporadic and vague.

Table 3: Descriptive Statistics-Economic Disclosures

Disclosure Standard	N	Minimum	Maximum	Mean	Std. Error	Std. Dev
201	3	100	100	100	0	0
202	3	14	57	42.85	14.29	24.75
203	3	71	71	71.42	0	0
204	3	57	57	57.14	0	0
205	3	86	100	90.47	4.76	8.25
206	3	43	86	66.66	12.6	21.82
207	3	14	29	19.04	4.76	8.25

Source: Author's own

Table 3 corroborates the results obtained in Table 2. Over the study period, economic performance (GRI: 201) is reported by all the sample companies. This is followed by the disclosure of anti-corruption policies (GRI:205) and indirect economic impacts (GRI:203). The oil and gas sector is one of the most revenue-rich sectors that can have a profound impact on an economy. This sector can be encouraged by the regulators to incorporate sustainability as a core business strategy. The highest variability is seen in the case of disclosures related to the market presence (GRI:202), whereas it is non-existent in the case of economic presence (GRI: 201), indirect economic impacts (GRI: 203), and procurement practices (GRI: 204). Overall, it is concluded that the economic performance and economic impacts of its activities are regularly disclosed by this sector, partly because they are mandatory and partly because their disclosure directly impacts its reputation in society.

ii. Environmental disclosures

Environmental disclosures relate to communication regarding material, energy, water, and effluents, impact on biodiversity, harmful emissions, waste management, etc. The disclosure results are presented in Table 4.

Table 4: Environmental Disclosures (Narrative)

Disclosure Standard	2019-20			2018-19			2017-18		
	NDS	%	Rank	NDS	%	Rank	NDS	%	Rank
Materials (301)	7	100	1	5	71.43	3	5	71.43	3
Energy (302)	7	100	1	7	100	1	7	100	1
Water and Effluents (303)	7	100	1	6	85.71	2	7	100	1
Biodiversity (304)	5	71.43	3	5	71.43	3	4	57.14	4
Emissions (305)	6	85.71	2	6	85.71	2	6	85.71	2
Waste (306)	6	85.71	2	6	85.71	2	5	71.43	3
Environmental Compliance (307)	6	85.71	2	7	100	1	7	100	1
Supplier Environmental Assessment (308)	4	57.14	4	3	42.86	4	1	14.29	5

NDS: Narrative disclosure scores. Source: Author's own

A perusal of Table 4 reveals that over the period all the sample oil and gas companies disclosed information related to Energy (GRI: 302), followed by Water and Effluents (GRI: 303) and Environmental Compliance (GRI: 307). The oil and gas sector is considered one of the most polluting sectors and these companies are aware of it. A non-disclosure will invite penalties and public wrath. Descriptive statistics are calculated to assess the disclosures more comprehensively.

Table 5: Descriptive Statistics-Environmental Disclosures

Disclosure Standard	N	Minimum	Maximum	Mean	Std. Error	Std. Dev
301	3	71	100	80.95	11.66	16.50
302	3	100	100	100	0	0
303	3	86	100	95.24	5.83	8.25
304	3	57	71	66.67	5.83	8.25
305	3	86	86	85.71	0	0
306	3	86	71	80.95	5.83	8.25
307	3	86	100	95.24	5.83	8.25
308	3	14	54	38.10	15.43	21.82

Source: Author's own

As is evident from Table 5, all the sample companies report on energy (electricity, heating, cooling, steam) consumption and also specify the efforts undertaken to optimise this consumption. However, it is advisable to link consumption with output to evaluate performance and process efficiencies. This aspect is not usually reported. High disclosures are also seen in the case of water and effluents metrics and general environmental conservation efforts. However, the details relating to the environmental standing of suppliers and grievance mechanism are not readily disclosed. There is no mention of negative screening or positive screening while selecting potential suppliers, as is the requirement under GRI. This casts a question mark on their supply chain management system. Except for energy and emissions, all the other environmental disclosures exhibit variations in reporting.

iii. Social Disclosures

Social disclosures relate to communication regarding the number of employees, leave policy, turnover, labour management relations, workers' health and safety measures, their training, and measures to ensure diversity, among others. The performance of sample companies in this connection is given in Table 6.

Table 6: Social Disclosures (Narrative)

Disclosure Standard	2019-20			2018-19			2017-18		
	NDS	%	Rank	NDS	%	Rank	NDS	%	Rank
Employment (401)	7	100	1	6	85.71	1	6	85.71	2
Labour Management Relations (402)	5	71.43	3	3	42.86	3	3	42.86	3
Occupational Health & Safety (403)	7	100	1	6	85.71	1	7	100	1
Training and Education (404)	6	85.71	2	5	71.43	2	6	85.71	2
Diversity & Equal Opportunity (405)	4	57.14	4	2	28.57	4	2	28.57	4

NDS: Narrative disclosure scores. Source: Author's own

From Table 6 it can be inferred that in general the trend of disclosures is increasing. A similar trend was witnessed in the case of economic and environmental disclosures also. Occupational health and safety is the most commonly disclosed parameter over the years as it has secured and retained the first rank among all other parameters.

Table 7: Descriptive Statistics- Social Disclosures

Disclosure Standard	N	Minimum	Maximum	Mean	Std. Error	Std. Dev
401	3	86	100	90.47	5.83	8.25
402	3	43	71	52.38	11.66	16.49
403	3	86	100	95.24	5.83	8.25
404	3	71	86	80.95	5.83	8.24
405	3	29	57	38.09	11.66	16.49

Source: Author's own

It is evident from Table 7 that organisations consider employees' health and safety (GRI: 403) of paramount importance and report the initiatives taken by it in this connection regularly. Employees' health and workplace safety have a long-term impact on their efficiency and productivity, thereby impacting the long-term sustainability of a concern.

Further, reporting on employment metrics (GRI: 401) is also quite high with 100 percent of companies reporting on it (2019-20). Availability and retention of employees are widely recognized as the highest risks to an organisation's sustainability. Providing adequate benefits and ensuring their welfare is critical here. In 2019-20, all the sample companies disclose the information about the benefits they offer to employees, including part-time/temporary/contractual staff. The statistics regarding leave policy and turnover were also provided promptly.

> **The Oil and Gas industry is commonly perceived as one of the most polluting industries, consuming mainly non-renewable resources, whose long-term exploitation leads to a decline in the quantity of reserves available.**

Reporting on training and education (GRI: 404) of employees for updation of requisite job skills, and ensuring occupational health and safety was also accorded importance by 86% of companies (2019-20).

One of the key indicators of the nature of labour management relations (GRI:402) is the number of strikes and lockouts that have impacted the operations of a company. Similarly, the provision of prior information by a company to its employees for any substantial change in operations is an indication of collaborative efforts. It was found that companies need to mature in terms of disclosures relating to this parameter as the information on strikes and lockouts were either not disclosed or disclosed only summarily. Also, only a few companies reported on complaint redressal mechanisms.

At the end of the spectrum, is the disclosure relating to diversity and equal opportunity (GRI: 405) which has national and international implications. Disclosures on diversity and especially child labour which are essential components of human rights were found to be inadequate.

Company-wise analysis

Table 8 exhibits the performance of companies with regard to disclosure of information in accordance with GRI Sustainability Reporting Standards, 2016 over the period 2017-18 to 2019-20. ONGC Ltd. was found to be following the GRI Standards, 2016 with utmost precision as it secured the highest 95% score and is therefore ranked as number one. It is followed by Gail (India) Ltd. and Indian Oil Corp Ltd. with 91.67% and 85% scores respectively. Hindustan Petroleum Corp. Ltd was at the bottom of the ladder and has not reported as per its claims of adherence to GRI Standards. It will be worthwhile to point out that the study has evaluated performance only on the basis of whether or not particular information was disclosed and not on the basis of the quality of that information.

Table 8: Company-wise disclosures (Narrative)

Companies	NDS	%	Rank
Bharat Petroleum Corp Ltd.	43	71.67	4
Gail (India) Ltd.	55	91.67	2
Indian Oil Corporation Ltd.	51	85	3
Reliance Industries Ltd.	35	58.33	5
ONGC Ltd.	57	95	1
Oil India Ltd.	43	71.67	4
Hindustan Petroleum Corp Ltd.	22	36.67	6

NDS: Narrative disclosure scores. Source: Author's own

Conclusion

The attempt to understand—and change—the global situation has led to the growth of an important movement within society: people are requesting more information as they attempt to understand the causes of this situation at both local and global levels and are beginning to discuss solutions. This has challenged businesses around the world to integrate environmental and social concerns into their decision-making processes. Reporting and disseminating information is one of the important ways to contribute to corporate sustainability.

The Oil and Gas industry is commonly perceived as one of the most polluting industries, consuming mainly non-renewable resources, whose long-term exploitation leads to a decline in the quantity of reserves available. It also ranks high in terms of the production of solid wastes and water consumption. At the same time, it is one of the most important and profitable industries and it affects the operations of almost all other major companies. Besides providing fuel, the industry's output is also used in construction, clothing, fertilizers and insecticides, medical and electronic equipment, and a range of everyday objects. Given the nature of this industry and its strategic importance, it is most intensely followed and targeted by pressure groups. Thus, keeping in mind the significance of this sector, the present study attempted to analyse its sustainability reporting practices according to GRI Sustainability Reporting Standards, 2016.

> **"The oil and gas sector can have positive impacts by providing revenues, derived from paying taxes and royalties, and by investing in infrastructures, such as power utilities that improve access to energy or public services."**

Out of the seven parameters of *economic disclosures*, the sample companies accorded high importance to reporting on their economic performance (GRI: 201) and anti-corruption policies (GRI:205). Fighting corruption is emerging as a core issue and companies are increasingly forthcoming in their commitment to anti-corruption principles. Detailed policies and training on anti-corruption practices are contained in the organisations' code of conduct. Companies have a whistle-blower policy in place. Further, they are also quite forthcoming in reporting investments in infrastructure, new technology, etc. which have indirect economic impacts (GRI: 206) on society. The oil and gas sector can have positive impacts by providing revenues, derived from paying taxes and royalties, and by investing in infrastructures, such as power utilities that improve access to energy or public services. The sector can also have positive impacts through local employment and local procurement. Skill development of local communities through education and training can help increase access to jobs in the sector. Local employment, in turn, can lead to increased purchasing power and positive impacts on local businesses. Local procurement of products and services can also help supplier development. At the bottom of the economic disclosures spectrum is the information relating to tax incentives availed by an organisation, its approach to tax planning, and related issues.

Under *environmental disclosures*, all the sample companies report, without fail, their energy (electricity, heating, cooling, steam) consumption (GRI: 302) and the efforts undertaken to optimize this consumption.

> **"It is advisable to link consumption with output to evaluate performance and process efficiencies. This aspect is not usually reported."**

Under the Companies Act, 2013 the director must report the particulars of energy consumption and conservation. This can be one of the reasons for the high disclosure of this parameter. However, it is advisable to link consumption with output to evaluate performance and process efficiencies. This aspect is not usually reported. Moreover, companies do not talk about consumption targets to be achieved which, again is a matter of concern. High disclosures are also seen in the case of Water and effluents metrics (GRI: 303) and general environmental conservation efforts (GRI: 307). Except for disclosure on suppliers' environmental standing and impact on biodiversity, it was found that the companies are quite aware of the high environmental impact of their operations and report as such.

Under *social (employee-related) disclosures*, companies are upfront about their efforts on employees' health and safety. The employees, through their experience and skills, are responsible for the innovation and strategic regeneration of an organisation. Companies are also detailing their training programs and their scope is expanding to include contractual and temporary staff. However, the companies need to be prompt in reporting details regarding work strikes, lockouts, etc. which is an important reflection of labour management relations. Reporting gaps were also found in the parameter related to diversity and equal opportunity.

The study also identified that while ONGC and GAIL considered sustainable reporting practices as a means to a prosperous and sustainable future, there is a lot of scope for improvement in the case of Hindustan Petroleum Corp Ltd. and Reliance Ltd.

Thus, in nutshell the study concludes that barring a few reporting gaps in the area of tax policies, suppliers' environmental assessment, biodiversity impact, diversity and equal opportunity efforts, a relatively higher number of companies from the Oil and Gas sector provide reports that are in line with global reporting trends.

Limitation of the Study

The research is based on the sustainability reports of the sampled companies and mapping is done on the basis of GRI Sustainability Reporting Standards, 2016 only. The results may be different in case the mapping is performed for a different standard or guideline. This is the limitation of this study and therefore adherence to other standards must also be investigated before forming an opinion.

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> **"Companies are also detailing their training programs and their scope is expanding to include contractual and temporary staff."**

Non-compliances observed in the Ind AS Financial Statements pertaining to Equity and Liabilities in Balance Sheet

Financial Statements are the paramount source in the hands of the stakeholders to understand the financial well-being of an enterprise. The users are highly reliant on the information presented in the financial statements and therefore the preparers ought to ensure that it is correct, complete, relevant and adhere to the applicable regulatory requirements. Financial Reporting Review Board (FRRB) reviews the General Purpose Financial Statements (GPFS) of enterprises with the view to identify the non-compliances with Accounting Standards/ Ind AS and Standards of Auditing, CARO, Companies Act, and other applicable statutory requirements. The non-compliances observed by the Board are compiled and published under the name of "Study on Compliance with Financial Reporting Requirement". Till date, three volumes of the aforesaid publication have been released by the Board. Further, one more publication on "Study on Compliance of Financial Reporting Requirements (Ind AS Framework)" has been released for preparers and auditors of the Ind AS financial statements. In addition, the Board publishes such non compliances observed by way of articles in the Chartered Accountant Journal of the Institute.

Contributed by the Financial Reporting Review Board of the ICAI.
Comments may be sent to frrb@icai.in and eboard@icai.in

This article is in furtherance of the FRRB's endeavour to update the members and other stakeholders in the field of financial reporting. It may be noted that in this article, the observations related to Ind AS framework have been classified based on components of financial statements i.e., Assets, Equity, Liabilities for Balance Sheet and revenue, interest income, employee benefits etc. for Statement of Profit and Loss and likewise. This article deals with the non-compliances, observed by the Board, with regard to equity and liabilities in Balance Sheet which is an important element for Ind AS financial statements.

Observations related to Equity

Classification of Treasury Shares

Case

Note to the financial statements of a company read as follows:

"Beneficial Interest in a Trust represent investments in company's shares, associates and other unlisted companies net off borrowings and liabilities pertaining to investment division of a company transferred to the said trust in terms of the scheme of amalgamation. Considering that the company's shares are held by an independent trust and are meant for sale in terms of the High Court order, the beneficial interest (including company's shares) has been treated as financial asset and fair valuation as required in terms of Ind AS 109 has been carried out by an independent firm of chartered accountant and the resultant decrease in value thereof, has been adjusted from other comprehensive income."

Principle: Ind AS 32, Financial Instruments Presentation

Paragraph 33– Treasury shares

"If an entity reacquires its own equity instruments, those instruments ('treasury shares') shall be deducted from equity. No gain or loss shall be recognised in profit or loss on the purchase, sale, issue or cancellation of an entity's own equity instruments. Such treasury shares may be acquired and held by the entity or by other members of the consolidated group. Consideration paid or received shall be recognised directly in equity."

Paragraph AG 36– Treasury shares

"An entity's own equity instruments are not recognised as a financial asset regardless of the reason for which they are reacquired. Paragraph 33 requires an entity that reacquires its own equity instruments to deduct those equity instruments from equity. However, when an entity holds its own equity on behalf of others, e.g., a financial institution holding its own equity on behalf of a client, there is an agency relationship and as a result, those holdings are not included in the entity's balance sheet."

Observation

It was noted that the company has beneficial interest in a Trust which represents investments in the company's own shares, associates and other unlisted companies net off borrowings and liabilities. This beneficial interest was treated as financial asset, and accordingly, fair valued as per Ind AS 109 by the company. The impact was taken to other comprehensive income.

It was viewed that effectively, **the beneficial interest in Trust which represents investments in company's own shares, is nothing but 'treasury shares', and hence should not have been recognised as financial asset rather be deducted from equity in line with the requirements of paragraph AG 36 of Ind AS 32.**

Accordingly, it was viewed that the requirements of Ind AS 32 have not been complied with.

Disclosure of Statement of Changes in Equity

Case

Financial Statements of the company comprised of Balance Sheet, Statement of Profit and Loss, Statement of Cash Flow and Notes to Accounts but Statement of Changes in Equity was not there.

Further, there was a reference given in the auditor's report that the statement of changes in equity has been audited by them although it was not forming part of the annual report.

Principle: Companies Act, 2013 and Ind AS 1

Section 2(40) of Companies Act, 2013

"Financial Statement" in relation to a company, includes—

i) a balance sheet as at the end of the financial year;

ii) a profit and loss account, or in the case of a company carrying on any activity not for profit, an income and expenditure account for the financial year;

iii) cash flow statement for the financial year;

iv) a statement of changes in equity, if applicable; and

v) any explanatory note annexed to, or forming part of, any document referred to in sub-clause (i) to sub-clause (iv):

Provided that the financial statement, with respect to One Person Company, small company and dormant company, may not include the cash flow statement;

Paragraph 10 of Ind AS 1; Presentation of Financial Statements

"10. A complete set of financial statements comprises:

(a) a balance sheet as at the end of the period;

(b) a statement of profit and loss for the period;

(c) Statement of changes in equity for the period;

(d) a statement of cash flows for the period;

(e) notes, comprising significant accounting policies and other explanatory information;

(ea) comparative information in respect of the preceding period as specified in paragraphs 38 and 38A; and

(f) a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 40A–40D."

Observation

It was noted that the company, which is preparing financial statements as per Ind AS, inter alia, is required to prepare and present the Statement of Changes in Equity.

However, in the given case, **the Statement of Changes in Equity was not prepared which is a mandatory**

requirement. Further, there was a reference given in the auditor's report that the statement of changes in equity has been audited by them although it was not forming part of the annual report.

Accordingly, it was viewed that the Company has not published the complete set of financial statements which is a non-compliance of Ind AS 1 as well as Companies Act, 2013.

Disclosure of nature and purpose of each reserve under Other Equity

Case

In the notes to the financial statements of a company on Other equity, various reserves were disclosed like Revaluation Reserve and General Reserve.

Principle: Ind AS 1, Presentation of Financial Statements

Paragraph 79

"An entity shall disclose the following, either in the balance sheet or the statement of changes in equity, or in the notes:

…

(b) a description of the nature and purpose of each reserve within equity."

Note 6(D)(II)(i)(d)

It may be noted that Note 6(D)(II)(i)(d) of 'General Instructions for preparation of Balance Sheet' of Division II Schedule III to the Companies Act, 2013 requires that;

"6D. Equity

II. Other Equity:

(i) 'Other Reserves' shall be classified in the notes as-

…

(d) Other (specify the nature and purpose of each reserve and the amount in respect thereof);"

Observation

It was noted from the note to the financial statements on Other Equity that there are various reserves with the company, however, the nature and purpose of these reserves were not disclosed by the company.

As per the above stated requirements of Ind AS 1 and Note 6(D)(II)(i)(d) of 'General Instructions for preparation of Balance Sheet' of Division II Schedule III to the Companies Act, 2013, the nature and purpose of each reserve is required to be disclosed which was not given by the company.

Accordingly, it was viewed that the requirements of Ind AS 1 and the Companies Act, 2013 have not been complied with.

Non - Current Borrowings

Case

In the note to the financial statements of a company on Non-Current Borrowings, Loans from related parties were classified as non-current. These loans from related parties were interest free and repayment terms were not stipulated.

