



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

VOL 27 | NO.9 | PAGES 36 | FEBRUARY 2024 | ₹50

The Chartered Accountant **STUDENT**

Your monthly guide to CA news, information and events



Foundation: Paper 2:
Business Laws

Intermediate: Paper 6B:
Strategic Management

Final: Paper 6:
Integrated Business Solutions



Board of Studies (Academic) (2023-24)

Chairman

CA. Vishal Doshi

Vice Chairman

CA. Dayaniwas Sharma

Members

CA. Aniket Sunil Talati, President (Ex-officio)
CA. Ranjeet Kumar Agarwal, Vice-President (Ex-officio)
CA. (Dr.) Rajkumar Satyanarayan Adukia
CA. Chandrashekhar Vasant Chitale
CA. Dheeraj Kumar Khandelwal
CA. Durgesh Kumar Kabra
CA. Mangesh Pandurang Kinare
CA. Piyush Sohanraji Chhajed
CA. Sridhar Muppala
CA. Prasanna Kumar D
CA. Cotha S. Srinivas
CA. Sripriya Kumar
CA. Sushil Kumar Goyal
CA. (Dr.) Debashis Mitra
CA. Rohit Ruwatia
CA. (Dr.) Anuj Goyal
CA. Prakash Sharma
CA. Kemisha Soni
CA. (Dr.) Raj Chawla
CA. Hans Raj Chugh
CA. Pramod Jain
CA. Charanjot Singh Nanda
CA. (Dr.) Sanjeev Kumar Singhal
Dr. P. C. Jain
Advocate Vijay Kumar Jhalani

Co-opted Members

CA. Viral Kiran Mehta
CA. Manoj Kumar
CA. Jay Prakash Sharma
CA. Vikash Parakh
CA. Prasant Panda
CA. Palak Bhaskerbhai Pavagadhi
CA. Ankit Chotalia
CA. Ajitkumar C Shah
CA. Balakrishnan K

Special invitees

CA. (Dr.) G. S. Grewal
CA. Dhaval Thakkar
CA. Mahavir Jain
CA. (Dr.) Sangeeta Pandit
CA. Suresh Saket Bagdia
CA. Pawankumar Nanuram Swami
CA. Praful Karan Thacker
CA. Ravindra Vikram M
CA. Pankaj Kumar Trivedi
CA. Sohil Paresh Shah
CA. Yatinkumar Navinbhai Patel
CA. Abhishek Kedia

Total Circulation: 2,84,279

Check your Address: Dear Students, in case there is any change in your address, kindly log in on SSP portal and give full particulars of your address along with correct PIN Code. This would enable us to ensure regular and prompt delivery of the Journal.

Correspondence with regard to advertising and writing articles

Email: writesj@icai.in

Non-receipt of Students' Journal

Email: nosj@icai.in

INSIDE

- 03 President's Communication
- 04 Vice-President's Communication
- 05 Chairman's Communication
- 06 Chairman SSEB (Board of Studies-Operations) Communication
- 07 CA Final: Integrated Business Solutions
- 22 CA Intermediate: Strategic Management
- 27 CA Foundation: Business Laws
- 31 Announcements
- 32 NES-CA 2024
- 36 Crossword

President and Editor-in-Chief

CA. Aniket Sunil Talati

Chairman

CA. Vishal Doshi

Vice President

CA. Ranjeet Kumar Agarwal

Vice Chairman

CA. Dayaniwas Sharma

Joint Director-Board of Studies (Academic)

CA. Priya Subramanian

Editorial Support

Dr. Ruchi Agarwal, Deputy Secretary
Jai Narayan Ram, Deputy Secretary

Office

Board of Studies, The Institute of Chartered, Accountants of India, ICAI Bhawan, A-29, Sector-62, Noida-201 309. Phone : 0120-3045907

Head Office

The Institute of Chartered Accountants of India, ICAI Bhawan, Indraprastha Marg, New Delhi-110002.

EDITOR: CA. VISHAL DOSHI

Printed and published by CA. Vandana Nagpal, on behalf of The Institute of Chartered Accountants of India, New Delhi.

PUBLISHED at The Institute of Chartered Accountants of India, I.P. Marg, New Delhi - 110104 and printed at M/s. Printrade Issues (INDIA) Pvt. Ltd., Plot No. EL-179, TTC Industrial Area, Electronic Zone, Mahape, Dist. Thane, Pin Code - 400 710, Maharashtra.

The views and opinions expressed or implied in THE CHARTERED ACCOUNTANT STUDENT are those of the authors and do not necessarily reflect those of ICAI. Unsolicited articles and transparencies are sent at the owner's risk and the publisher accepts no liability for loss or damage. Material in this publication may not be reproduced, whether in part or in whole, without the consent of ICAI.

DISCLAIMER: The ICAI is not in any way responsible for the result of any action taken on the basis of the advertisement published in the Journal.

SWACHH BHARAT - A STEP TOWARDS CLEANLINESS

|| PRESIDENT'S COMMUNICATION



Dear Students,

Warmest Greetings to you all,

I extend my heartiest congratulations to all the students who have successfully qualified in the Final and Intermediate level exams in November 2023 which were one of the largest exams conducted. Your achievements are a testament to your steadfast commitment and perseverance in pursuit of excellence. A special acknowledgment goes to the toppers who have exhibited exceptional dedication and academic prowess. I welcome all the newly qualified Final students to the esteemed community of Chartered Accountants as Members. As you embark on this new chapter of your professional journey, remember that this world is filled with opportunities waiting to be explored.

For those who have not qualified, I urge you not to be disheartened. Take this as a learning experience and use it as an opportunity to reassess your preparation strategy. With determination and renewed focus, I am confident that you will come back stronger.

Recap of the Successful NES-CA 2024 Summit

It is my pleasure to share the resounding success of the National Education Summit on Commerce & Accountancy (NES-CA) 2024, organized by the Board of Studies (Academic). The summit, which took place on 22nd & 23rd January, 2024, marked a significant milestone in our ongoing efforts to standardise the level of Commerce education throughout the country. Inaugurated by the University Grants Commission (UGC) Vice Chairman, Prof. Deepak Kumar Srivastava, the event witnessed a gathering of delegates, including senior academicians, researchers, and scholars, at New Delhi. Prof. Srivastava's keynote address set the tone for the summit, emphasizing the crucial role of Commerce and Accountancy in shaping the future of our nation. The 2-day event served as a platform for insightful and thought-provoking discussions, contributing to the overall enhancement of commerce education in the country. On the occasion, '**आरम्भ: A Step towards Financial Independence**', a learning material for students, which is aimed to foster financial resilience and enhance decision making ability of students was also released, thereby enabling them to counter financial challenges across various life stages with confidence. ICAI collaborated with Association of Indian Universities (AIU) and National Council of Educational Research and Training (NCERT) for NES-CA 2024. As we reflect on the success of this summit, I am confident that the insights gained will play a pivotal role in shaping the future of commerce education in our country.

ICAI & Navodaya Vidyalaya Samiti Join Hands to Promote Commerce Education

I am delighted to share that the Committee on Career Counselling of ICAI formalized a Memorandum of Understanding (MOU) with Navodaya Vidyalaya Samiti, Noida last month to promote

commerce education, with a special emphasis on the Chartered Accountancy (CA) course, among the students of class VIII, Secondary, and Senior/Higher Secondary schools in Jawahar Navodaya Vidyalaya institutions nationwide. A series of Career Counselling Programmes and allied activities will be organized with the support of Regional Councils and Branches to ensure their successful implementation across various Jawahar Navodaya Vidyalaya schools throughout the country.

Successful hosting of National Dashboard Competitions

With an aim of nurturing analytical and creative thinking skills among CA students for an enriched learning experience, the Students Skills Enrichment Board successfully hosted the CA Students' National Dashboard Visualization and Sketching Competitions in Indore recently. Hon'ble Former Speaker of the Lok Sabha, Smt. Sumitra Mahajan, added prestige as the Chief guest and offered valuable insights to the participants.

Gratitude to our Institute and the CA community

It is with great sense of satisfaction and delight I write to you today, soon marking the conclusion of my tenure as the President of ICAI. Serving as the President of ICAI over the past year has been an extraordinary and a deeply fulfilling experience. In this journey, I feel humbled and fortunate to have received the support, cooperation, and affection from the Central Council, Regional Councils, Branches, Chapters, Members, Faculties, and most importantly, the students.