Principle: Ind AS 1, Presentation of Financial Statements

Paragraph 60

An entity shall present current and non-current assets, current and non-current liabilities, as separate classifications in its balance sheet in accordance with paragraphs 66-76 …

Paragraph 69

An entity shall classify a liability as current when:

…

d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Observation

It was noted from the notes to the financial statements on Non-Current Borrowings that loans from related parties were classified as non-current. It was viewed that since loans from related parties are interest free and **repayment terms have not been stipulated, such loans are callable on demand. Therefore, the classification of such loans as non-current was not in line with the above stated requirements of Ind AS 1.**

Accordingly, it was viewed that the requirement of Ind AS 1 has not been complied with.

Financial Liabilities

Case

Abstract of an accounting policy on Financial Assets and Liabilities read as follows:

"Financial assets and liabilities

...

(v) Financial assets and liabilities at Fair Value Through Profit or Loss (FVTPL)

Financial instruments which do not meet the criteria of amortised cost or fair value through other comprehensive income are classified as fair value through profit or loss."

Principle: Ind AS 109, Financial Instruments

Paragraphs 4.2.1

"An entity shall classify all financial liabilities as subsequently measured at amortised cost..."

Paragraphs 4.2.2

"An entity may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss when permitted by paragraph 4.3.5, or when doing so results in more relevant information..."

Observation

It was viewed that the stated accounting policy gives an erroneous impression that the financial instruments (including financial liabilities) can be classified as either valued at Amortised Cost or Fair Value through Other Comprehensive Income (FVOCI). However, the FVOCI classification category is not available for Financial Liabilities under Ind AS 109.

Accordingly, it was viewed that the requirements of Ind AS 109 has not been complied with in the stated policy.

Financial Liabilities

Case

In the note to the financial statements on Borrowings, various defaults in the repayment of loans were given.

Further, under paragraph (viii) of Annexure to the Auditor's Report, the auditor had reported that there has been delay in timely repayment of dues. Further, he had reported the status of payment made for these defaults, before the approval date of the financial statement.

Principle: Guidance Note on Division II- Ind AS Schedule III to the Companies Act, 2013 and Ind AS 107, Financial Instruments: Disclosures

Paragraph 8.2.3.16

"Ind AS Schedule III requires separate disclosure for default, as on the balance sheet date, in repayment of borrowings and interest but does not require any disclosure of breaches. However, para 18 of Ind AS 107 would require an entity to disclose only those breaches made during the reporting period, which permitted the lender to demand accelerated repayment and, were not remedied on or before the end of the reporting period."

Paragraph 8.2.10

"The amounts shall be classified as:

(a) Current maturities of long-term debt;

(b) ...

...

Current maturities of long-term debt

Ind AS Schedule III requires presenting 'current maturities of long-term debt' under 'Other Financial Liabilities' grouped under 'Current Liabilities'. Long term debt is specified in Ind AS Schedule III as a borrowing having a period of more than twelve months at the time of origination. However, current maturities of long-term debt are of the nature of a 'Borrowings' but since Ind AS Schedule III specifically provides a separate line item for presenting current maturities of long-term debt under Other Financial Liabilities, it is recommended that companies follow the presentation requirements of Ind AS Schedule III."

Paragraph 18 of Ind AS 107 – Defaults and breaches

"For loans payable recognised at the end of the reporting period, an entity shall disclose:

...

(c) whether the default was remedied, or the terms of the loans payable were renegotiated, before the financial statements were approved for issue."

Observation

It was observed from the note to the financial statements on Borrowings that there were various defaults in the repayment of loans. Further, under paragraph (viii) of Annexure to the Auditor's Report, the auditor had reported that there has been delay in timely repayment of dues to banks for External Commercial Borrowings (ECB) and to financial institutions for debentures. In respect of working capital facilities from Banks there has been over drawings in the accounts during the year as well as at year end. Under 'Remark' column, the auditor had reported the status of payment made for these defaults, before the approval date of the financial statement.

It was viewed that the **details of defaults remedied before the date of approval of the financial statement was not disclosed, which is not in line with the above stated requirements of paragraph 18 (c) of Ind AS 107 and paragraph 8.2.3.16 of Guidance Note** on Division II- Ind AS Schedule III to the Companies Act, 2013.

It was further noted from the note on Borrowings that **certain amount of ECB was due in the next 12 months, however, no disclosure was given for current maturities of long-term debts under current liabilities which is not in line with the above stated requirement of paragraph 8.2.10 of Guidance Note** on Division II- Ind AS Schedule III to the Companies Act, 2013.

Accordingly, it was viewed that the requirements of Ind AS 107 and Schedule III to the Companies Act, 2013 have not been complied with. ■■■

Virtual Certificate Course on Concurrent Audit of Banks

The concurrent audit system of banks has become very crucial and important for banks. The main objective of the system is to ensure compliance with the audit systems in banks as per the guidelines of the Reserve Bank of India and importantly, to ensure timely detection of lapses/ irregularities. In view of the core competence of the chartered accountants in the area of finance and accounting, risk management, understanding of the internal functioning and controls of banks, etc., the banking sector has been relying extensively on them to comply with these requirements of the regulator. The Internal Audit Standards Board of ICAI conducts 11 days Certificate Course on Concurrent Audit of Banks through Digital Learning Hub. The purpose of the ***Certificate Course on Concurrent Audit of Banks*** is to provide an opportunity to the members to understand the intricacies of concurrent audit of banks thereby improving the effectiveness of concurrent audit system in banks, and also the quality and coverage of concurrent audit reports.

The course is open for the members of the Institute of Chartered Accountants of India

Please refer link for further details of the Course: https://www.icai.org/post.html?post_id=15262

FEES DETAILS: Rs. 5,900/- (including GST)

The details of the forthcoming batches of the Virtual Certificate Course on Concurrent Audit of Banks to be organized by the Internal Audit Standards Board through Digital Learning Hub is as follows:

Location	Scheduled Dates	Course Structure and other details
BATCH 76	**August 1 - 12, 2022 (3:00 to 6:00 PM)**	**Structured_IASB_Certificate Course Concurrent Audit of Banks - BATCH - 76**
BATCH 77	**August 16 - 27, 2022 (3:00 to 6:00 PM)**	**Structured_IASB_Certificate Course Concurrent Audit of Banks - BATCH - 77**

Chairman
Internal Audit Standards Board, ICAI
E-mail: cia@icai.in;

How to Become a Global Thought Leader – Speaker and Writer

CA. (Dr.) Rajkumar S. Adukia

Author is member of the Institute. He may be reached at drrajkumarsadukia@gmail.com and eboard@icai.in

"We know what we are but know not what we may be."

(Hamlet)

Our thoughts are very powerful as they shape who we become and who we are. A powerful idea and motivation can lead a person to achieve their goals. That is what exactly a thought leader does.

He drops an idea into a mind to learn more about a particular interest, then, conducts thorough research and gathers in-depth information. After getting the knowledge, he shares that idea with the public by becoming a speaker or writer or express those ideas with the help of social media platforms.

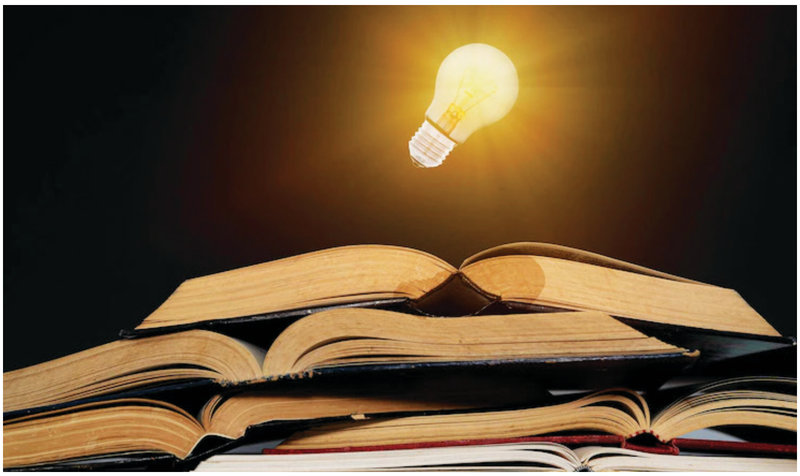
Every day we hear a lot about thought leader in the TV, magazines, social media. What does this buzzword actually mean? It is nothing but a simple thing. A thought leader is one who works for passion, in the field of their expertise. Having knowledge and expertise is one thing and sharing them among fellow aspirants is another thing. When we share our knowledge, it helps to deepen our knowledge and ingrains what we know.

Thought leadership is the expression of ideas that demonstrate you have expertise in a particular field, area, or topic. Thought leaders share their thoughts.

What is thought?

Our thoughts shape our life. According to research conducted around 80% of our thoughts are negative. And we have around 12,000 - 50,000 thoughts daily.

Growth Mindset



How to become a Global and most powerful thought leader?

For knowledge may be power but it is much more powerful when it is shared! Hence yet again we impressed upon the thought that if we know something we should aggressively share our knowledge. As it is rightly said-

"If your actions inspire others to dream more, learn more, do more and become more, you are a leader."

The following are the steps to become an effective and powerful thought leader-

1. **Understanding our area of passion-** Practicing an activity that brings us joy can benefit our professional and personal

life. If we are enthusiastic about a concept or exercise, then we may have discovered our passion. A passion is a something that holds significant value for you or an activity that we enjoy doing.

> Networking is also equally important for reaching out our ideas and thought to the public at large.

2. **Get professional expertise-** focus on what we know best and how we can get best from the experts.
3. **Create content-** There are ideas and matter to create content all around us. We must enjoy while creating the content. We must disrupt our space with something new and innovative. Every good content-marketing strategy begins with a plan. It can be flexible and take minutes to create, but it exists.
4. **Speaking in public like on TV and seminars, etc.-** Preparation and practice are key. We must start speaking in front of audience. A thought leader is one who expresses their ideas by way of public speaking.
5. **Start writing and publish a book-** It is another mode of expressing views or what we call thoughts.
6. **Start online publication-** It can be done through social media platforms, magazines and join various online groups.
7. Always provide high-quality content.
8. **Understand how videos can be used-** We can reach out to people with the help of videos that convey the knowledge.
9. **Don't limit ourselves-** we must not limit ourselves. In fact, we must explore our ideas and spread it to people at large.
10. **Create a good team-** Only good teamwork can make us possible to become a thought leader. For any successful business or entrepreneur, good teamwork is required.
11. **Create networking-** Networking is also equally important for reaching out our ideas and thought to the public at large. Suppose we started writing or we want to become speaker, it is important for the public to know about us. It can be possible with networking which can be enhanced with the use of social media, which is discussed in the article.

Become a speaker

Speaking has its own importance. It requires various skills and knowledge before speaking in public. Becoming an effective public speaker is not rocket science. Anyone can become a speaker if they have the passion to become that. Not only for speaker, in fact, in any work once we have a passion to become anything, we can become that. An effective speaker needs to be able to get his or her information across while also keeping the audience entertained and engaged.

> An effective speaker needs to be able to get his or her information across while also keeping the audience entertained and engaged.

LOVE + COMMITMENT + PASSION = DESIRE

Talking in terms of the other person's interest is very important when we want to make people like us. Always try to ask what he or she may be more interested in. Most of the people open up when we start our conversation in terms of their interest. In fact, those who talk less, started participating in the conversation when we talk in their area of interest.

The royal road to a person's heart is to talk about the things he or she treasures most. In order to get other people involvement, we need to first arouse some excitement and enthusiasm in them. Which can be developed by talking in terms of their interest. For example- when our audiences are factory owners, we should talk more about labour, environment, production capacity. Then we may ask some questions like how they are managing productivity, about the machines. then we can suggest some ideas to cost cutting, tax savings etc.

Become an expert Writer

Writing is an art which any one can learn by practicing it with dedication and discipline. The translation of human experience into an artful literary presentation is the art of writing. In order to become a writer, one must first realise their passionate area about which they want to write. There are two kinds of writers- writers who write simply for personal enjoyment and writers who write professionally. We must figure out what we want to write. In fact, we must write what we want to read. We must understand what our reader wants to read.

In order to become a writer, one must first realise their passionate area about which they want to write.

We are the James Bond of our life. Just as he has luxurious equipment and vehicles in his films, we too are given all the high-profile gadgets in our life - our human existence, our brain; our sense of imagination; our emotions; our abilities - to achieve whatever we desire. However, these gadgets are worthless unless we know what we desire.

Marketing Strategies for writer- Selling Yourself

Market ourself well. How we perceive ourself to the outside world will determine how people perceive us, our idea, our belief in our idea and the success of it. our first impression will make a lasting impression. To be successful we have to market our idea, our dream, our unwavering confidence in our goal, our personal services.

Having knowledge and expertise is one thing and sharing them among fellow aspirants is another thing. When we share our knowledge, it helps to deepen our knowledge and engrains what we know.

Powerful social media tools such as Facebook, Linked-in, Gmail, YouTube, Blogs, websites, Twitter, WhatsApp, Instagram, e-articles, etc. allow us to share our knowledge and expertise and helps in connecting to people even though they are living miles apart.

For knowledge may be a power but it's much more powerful when it is shared! Hence yet again we impressed upon the thought that if we know something we should aggressively share our knowledge.

A. Global Non-traditional areas of practice

- Internal Control measures
- Forensic services
- Enterprise Risk management
- Human Resource Management
- Cyber security, Digital economy and data protection services
- E-commerce and Start-ups
- Global funding
- Recovery mechanism guidance - Insolvency and Bankruptcy, SARFAESI, Criminal Actions, TORT etc.
- Drafting of business and legal documents
- Outsourcing - accounting - drafting – knowledge
- IFRS and country specific GAAPs, IPSAS
- Opportunities under financial crimes and laws like PMLA, Benami transactions, Black money, Fugitive Offenders Act
- Competition laws
- Corporate Governance & Independent Director
- CSR
- Climate change mitigation - carbon credit
- Industry specific specialisation – Business growth in that industry
- ADR –Arbitration, Mediation
- Valuation services
- IPR Advisory Services
- International trade - Global import –export services
- Become a Coach for self development, motivational speaker for topics likes time management, emotion management, personality development.

B. Non-traditional National areas

- Presentation before Tribunals-business tribunal practice - 30 plus tribunals
- A to Z of MSME, non-MSME
- Mergers and Amalgamation
- Opportunities under Succession Laws
- Hindu laws, family laws
- NBFCs, Nidhi company
- Aatma Nirbhar Bharat projects
- Social Media consultancy services
- Subsidies schemes of nation
- Coaching to CA, CS, CMA, law students
- Finance for non-finance executives
- Virtual legal counsel/CFO /
- Agriculture and rural development
- Sustainable economic development
- Opportunities under Company law- Oppression and mismanagement, Liquidation etc.

C. Non-traditional State areas

- Cooperative Societies
- Labour laws
- Stamp Duty
- Real Estate- RERA
- Charitable Laws
- Chit funds State laws
- Subsidies schemes of states.

Visualising the MSMEs of today into Unicorns of tomorrow

CA. Alka Adatia

Author is member of the Institute. She may be reached at alkaadatia@gmail.com and eboard@icai.in

India's small entities a.k.a. Micro, Small and Medium Enterprises (MSMEs) with its size, geodiversity, scale of businesses, wide-ranging products and services that is meeting the needs of domestic as well as international markets, differing stages to technological integration and an effective share in the growth of the economy, has intensified its recognition in recent times.

The MSME Ministry data, as of 16 May 2021, India has approx. 6.3 crore MSMEs (including both service and manufacturing firms). This sector contributes nearly 30 percent of the country's GDP through its national and international trade, 45 percent of the manufacturing output, 48 percent of the exports and act as ancillary units to big industries. They also provide great employment opportunities with nearly 6.33 crore MSMEs hiring 11 crore citizens.

Under Ease of doing business, 78.16 lakh MSMEs were registered on the Udyam portal (the only government portal for registration of MSMEs) since its launch on 1 July 2020, of which only 13.68 lakh MSMEs were led by women while 63.77 lakh were led by men, as of 22 March 2022, according to the data shared by MSME Minister Narayan Rane in Rajya Sabha.

MSMEs in a new Avatar

The initial criteria of classification of MSMEs under MSMED Act, 2006, were based on investment in plant and machinery / equipment only and were separate for manufacturing and service units. Because of changes in the economy and in order to bring a number of entities under the umbrella of MSMEs, a revision in MSME criteria of classification was announced under Aatma Nirbhar Bharat package on 13th May 2020.

Further, revised classification under the composite criteria of Investment in Plant and Machinery/equipment and Annual Turnover was notified W. E. F 1st July 2020 which is as follows:

Classification	Micro	Small	Medium
Manufacturing and Services	Investment < Rs. 1 cr. And Turnover < Rs. 5 cr.	Investment < Rs. 10 cr. And Turnover < Rs. 50 cr.	Investment < Rs. 50 cr. And Turnover < Rs. 250 cr.

Despite MSMEs notable value additions to the economy and government's various relief measures like financial assistance, loan guarantees, tax relief etc., there has been devastating COVID-19 pandemic impact on MSMEs through liquidity issue, lock down measures, supply chain blockages, etc.

This has shed light to some of the fundamental challenges encountered by MSMEs that will continue to have rippling effects in a post COVID-19 world unless significant changes happen.

Foremost challenges faced by the MSME sector is the financial illiteracy and non-availability and non-accessibility to finance. Let's discuss these challenges in detail.

Financial Illiteracy

Financial literacy is the extent of learning and intellectual competences required for taking decisions and performing actions in managing of finances, budgeting, and investing. Financial illiteracy is the lack of knowledge in managing finances.

MSME entrepreneurs, particularly during the start-up stage, focus on managing business functions of marketing, production, human resources (HR) and pay limited attention to managing of finance. Likewise, they may not seek expert financial advice for lack of funds.

In this situation, being competent enough to wear all hats and say, evaluate data in advance on the projected flow of money to collecting from customers, paying creditors, employees and incurring other costs will give a big picture on any additional working capital funding requirement in business.

This data will further help during loan negotiation from different sources of finance such as banks, NBFC, private lenders etc. and ensure that the cost of finance that is primarily based on the interest rates offered, does not exceed the profit margin, thereby preventing loss and achieving success in business.

- Suppose that company A in year 1 has Rs. 25 lakh in sales and cost of raw material and labour and direct expenses is Rs.20 lakh. Its gross margin would be Rs. 20% and profits before interest and tax (PBIT) is 10%.
- It grew at around 5% year on year for 3 consecutive years.
- In year 4, it secured working capital loans from NBFCs at 24% interest rate.
- Even with constant growth in the sales, the company suffered losses because the interest rates were higher than the profit earned year on year.

> **Financial literacy is the extent of learning and intellectual competences required for taking decisions and performing actions in managing of finances, budgeting, and investing.**

A survey insights in 2019 assessed that 29% of the startups fail due to shortage of cash, and 18% face issues in costing of their products which indicates that 47% of the startups fail because the entrepreneurs are not able to manage finance in their business.

> **It is through financial and digital inclusion of MSME sector that provides equal opportunity to everybody to do business in an easy way by giving access to financial, technological and other resources.**

Non-availability and non-accessibility to finance

Credit (Finance) gap i.e., non-availability of finance is explained as the difference between the potential demand in the MSME market and the prevailing supply of funds from sources. The World Bank determines the prevailing credit gap for MSMEs in India to be at a massive $380 billion. It results from challenges of both the side of demand (i.e., Entrepreneurs) and supply (i.e., Bankers).

From the demand side, many MSMEs are not able to access prompt and adequate loans due to high financial documentation and collateral requirements. Due to its informal nature, transactions of MSMEs (particularly micro enterprise) are broadly carried out in cash and are not appropriately documented. A few of such enterprises under proprietorship do not have current accounts in banks and do not file income tax/GST returns. Also, they face several other problems by means of numerous visits to banks, time gap taken by banks in clearing loans, under sanctioned loans, etc.