ICAI's indelible impression is visible as generations of its members chose to serve it faithfully. My late grandfather appeared in the 'First Examination' of ICAI in 1949 and stood All India First. Later he served the profession as a Council member. After him, my father also served as a Council Member and then as the President. My personal journey with ICAI dates back to 2010 when I first joined the Ahmedabad branch of WIRC followed by Regional Council and now Central Council. Over the years, I have had the privilege of witnessing the dedication and passion of our members and students, which has been a constant source of inspiration for me.

I extend my sincere appreciation to CA. Ranjeet Kumar Agarwal, Vice President of ICAI, for his constant support and dedication. A special acknowledgment to CA. Vishal Doshi, Chairman and CA. Dayaniwas Sharma, Vice-Chairman of BoS (A), for their exceptional contributions. I would also like to thank the entire BoS team for their tireless efforts, support, and cooperation throughout the year and especially for the successful launch of the **New Scheme of Education and Training** on 1st July 2023.

In the end, I extend my heartfelt gratitude to the entire ICAI community for the trust you placed in me and for your relentless dedication to the cause of our profession.

As you navigate through the intricacies of CA course, do so with utmost sincerity and I advise you to constantly increase your technological quotient as Artificial Intelligence i.e. AI which are also last letters in 'ICAI' is going to reshape the business and the way in which professional services are rendered.

Wishing you all the best in your academic pursuits and future endeavours.

Let us be the torchbearers of honesty, virtue, and compassion, setting an example for others to follow. **Let us always remain dedicated to our profession and feel extremely proud to say 'I am the "I" in ICAI'.**

With best wishes,

CA. ANIKET S. TALATI
PRESIDENT, ICAI

VICE PRESIDENT'S COMMUNICATION



Dear Students,

I am delighted to share this final message as the Vice President of our esteemed institute. As the results of the November 2023 examinations have been declared, I extend my warmest congratulations to the candidates who were successful in the November 2023 examinations. Your achievement brings a sense of pride and marks your entry into the distinguished fraternity of chartered accountants.

In the CA Intermediate Examination held in November 2023, 16.78% of candidates have passed Group I and 19.18% of candidates have passed Group II. A total of 9.73% of candidates have passed both the Groups. Also, 9.46% of candidates have passed the CA Final Examination Group I held in November 2023 whereby 21.6% of candidates have passed Group II and 9.42% of candidates have passed both Groups. In this examination, 8650 candidates have qualified as Chartered Accountants.

As you help out on your path to becoming a chartered accountant, you must recognize that success is frequently intertwined with setbacks and victories, which help define your career path. In this message, we discuss success instances and motivational narratives that serve as a guiding beacon for aspiring CAs.

Embracing Challenges: The Forge of Excellence

Success is not merely an endpoint but a journey marked by the ability to confront and overcome challenges. Many renowned Chartered Accountants started their careers with humble beginnings, facing obstacles that tested their mettle. *Take, for instance, those CA students who, despite facing financial constraints and personal setbacks, rose above adversity through sharp determination. Their journey serves as a testament to the belief that determination can transform challenges into stepping stones toward success.*

Mastering the Art of Time Management: A Keystone to Success

One common thread among successful CA professionals is their adeptness at time management. Balancing the rigorous study schedule with personal commitment is an art that demands precision and discipline. *We may explore the case of students who excelled in their CA exams while juggling domestic responsibilities and a part-time job. Their journey underscores the importance of effective time management in pursuing excellence.*

Leveraging Technology: A Modern Approach to CA Success

Technology is playing an increasingly pivotal role, and embracing digital tools and staying abreast of technological advancements can significantly enhance your capabilities as a future CA. *Take, for instance, how using the power of technology not only streamlined their workflow but also positioned them as a catalyst in the dynamic landscape of financial services.*

Importance of Communication and Interpersonal Skills

Now, as you stand on the threshold of transitioning from dedicated students to competent, conscientious professionals, the commencement of the placement process necessitates sharpening your communication and interpersonal skills, which is the key to success.

Mentorship: Building Bridges to Success

Behind every successful CA is often a mentor who has played a crucial role in their professional development. Establishing connections within the CA community can open doors to mentorship opportunities, valuable insights, and collaborative ventures. *The principal who guides the CA students in their studies while undergoing practical training in his firm exemplifies that the mentorship can have transformative impact on a budding CA's career, emphasizing the importance of building a supportive system within the profession.*

The Power of Resilience: Overcoming the Obstacles

Obstacles are an inevitable part of any journey, and CA students are no exception. The ability to overcome obstacles is what distinguishes the resilient ones from the others. *An individual from a remote rural area who has to travel long distances to and fro every day to his principal's office passes CA with distinction. His story is a witness to the saying that "obstacles are not roadblocks but rather diversions on the path to success."*

Ethical Leadership: A Cornerstone of Professional Integrity

The ethical dimension of Chartered Accountancy cannot be overstated. Upholding ethical standards is not only a professional obligation but also a cornerstone of long-term success. *It exemplifies how a CA, by adhering to unwavering ethical principles, can build a reputation and also become a trusted advisor in the business community.*

Innovative Thinking: Navigating the Evolving Landscape

When the Indian economy is well poised to become the world's third-largest economy by 2030, the responsibility to steer the growth potential rests upon the young shoulders of the country's youth, who are empowered professionals of today. As the business landscape undergoes rapid transformations, CAs must cultivate innovative thinking to stay ahead. *A chartered accountant's innovative approach to problem-solving resolves complex financial issues and positions him as a thought leader in the profession.*

Conclusion: Your Journey, Your Triumph

In conclusion, becoming a Chartered Accountant is a transformative journey marked by challenges, triumphs, and invaluable lessons.

The future of the profession of Chartered Accountancy awaits your contribution, and I am confident that each of you will add a distinctive thread to the rich embroidery of success in this noble profession.

For those who, this time, did not achieve success, do not feel disheartened. Resume your studies with increased vigor and zeal. Introspect, redesign your strategy, leverage your strengths, and remember: *if you set your mind on a purposeful and productive goal and work towards it consistently with single-minded dedication, you are bound to achieve it.*

Wishing you an inspiring and successful journey ahead!

With Best Wishes

CA. RANJEET KUMAR AGARWAL
VICE PRESIDENT, ICAI



My Dear Students

At the outset, I along with my Vice Chairman CA. Dayaniwas Sharma would like to convey our heartfelt congratulations to all the students who cleared their November 2023 examination. For the students who could not succeed this time, we wish you achieve the success in your future attempt.

As this is my last communication to you as Chairman, BoS(A), I feel contented to have a fulfilling and satisfying journey throughout my tenure. During the whole year, my experience has been remarkable and fulfilling with immense support of President, ICAI, Vice President, ICAI, my Vice Chairman, Council colleagues and BoS(A) officials. All through the year 2023-24, we collaborated persistently with sincerity and perseverance and undertook various initiatives and feats to make our students' learning more effective and efficient.

The ICAI launched its New Scheme of Education and Training for its students under the esteem presence of the Hon'ble President of Bharat, Smt. Droupadi Murmuji on 1st July 2023. Soon after the launch, the BoS(A) proactively took pivotal steps to enable efficient and productive learning for its students appearing in May 2024 examination under the New Scheme of Education and Training:

- **Release of Study Material:** The BoS(A) promptly provided the relevant and informative Study Materials for all the subjects and Set A and Set B Self-Paced Online Modules to facilitate the students to prepare well for their first attempt in May 2024 examination under New Scheme of Education and Training.
- **Free Live Learning Classes (LLC):** To further assist the students appearing in May 2024 examination, BoS(A) commenced its first batch of free LLC for different subjects from September 2023 onwards for the students of Final and Intermediate Levels. For the Foundation level students appearing in June 2024 examination, the classes commenced in the month of November 2023. These classes are continuing and are delivered by our eminent faculty wherein they cover the entire syllabus of the respective paper comprehensively. Students may attend these classes through web portal <https://boslive.icai.org/> or ICAI – BoS Mobile App and can also view at ICAI CA Tube/YouTube Channel.
- **Multiple-Choice Questions (MCQ) Paper Practice Dashboard:** Additionally, BoS(A) took an innovative step to provide an online MCQ Paper Practice Dashboard to its students at all the levels – Foundation, Intermediate and Final. The dashboard enables students to self-assess their

preparedness paper-wise by being able to generate their own test based on individual chapter/combination of chapters or entire syllabus. The BoS(A) on a continuous basis enhances the question bank of all the papers at all the levels so that the students can be well organized for the forthcoming examination.