From the supply side, due to absence of MSMEs' financial information or availability of collaterals and third-party guarantees, India's formal banking system face challenges during credit risk assessment and consider MSME's as high-risk customers. This is despite being mandated to serve their financial needs as a part of government's continuous policy focus on inclusion of MSMEs.

Visualising India's progress through Financial and Digital Inclusion and addressing the credit gap

It is through financial and digital inclusion of MSME sector that provides equal opportunity to everybody to do business in an easy way by giving access to financial, technological and other resources which will lead India towards the highest and most sustainable economic development.

The twofold effects of demonetisation and pandemic crisis and access to 4G connected smart phones contributed to customers adopting digital financial services and in turn, led to evolution of Phygital or Hybrid (Physical + Digital) model of offering financial services comprising of tie-ups of traditional banks with new age banks called neo banks in order to enhance customer needs and experiences.

For better customer experience regarding need and speed either through comfort of modern technology and/or through face-to-face contact at the bank/phone, banks must provide services across all channels.

These neo banks are only online based financial technological (fintech) entities that do not have a bank license but rely on bank partners to grant bank licensed services through their innovative business models at reasonable costs. Even NBFCs (Non-banking financial companies) offers limited banking services and acts as an alternative to traditional banks.

The credit gap discussed above, has generated opportunities for these fintechs and NBFCs serve the market and address this gap.

Addressing current fraud risk of banks due to ongoing support to MSMEs and digital inclusion

In order to ease the COVID-19 pandemic's impact, numerous incentive packages were declared to boost the MSME sector by means of granting new loans, existing loan extensions, RBI moratorium etc. In response to the India Banking Fraud Survey in 2021, about 51 percent of the banks revealed that they did not examine MSME loans in their continuing monitoring process, presenting enormous fraud risk to the banks due to borrower's non-willingness to pay back the loans and prospering unlawfully.

> **By adopting proven practices and technologies and having financial literacy and accessibility et al., MSMEs can grow faster than large companies.**

In this respect, banks should be cautious in granting and extending loans and conduct fraud risk assessment with the help of independent team covering governance, prevention/detection/investigation and reporting compliances.

> **Banks should also carry out assessment through consolidation and analytics of intelligent financial data along with alternative data as part of their continuing monitoring process.**

Banks should also carry out assessment through consolidation and analytics of intelligent financial data along with alternative data as part of their continuing monitoring process. The alternative data can be obtained from numerous customer records, such as utility pay, insurance, lease, travel, estate, behaviour on social media and e-commerce websites etc.

These assessments become highly essential in the growing scenario of adoption of innovative technologies minimising person-to-person contact which on one hand benefits the borrower MSMEs in a quick paperless access to loans without the need of collaterals. However, it may develop into the pain points of these loans turning bad for the bankers.

Conclusion

In the conclusion, by adopting proven practices and technologies and having financial literacy and accessibility et al., MSMEs can grow faster than large companies and become the next unicorns in the India's success story of economic development.

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- https://www.financialexpress.com/industry/sme/msme-eodb-govt-msme-registrations-on-udyam-portal-to-touch-1-crore-mark-soon/2518741/
- https://pib.gov.in/PressReleasePage.aspx?PRID=1628925
- https://msme.gov.in/know-about-msme
- https://www.forbes.com/sites/deniselyohn/2019/05/01/why-start-ups-fail/?sh=4125c61828a5
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- https://www2.deloitte.com/in/en/pages/finance/articles/india-banking-fraud-survey-edition-IV-2021.html

ICAI Celebrates 74th Foundation Day

The Institute of Chartered Accountants of India (ICAI) celebrated its 74th Foundation Day with great exuberance and fervour on 1st of July, a day marked in the Indian history with indelible ink. 1st of July is the day, when the foundation was set to promote public interest in the year 1949, as the Institute was set up to regulate the Profession of Chartered Accountancy in the country. To celebrate the occasion, a special CA programme was organised on 1 July 2022 comprising sessions by eminent speakers sharing their wisdom and knowledge emphasising the noteworthy contributions that the profession is making towards the society.

Our 74th Foundation Day was celebrated triumphantly across its 5 Regional Councils, 166 branches in India and 44 Overseas Chapters and 33 Representative Offices spread in 77 cities of 48 countries. The 74th Chartered Accountants' Day function was inaugurated by the Chief Guest Shri Girish Chandra Murmu, Hon'ble Comptroller & Auditor General of India in the presence of Guest of Honour Shri Rajesh Verma, IAS, Secretary, Ministry of Corporate Affairs, ICAI President CA.(Dr.) Debashis Mitra, ICAI Vice-President CA. Aniket Sunil Talati and Central & Regional Council Members of ICAI. The function was attended by more than 1000 members physically and other stakeholders and watched virtually by thousands of Chartered Accountants, students, and other stakeholders from all over the world.

Upholding its continuous pursuit of knowledge development on this auspicious day several books, official publications, apps and MOUs were launched in the august presence of our esteemed guests and gathering of the fraternity at the event and virtually.

Earlier in the morning, the celebrations commenced - with the flag unfurling ceremony

by CA. (Dr.) Debashis Mitra President, ICAI. It was our pleasure to have Shri Kailash Choudhary, Hon'ble Minister of State for Agriculture and Farmers Welfare to celebrate the CA Day. ICAI has been working strenuously to build a more sustainable environment and is undertaking various initiatives like mega tree plantation drive across the country. On the occasion, the Hon'ble Minister planted a sapling and lauded the ICAI initiative of planting 10 lakhs trees and urged the CA fraternity to take this initiative in sync with the ban on single plastic use by the Government. He suggested stopping the use of Single Use Plastic in our personal lives, and setting an example for all stakeholders and others to lead our country towards a sustainable future.

Welcome Address, Secretary ICAI

At the grand celebration of the 74th Chartered Accountants' Day held at Siri Fort Auditorium, CA. (Dr.) Jai Kumar Batra, extended a warm and hearty welcome to the dignitaries—Chief Guest Shri Girish Chandra Murmu, Hon'ble Comptroller and Auditor General of India and Guest of Honour Shri Rajesh Verma, IAS, Secretary, Ministry of Corporate Affairs, Government of India and the audience. "*Being a CA is by no means an ordinary achievement. It is a prestigious qualification which connects us to the wider global community*". From its humble beginning of 1700 members in 1949, today it is the second largest accounting body in the world. The 74th Foundation Day is a proud moment for us. Now we have achieved another milestone which shows the profession's growth.

Presidential Address

CA. (Dr.) Debashis Mitra, President ICAI welcomed the honourable dignitaries present, Council colleagues, officials from CAG and MCA, Past Presidents and Managing Committee Members of all regional councils and all members. Highlighting the synergetic relationship between the ICAI, CAG and MCA, the President stated that *"Being among well-wishers is always a pleasure. The assurance and acceptance of the honourable guests and continuous support ensures that the Institute is always on the right path."* He thanked Hon'ble Prime Minister, Shri Narendra Modi for his special message on CA Day expressing his faith in the profession and the influence of CAs that extend beyond the core areas of the profession.

The President informed the audience that ICAI is focusing on AI, Blockchain, cyber security and working to provide data analytical tools to members free of cost so that they are conversant with the latest technology. He further highlighted that the ICAI is hosting the biggest accounting event, Olympics of Accountants of the World Congress of Accountants for the first time in India which signifies the rise of Chartered Accountants on the global forum.

The President underlined the importance of Sustainability Reporting and ICAI has launched a nationwide Sustainability Literacy Drive to make the process of sustainable development more feasible and operational. Further the ICAI is working with SEBI in developing social audit standards signifies the importance of non-financial reporting. He further stated that detecting fraud is one of the most important functions and the ICAI is pushing towards forensic accounting to check it stringently.

He emphasised on the importance of MSMEs in India's growth story. The ICAI is providing incubation facility for the basic infrastructure of MSMEs to ensure their success through its various initiatives. The ICAI celebrated International MSME Day on 27th June 2022. With a focus on audit quality, ICAI has established the Centre of Audit Quality to ensure that the quality of audit remains of a very high standard. He elaborated that the ICAI's exam system has upheld the highest standards and has been lauded by the Supreme Court of India. Additionally, the Institute is updating the course structure to accommodate and equip the students with the changing needs to the evolving world focusing on application of the mind rather than rote learning, in line with the latest developments like National Education Policy.

Address by Guest of Honour

Guest of Honour Shri Rajesh Verma, IAS, Secretary, Ministry of Corporate Affairs expressed his delight at being present for the 74th CA Day and wished the CA fraternity on the occasion. The Secretary reflected into the journey of the profession since the British era to what it has grown into be among the leading accounting bodies. He said that *"the ICAI has been playing a very important role in setting high standards of quality assurance. I am happy to note that the Institute is coming out with New Scheme of Education which is futuristic and globally relevant."* He further added *"I am confident that the New Scheme will enhance the professional competence of aspiring Chartered Accountants and make them global ready."*

Secretary, Ministry of Corporate Affairs added *"The MSME sector is the backbone of India's financial system and I am happy to share that Chartered Accountants are trusted advisors of MSME sector. Over 3.20 lakh Chartered Accountants have deep reach and connect to the MSME sector providing a variety of services."*

He stated *'Integrating technology in compliances is the need of the hour. CAs need to constantly upgrade skill sets in the face of the dynamic scenario.'* Chartered Accountant is an important pillar in the growth of the economy coordinating various aspects of the economy.

He assured that the MCA will continue to work with ICAI in its constant endeavour to strengthen the financial reporting framework of the country.

Address by Chief Guest

Chief Guest Shri Girish Chandra Murmu, Hon'ble Comptroller and Auditor General(CAG) of India congratulated the dignitaries present and the CA fraternity on the occasion of CA Day. Shri Murmu highlighted how the last decade consisted of epoch-making decisions that have shaped the economy which are the path-breaking and transformational changes taken by the Government. Introduction of GST, Insolvency and Bankruptcy Code, added thrust on MSMEs, faceless assessment of income tax and many more. This is indicative of the clear vision of the government, focus on ease of doing business and consistent efforts to drive economic growth, encourage business and well-being of the people.

The mandate of CAG is to promote accountability, transparency and good governance through high quality audit, independent and timely assurance to the legislature that the public funds are being collected and are used effectively and efficiently. Accounting and accountability are an integral part of audit.

The CAG is also supposed to provide advice on the forms of accounts to be maintained and auditing guidelines keeping in view the developments and transformation initiatives of institutional structures and function like advent of joint ventures, PPPs while keeping in view the generally accepted standard and the global view. He continued, *"As mentioned by the President, ICAI we are witness to so many developments in the governance structure, the structural developments which lead to new covenants, new legislation, new regulations, etc. In this light, auditing and accounting require constant and continuous innovation and a review of the process."*

The CAG also dwelt upon the auditing of local bodies and urban bodies as brought about by the 73rd and 74th Amendment. These bodies need to upgrade their accounting systems. He added, *"We hope the ICAI will come forward to cover this vast uncharted area. Accounting and auditing are a very integral part of the functioning of local bodies as large sums are provided for their aid and development."*

Lauding the role and function of ICAI the CAG highlighted ICAI's role in bringing the best to the forefront in setting of standards of education and training capacity building of the stakeholders, he acclaimed ICAI's initiatives for continuous development—with the release of so many publications adding to the bulk of knowledge, planting of trees and, the Vitiya Shaksharta initiative which is a pious work in addition to a challenging job.

He added that *"The audit reporting framework must be continually reimagined to ensure a robust audit process, communicate all critical and important information in an unbiased and consistent manner"*. Also, fairness, integrity and accountability should always be in focus. Ethics and professionalism are the core values expected from auditors like ICAI and CAG. The last aspect on which the CAG emphasised was the need for all regulatory institutions to collaborate. He added *"ICAI is doing a very good job and should make more efforts to reach out with all Regulators and have constant interactions and provide real time information that can further strengthen the present framework and improve strategy."*

During the day Technical Sessions as part of CA Day programme were also organised wherein eminent speakers Shri N. Venkataraman, Additional Solicitor General of India (Supreme Court) expounded on the "Way forward for the GST in India". CA. Dr. Girish Ahuja, Renowned Tax Expert gave a lucid explanation on the "Taxation of Charitable Trusts".

Vote of Thanks

CA. Aniket Sunil Talati, Vice President ICAI gave the vote of thanks to the dignitaries on the dais. He said "ICAI has always been there to support various initiatives of the Government. ICAI supported the Indian Railways towards implementation of accrual based accounting in place of cash based accounting." He further added that "The New Scheme of Education of CA curriculum has been formulated taking into account the best practices of international accountancy bodies, the significant aspects of National Education Policy, 2020 (NEP, 2020) and the requirements under International Education Standards (IESs) of IFAC."

He also accorded special thanks to Shri N. Venkatraman for the technical session on GST and Eminent Tax Expert – CA. Girish Ahuja.

He said that the institute is embracing the technology and pushing to evolve, innovate and grow through various initiatives. ICAI shall continue to play a greater role in changing the global landscape.

ACCOUNTANT'S BROWSER

PROFESSIONAL NEWS & VIEWS PUBLISHED ELSEWHERE

Index of some useful articles taken from Periodicals received during June - July 2022 for the reference of Faculty/ Students & Members of the Institute.

1. Accountancy

Accounting for property valuations by Steve Collings. *International Accountant*, May-June 2022, pp.11-13.

Financial reporting dossier by Vinayak Pai V. *Bombay Chartered Accountant Journal*, June 2022, pp.76-82.

Ind AS/IGAAP-interpretation and practical application: auditors' responsibility when appointed date is not as per IND AS standards by Dolphy D'Souza. *Bombay Chartered Accountant Journal*, June 2022, pp.68-71.

New standard of sustainability by Emmanuel Faber. *A Plus*, May 2022, pp.14-19.

2. Economics

Capital flows at risk: India's experience. *RBI Bulletin*, June 2022, pp.73-88.

RBI's account aggregators framework will revolutionise financial inclusion by Ankit Ratan. *Banking Finance*, June 2022, pp.27-28.

Role of monetary policy committee in controlling inflation by Saurabh Vinit Gaikwad. *Chartered Secretary*, June 2022, pp.109-113.

3. Management

Better approach to avoiding misconduct: use nudges to complement traditional methods risk management by Wieke Scholten, Femke De Vries and Tijs Besieux. *Harvard Business Review*, May-June 2022, pp.105-111.

CEO overconfidence and capital structure decisions: evidence from India by Hardeep Singh and Parmjit Kaur. *Vikalpa The Journal for Decision Makers*, January-March 2022, pp.19-37.

Doing Business in India: Reforms and road ahead by Anil Kumar. *Chartered Secretary*, June 2022, pp.46-52.

4. Taxation and Finance

Fatal blow to the goods and services tax by Alok Prasanna Kumar. *Economic & Political Weekly*, June 18, 2022, pp.10-12.

Individuals and tax residency in India by Vinita Krishnan & Priyanshi Choksi. *The Chamber's Journal*, June 2022, pp.11-18.

Latest OECD transfer pricing guidelines: examine the OECD transfer pricing guidelines for multinational enterprises and tax administrations 2022 by Ava Colocho and Srinidhi Tuppal. *International Accountant* May-June 2022, pp.16-19.

Uniformity in GST law-difficult proposition for government to observe the concept of 'one nation one tax' by Mukul Gupta and Prateek Gupta. *Goods & Services Tax Cases*, June 28–July 4, 2022, pp.28-32.

Full Texts of the above articles are available with the Central Council library, ICAI, which can be referred on all working days. For further inquiries please contact on 011-30110419 and 011-30110420 or by e-mail at library@icai.in.

Classifieds

5914 Hyderabad based CA firm with experience of 33 years in practice require partners/paid CAs for Bangalore, Tirupati, Visakhapatnam and at Gacchibowli, Hyderabad. Contact details M. Devaraja Reddy 8008357999 email id: cadevanna@gmail.com

5915 Required Partners and qualified assistants from Chennai, Telangana, Lucknow, Ranchi, Patna and Jamshedpur. Please Contact email: bk1ckdk@gmail.com

5916 We are a Gujarat headquartered 40 year old Professional Practice; looking for proprietors/ firms who are interested to officially merge with us. EMAIL: firm.rkdoshi@gmail.com

5917 Ten years old partnership firm with seven partners looking to add partners. Interested CAs can contact malhotrarnc@gmail.com.

Legal Decisions

Income Tax

LD/71/11 [ITAT Pune: ITA No. 1062/PUN/2014] Maruti Nivrutti Navale Vs. The Dy. Commissioner of Income Tax 24/06/2022

ITAT directed the Revenue to delete addition of Rs. 20 lacs on account of unexplained Bank deposits; Revenue was not justified in disbelieving Assessee's explanation merely because the explanations of the concerned persons were found to be unacceptable to Revenue; Assessee explained that amount was received from his three brothers from sale of land at Lonavala, which was rejected by Revenue; Revenue had recorded statements from assessee's three brothers on oath who confirmed that the money was advanced to the Assessee against sale of land located at Lonavala; Also, if an addition was to be made on account of cash deposits in the bank account, the same could be made only under Section 69A.

LD/71/12 [Bombay High Court: W.P No. 1467 OF 2022] Virbac Animal Health India Private Ltd. Vs. The Asst. Commissioner of Income Tax 14/06/2022

Bombay High Court quashed reassessment notice and order rejecting objections, initiated over advertisement and sales promotion expenditure alleged to be in violation of Section 37(1); All the material in respect of the said expenses was before the Revenue during the course of original assessment; On perusal of the reasons for reopening, HC observed Revenue's contention that Assessee debited expenses on cost of samples purchased for distribution under advertisement and sales promotion to the extent of Rs.2.26 Cr. and that such expense was incurred in violation of MCI Regulations; HC held that it was a case where the assessment was sought to be reopened on account of change of opinion, which was not permissible.

LD/71/13 [ITAT Mumbai: ITA No.2303/Mum/2021] Talisman Securities Pvt. Ltd. Vs. The Dy. Commissioner of Income Tax 10/06/2022

ITAT deleted addition u/s 68 over loan obtained from a company alleged to be a penny stock company and corresponding disallowance for interest paid on it; Revenue had noted that lender company was a penny stock company and the share prices of the said company were artificially rigged to provide unwarranted gains to certain interested investors by enabling them to convert their unaccounted income in the form of bogus long term capital gain or short term capital loss; ITAT noted that assessee had submitted bank statements confirming that loan, lender company had sufficient reserves to lend said money and also the lender company had duly responded to notice u/s 133(6); Said loan was also subsequently repaid in future years.

LD/71/14 [ITAT Mumbai: ITA No. 380/Mum/2021] Dy. Commissioner of Income Tax Vs. MSM Satellite (Singapore) Pte Limited 09/06/2022

ITAT directed to recompute interest u/s 244A by first adjusting the refund already granted to the Assessee against the interest component; In the first round of proceedings, assessee was granted relief by the ITAT and the Revenue passed the order giving effect to the ITAT's directions and determined the refund payable to the Assessee; Assessee preferred an appeal before the CIT(A) over the short grant of refund, whereby the CIT(A) directed the Revenue to recompute the interest granted under Section 244A by first adjusting the refund already granted to the assessee against the interest component and the balance, if any, towards the tax component of the refund due, whereas as per the AO, the refund already granted to the Assessee ought to be adjusted against the principal tax component.

LD/71/15 [ITAT Chennai: I.T.A. No. 2824/Chny/2018] Periyasamy Pillai Educational Trust Vs. The Income Tax Officer, Exemptions 01/06/2022

Assessee-trust was denied the exemption u/s 11 whereas the corpus donation of Rs.2.92 Cr. was treated as Assessee's income; On appeal, CIT(A) ruled in Assessee's favour whereas on Revenue's appeal, ITAT set aside the CIT(A)'s order and reinstated the assessment order; Subsequently, Assessee preferred rectification application u/s 154 for deletion of the amount of corpus from its total income which was dismissed by the Revenue as well as the CIT(A); ITAT noted that the issue

Contributed by CA. Sahil Garud, Disciplinary Directorate and ICAI's Editorial Board Secretariat. For details please visit Editorial Page webpage at https://www.icai.org/post/editorial-board. Readers are invited to send their comments on the selection of cases and their utility at eboard@icai.in. For full judgement write to eboard@icai.in.

in the instant case was whether the corpus donation has to be taxed or it is totally exempt at the rectification stage u/s 154; The said issue of rectification application was held to be a debatable issue by ITAT and assessee's appeal was thus dismissed by ITAT.

LD/71/16 [Delhi High Court: W.P.(C) 8586/2022] Schneider Electric India Pvt. Ltd Vs. The Asst. Commissioner of Income Tax 01/06/2022

High Court sets aside order under Section 148A(d) and reassessment notice under Section 148 issued without considering Assessee's request for adjournment in submitting its response to the show cause notice (SCN) under Section 148A(b); Assessee became aware of the notice for the first time on 24/03/2022 since the same was sent to a wrong email address; Assessee, thus sought an adjournment to file a reply on merits and submitted that the impugned order and notice did not even mention that Assessee had filed an application seeking adjournment; High Court remanded the matter to the Revenue for a fresh decision and gave assessee the liberty to file its additional reply to the notice within two weeks.

LD/71/17 [ITAT Pune: ITA No. 452/PUN/2019] Sanjay Sadashiv Navale Vs. The Dy. Commissioner of Income Tax 31/05/2022

ITAT quashed reassessment in matter of cash deposited by the Assessee in his bank account noting that merely the fact that cash deposits had been made did not indicate that they constituted income; Assessee was subjected to reassessment proceedings, pursuant to a search conducted at Sinhagad Technical Education Society and Shri Maruti Navale Group, whereby it was alleged that income of Rs.5.30 lacs for AY 2010-11 escaped assessment, on the ground that the cash deposits could.

LD/71/19 [ITAT Chennai: ITA No. 859/Chy/2020] The Income Tax Officer Vs. M/s Irula Snake Catchers Industrial Cooperative Soc. Ltd. 27/05/2022

Assessee a cooperative society, is engaged is engaged in snake catching, extraction and storage of venom, price fixing, selling of venom and had claimed Rs 1.53 Crores as deductible under Section 80P(2); ITAT held that interest on investment with other co-operative banks, video and still photography charges, as eligible for deduction under Section 80P(2); W.r.t. Charges collected on account of camera charges or admission charges, ITAT observed that they are either direct income by way of collective disposal of the labour or attributable to the activities of the society; As per ITAT, though it is not a disposal of labour, but the income forms part of the assessee's income and is ploughed back in the activities of the society.

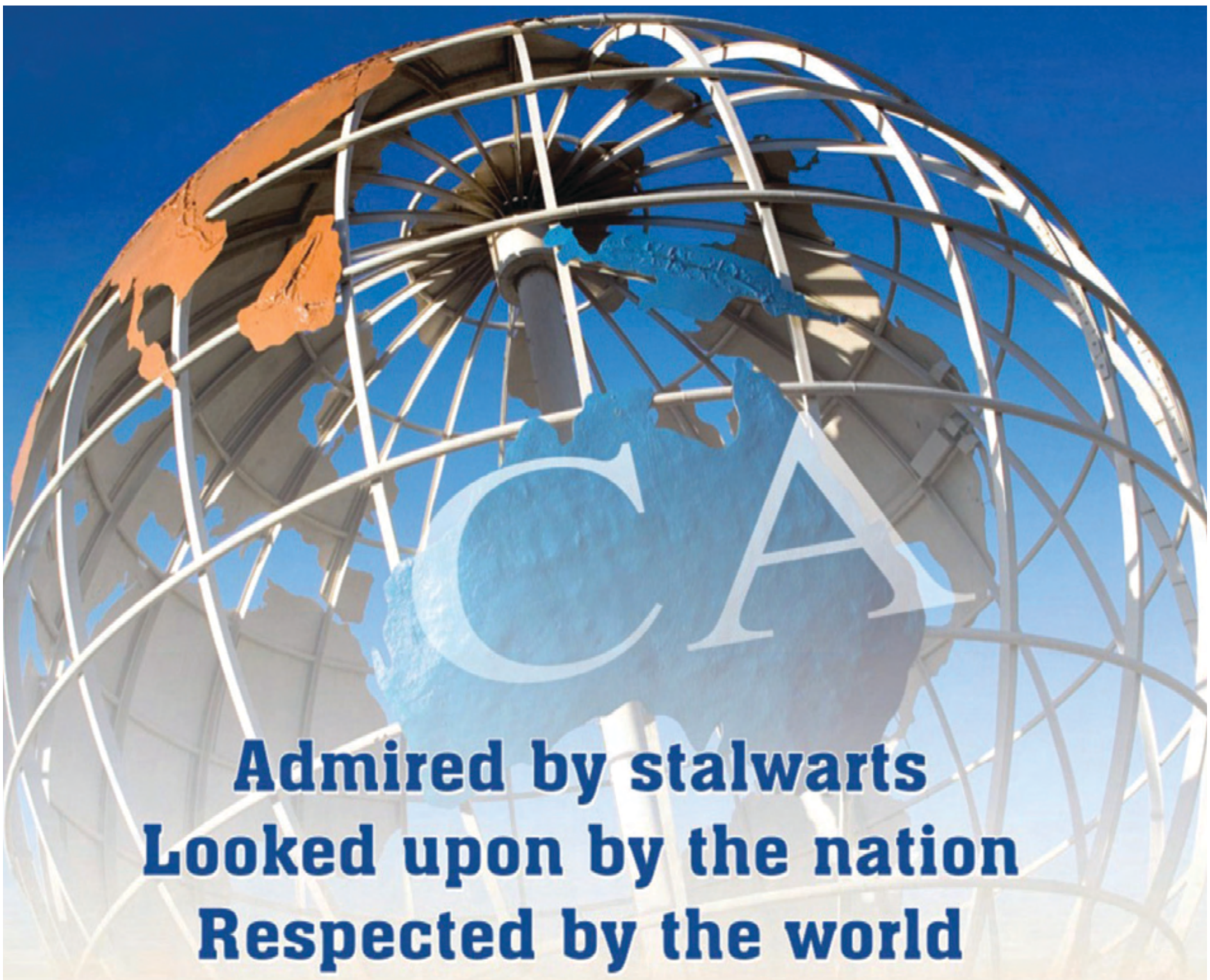
Disciplinary Case

Certification of sales and projected figures with inflated amounts without verifying the underlying documents --- Violation of the provisions of SAE 3400 – Held, Respondent is guilty of professional misconduct falling within the meaning of Clause (3) of Part-I of Second Schedule to the Chartered Accountants Act, 1949.

Held:

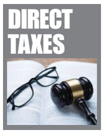
In the instant case, the allegation is that the Respondent had prepared and certified the financial statement of the borrowers without obtaining any supportive documents and made exaggerated sales projections without any rational and justifications. Based on the financial statement and the projections by the Respondent, the Bank had sanctioned overdraft facilities. The Respondent in his written statement has accepted that *"I prepared and certified the financial statements at the request of the borrower through her* *accountant on the basis of books of account produced me and information and explanations offered to me."* In view of above statement of the Respondent, it is evident that the Respondent was involved in preparation and as well as in auditing/ certification of financial statements of the borrower/client. In view of audited projected financials, the Committee noted that projected turnover for financial years 2009, 2010 and 2011 has been certified as Rs.161 lakhs, Rs. 187 Lakhs and 230 lakhs respectively by the Respondent. The Committee also noted that the said Company had applied for and taken Registration under Tamil Nadu Value Added Tax in 2010. The Committee is of the view that the Respondent should have compared the turnover disclosed under VAT Act and the turnover as per financial statements. The Committee is of the opinion that the Respondent has not applied proper professional judgement while preparing these financial statements. Further, the Respondent had failed to produce any working papers as evidence in his defense. Considering the same, the Committee is of the view that the Respondent had prepared the financial statement and also projections to suit the requirements of his client and he is grossly negligent in performing his duties as a Chartered Accountant, hence guilty of professional misconduct falling within the meaning of Clause 3 of Part I of Second Schedule of the Chartered Accountants Act.

(CBI VS CA.A.Ganesh Babu File No. [PR/211-B/2015/DD/30/17/DC/747/2018]



Circulars/Notifications

Given below are summarised important Circulars and Notifications issued by the CBDT, CBIC-GST and FEMA since the publication of the last issue of the journal, for information and use of members. Readers are requested to use the citation/website or weblink to access the full text of desired circular/ notification. Suggestions on this column can be submitted at eboard@icai.in



I. NOTIFICATIONS

1. *The CBDT lays down Other Conditions required to be fulfilled by a specified fund referred to in section 10(4D) - Notification No. 64/2022, dated 16-06-2022*

Vide this notification, amendments have been made to Rule 21AI (Computation of exempt income of specified fund for the purposes of section 10(4D)), Rule 21AJ, Rule 21AJA, Rule 21AJAA, *inter alia*, requiring furnishing annual statement of income in Form as specified therein. New Rule 21AIA has been inserted providing for other conditions required to be fulfilled by a specified fund referred to in section 10(4D). Also, Form No. 10-IG (Statement of exempt income under section 10(4D)) has been substituted.

The detailed Notification can be downloaded from the link below:

https://www.incometaxindia.gov.in/communications/ notification/notification-64-2022.pdf

2. *Government exempt Units located in International Financial Services Center for lease of an aircraft u/s 197A(1F) - Notification No. 65/2022, dated 16-06-2022*

In exercise of the powers conferred by section 197A(1F) r.w.s. 80LA(2)(c), the Central Government has, vide this notification, specified that no deduction of tax shall be made under section 194-I on payment in the nature of lease rent or supplemental lease rent, as the case may be, made by a person ('lessee') to a person being a Unit located in International Financial Services Center ('lessor') for lease of an aircraft subject to the satisfaction of conditions as specified therein. This notification shall come into force from 01.07.2022.

The detailed Notification can be downloaded from the link below:

https://www.incometaxindia.gov.in/communications/ notification/notification-65-2022.pdf

3. *Safe Harbour Rules (Transfer Pricing) prescribed under Rule 10TD made applicable for AY 2022-23 vide the Income-tax (18th Amendment) Rules, 2022 w.e.f. 01.04.2022 - Notification No. 66/2022, dated 17-06-2022*

In order to reduce transfer pricing disputes, to provide certainty to taxpayers, to align safe harbour margins with industry standards and to enlarge the scope of safe harbour transactions, the CBDT had earlier vide Notification No. 46/2017 dated 07.06.2017 notified a new safe harbour regime by amending Rule 10TD of the Income-tax Rules, 1962. Vide this Notification, provisions of Rule 10TD have been made applicable for AY 2022-23 as well.

The detailed Notification can be downloaded from the link below:

https://www.incometaxindia.gov.in/communications/ notification/notification-66-2022.pdf

4. *Time limit for depositing TDS (30 days), furnishing Challan cum Statement (Form No. 26QE) and Certificate of Deduction (Form No. 16E) for complying with provisions of section 194S notified - Notification No. 67/2022, dated 21-06-2022*

Vide this Notification, amendments have been made in relevant rules to provide for provisions for making compliances under section 194S (Payment on transfer of virtual digital asset). Certain other amendments have also been made in rules pertaining to provisions of section(s) 194B, 194-IA, 194R and 206AB. Certain new forms (Form no. 16E and 26QE) have been notified and certain other forms (Form No. 26Q, 26QB, 26QC and 26QD) have been substituted and or amended.

The detailed Notification can be downloaded from the link below:

https://www.incometaxindia.gov.in/communications/ notification/notification-67-2022.pdf

Matter on Direct and Indirect Taxes is contributed by Direct Taxes Committee, GST & Indirect Taxes Committee of ICAI respectively. FEMA updates by CA. Manoj Shah, CA Hinesh Doshi and CA. Sudha G. Bhushan.

5. *Government designates Special Court(s) in the State of Uttarakhand u/s 280A - Notification No. 68/2022, dated 24-06-2022*

In exercise of the powers conferred by section 280A(1), the Central Government, in consultation with the Chief Justice of the High Court of Uttarakhand, has designated (four) Court(s) in the State of Uttarakhand, as mentioned in this notification, as Special Court for the area specified therein.

The detailed Notification can be downloaded from the link below:

https://www.incometaxindia.gov.in/communications/notification/notification_68_2022.pdf

6. *Seventy Second Investment Company LLC specified as the sovereign wealth fund u/s 10(23FE) - Notification No. 69/2022, dated 27-06-2022*

In exercise of powers conferred by sub-clause (vi) of clause (b) of the Explanation 1 to section 10(23FE), the Central Government has specified Seventy Second Investment Company LLC (PAN: ABICS2676N), as the specified person for the purposes of the said clause in respect of the investment made by it in India on or after 27.06.2022 but on or before the 31.03.2024 subject to the fulfilment of the conditions as specified therein including furnishing of audit report by the Sovereign Wealth Fund claiming exemption u/s 10(23FE).

The detailed Notification can be downloaded from the link below:

https://www.incometaxindia.gov.in/communications/notification/notification-no-69-2022.pdf

7. *Tolerance limit of 1% in case of wholesale trade and 3% in other cases notified for the purpose of computation of arm's length price under third proviso to section 92C(2) read with proviso to Rule 10CA(7) - Notification No. 70/2022, dated 28-06-2022*

The Central Government has, notified that where the variation between the arm's length price determined under section 92C and the price at which the international transaction or specified domestic transaction has actually been undertaken does not exceed one percent of the latter in respect of wholesale trading and three percent of the latter in all other cases, the price at which the international transaction or specified domestic transaction has actually been undertaken shall be deemed to be the arm's length price for Assessment Year 2022-2023.

The detailed Notification can be downloaded from the link below:

https://www.incometaxindia.gov.in/communications/notification/notification-70-2022.pdf

8. *Amendment to Notification No. 54/2014 dated 22.10.2014 and 70/2014 dated 13.11.2014 pertaining to specification of jurisdiction of Income-tax authorities u/s 120 - Notification No. 71&72/2022, dated 28-06-2022*

In exercise of the powers conferred by section 120, the CBDT has made certain specified amendments in the Notification No. 54/2014, dated 22.10.2014 and Notification No. 70/2014, dated 13.11.2014 wherein jurisdiction of income-tax authorities was specified. For details, said notifications may be referred. Further, a corrigendum to Notification No. 71/2022 has been issued vide Notification No. 76/2022 dated 30.06.2022.

The detailed Notification can be downloaded from the link below:

https://www.incometaxindia.gov.in/communications/notification/notification-71-2022.pdf

https://www.incometaxindia.gov.in/communications/notification/notification-72-2022.pdf

https://www.incometaxindia.gov.in/communications/notification/notification-no-76-2022.pdf

9. *Amendment in rule 31A pertaining to specification of Form No. 26QF to be furnished by the 'exchange' for the purposes of section 194S - Notification No. 73/2022, dated 30-06-2022*

Vide the Income-tax (20th Amendment) Rules, 2022, Rule 31A has been amended by the CBDT to provide that in case the 'exchange' (as defined in this rule) has, in accordance with the guidelines issued under section 194S(6), has agreed to pay tax in relation to a transaction of transfer of a virtual digital asset, owned by it as an alternative to tax required to be deducted by the buyer of such asset under section 194S, the Exchange shall furnish a quarterly statement of such transactions in Form No. 26QF as inserted vide this notification. Further, this notification is to be read along with a corrigendum issued vide Notification No. 77/2022 dated 01.07.2022 which may also be referred.

The detailed Notification can be downloaded from the link below:

https://www.incometaxindia.gov.in/communications/notification/notification-no-73-2022.pdf

https://incometaxindia.gov.in/communications/notification/notification-no-77-2022.pdf

10. *Government specifies certain items to be excluded from definition of virtual digital asset (VDA) as per proviso to section 2(47A) - Notification No. 74/2022, dated 30-06-2022*

The central Government has notified the following exclusion from VDA:

(i) Gift card or vouchers, being a record that may be used to obtain goods or services or a discount on goods or services;

(ii) Mileage points, reward points or loyalty card, being a record given without direct monetary consideration under an award, reward, benefit, loyalty, incentive, rebate or promotional program that may be used or redeemed only to obtain goods or services or a discount on goods or services;

(iii) Subscription to websites or platforms or application.

The detailed Notification can be downloaded from the link below:

https://www.incometaxindia.gov.in/communications/notification/notification-no-74-2022.pdf

11. *Government notifies "non-fungible token" as per clause (a) of Explanation to section 2(47A) - Notification No. 75/2022, dated 30-06-2022*

The Central Government, vide this notification, has specified a token which qualifies to be a virtual digital asset as non-fungible token within the meaning of sub-clause (a) of section 2(47A) but shall not include a nonfungible token whose transfer results in transfer of ownership of underlying tangible asset and the transfer of ownership of such underlying tangible asset is legally enforceable.

The detailed Notification can be downloaded from the link below:

https://www.incometaxindia.gov.in/communications/notification/notification-no-75-2022.pdf

12. *Government notifies 'Uttar Pradesh Electricity Regulatory Commission' u/s 10(46) - Notification No. 79/2022, dated 06-07-2022*

In exercise of the powers conferred by section 10(46), the Central Government, vide this notification, has notified, 'Uttar Pradesh Electricity Regulatory Commission' (PAN AAALU0227H), a commission constituted under the Uttar Pradesh Electricity Reforms Act, 1999, in respect of the specified income arising to that Commission, subject to satisfaction of conditions laid therein, applicable for FYs from 2021-22 to 2025-26.

The detailed Notification can be downloaded from the link below:

https://incometaxindia.gov.in/communications/notification/notification-79-2022.pdf

13. *CBDT notifies Other Conditions required to be fulfilled by the Original fund under sub-clause (iv) of clause (a) of Explanation to section 47(viiad) - Notification No. 80/2022, dated 08-07-2022*

Vide the Income-tax (21st Amendment) Rules, 2022; a new Rule 21AL has been inserted in Income-tax Rules, 1962 prescribing that the original fund, in a case where a capital asset is transferred to a resultant fund being a Category III Alternative Investment Fund, shall fulfil the condition that the aggregate participation or investment in the original fund, directly or indirectly, by persons resident in India shall not exceed 5% of the corpus of such fund at the time of such transfer.

The detailed Notification can be downloaded from the link below:

https://incometaxindia.gov.in/communications/notification/notification-80-2022.pdf

14. *Government notifies 'Bihar Electricity Regulatory Commission' u/s 10(46) - Notification No. 81/2022, dated 08-07-2022*

In exercise of the powers conferred by section 10(46), the Central Government, vide this notification, has notified, 'Bihar Electricity Regulatory Commission' (PAN AAALB1099E), a Commission constituted by the State Government of Bihar, in respect of the specified income arising to that Commission, subject to satisfaction of conditions laid therein, applicable for FYs from 2021-22 to 2025-26.