- **Saransh – Last Mile Referencer:** Apart from the subject-wise capsules published in the monthly Students' Journal, BoS(A) has been releasing its comprehensive booklet 'Saransh – Last Mile Referencer' for several subjects. In this year, the said booklet for Company Law, Financial Management and Strategic Management, Direct Tax Laws and International Taxation and Indirect Tax Laws were launched. The significant concepts of these subjects are incorporated in their respective booklets by means of diagrams, flowcharts, tables, and pictorial representations. All these booklets are readily available on the Centralized Distribution System (CDS) as well as on the Institute's website under the link https://boslive.icai.org/education_content_saransh.php.

Apart from the initiatives under New Scheme of Education and Training, BoS(A) in a timely manner released Revision Test Papers, Series of Mock Test Papers and conducted series of Live webinars under BoS - For your Success for November 2023 examinees as well to guide and assist them for their examination.

Capsule Insights

This edition includes comprehensive capsules on following subjects at all the three levels of CA course relevant for May 2024 examination.

- The capsule of **CA Final Course Paper 6: Integrated Business Solutions** includes two multi-disciplinary case studies covering different topics from the subjects at Final level and Self-Paced Online Modules Set A and Set B.
- The concise and informative capsule **CA Intermediate Course Paper 6B: Strategic Management** covers Chapter 1: Introduction to Strategic Management of the study material. This capsule is designed to aid students in a swift review before examination, utilizing visual aids such as diagrams, tables, and flow charts to reinforce the key concepts covered in the chapter.
- The capsule on **CA Foundation Course Paper 2: Business Laws** is based on Chapter 1 of the study material that addresses various facets concerning the Indian Regulatory Framework. This chapter has been recently incorporated in the syllabus to acquaint students with the essence of law and its origins, different types of laws within the Indian Legal System, their implementation and an understanding of the Regulatory Bodies overseeing the Acts.

To conclude, I would like to assure you that BoS(A) has always been incessantly functioning towards better learning of its students. I am confident that with the conscientious hard work and support of the Council and other stakeholders, BoS(A) would continue to work towards the overall benefit of our students.

All the best for your future endeavors!!

CA. VISHAL DOSHI
CHAIRMAN, BOARD OF STUDIES (ACADEMIC)



Dear Esteemed CA Students,

At the outset, I extend my heartfelt congratulations to the students who successfully conquered the challenges posed by the CA Intermediate and CA Final Examinations held in Nov. 2023. To those who may not have achieved the desired outcome, I encourage them not to be disheartened but to embark on your preparation journey with a balanced time schedule. Success and setbacks are inherent aspects of our lives, especially when facing one of the most rigorous examinations of the nation, the Chartered Accountancy exams.

As we are near the conclusion of the current Council Year, I am delighted to share with the CA Students fraternity and other stakeholders the remarkable milestones achieved by the Students Skills Enrichment Board (SSEB) during the 2023-24 term, guided by the visionary leadership of ICAI.

Smart Classrooms Transformation

To ensure standardized and uniform delivery of Soft Skills and IT training to CA Students nationwide, one of the pivotal initiatives undertaken by SSEB is upgrading the existing classrooms by setting up Smart Classrooms equipped with cutting-edge technology in a phased manner. The first phase was successfully implemented, resulting in setting up of 91 smart classrooms. The subsequent phases will extend this upgradation to around 360 Smart Classrooms, benefitting approximately 1.85 lakh CA Students annually across the country. The state-of-the-art learning environment leverages cutting-edge technology for a more immersive educational experience. This initiative is poised to bring about a significant advancement, ensuring the provision of last-mile connectivity even to the most remote branches, offering unparalleled access to quality training and instructors.