The detailed Notification can be downloaded from the link below:

https://incometaxindia.gov.in/communications/notification/notification-81-2022.pdf

15. *Minor amendments made to Notification No. 60/2014 dated 03.11.2014 prescribing control of income-tax authorities - Notification No. 82/2022, dated 08-07-2022*

In exercise of the powers conferred by section 118, the CBDT vide this notification has made certain specified amendments in the Notification No. 60/2014, dated 03.11.2014 wherein control of income-tax authorities is prescribed.

The detailed Notification can be downloaded from the link below:

https://incometaxindia.gov.in/communications/notification/notification-82-2022.pdf

16. *CBDT notifies a new Rule prescribing application (in Form No. 8A) u/s 158AB to defer filing of appeal before the Appellate Tribunal or the jurisdictional High Court - Notification No. 83/2022, dated 12-07-2022*

In exercise of the powers conferred by section 158AB(2), the CBDT vide the Income-tax (Twenty Second Amendment) Rules, 2022 has prescribed Form No. 8A i.e. the application as referred in section 158AB(2) to be made by AO to defer filing of appeal before the Appellate Tribunal or the jurisdictional High Court. Section 158AB as inserted by the Finance Act, 2022 provides for procedure to be followed where an identical question of law is pending before High Courts or Supreme Court.

The detailed Notification can be downloaded from the link below:

https://incometaxindia.gov.in/communications/notification/notification-83-2022.pdf

II. CIRCULARS

1. *Guidelines for removal of difficulties under section 194R(2) - Circular No. 12/2022, dated 16-06-2022*

Finance Act 2022 inserted a new section 194R (Deduction of tax on benefit or perquisite in respect of business or profession) w.e.f. 01.07.2022. Section 194R(2) empowers the CBDT to issue guidelines, for removal of difficulties. Accordingly, in exercise of the power conferred by section 194R(2), the CBDT, vide this Circular, has issued such guidelines. These Guidelines cum clarifications are in the form of 10 Questions and Answers.

The detailed Circular can be downloaded from the link below:

https://www.incometaxindia.gov.in/communications/circular/circular-no-12-2022.pdf

2. *Guidelines for removal of difficulties under of section 194S(6) - Circular No. 13/2022, dated 22-06-2022*

Finance Act 2022 inserted a new section 194S (Payment on transfer of virtual digital asset) w.e.f. 01.07.2022. In exercise of the power conferred by section 194S(6), the CBDT, vide this Circular, has issued guidelines. These Guidelines cum clarifications are in the form of 6 Questions and Answers. It has also been specified that these guidelines will apply only in cases where transfer of VDA is taking place on or through an Exchange. In other cases (like peer to peer and others), provisions of section 194S shall apply and so far as these guidelines are concerned, clarifications provided only in Question 6 shall apply.

The detailed Circular can be downloaded from the link below:

https://incometaxindia.gov.in/communications/circular/circular-no-13-2022.pdf

3. *Order u/s 119 in relation to tax deduction at source u/s 194S for transactions other than those taking place on or through an Exchange - Circular No. 14/2022, dated 28-06-2022*

For all other transactions (not covered by Circular no 13/2022 dated 22.06.2022), this circular is being issued u/s 119 for proper administration of the Act. This Circular provides guidelines for 'Liability to deduct tax at source u/s 194S when the consideration is other than in kind', 'Liability to deduct tax at source u/s 194S when the consideration is in kind or in exchange of VDA' and interplay between provision of section 194S and section 194Q.

The detailed Circular can be downloaded from the link below:

https://incometaxindia.gov.in/communications/circular/circular-14-2022.pdf

III. PRESS RELEASES/INSTRUCTIONS/ OFFICE MEMORANDUM/ORDER

1. *Revised Instruction for constitution and functioning of Local Committees to deal with taxpayers' grievances due to high-pitched Scrutiny Assessment - Press Release, dated 16-06-2022*

This instruction provides for initiation of suitable administrative action against the officer concerned, in cases where assessments are found by the Local Committee to be high-pitched or where there is non-observance of principles of natural justice, non-application of mind or gross negligence of Assessing Officer/ Assessment Unit. The revised Instruction dated 23.04.2022 in F.No.225/101/2021-ITA-II is available on www.incometaxindia.gov.in.

The complete text of the above Press Release can be downloaded from the link below:

https://incometaxindia.gov.in/Lists/Press%20Releases/Attachments/1073/PressRelease-Revised-Instruction-for-constitution-and-functioning-of-Local-Committees16-6-22.pdf

2. *Net Direct Tax collections for the Financial Year 2022-23 have grown at over 45% - Press Release, dated 17-06-2022*

Net Direct Tax collections for the F.Y. 2022-23 continue to grow at a robust pace further fortifying the economic revival. Gross Tax collections for the FY 2022-23 have grown at about 40%. Advance Tax collections for F.Y. 2022-23 stand at Rs. 1,01,017 crore which shows a growth of more than 33%. Refunds amounting to Rs. 30,334 crore have been issued in the F.Y. 2022-23.

The complete text of the above Press Release can be downloaded from the link below:

https://incometaxindia.gov.in/Lists/Press%20Releases/Attachments/1074/PressRelease-Net-Direct-Tax-collections-for-the-Financial-Year-2022-23-have-grown-at-over-45-17-6-22.pdf

3. *Income Tax Department conducts searches in J&K and Delhi & Tamil Nadu - Press Release(s), dated 17-06-2022 & 20-06-2022*

ITD carried out search and seizure operations on 15.06.2022 on a leading manufacturer and seller of Jamawar Shawls, Pashmina and Kashmiri Shawls. The search operation covered more than 15 premises spread across Srinagar, Anantnag and Delhi. Also, ITD carried out search and seizure operations on 15.06.2022 on a leading industrial group of Chennai, engaged in the business of manufacturing of IMFL, logistics, hospitality, entertainment etc. The search operations were carried out at more than 40 premises located in Chennai, Villupuram, Puducherry, Coimbatore and Hyderabad.

The complete text of the above Press Releases can be downloaded from the link below:

https://incometaxindia.gov.in/Lists/Press%20Releases/Attachments/1075/Press-Release-IT-Department-conducts-searches-in-J-K-and-Delhi-dated-18-06-2022.pdf

https://incometaxindia.gov.in/Lists/Press%20Releases/Attachments/1076/PressRelease-ITD-conducts-searches-in-Tamil-Nadu-20-6-22.pdf

4. *Income Tax Department conducts searches in Rajasthan and Mumbai - Press Release, dated 21-06-2022*

ITD carried out search and seizure operations on 16.06.2022 on a business group involved in retail and export sale of handicrafts, cash financing, purchase and sale of land and buildings, alongwith some bullion traders. The search operation covered more than 25 premises spread across Rajasthan and Mumbai.

The complete text of the above Press Release can be downloaded from the link below:

https://incometaxindia.gov.in/Lists/Press%20Releases/Attachments/1077/PressRelease-ITD-conducts-searches-in-Rajasthan-and-Mumbai-22-6-22.pdf

5. *Income Tax Department conducts searches in Chhattisgarh and Odisha - Press Release(s), dated 04-07-2022&07-07-2022*

ITD carried out search and seizure operations on 30.06.2022 on a group engaged in business of coal transportation and other allied activities. The premises of a senior government officer was also covered in the search action. Also, the ITD carried out search and seizure operations on a group engaged in the business of mining, processing and trading of black stones. The search operation covered more than 15 premises located at Bhubaneswar, Jaipur, Cuttack, Dhenkanal, Keonjhar, Hyderabad, Kolkata, Gurugram, Noida etc.

The complete text of the above Press Release(s) can be downloaded from the link below:

https://incometaxindia.gov.in/Lists/Press%20Releases/Attachments/1078/PressRelease-ITD-conducts-searches-in-Chhattisgarh-4-7-22.pdf

https://incometaxindia.gov.in/Lists/Press%20Releases/Attachments/1079/PressRelease-ITD-conducts-searches-in-Odisha-7-72.pdf

6. *ITD conducts searches on Pharmaceutical Manufacturers and Distributors in Haryana and Delhi-NCR - Press Release, dated 08-07-2022*

The ITD carried out search and seizure operations on 29.06.2022 on a group engaged in the business of manufacturing and distribution of Pharmaceutical medicines and Real Estate Development. The search action covered 25 premises in Delhi-NCR and Haryana.

The complete text of the above Press Release can be downloaded from the link below:

https://incometaxindia.gov.in/Lists/Press%20Releases/Attachments/1080/IT-Department-conducts-searches-Haryana-Delhi-NCR-08-07-2022.pdf

7. *Standardizing the process of filing application for approval/renewal of an Electoral Trust u/s 2(22AAA) of the Income-tax Act, 1961 - F. No. 173/62/2022-ITA-1, dated 11-07-2022*

Under Section 2(22AAA), the CBDT is empowered to approve an 'Electoral Trust' for the benefit of provisions of Section 13B. As per clause 5(1)(a) of the Electoral Trust Scheme, 2013, an application for approval u/s 2(22AAA) is to be made in duplicate in Form A. It is also provided to furnish a checklist along with application form. Vide this document, the CBDT has issued a new format of the checklist in supersession of the Order issued in F.No.173/1S8/2013-ITA-1 dated 10.12.2013.

The complete text of the above document can be downloaded from the link below:

https://incometaxindia.gov.in/Lists/Latest%20News/Attachments/527/Standardizing-process-of-filing-application-MiscComm-11-7-22.pdf

8. *ITD conducts searches on two real estate groups of Bengaluru and Hyderabad & on two business groups in Tamil Nadu - Press Release(s), dated 11-07-2022 & 12-07-2022*

ITD carried out search and seizure operations on two leading real estate groups of Bengaluru and Hyderabad, engaged in the business of construction/sale/leasing of commercial/residential space, and educational and hospitality services. Also, ITD carried out a separate search and seizure operations on 06.07.2022 on two business groups of Tamil Nadu engaged in the business of Civil Contracts, Real Estate, Advertising etc.

The complete text of the above Press Release(s) can be downloaded from the link below:

https://incometaxindia.gov.in/Lists/Press%20Releases/Attachments/1081/PressRelease-ITD-conducts-searches-on-two-real-estate-groups-of-Bengaluru-Hyderabad-12-7-22.pdf

https://incometaxindia.gov.in/Lists/Press%20Releases/Attachments/1082/PressRelease-ITD-conducts-searches-on-two-business-groups-in-Tamil-Nadu-13-7-22.pdf

9. *ITD conducts searches on a Pharmaceutical Group in Bengaluru & also in Delhi and Mumbai - Press Release(s), dated 13-07-2022 & 15-07-2022*

ITD carried out search and seizure operations on 06.07.2022 on a major Bengaluru-based pharmaceutical group, engaged in the business of manufacturing and marketing of pharmaceutical products and Active Pharmaceutical Ingredients (API). The group has presence in over 50 countries. Also, in another instance, ITD carried out a search and seizure operation on 07.07.2022 on a Delhi and Mumbai based group, engaged in the business of hospitality, marble, lights trading and real estate.

The complete text of the above Press Release(s) can be downloaded from the link below:

https://incometaxindia.gov.in/Lists/Press%20Releases/Attachments/1083/Press-Release-IT-Department-conducts-searches-on-a-Pharmaceutical-Group-in-Bengaluru-dated-14-07-2022.pdf

https://incometaxindia.gov.in/Lists/Press%20Releases/Attachments/1084/PressRelease-ITD-conducts-searches-in-Delhi-and-Mumbai-15-7-22.pdf

INDIRECT TAXES

GST

Notifications

In order to give effect to the recommendations made by the 47th GST Council Meeting, following notifications and circulars have been issued by the Board:

1. Substitution of sub-section (3) of section 50 of CGST Act, 2021

Section 110 of the Finance Act, 2022 has been notified with retrospective effect from 01.07.2017 thereby substituting sub-section (3) of section 50 and doing away with sections 42(10) and 43(10) and states as under:

"Where the input tax credit has been wrongly availed and utilised, the registered person shall pay interest on such input tax credit wrongly availed and utilised, at such rate not exceeding twenty-four per cent. as may be notified by the Government, on the recommendations of the Council, and the interest shall be calculated, in such manner as may be prescribed.

Notification No. 09/2022–CT dt. 5th July, 2022

2. Due date of rectification of incorrect particulars furnished by an e-commerce operator in GSTR-8 amended

Section 111 of the Finance Act, 2022 has been notified to amend the proviso to section 52(6), thereby changing the due date of rectification of any omission or incorrect particulars furnished in GSTR-8 to 30th of November following the end of financial year or the actual date of furnishing of annual statement, whichever is earlier.

Notification No. 09/2022–CT dt 5th July, 2022

3. Exemption to taxpayers having AATO upto Rs. 2 crores from filing Form GSTR- 9/9A for the FY 2021-22

The taxpayers having AATO upto Rs. 2 crores have been exempted from filing Form GSTR 9/9A for the FY 2021-22.

Notification No. 10/2022 –CT dt. 05.07.2022

4. Extension of due date for filing Form GST CMP-08 for Q1 for FY 2022-23 from 18th July 2022 to 31st July 2022

Notification No. 21/2019 – CT dated 23.04.2019, which specifies the due date of filing of Form CMP-08 as 18th of the month succeeding the respective quarter, has been amended to extend the due date for filing of Form CMP-08 for 1st Quarter of FY 2022-23 from 18th July 2022 to 31st July 2022.

Notification No. 11/2022 –Central Tax dt. 05.07.2022

5. Extension of waiver of late fee for delay in filing of Form GSTR-4 for FY 2021-22 from 30th June 2022 to 28th July 2022

Notification No. 73/2017-CT dt 29.12.2017 has been further amended to extend the due date of filing of Form GSTR-4 (Annual Return for registered persons opting for Composition Scheme) for FY 2021-22 from 30th June 2022 to 28th July 2022. Hence, the late fee payable for delay in furnishing of Form GSTR-4 for the Financial Year 2021-22 under section 47 of the CGST Act, 2017 has been waived for the period starting from 01.05.2022 to 28.07.2022.

Notification No. 12/2022 –CT dt. 05.07.2022

6. Extension of time limit of issuance of order under section 73(9) of the CGST Act, 2017

In exercise of the power granted under section 168A of the CGST Act, 2017, the Central Government has made the following changes in relation to the time limit of issuance of order under section 73(9) w.e.f. 01.03.2020:

a) the time limit specified under section 73(10) for issuance of order under section 73(9) for recovery of tax not paid or short paid or of input tax credit tax not paid or short paid or of input tax credit wrongly availed or utilized has been extended to 30th September 2023 for the financial year 2017-18.

b) period from 1st March 2020 to 28th February 2022 shall be excluded for computation of period of limitation under section 73(10) for issuance of order under section 73(9) for recovery of erroneous refund.

c) period from 1st March 2020 to 28th February 2022 shall be excluded for computation of period of limitation for filing refund application under section 54 or section 55 of the said Act.

Notification No. 13/2022-CT dt. 5th July, 2022

7. Amendments in CGST Rules, 2017 vide CGST (Amendment) Rules, 2022

The CGST Rules, 2017 have been amended as under:

i. **Insertion of 2nd proviso in rule 21A(4) (Automatic revocation):** There will be automatic revocation of suspended GST registration upon furnishing of pending GST returns, if GST registration was suspended due to non-filing of GST returns for 3 consecutive tax periods by the composition taxpayer or a continuous period of 6 months by registered persons (other than composition taxpayer) subject to the condition that the registration has not been cancelled by the proper officer under rule 22.

ii. **Insertion of clause (d) in the Explanation 1 to rule 43 (Manner of determination of input tax credit in respect of capital goods and reversal thereof in certain cases) :** The value of supply of duty credit scrips as specified in *Notification No. 35/2017- Central Tax (Rate) dated 13th October 2017*, shall be excluded from the calculation of aggregate value of exempt supplies, for the purposes of computation of input tax credit to be reversed under rules 42 and 43.

iii. **Insertion of a new clause (s) in rule 46 (Tax Invoice):** A declaration shall be given in the tax invoice, where e-invoice is not required to be issued despite the aggregate turnover being more than the threshold limit applicable for e-invoicing as per below format:

"I/We hereby declare that though our aggregate turnover in any preceding financial year from 2017-18 onwards is more than the aggregate turnover notified under sub-rule (4) rule 48, we are not required to prepare an invoice in terms of the provisions of the said rule".

iv. **Insertion of sub-rule (4B) in rule 86 (Electronic Credit Ledger):** If the registered person deposits the amount of erroneous refund sanctioned to him u/s 54(3) or under rule 96(3) in contravention to rule 96(10), along with interest and penalty, if any, through Form GST DRC-03 by debiting the electronic cash ledger either on his own or being pointed out by the officer, then the same shall be re-credited to the electronic credit ledger by an order passed by the proper officer in a newly introduced Form GST PMT-03A.

Circular No. 174/06/2022-GST dt. 6th July, 2022 has been issued prescribing the manner of re-credit in electronic credit ledger using FORM GST PMT-03A-

Due to difficulty being faced by the taxpayers in taking re-credit of the amount in the electronic credit ledger in cases where any excess or erroneous refund sanctioned to them had been paid back by them either on their own or on being pointed by the tax officer, a new Form PMT-03A has been introduced.

Categories of refunds where re-credit can be done using FORM GST PMT-03A:

i. Refund of IGST obtained in contravention of sub-rule (10) of rule 96.

ii. Refund of unutilised ITC on account of export of goods/services without payment of tax.

iii. Refund of unutilised ITC on account of zero-rated supply of goods/services to SEZ developer/Unit without payment of tax.

iv. Refund of unutilised ITC due to inverted tax structure.

Procedure for re-credit of amount in electronic credit ledger

The taxpayer shall deposit the amount of erroneous refund along with applicable interest and penalty, wherever applicable, through FORM GST DRC-03 by debit of amount from electronic cash ledger mentioning the reason for making the payment (i.e., deposit of erroneous refund of ITC or IGST) along with a written request in format enclosed as Annexure-A to the Circular. Thereafter, the proper officer, on being satisfied that the full amount of erroneous refund along with applicable interest, as per the provisions of section 50 and penalty, wherever applicable, has been paid by the said registered person in FORM GST DRC-03 by way of debit in electronic cash ledger, he shall re-credit an amount in electronic credit ledger equivalent to the amount of erroneous refund so deposited by the registered person, by passing an order in FORM GST PMT-03A, preferably within a period of 30 days from the date of receipt of request for re-credit of erroneous refund amount so deposited or from the date of payment of full amount of erroneous refund along with applicable interest, and penalty, wherever applicable, whichever is later.

v. **Amendments in rule 87 (Electronic Cash ledger)**

- **Clause (ia) inserted in rule 87(3):**

  The amount of tax, interest, penalty, fee or any other amount may also be deposited through Unified payment interface (UPI) or Immediate Payment Services (IMPS) from any bank, on the GST portal. Sub-rule (3) has been added for this purpose and consequential amendment has been made in sub-rule (5).

- **Insertion of sub-rule (14) to rule 87:** A facility has been provided on the common portal to transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger to the electronic cash ledger for central tax or integrated tax of a distinct person through Form GST PMT-09.

  However, if the registered person has any unpaid liability in electronic liability register, the amount available in electronic cash ledger shall not be allowed to be transferred.

vi. Insertion of Rule 88B - Manner of calculating interest on delayed payment of tax

A new rule 88B has been inserted with retrospective effect from 01.07.2017 to specify that now interest shall be payable on tax payable in respect of such supplies which have been declared by the registered person in the return and the said return is furnished after the due date prescribed under section 39, except where such return is furnished after commencement of any proceedings under section 73 or section 74, in respect of the said period. Such interest shall be calculated on the portion of tax, which is paid by debiting the electronic cash ledger, for the period of delay in filing the said return beyond the due date at the rate specified under section 50(1) i.e., 18%.

In all other cases, where interest is payable u/s 50 (1), the interest shall be calculated on the amount of tax which remains unpaid, for the period starting from the date on which such tax was due to be paid till the date such tax is paid at the rate specified u/s 50(1).

Where interest is payable on the amount of input tax credit wrongly availed and utilised in accordance with section 50(3), the interest shall be calculated on the amount of input tax credit wrongly availed and utilised, for the period starting from the date of utilisation of such wrongly availed input tax credit till the date of reversal of such credit or payment of tax in respect of such amount at the rate specified u/s 50(3).

For this purpose, following explanation has been added:

i. input tax credit wrongly availed shall be construed to have been utilised, when the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed, and the extent of such utilisation of input tax credit shall be the amount by which the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed;

ii. the date of utilisation of such input tax credit shall be taken to be-

- the date, on which the return is due to be furnished under section 39 or the actual date of filing of the said return, whichever is earlier, if the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed, on account of payment of tax through the said return; or
- the date of debit in the electronic credit ledger when the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed, in all other cases

vii. Amendments in Rule 89 - Application for refund of tax, interest, penalty, fees or any other amount

a. An explanation has been added after the fourth proviso to sub-rule (1) to clarify that — specified officer shall mean a specified officer or an authorised officer as defined under rule 2 of the Special Economic Zone Rules, 2006.

b. A new clause (ba) has been inserted in sub-rule (2) to specify the documentary evidence which shall accompany the refund application in case of export of electricity. The application shall be accompanied with a statement containing the number and date of the export invoices, details of energy exported, tariff per unit for export of electricity as per agreement, along with the copy of statement of scheduled energy for exported electricity by Generation Plants issued by the Regional Power Committee Secretariat as a part of the Regional Energy Account (REA) under clause (nnn) of sub-regulation 1 of Regulation 2 of the Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2010 and the copy of agreement detailing the tariff per unit, in case where refund is on account of export of electricity. Consequential amendment has been made in clause (b) of sub-rule (2).

The CBIC has issued ***Circular No. 175/07/2022-GST dt. 6th July, 2022*** to prescribe the procedure for filing and processing of refund of unutilised ITC on account of export of electricity.

c. An explanation has been inserted in sub-rule (4), to clarify that while calculating refund of unutilised ITC in case of zero-rated supply without payment of tax, value of goods exported out of India shall be taken as:

   i. the Free on Board (FOB) value declared in the Shipping Bill or Bill of Export form, as the case may be, as per the Shipping Bill and Bill of Export (Forms) Regulations, 2017; or,

   ii. the value declared in tax invoice or bill of supply;

   whichever is less

d. The formula for calculation of refund in case of inverted tax structure as prescribed under sub-rule (5) has been changed as under:

   {(Turnover of inverted rated supply of goods and services*Net ITC)/Adjusted Total Turnover} –{Tax payable on such inverted rated supply of goods and services*(Net ITC/ ITC availed on inputs and input services)}

viii. Omission of rule 95A - Refund of taxes to the retail outlets establishes in departure area of an international Airport beyond immigration counters making tax free supply to an ongoing international tourist

This rule has been omitted with retrospective effect from 01.07.2019.

Owing to this omission, *Circular No. 106/25/2019-GST dated 29.06.2019* has been withdrawn, wherein certain clarifications were given in relation to rule 95A vide ***Circular No. 176/08/2022-GST dt. 6th July, 2022.***

ix. Amendments in Rule 96 - Refund of integrated tax paid on goods or services exported out of India w.e.f. 01.07.2017

i. Reference of Form GSTR-3 has been removed from clause (b) of sub-rule (1).

   A proviso has been added in sub-rule (1) specifying that if there is any mismatch between the data furnished by the exporter of goods in shipping bill and those furnished in statement of outward supplies in FORM GSTR-1, such application for refund of integrated tax shall be deemed to have been filed on such date when the mismatch in respect of the said shipping bill is rectified by the exporter.

ii. A new clause (c) has been inserted in sub-rule (4) to provide that the claim for refund shall be withheld where the Commissioner in the Board or an officer authorised by the Board, on the basis of data analysis and risk parameters, is of the opinion that verification of credentials of the exporter, including the availment of ITC by the exporter, is considered essential before grant of refund, in order to safeguard the interest of revenue.

iii. New sub-rules (5A) and (5B) have been inserted specifying that where refund is withheld in accordance with the provisions of clause (a) or newly inserted clause (c) or clause (b) of sub-rule (4) proper officer passes an order for withholding of refund due to violation of Customs Act, 1962 under clause (b) of sub-rule (4), such claim shall be transmitted to the proper officer of Central tax, State tax or Union territory tax, as the case may be, electronically through the common portal in a system generated FORM GST RFD-01 and the intimation of such transmission shall also be sent to the exporter electronically through the common portal, and notwithstanding anything to the contrary contained in any other rule, the said system generated form shall be deemed to be the application for refund in such cases and shall be deemed to have been filed on the date of such transmission. Another sub-rule (5C) has been inserted to provide that "The application for refund in FORM GST RFD-01 transmitted electronically through the common portal in terms of sub-rules (5A) and (5B) shall be dealt in accordance with the provisions of rule 89".

iv. Sub-rules (5), (6) and (7) have been omitted.

x. Amendments in Form GSTR-3B

a. A new heading 3.1.1 has been inserted seeking the details of supplies notified under section 9(5) of the CGST Act, 2017 and corresponding provisions of SGST/ UTGST Acts. Consequential amendments have been made in other tables of the return form.

b. The reversal of ITC reported under Table 4(1)(B) shall also include ITC to be reversed under rule 38 [restricted ITC for banking company or financial institutions] and section 17(5) [blocked ITC].

c. The heading of Table 4D has been changed from " Ineligible ITC" to "Other Details" and shall be covered under sub-item (1) "ITC reclaimed which was reversed under Table 4(B) (2) in earlier tax period" and under sub-item (2), "Ineligible ITC under section 16(4) and ITC restricted due to place of supply provisions".

xi. Amendments have also been made in Form GSTR-9, Form GSTR-9C and Form GST PMT-06, Form GST PMT-07, Form GST PMT-09, Form GST RFD-01, Form GST-RFD-10B has also been amended retrospectively from 1st July 2019.

Notification No. 14/2022-CT dt. 5th July, 2022

Circulars issued for clarifications

1. A circular has been issued to make mandatory furnishing of correct and proper information of inter-State supplies and amount of ineligible/blocked Input Tax Credit and reversal thereof in return in FORM GSTR-3B and statement in FORM GSTR-1.

Circular No.170/02/2022-GST dt. 6th July, 2022

2. A circular has been issued clarifying various issues relating to applicability of demand and penalty provisions under the CGST Act, 2017 in respect of transactions involving fake invoices.

Circular No. 171/03/2022-GST dt. 6th July, 2022

3. A Circular has been issued to provide clarifications on various issues with respect to:

   a. refund claimed by the recipients of supplies regarded as deemed export

   b. interpretation of section 17(5) of the CGST Act

   c. perquisites provided by employer to the employees as per contractual agreement

   d. utilisation of the amounts available in the electronic credit ledger and the electronic cash ledger for payment of tax and other liabilities.

Circular No. 172/04/2022-GST dt. 6th July, 2022

4. A circular has been issued to provide clarification on issue of claiming refund under inverted duty structure where the supplier is supplying goods under some concessional notification.

   In an earlier *Circular No. 135/05/2020-GST dated 31.03.2020*, it was clarified that refund on account of inverted duty structure would not be admissible in cases where the input and output supply are same. Now, it has been clarified that refund of accumulated input tax credit on account of inverted structure section 54(3)(ii) of the CGST Act, 2017 would be allowed in cases where accumulation of input tax credit is on account of rate of tax on outward supply being less than the rate of tax on inputs (same goods) at the same point of time, as per some concessional notification issued by the Government providing for lower rate of tax for some specified supplies subject to fulfilment of other conditions.

Circular No. 173/05/2022-GST dt. 6th July, 2022

CUSTOMS

Notifications

1. With effect from 01.07.2022, import of petroleum crude and ATF (Aviation Turbine Fuel) has been exempted from additional customs duty leviable thereon under section 3(1) of the Customs Tariff Act as is equivalent to the special additional excise duty leviable thereon under section 147 of the Finance Act, 2002.

Notification No. 32/2022-Customs dt. 30.06.2022

2. Basic customs duty on gold has been increased to 12.5%.

Notification No. 33/2022-Customs dt. 30.06.2022

3. Import of gold has been exempted from social welfare surcharge levied under section 110 of the Finance Act, 2018.

Notification No. 34/2022-Customs dt. 30.06.2022

4. The rate applicable under BCD exemption on gold imported under replenishment scheme has been increased.

Notification No. 35/2022-Customs dt. 30.06.2022

5. Exemption from integrated tax and compensation cess on goods imported under AA/EPCG/EOU Schemes has been continued.

Notification No. 37/2022-Customs dt. 30.06.2022

6. The exemption from IGST earlier granted to specified goods imported by public funded non-commercial research institutions or NIIT or Indian Institute of Science or Regional Engineering College vide *Notification No. 51/1996-Customs dt. 23rd July 1996* has been withdrawn.

Notification No. 42/2022-Customs dt. 13.07.2022

7. The Customs Brokers Licensing Regulations, 2018 have been amended as under:

- **Substitution of sub-regulations (1) and (2) of Regulation 20**

  It has been provided that with effect from 24.06.2022, every Customs Brok er shall enroll himself as a member of the Customs Brokers' Association at every jurisdiction he operates, if there is such an Association registered in the Customs Station, where he is operating and recognised by the Principal Commissioner or Commissioner of Customs, as the case may be. Moreover, he shall not enroll himself in more than one Association, at a given time, in a particular jurisdiction.

- **Insertion of regulation 21 - Power to relax the time period for compliance of duties or obligations**

  Where a representation is made by an applicant, a Customs Broker or NACIN to the Board that he is unable to comply with his or its duties or obligations within the time period as required under any provision of these regulations, for the reasons beyond his or its control, but otherwise satisfies all other conditions, if any, as provided under such provision, the Board may, after consideration of the representation, and for reasons to be recorded in writing, allow a further time period for compliance of such duties or obligations.

Notification No. 52/2022-Customs (N.T) dt. 24.06.2022

8. The **Sea Cargo Manifest and Transhipment Regulations, 2018** have been amended. Thereby, the authorized sea carrier shall continue to deliver the cargo declaration in Form III of the Import Manifest (Vessels) Regulations, 1971 and Form I of the Export Manifest (Vessels) Regulations, 1976, in the manner as was applicable before the commencement of these regulations till 31st December 2022 instead of earlier 30th June 2022.

Notification No. 56/2022-Customs (N.T) dt. 30.06.2022

9. CBIC has also issued Controlled Delivery (Customs) Regulations 2022 vide ***Notification No. 59/2022-Customs dt. 12.06.2022***

FEMA Updates

Trade Settlement in INR

A.P. (DIR Series) Circular No. 10 dated July 11, 2022

In order to promote global trade with emphasis on exports from India and to support increasing interest of global trade community in INR, it has been decided to put in place additional arrangement for invoicing, payment and settlement of exports / imports in INR. AD Bank shall obtain prior approval of RBI (FED, Central Office, Mumbai) before putting this mechanism in place.

Broad framework for same is as delineated below:

a. Invoicing: all imports and exports may be denominated and invoices in rupee (INR).

b. Exchange Rate: exchange rate between currencies of two trading partner countries may be market determined.

c. Settlement: The settlement shall take place in INR.

AD Banks are permitted to open Rupee Vostro Accounts in terms of Regulation 7(1) of Deposit Regulations. In order to allow settlement through this arrangement it has been decided that:

a. Indian importers shall make payment in INR which shall be credited to special vostro account of correspondent bank of partner country, against invoice for supply of goods or services from the overseas supplier / seller.

b. Indian exporters, shall be paid export proceeds in INR from the balances in the designated vostro account of the correspondent bank of the partner country.

Documentation:

Export/Import undertaken and settled shall be subject to usual documentation and reporting requirements. Letter of credit and other trade related documentation may be decided mutually between banks of the partner trading countries under overall framework of Uniform Customs and Practice Documentation Credits (UCPDC) and incoterms.

Advance against Exports:

Advance against exports can be received in Indian rupees. Before allowing any such receipt of advance against exports Indian banks must ensure that available funds in these accounts are first used towards payment obligations arising out of already executed export orders / export payments in pipeline. The permission for advance against export shall be in accordance with conditions mentioned in para C.2 of Master Direction on Export of Goods and Services 2016.

In order to ensure that the advance is released only as per the instructions of the overseas importer, the Indian bank maintaining the Special Vostro account of its correspondent bank shall, apart from usual due diligence measures, verify the claim of the exporter with the advice received from the correspondent bank before releasing the advance.

Setting off of export receivables:

'Set-off' of export receivables against import payables in respect of the same overseas buyer and supplier with facility to make/receive payment of the balance of export receivables/ import payables, if any, through the Rupee Payment Mechanism may be allowed, subject to the conditions mentioned in para C.26 on Set-off of export receivables against import payables under Master Direction on Export of Goods and Services 2016.

Bank Guarantee: Issue of Bank Guarantee for trade transactions, undertaken through this arrangement, is permitted subject to adherence to provisions of FEMA Notification No. 8, as amended from time to time and the provisions of Master Direction on Guarantees & Co-acceptances.

Use of Surplus Balance: The Rupee surplus balance held may be used for permissible capital and current account transactions in accordance with mutual agreement. The balance in Special Vostro Accounts can be used for:

(a) Payments for projects and investments.

(b) Export/Import advance flow management

(c) Investment in Government Treasury Bills, Government securities, etc. in terms of extant guidelines and prescribed limits, subject to FEMA and similar statutory provision.

Reporting Requirements: Reporting of cross-border transactions need to be done in terms of the extant guidelines under FEMA 1999.

Approval Process: The bank of a partner country may approach an AD bank in India for opening of Special INR VOSTRO account. The AD bank will seek approval from the Reserve Bank with details of the arrangement. AD bank maintaining the special Vostro Account shall ensure that the correspondent bank is not from a country or jurisdiction in the updated FATF Public Statement on High Risk & Non Co-operative Jurisdictions on which FATF has called for counter measures.

Asian Clearing Union (ACU) Mechanism – Indo-Sri Lanka Trade

A.P. (DIR Series) Circular No. 9 dated July, 2022

The extant provisions of Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2016 have been reviewed and in terms of clause b of sub-Regulation 2 of Regulation 3 and clause c of sub-Regulation 2 of Regulation 5 of said regulations, it has been decided that all eligible current account transactions including trade transactions with Sri Lanka may be settled in any permitted currency outside the ACU mechanism until further notice.

Overseas Foreign Currency Borrowings of Authorised Dealer Category I Banks

A.P. (DIR Series) Circular No. 8 dated July 07, 2022

As announced in paragraph 4 of the press release on "Liberalisation of Forex Flows" dated July 06, 2022, AD Cat-I banks can utilize the funds raised from overseas foreign currency borrowings between July 08, 2022 and October 31, 2022 (both dates included) in terms of paragraph Part-C(5) (a) of the Master Direction - Risk Management and Inter-Bank Dealings dated July 05, 2016, as amended from time to time, for lending in foreign currency to constituents in India.

Such lending shall be subject to the end-use prescriptions as applicable to External Commercial Borrowings (ECBs) in terms of paragraph 2.1(viii) of the Master Direction - External Commercial Borrowings, Trade Credits and Structured Obligations dated March 26, 2019, as amended from time to time. This facility will be available till the maturity / repayment of the overseas foreign currency borrowings.

Research Committee
The Institute of Chartered Accountants of India (ICAI)
(Set up by an Act of Parliament)

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Category VIII(b)	:	Service Sector (Turnover less than ₹ 500 crore)
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The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)

Improvising Audit Quality

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Framework for Audit Quality - The CAQ is in the process of developing a Framework on Audit Quality. The developed framework shall prescribe the key elements of Audit Quality at engagement and firm level, apart from raising the awareness and understanding the important elements of Audit Quality.

Audit Quality Maturity Model - CAQ has launched the Audit Quality Maturity Model (AQMM v 1.0) for helping the Audit Firms to assess their current level of audit maturity. The AQMM v 1.0 is a cross-functional evaluation model for practicing firms with an objective to enable them not just to evaluate their current level of Audit Maturity but also identify areas where competencies need to be strengthened.

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CA Connect Portal is an indigenous system of listing of CA Firms / Individual CA Practitioners on the platform of ICAI. The objective of this Website/Portal is to provide an effective platform for listing. It shall provide the essential bridge between clients/service receiver and Chartered Accountants.

For Clients

The clients can **search the services** offered by Firms / Individual practitioners based on their area of expertise under one-roof irrespective of their geographical locations. This Portal is a platform which provides choice to clients for selection of CA Firms / Members as per their need.

How to get enrolled on the Portal

- Individual Practitioner/ Firm of Chartered Accountants who wants to get register on the portal should mention their membership number/FRN number with Date of Birth/Constitution date respectively at CA Connect portal prefilled information as per ICAI records mentioned in SSP portal will appear.
- There will be additional optional fields for Members/firms to enter viz. Area of Expertise / Specialization, Preferred city of working, Website Address, Social Media link, Partner details
- Online declaration which the firms/individual practitioner shall be required to agree and submit.

Key information available at portal

- MEMBER/FIRM NAME
- AREA OF EXPERTISE
- FIRM CONSTITUTION YEAR
- NUMBER OF PARTNERS
- LOCATION
- PREFERRED CITY OF WORKING

@icaiesb
0120-3876857

email ID :
esb@icai.in

Sustainability Reporting Standards Board
The Institute of Chartered Accountants of India
(Setup by an Act of Parliament)

Presents

ICAI SUSTAINABILITY REPORTING Awards 2021-22

For Excellence in Integrated Reporting and Reporting on SDGs

Recognising and Encouraging Excellence in Sustainability Reporting

Last Date of Receipt of Entries is **October 31, 2022**

OBJECTIVES

To Recognize, Reward and Encourage Excellence of Businesses in Integrated Reporting

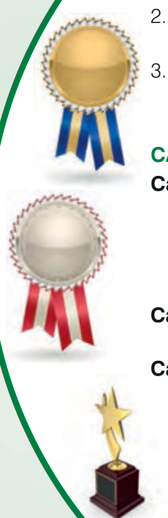
To Recognize initiatives of Businesses with a transformative contribution to the 2030 Agenda for Sustainable Development

PROCESS FOR DECIDING AWARDEES

1. Review by Technical Reviewers on defined parameters
2. Review of short-listed Sustainability Reports/Integrated Reports by Shield Panel
3. Selection by External Jury - Professionals, Academicians, Industrialists, philanthropists & representatives from regulatory bodies, etc.

PROCEDURE FOR PARTICIPATION

1. To participate, fill in the Entry Form **https://forms.gle/ydWR7m8UUUP1Lg8x5** and submit the requisite enclosures as per the entry form at **sustainability2022@icai.in** on or before October 31, 2022.
2. There is no participation fee.
3. Sustainability Report/Integrated Report relating to the financial year ending on any day between April 1, 2021 and March 31, 2022 (both days inclusive) is eligible for participation.
4. Decision of the Panel of Judges in all the matters relating to the Awards will be final.



AWARDS

1. **One Gold Shield** in each sub-category for the best entry.
2. **One Silver Shield** in each sub-category for the next best entry.
3. Plaques to be awarded to the entities who are following better integrated reporting practices as is decided by the Jury.

CATEGORIES OF THE COMPETITION

Category 1 : Integrated Reporting (9 Awards)
Manufacturing Sector
Service Sector
Public Sector Undertakings
(3 Awards each)

Category 2 : New Entrants in Integrated Reporting (2 Awards)

Category 3 : Reporting on Sustainable Development Goals (2 Award)

For any further information, contact :
Sustainability Reporting Standards Board
The Institute of Chartered Accountants of India
ICAI Bhawan, Post Box No. 7100, Indraprastha Marg, New Delhi-110002
Tel: 011-30110474 | E-mail: sustainability2022@icai.in | Website: www.icai.org

Recognizing and Honouring Excellence in Sustainable Initiatives and Innovations

Sustainability Reporting Standards Board
The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
Presents

SUSTAINABLE DEVELOPMENT GOALS

ICAI INTERNATIONAL SUSTAINABILITY REPORTING AWARDS 2021-22

For outstanding contribution towards Gender Equality and Climate Change

Last Date of Receipt of Entries
October 31, 2022

OBJECTIVES

- **To Recognize initiatives and innovative practices of entities** towards identification and disclosure of **Climate Change** related risks and opportunities.
- **To Honour entities taking transformational initiatives** in the areas of climate neutrality, innovative green finance and climate leadership.
- **To Encourage entities globally to act as a role model,** sponsor or ally in championing **gender equality.**
- **To Recognize initiatives & innovative practices** undertaken by the entities towards **Gender Equality.**

PROCEDURE FOR PARTICIPATION

- To participate, fill in the Entry Form available at https://forms.gle/5BQothZ9DZHM5km27 and submit the requisite enclosure(s) as per the entry form at **sustainability2022@icai.in** on or before **October 31, 2022.**
- There is no participation fee. Entries are invited from corporates, non-corporates, professional firms, for profit as well as not for profit organizations.
- Sustainability Report/Annual Report for atleast 12 months relating to the period between January 1, 2021 and June 30, 2022 is eligible for participation.
- Decision of the Jury/Panel of Judges in all the matters relating to the Awards will be final.

PROCESS FOR SELECTION OF AWARDEES

Selection of awardees in specified categories will be through a robust three tier process:

- Review by Technical Reviewers on defined parameters
- Review of short-listed Sustainability Reports by Shield Panel
- Selection by External Jury - Professionals, Academicians, Industrialists, Philanthropists, & representatives from regulatory bodies, etc.

AWARDS AND CATEGORIES OF THE COMPETITION

Category 1
ICAI International Award on Gender Equality

Category 2
ICAI International Award on Climate Change

ONE GOLD SHIELD AWARD IN EACH CATEGORY

For any further information, contact at: Tel: 011-30110474 | Email: sustainability2022@icai.in

Sustainability Reporting Standards Board
The Institute of Chartered Accountants of India
ICAI Bhawan, Post Box No. 7100, Indraprastha Marg, New Delhi-110002
Tel: 011-30110474, E-mail: sustainability2022@icai.in, Website: www.icai.org

The Institute of Chartered Accountants of India

COMMITTEE ON MSME AND STARTUP

ICAI MSME ECOSYSTEM

Azadi Ka Amrit Mahotsav

ICAI MSME SETU

ICAI to help in establishing the Bridge among the various stakeholders & MSMEs

Organised by:
Committee on MSME & Startup, ICAI

This Programme will be kicked off through the branches / RCs from

15th Aug. to **18th Nov., 2022**

75 DAYS PROGRAMMES CITIES

The Institute of Chartered Accountants of India (ICAI) through the Committee on MSME & Start-up to establish the linkage between ICAI & MSMEs as a key strategy for enhancing the productivity and competitiveness as well as capacity building of Micro, Small and Medium Enterprises (MSMEs).

Objective
To assist MSMEs in growing by supporting them in terms of Capacity Building of MSMEs.

Perspectives
This programme will provide a platform for improving their access to public resources, credit, and marketing competitiveness.

Programme at a glance:
MSME Setu Programme is a platform for providing the instant solution i.e. single window solution for the New/ Existing MSMEs in our Branch/RC premises through experts drawing across various Government entities, Financial Institutions, other domain Experts to be held from 10.30 a.m. to 1.00 p.m. in the designated days.

The Composition of Experts to provide the solutions to MSMEs

- Representative from Banks
- Representative from SIDBI
- Representative from NSIC
- Chartered Accountants to resolve the grievance of MSMEs
- Representative from District Industry Centre (DIC)
- Other domain Experts (if need arises)

Chairman
Committee on MSME & Startup, ICAI

Vice Chairman
Committee on MSME & Startup, ICAI

The Institute of Chartered Accountants of India
COMMITTEE ON MSME AND STARTUP

ICAI MSME ECOSYSTEM

Azadi Ka Amrit Mahotsav

ICAI MSME YATRA

ICAI as Swift Responder to MSME Needs

Organised by
Committee on MSME & Startup, ICAI

75 DAYS PROGRAMMES CITIES

This Programme will be kicked off through the branches/ RCs
15th Aug. to **18th Nov., 2022**

The ICAI MSME Yatra programme aims to coordinate, synergize and leverage the various strands of excellence driving innovation and entrepreneurship & wishes to facilitate the creation of ideas and inventions that benefit society.

The flagging-off event of the ICAI MSME Yatra will be held on **15th August, 2022 at Mumbai** on its journey across various states

kms The MSME Yatra Vehicle will travel across more than **14000 kms covering various cities** of the Western, Northern, Central, Eastern & Southern parts of the Country to Showcase the MSME Ecosystem to witness by the Public at large.

This MSME Yatra will be held during the month of **August, September, October & November, 2022.**

This will provide a platform for the knowledge enhancement of the MSMEs to be held from **4.30 pm to 7.30 pm** in the designated days.

Indicative topics of the Branch/ RC Level Knowledge enhancement Programme:

- MSME Funding
- MSME Financing and Subsidies
- MSME Institutional Framework
- MSME Sector Specific Incentives
- MSME Central Government Schemes
- MSME State Specific Schemes
- CAs as Swift Responder to MSME Needs
- Chartered Accountant as a Business Solution Provider for MSMEs
- Any other topic specific to MSME

Chairman
Committee on MSME & Startup, ICAI

Vice Chairman
Committee on MSME & Startup, ICAI

Campus for Newly Qualified Chartered Accountants (NQCAs)

August-September, 2022

Maintaining strong and spontaneous relationship with the industry and other business houses remains the main focus of the Committee for members in Industry & Business (CMI&B) of the Institute of Chartered Accountants of India (ICAI). An initiative to that effect remains the Campus Placement Programme (held twice a year) that provides a platform to both the NQCAs and the organizations looking for to hire the best available talents to fulfil their human resource requirement. ICAI simply acts as a facilitator to bring the recruiter and NQCAs together.

Invitation to Organisations - Any organization (except manpower supplier), irrespective of its size, standing in the market and boundary of its business, can take part in this placement programme being held at several centers across the country during August-September, 2022.

Campus Interview Schedule:		
No.	**Major Centres**	**Dates**
1	Mumbai	22nd, 24th, 26th, 29th August, 1st & 3rd September, 2022
2	Delhi	23rd, 25th, 27th, 30th August, 2nd & 5th September, 2022
3	Bengaluru	24th, 26th, 29th August, 1st, 3rd & 5th September, 2022
4	Chennai	25th, 27th, 29th August, 2nd, 5th & 7th September, 2022
5	Kolkata	26th, 29th August, 1st, 3rd, 5th & 7th September, 2022
6	Ahmedabad, Hyderabad, Jaipur & Pune	29th August, 1st, 3rd, 5th, 7th & 9th September, 2022
No.	**Smaller Centres**	**Dates**
7	Bhopal, Durgapur, Ernakulam, Lucknow, Nagpur, Patna, Raipur, Rajkot, Ranchi, Vadodara & Visakhapatnam	26th September, 2022
8	Kanpur	27th & 29th September, 2022
9	Noida & Thane	28th & 30th September, 2022
10	Bhubaneswar, Chandigarh, Coimbatore & Indore	29th September & 1st October, 2022

Invitation to Candidates – The above Campus is meant for the candidates, who would be passing the CA Final Examination held in May, 2022 and also for others who have qualified earlier and are fulfilling the criteria mentioned in the Announcement.

Organizations intending to recruit NQCAs through campus scheme are requested to get in touch with the CMI&B Secretariat, ICAI Bhawan, Indraprastha Marg, New Delhi -110002, and Email: **campus@icai.in,** Tel No. (011)30110555 and to register log on to **https://cmib.icai.org/.**

Candidates may email at **cajob@icai.in,** Tel No. (011)30110491/550 and to register log on to **https://cmib.icai.org/.**

Chairman
Committee for Members in Industry & Business
The Institute of Chartered Accountants of India

Organised By:
Committee for Members in Industry & Business (CMI&B)
The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
'ICAI BHAWAN', Post Box No.: 7100, Indraprastha Marg, New Delhi – 110002 Tel. No.: (011) 30110555 | E-mail: campus@icai.in

Research Committee
The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)

21ST WORLD CONGRESS OF ACCOUNTANTS 2022

75 Azadi Ka Amrit Mahotsav

ICAI DOCTORAL SCHOLARSHIP SCHEME 2022

Last Date for submission of application: **30th Sep, 2022**

About the Scholarship

Doctoral scholarship will be awarded to registered Ph.D. scholars from any recognized University/College/ Institution to pursue and complete their Doctoral Research in Auditing, Taxation, Commerce, Management and Accounting. The candidates must have confirmed Ph.D. Registration.

Eligibility Criteria

- Member of the ICAI.
- Age should be less than 40 years on the date of application
- Candidate shall be Full Time Student at the University / College / Institution while pursuing Ph.D.
- Candidates shall not avail any other scholarship for the same.

How to apply

- The application along with research proposal, abstract (3000 and 300 words respectively) along with all the enclosures must be sent to Research Committee at the given address before the last date mentioned in the advertisement duly signed and stamped by the Ph.D. Registered institution.
- Applications should be received before 30th Sep, 2022.
- For application form click on below link
https://www.icai.org/post/icai-doctoral-scholarship-scheme-2022

Scholarship

The scholarship of **Rs. 50,000** per month for period of 36 months will be given to maximum 5 scholars annually.

Contingency grant

Yearly grant not exceeding **Rs. 50,000/-** per year.

Scholarship Topics

The following topics are suggested:

1. Human Resource Accounting
2. Simplification of Human Resource Laws
3. Government Sector Accounting
4. Integrated Reporting
5. International Taxation Laws
6. Water Audit

The Research Committee will decide the suitability of the topics from time to time.

Procedure for the award of Scholarship

- Applications are initially scrutinized by the Research Committee Secretariat.
- Thereafter, Shortlisting Committee will short-list the meritorious proposals from the eligible applications and such candidates may also be invited for a presentation before Shortlisting Committee.
- The recommendations of the Shortlisting Committee will then be placed before the Research Committee for its final approval

For further details please write to:
Secretary, Research Committee
The Institute of Chartered Accountants of India
ICAI Bhawan, Post Box No. 7100, Indraprastha Marg, New Delhi – 110 002
Tel.: 011-30110435; Mob No.: +919315518268 Email: doctoral.research@icai.in, website: www.icai.org

IMPORTANT ANNOUNCEMENT

(Examination Department)

14th July, 2022

No. 13-CA (EXAM)/November/2022: In pursuance of Regulation 22 of the Chartered Accountants Regulations, 1988, the Council of the Institute of Chartered Accountants of India is pleased to announce that the next Chartered Accountants Intermediate and Final Examinations will be held on the dates and places which are given below provided that sufficient number of candidates offer themselves to appear from each of the below mentioned places.

Similarly, Examinations in Post Qualification Course under Regulation 204, viz.: International Taxation – Assessment Test (INTT – AT) and Insurance and Risk Management (IRM) Technical Examination (which is open to the members of the Institute) will be held on the dates and places (centres in India only) which are given below provided that sufficient number of candidates offer themselves to appear from each of the below mentioned places.

INTERMEDIATE COURSE EXAMINATION

[As per syllabus contained in the scheme notified by the Council under Regulation 28 G (4) of the Chartered Accountants Regulations, 1988.]

Group-I:	**2nd, 4th, 6th & 9th November 2022**
Group-II:	**11th, 13th, 15th & 17th November 2022**

FINAL COURSE EXAMINATION

[As per syllabus contained in the scheme notified by the Council under Regulation 31 (iv) of the Chartered Accountants Regulations, 1988.]

Group -I:	**1st, 3rd, 5th & 7th November 2022**
Group -II:	**10th, 12th, 14th & 16th November 2022**

MEMBERS' EXAMINATION

INTERNATIONAL TAXATION – ASSESSMENT TEST (INTT – AT)

1st & 3rd November 2022

INSURANCE AND RISK MANAGEMENT (IRM) TECHNICAL EXAMINATION

Modules I to IV	**1st, 3rd, 5th & 7th November 2022**

No examination is scheduled on 8th November 2022 (Tuesday) on account of Guru Nanak's Birthday; being a compulsory (gezetted) central government holiday as per F. No. 12/5/2021-JCA-2 dated 8.06.2021 issued by Ministry of Personnel, Public Grievance and Pensions, Government of India.

It may be emphasized that there would be no change in the examination schedule in the event of any day of the examination schedule being declared a Public Holiday by the Central Government or any State Government / Local Holiday.

Candidates may note that Paper - 6 of Final Examination is of 4 hours. However, all other examinations are of 3 hours duration, and the examination wise timing(s) are given below:

Examination	Paper(s)	Exam. Timings (IST)	Duration
Intermediate	All Papers	2 PM to 5 PM	3 Hours
Final	Paper 1 to 5 & Paper 7 & 8.	2 PM to 5 PM	3 Hours
	Paper 6 (Elective)	2 PM to 6 PM	**4 Hours**
Post Qualification Course Examinations* i.e. International Taxation (INTT – AT) and Insurance and Risk Management (IRM) Technical Examination	ALL	2 PM to 5 PM	3 Hours

*In all papers of Post Qualification Course Examination there will not be any advance reading time, whereas in all other papers / exams mentioned above, an advance reading time of 15 minutes will be given from 1.45 PM (IST) to 2 PM (IST).

Further, In case of composite papers having both MCQs based & Descriptive Question Papers, seal of MCQs based Question Paper shall be opened at 2 PM (IST), in other words there will be no prior reading time for MCQs based Question Papers

PLACES OF EXAMINATION CENTRES:

The Chartered Accountants Examinations, November 2022 will be held in the following Indian cities:

Name of the State (No. of Cities)	**Name of the Examination City**
Andaman and Nicobar Islands (1)	Port Blair
Andhra Pradesh (14)	Anantapur, Eluru, Guntur, Kadapa, Kakinada, Kurnool, Nellore, Ongole, Rajamahendravaram, Srikakulam, Tirupati, Vijayawada, Visakhapatnam and Vizianagaram
Assam (5)	Dibrugarh ,Guwahati, Jorhat, Silchar and Tinsukia
Bihar (12)	Begusarai, Bhagalpur, Darbhanga, Gaya, Madhubani, Motihari, Muzaffarpur, Patna, Purnea, Samastipur, Sitamarhi and Siwan
Chattisgarh (5)	Bilaspur, Durg, Raigarh, Raipur and Rajnandgaon
Chandigarh (1)	Chandigarh
Delhi / New Delhi (1)	Delhi / New Delhi
Goa (2)	Mapusa and Margao
Gujarat (20)	Ahmedabad, Anand, Bharuch, Bhavnagar, Bhuj, Gandhidham, Gandhinagar,Himatnagar,Jamnagar,Junagadh,Mehsana,Nadiad, Navsari, Palanpur, Porbandar, Rajkot, Surat, Surendranagar, Vadodara and Vapi
Haryana (18)	Ambala, Bahadurgarh, Bhiwani, Faridabad, Fatehabad, Gurgaon (Gurugram), Hisar, Jind, Kaithal, Karnal, Kurukshetra, Narnaul, Panipat, Rewari, Rohtak, Sirsa, Sonepat and Yamuna Nagar
Himachal Pradesh (1)	Shimla
Jammu & Kashmir (2)	Jammu and Srinagar
Jharkhand (7)	Bokaro Steel City, Deoghar, Dhanbad, Hazaribagh, Jamshedpur, Ramgarh and Ranchi
Karnataka (23)	Bagalkot, Belgaum, Bellary, Bengaluru, Chikkaballapur, Chitradurga, Davangere, Gadag, Hassan, Haveri, Hubli, Kalaburgi (Gulbarga), Kolar, Koppal, Mandya, Mangalore, Mysore, Raichur, Shimoga, Sirsi, Tumakuru, Udupi and Vijayapura
Kerala (14)	Adoor, Alappuzha, Ernakulam, Idukki, Kalpetta, Kannur, Kasaragod, Kollam (Quilon), Kottayam, Kozhikode, Malappuram, Palakkad, Thiruvananthapuram and Thrissur
Madhya Pradesh (15)	Bhopal, Burhanpur, Chhindwara Gwalior, Indore, Jabalpur, Katni, Khandwa, Mandsaur, Neemuch, Ratlam, Rewa, Sagar, Satna and Ujjain
Maharashtra (36)	Ahmednagar, Akola, Amravati, Aurangabad, Badlapur, Beed, Bhiwandi, Khamgaon (Buldhana), Chandrapur, Dhule, Gondia, Ichalkaranji, Jalgaon, Jalna, Kolhapur, Latur, Mumbai, Nagpur, Nanded, Nandurbar, Nasik, Navi Mumbai, Palghar, Panvel, Parbhani, Pimpri-Chinchwad, Pune, Ratnagiri, Sangli, Satara, Sindhudurg, Solapur, Thane, Vasai, Wardha and Yavatmal

Meghalaya (1)	Shillong
Odisha (8)	Balangir, Berhampur (Brahmapur), Bhubaneswar, Cuttack, Jharsuguda, Rayagada, Rourkela and Sambalpur
Puducherry (1)	Puducherry
Punjab (8)	Amritsar, Bathinda, Jalandhar, Ludhiana, Mandi Gobindgarh, Pathankot, Patiala and Sangrur
Rajasthan (22)	Ajmer, Alwar, Banswara, Beawar, Bharatpur, Bhilwara, Bikaner, Bundi Chittorgarh, Churu, Jaipur, Jhunjhunu, Jodhpur, Kishangarh, Kota, Nagaur, Pali - Marwar, Rajsamand, Sikar, Sirohi, Sri Ganganagar and Udaipur
Sikkim (1)	Gangtok
Tamil Nadu (27)	Chennai, Coimbatore, Cuddalore, Dharmapuri, Dindigul, Erode, Hosur, Kancheepuram, Karaikudi, Karur, Kumbakonam, Madurai, Nagapattinam, Nagercoil, Namakkal, Pudukkottai, Salem, Sivakasi, Theni, Tiruchirapalli, Tirunelveli, Tirupur, Tiruvallur, Tiruvannamalai, Tuticorin, Vellore and Villupuram
Telangana (8)	Adilabad, Hyderabad, Karimnagar, Khammam, Mahabubnagar, Nalgonda, Nizamabad and Warangal
Tripura (1)	Agartala
Uttar Pradesh (18)	Agra, Aligarh, Allahabad (Prayagraj), Bareilly, Bulandshahr, Firozabad, Ghaziabad, Gorakhpur, Jhansi, Kanpur, Lucknow, Mathura, Meerut, Moradabad, Muzaffarnagar, Noida, Saharanpur and Varanasi
Uttarakhand (4)	Dehradun, Haldwani, Haridwar and Kashipur
West Bengal (7)	Asansol, Durgapur, Hooghly, Kharagpur, Kolkata, Raniganj and Siliguri

PLACES OF EXAMINATION CENTRES OVERSEAS:

[FOR INTERMEDIATE AND FINAL EXAMINATIONS ONLY]

The November 2022 Examinations will also be held at the 8 (Eight) overseas examination centres, namely

Overseas (8)	Abu Dhabi, Bahrain, Thimphu (Bhutan), Doha, Dubai, Kathmandu (Nepal), Kuwait and Muscat

The Examination commencement timings at Abu Dhabi, Dubai and Muscat Centres will be 12.30 PM i.e. Abu Dhabi, Dubai and Muscat local time corresponding / equivalent to 2 PM. (IST). The Examination commencement timing at Bahrain, Doha, and Kuwait Centre will be 11.30 AM i.e. Bahrain / Doha / Kuwait local time corresponding / equivalent to 2 PM. (IST). The Examination commencement Timing at Kathmandu (Nepal) Centre will be 2.15 PM Nepal local time corresponding / equivalent to 2 PM (IST). The Examination commencement Timing at Thimphu (Bhutan) Centre will be 2.30 PM Bhutan local time corresponding / equivalent to 2 PM (IST).

The Council reserves the right to withdraw any city / centre at any stage without assigning any reason.

Online filling up of examination application forms:

As a part of automation and platform consolidation, ICAI is pleased to announce that all candidates in respect of Intermediate & Final Examinations will be required to apply online at https://eservices.icai.org (Self Service Portal - SSP) for November 2022 Exam onwards and also pay the requisite examination fee online. These forms are based on your eligibility of your course based on announcements and regulations. These forms will be available on SSP, and you are requested to login with your credentials (Username <SRN@icai.org> and password). These Exam forms will be available in SSP effective designated dates as would be announced on www.icai.org.

Kindly Note: If you have never registered as a user in SSP, Kindly open the following URL: https://eservices.icai.org/EForms/configuredHtml/1666/57499/Registration.html?action=existing

Please use forgot password option in case you have forgotten or lost your password. Students are also requested to Create User Name, Register Course, Convert Course, Revalidate, Update Photo, Signature and Address on SSP only.

Members desirous to apply for Post Qualification Course Examinations i.e. International Taxation – Assessment Test (INTT – AT) and Insurance and Risk Management (IRM) Technical Examination (which is open to the members of the Institute) are required to apply on-line at **pqc.icaiexam.icai.org**

Examination fee can be remitted on-line by using VISA or MASTER or MAESTRO Credit / Debit Card / Rupay Card / Net Banking / Bhim UPI.

Opening and Closing of online window for submission of examination application forms.

The following dates(s) may be noted:

Details	**For Final, Intermediate & PQC Exams** [November 2022]
Commencement of submission of online examination application forms	**21st July 2022** [Thursday]
Last date for submission of online examination application forms (without late fees)	**10th August 2022** [Wednesday]
Last date for submission of online examination application forms (with late fees of ₹ 600/- or US $ 10)	**17th August 2022** [Wednesday]

Examination Fee

The examination fee(s) for various courses are as under:--

Intermediate Course Examination	
For Indian Centre(s)	
Single Group / Unit 4A to 10 (except Unit 8A & 9A)	₹ 1500/-
Both Groups / Unit 8A / Unit 9A	₹ 2700/-
For Overseas Centre(s) – Excluding Kathmandu & Bhutan Centre	
Single Group / Unit 4A to 10 (except Unit 8A & 9A)	US$ 325
Both Groups / Unit 8A / Unit 9A	US$ 500
For Bhutan & Kathmandu Centre(s)	
Single Group / Unit 4A to 10 (except Unit 8A & 9A)	INR ₹ 2200
Both Groups / Unit 8A / Unit 9A	INR ₹ 3400
Final Course Examination	
For Indian Centre(s)	
Single Group	₹ 1800/-
Both Groups	₹ 3300/-
For Overseas Centre(s) – Excluding Kathmandu & Bhutan Centre	

Single Group	US$ 325
Both Groups	US$ 550
For Bhutan & Kathmandu Centre(s)	
Single Group	INR ₹ 2200
Both Groups	INR ₹ 4000
INTERNATIONAL TAXATION – ASSESSMENT TEST	₹ 2000/-
INSURANCE & RISK MANAGEMENT (IRM)	₹ 2000/-

The late fee for submission of examination application form after the scheduled last date would be ₹ 600/- (for Indian/Kathmandu/Bhutan Centres) and US $ 10 (for Abroad Centres) as decided by the Council.

OPTION TO ANSWER PAPERS IN HINDI:

Candidates of Intermediate and Final Examinations will be allowed to opt for English / Hindi medium for answering papers. Detailed information will be found in guidance notes hosted at https://www.icai.org/. However the medium of Examinations will be only English in respect of Post Qualification Course viz.: International Taxation – Assessment Test (INTT – AT) and Insurance and Risk Management (IRM) Technical Examination.

The Candidates are advised to note the above and stay in touch with the website of the Institute, www.icai.org.

(S. K. GARG)
ADDITIONAL SECRETARY (EXAMINATIONS)

Invitation for empanelment as Counsellors for the Career Counselling Programmes organized by the Committee on Career Counselling

The Committee on Career Counselling (CCC) is constituted to promote Commerce Education with special focus on CA Course amongst Secondary, Higher Secondary, Graduate and Post Graduate Students by conducting Career Counselling Sessions in schools and Colleges.

Applications are invited from eligible members of the Institute to empanel as a Counsellor, having a flair for conducting career counselling programme. The eligible members can register through the online portal https://ccg.icai.org/ and can contribute to the successful drive of Career Counselling.

Eligibility to be a Counsellor: A Chartered Accountant (active member) with good command over English and vernacular language, with exemplary Communication and Public Speaking Skills.

Honorarium	Rs. 5000/- including Conveyance.
Expenses	Expenditure includes all items like cost of Banner, Memento to Schools/College Heads, Photographs, Press Meet etc. Actual expenditure incurred subject to maximum of Rs. 2000/- will be paid to the Counsellor. GST will be paid extra at actuals.

Members who are already empaneled need not apply again.

For any queries related to above kindly contact at 0120-3876871/886, email: ccc.secretary@icai.in

Committee on Career Counselling,
ICAI Bhawan, A- 29, Sector,62,
Noida-201014.

RESULT OF CHARTERED ACCOUNTANTS FINAL EXAMINATION HELD IN MAY-2022

The result of the Chartered Accountants Final Examination was declared recently.

The details of percentage of candidates passed in the above said examinations are given below:

	Group(s)	No. of candidates appeared	No. of candidates passed	% of pass
I	Group - I	66575	14643	21.99
II	Group - II	63253	13877	21.94
III	Both Groups	29348	3695	12.59

Consequent to declaration of result as mentioned above, 12449 candidates qualified as Chartered Accountants.

The details of top three rank holders on the all India basis for the FINAL Examination held in May-2022 with the marks secured by them are also given herewith.

TOPPERS OF CHARTERED ACCOUNTANTS FINAL EXAMINATION MAY - 2022

	ALL INDIA TOPPER FIRST RANK	ALL INDIA SECOND RANK	ALL INDIA THIRD RANK
			
Name	**Meet Anil Shah**	**Akshat Goyal**	**Shrushti Keyurbhai Sanghavi**
City	Mumbai	Jaipur	Surat
Marks	642/800	639/800	611/800
%	80.25	79.88	76.38

RESULT OF CHARTERED ACCOUNTANTS INTERMEDIATE EXAMINATION HELD IN MAY-2022

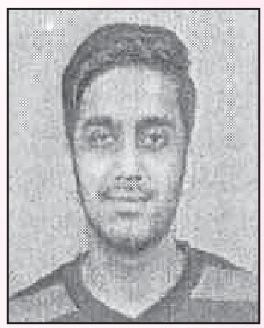
The result of the Chartered Accountants Intermediate Examination was declared recently.

The details of percentage of candidates passed in the above said examinations are given below:

	Group(s)	No. of candidates appeared	No. of candidates passed	% of pass
I	**Group - I**	80605	10717	13.30
II	**Group - II**	63777	7943	12.45
III	**Both Groups**	24475	1337	5.46

The details of top three rank holders on the all India basis for the Intermediate Examination held in May-2022 with the marks secured by them are also given herewith.

TOPPERS OF CHARTERED ACCOUNTANTS INTERMEDIATE EXAMINATION MAY - 2022

	ALL INDIA TOPPER FIRST RANK	ALL INDIA SECOND RANK	ALL INDIA THIRD RANK
			
Name	**Rajan Kabra**	**Nishtha Bothra**	**Kunal Kamal Hardwani**
City	Aurangabad	Guwahati	Kamptee-Nagpur
Marks	666/800	658/800	643/800
%	83.25	82.25	80.38

Glimpses of June - July 2022

edugraph

ICAI proposes new curriculum for CA education

Our Correspondent, Posted on 01 July 2022

Summary

- ICAI has proposed a new curriculum for CA education and training
- The proposed scheme intends to internationalize CA education, integrate digital tools in the CA curriculum, increase the rigor in the curriculum, adopt a futuristic method of education and much more

The Institute of Chartered Accountants of India (ICAI) has proposed a new scheme for CA education and training, adopting a newer way of learning. The new curriculum aims to internationalize CA education, integrate digital tools in the CA curriculum, incorporate a futuristic outlook and introduce several other fresh initiatives to help prepare CAs to unlock greater industry insight and provide them with the most extensive education and training in CA.

Within the existing scheme of education, there are three levels of papers for students to clear – Foundation, Intermediate and Final. The proposed scheme would retain the same paradigm with structural and qualitative changes.

The salient features and focus areas of the proposed scheme are as follows:

- **Adoption of newer ways of learning and furnishing interpretative skills:** The new scheme proposes open book/ closed book for all papers at the Final level. It also proposes the introduction of 30% MCQs in the Intermediate and Final levels to strengthen the students' analytical skills.
- **Increase in the duration of the course:** The new scheme proposes an increase in the number of exams from 2 to 3 in a year, making the course more rigorous as well as 2 years of seamless Practical Training after students' clear the Intermediate level.

  Implementation of an International Curriculum: The proposed scheme aims to internationalize the current curriculum by incorporating virtual soft skills and information technology training in order to build global-ready CAs. Candidates living outside India may undergo Practical Training under eligible Members of Accounting Bodies outside India recognized by the International Federation of Accountants (IFAC).
- **A future-forward outlook:** The proposed scheme will put forth a single International Curriculum aimed at both domestic and international students while introducing online self-paced modules for technology-enabled easy learning and assessment. There will be four self-paced online learning modules, students can learn and qualify the modules at their own pace after clearing the Intermediate level examination.
- **Integration of Ethics & Technology:** The curriculum will embed ethics and information technology with core subjects at the Final level.
- **Intermittent Exit Route:** Students who would not have cleared the Final level Examination will be eligible to apply for a Business Accounting Associate (BAA) certificate after fulfilling the prescribed criteria.

"The objective of the new scheme is to design a curriculum which is futuristic and globally relevant. This would also help in devising new and effective means to impart education and training and assess the performance of students. Considering the diverse student base spread across India and abroad, the new scheme focuses on new and effective ways of imparting knowledge. It includes harnessing general management and communication skills and imparting education in ethics and Information Technology. Further, the overall objective is to ensure that students are able to develop interpretational skills and also have a high degree of industry orientation, which can make them play an integral and strategic role in any position," said Dr Debashis Mitra, President of ICAI for the year 2022-23.

ICAI was formed in 1949 and stands as the second largest body of CAs globally. Headquartered in Delhi, ICAI has mutual recognition agreements with several international bodies of Accountants like the England & Wales Institute of Chartered Accountants, the Chartered Professional Accountants of Canada, and the Bahrain Institute of Banking & Finance, among others. The Chartered Accountants trained at ICAI in India are now working in 77 cities across 48 countries.

THE HINDU

FRIDAY, JUNE 24, 2022

ICAI to come out with paper on crypto currency

SPECIAL CORRESPONDENT
COIMBATORE

The Institute of Chartered Accountants of India (ICAI) will come out with a research paper on crypto currency, Debashis Mitra, president of the Institute, told presspersons here on Thursday.

The paper is expected to be ready in a couple of months and it will cover aspects such as accounting, taxation, and technology related to crypto currency.

Mr. Mitra said the Institute revised the CA syllabus once in five or seven years and was in the process of doing so now.

Taking into account the National Education Policy (NEP), technology, and international changes, the Institute had come out with a revised syllabus. It would accept comments on the "Proposed Scheme of Education and Training" till July 1 and after getting the government's approval, implement the revised syllabus, which would probably be from next year.

"We want to lay more stress on new technologies such as artificial intelligence and block chain. We want to lay greater stress on ethical standards.. the NEP lays stress on open book and digitalisation and these have been adopted (in the new syllabus). This is to ensure application of mind," he added.

On the issue of the Central government recommending disciplinary action against Chartered Accountants (CAs) for their alleged role in incorporating Chinese shell companies, Mr. Mitra said the 400 people involved other professionals too. "We have zero tolerance for professional misconduct," he said. The Institute would hear out those who were said to be involved, and, if guilty, action would be taken on them.

The ICAI would host the 21st World Congress of Accountants in Mumbai this year.

The four-day programme would be from November 18 to 21 and about 75 overseas speakers were expected. Delegates would be from 135 countries. "It gives an opportunity to showcase the Institute and India to the world when the country is celebrating 75 years of Independence," he added.

THE HINDU BusinessLine
SATURDAY - JULY 2 - 2022

CAs must assist MSMEs, local bodies, says CAG

KR SRIVATS
New Delhi, July 1

The Comptroller and Auditor General of India (CAG) GC Murmu on Friday asked the CA Institute to reach out to regulators, interact and provide them real time information.

Addressing the 74th Chartered Accountants day celebrations of the ICAI, Murmu highlighted that providing of real time information can further strengthen the present framework and bring synergies among the regulators.

Murmu also highlighted the expectation gap — what the statutory audit mechanism is designed by law to do versus what the stakeholders expect the auditors to be — that the audit profession not only in India but across the world is encountering.

"While this seems like a daunting expectation to deliver, in reality all it calls for is integrity, courage of conviction, constant updating of knowledge and running the course without fear or favour", Murmu said.

'Help MSMEs scale up'

Murmu urged the Chartered Accountants fraternity to play a larger role in the MSME space. " While CAs do provide audit and compliance support, there is a specific opportunity to engage with MSMEs as financial advisors to help them build scalable businesses with robust processes", he said.

The CAG also saw a more proactive role for the chartered accountants in helping smaller urban local bodies and most of the Panchayati Raj Institutions improve their accounting systems.

livemint

Becoming a CA is going to get tougher

Gireesh Chandra Prasad
gireesh.p@livemint.com
NEW DELHI


ICAI president Debashis Mitra said that the CA aspirants have to score a higher percentage in the foundation course.

The Institute of Chartered Accountants of India (ICAI) is set to raise the bar for entrance to revamped chartered accountancy courses so that only those with a high degree of aptitude get to study and become CAs prepared for new growth areas like forensic audits and sustainability reporting.

As part of the plan, aspirants have to score a higher percentage in the foundation course before entering the three-year CA articleship, said ICAI president Debashis Mitra.

"There are four papers in foundation examination. At present, one has to score 40% in each of the subjects and 50% in aggregate. Now we are proposing that on each paper, one needs to score 50%. It is making it tougher to enter the course," said Mitra.

He said the principle is similar to the admission process in IITs and IIMs where the bar is high. This would ensure students are of a high quality who do not end up wasting their time on a course that they cannot complete.

"The changed curriculum has been given in-principle approval by the ministry of corporate affairs," said Mitra. ICAI will incorporate more case studies in its curriculum to ensure greater application of mind by students and to discourage rote learning. ICAI is trying to prepare students in emerging areas of accounting and auditing including sustainability reporting and forensic audits. "We believe that sustainability will be an area of great importance in future. We are laying a lot of emphasis on non-financial reporting, for example, in areas of environment and emissions. On the audit front, we believe forensic audit will play a big role in the future," said Mitra.

Technology and data analytics will now have a greater coverage in the chartered accountancy curriculum

"We have developed 23 forensic audit standards. We are trying to get the profession ready to take full advantage of the opportunities provided by forensic auditing," he said. Besides, technology and data analytics will find greater coverage in the chartered accountancy curriculum.

ICAI also intends to give data analytics tools and software to all its members free of cost. "The changes in the curriculum are being made keeping in mind the technological developments around us and global best practices," Mitra said.

The accounting rule maker also plans to eventually expand the scope of peer-review of statutory audits. At the moment, audits conducted by audit firms need to be peer reviewed for quality by another auditor but this requirement is not applicable to statutory audits done by individual auditors.

Putting in motion a revamped disciplinary mechanism for professionals is also high on the agenda. The government earlier this year passed the Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Act to revamp the disciplinary mechanism for these professionals. Once the ministry of corporate affairs comes out with the rules, the disciplinary committee of the Institute has to be reconstituted with three non-chartered accountants nominated by the government.

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Top audit bodies end discord over small businesses

Gireesh Chandra Prasad
gireesh.p@livemint.com
NEW DELHI


Institute of Chartered Accountants of India president Debashis Mitra.

Two of India's top audit regulators have buried their differences over a proposal to relax the statutory audit requirement of small businesses, following a change of guard at the helm of both institutions.

Last September, the Institute of Chartered Accountants of India (ICAI) opposed a consultation paper from the National Financial Reporting Authority (NFRA) proposing to ease the statutory audit requirement for small businesses. While ICAI is India's accounting rule maker and self-regulator of auditors, NFRA is the audit watchdog set up by the government.

ICAI president Debashis Mitra said in an interview that the two bodies now work in a complementary manner, indicating the end of sharp differences over the framework of statutory audit and the tension between the two institutions.

"We work in a complementary manner. We respect the NFRA just as I would also like to think the NFRA respects ICAI. Today we are not on a collision course. We are on the same page on the issue of audit quality. We both believe the audit quality needs to be very high," Mitra said in the interview.

Both institutions have held talks over key audit matters and regularly exchange views, a government official said on condition of anonymity. An email sent to NFRA on Tuesday seeking comments for the story remained unanswered till press time.

In March, former finance secretary Ajay Bhushan Pandey took over as chairperson of NFRA after the term of the watchdog's first chairperson, Rangachari Sridharan, ended last year. Under Sridharan's watch, NFRA sought public comments on the audit framework for small businesses, which met with resistance from ICAI. ICAI, too, has a new president, as the term of the accounting rule maker is limited to one year.

The NFRA consultation paper sought comments on whether or not small and medium firms need to be given relaxation on statutory audit requirements and what should be the threshold. ICAI then pointed out that NFRA has no jurisdiction over small businesses to decide whether or not they need to be audited.

"That was a consultative paper by NFRA. ICAI took the stand that we were never consulted. We also said NFRA does not deal with these kinds of companies as it deals with public interest entities. Subsequent to that, I think we have not heard anything on that, neither from NFRA nor from the government," Mitra said.

That consultation paper gave details of how small firms get their audit done. NFRA's preliminary analysis then showed that the fees paid to auditors by a large majority of micro, small and medium companies were way below what an audit, when performed in compliance with the letter and spirit of the standards of auditing, would require. The watchdog then said it was appropriate to revisit the requirement of compulsory statutory audit for all companies.

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CONTACT
CA. Rangoli Sharma
Executive Officer
Tel. Direct Line : 022-33671487
Email : wcoafp@icai.in
Mobile: +91 91671 13768

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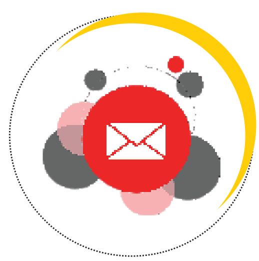

#Any other professional topic in mind?
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