Nationwide Course Batches and Skill Development

Batches of OC, IT, Adv. IT, and MCS Courses were conducted successfully across the country, even in remote areas where no such batches existed before. During the period from 12th February 2023 to 31st January 2024, 4405 batches of these courses were successfully conducted wherein 157966 students got trained. It's my humble appeal to all of you to undergo these training seriously and in a time bound manner to avoid any last moment rush.

Additional Reading Rooms for Enhanced Learning

Addressing the challenges faced by CA students, SSEB has introduced a transformative initiative - the Revised New Additional Reading Policy. This forward-thinking policy aims to actively address the diverse requirements of students, leading to the establishment of Additional Reading Rooms on pan India basis. During the year the proposals of Additional reading rooms includes Type -A reading rooms at Pimpri; Rohtak; Rourkela while under Type B category at Davangere and Bagalkot by SIRC; Aizawl by EIRC; Jalna and Beed by Aurangabad Branch; Bargah & Balangir by Sambalpur Branch; Khamgaon by Akola Branch;

Pathankot and Narnaul by NIRC and Junagadh by Rajkot Branch of ICAI.

CA Conferences - Fostering Knowledge Exchange

Conferences play a vital role in providing students with opportunities to present papers on contemporary topics relevant to the CA profession. SSEB has conducted various CA Students Conferences across the country, introducing a new format of "State Level Conference of CA Students" during the 2023-24. The International Conference of CA Students held in Ahmedabad on the theme "आरोहण- Conquering the New Horizons with Integrity & Innovation" witnessed participation not only from across the country but also from Bangladesh and Sri Lanka. Shri Acharya Devvrat, Hon'ble Governor of Gujarat inaugurated the International Conference of CA Students and appreciated the efforts taken by ICAI in organizing such mega events for CA Students. In addition to the International Conference, SSEB successfully organized 14 National Conferences, 19 Mega Conferences, and 17 State Level Conferences during this period. Overall, participation in the CA Students Conference is a strategic investment in both personal and professional growth, offering a holistic learning experience that goes beyond the confines of traditional education.

CA Students National Talent Search, 2023

During the 2023-24 period, two innovative formats, namely the Dashboard Visualization and Pitch Deck Competitions were introduced to foster an entrepreneurial mindset among CA students. The contests were conducted at multiple levels, the winners of Branch Level progressed to the Regional Level, and those succeeding at the Regional Level further advanced to the National Level, organized by the SSEB. The events included an Elocution Contest and Pitch Deck Competition in Mumbai, Quiz and Debate Competitions in Kolkata. While the culmination of Dashboard Visualization and Sketching Competitions scheduled for January 12, 2023, in Indore, was enriched by the simultaneous celebration of National Youth Day, honouring the birth anniversary of the revered Swami Vivekananda. The occasion was graced by the esteemed presence of Shrimati Sumitra Mahajan, the honourable former Speaker of Lok Sabha, who imparted valuable insights to the students on the teachings of Swami Vivekananda. The confluence of the National Talent Contest and National Youth Day symbolized a harmonious blend of creativity, intellectual enrichment, and the enduring spirit of Swami Vivekananda's vision.

Diverse Array of Activities

In addition to the aforementioned activities, 6 batches of Four Weeks Residential Programme, 197 One Day Seminars, 306 Half Day Seminars, 80 Sports Competitions, 41 Festivals, 54 Workshops, and 17 Special Counselling programs have been conducted for the CA students. These initiatives aim to provide a well-rounded and enriching experience for CA students.

Scholarship Awards for Student Support

SSEB awarded scholarships under Merit Scholarship, Merit-cum-Need based scholarship, and Need-based for Economic Weaker section scholarship categories. During the year, scholarship was awarded to more than 10,500 beneficiary students.

In conclusion, these endeavours represent SSEB's unwavering commitment to the comprehensive development of CA students. As we reflect on the accomplishments of the 2023-24 term, I extend my warm regards to all students and assure you of SSEB's continued dedication to your success.

Forever Yours in Service,

(CA MANGESH PANDURANG KINARE)
CHAIRMAN, SSEB

CA FINAL - PAPER-6: INTEGRATED BUSINESS SOLUTIONS

“Good business leaders create a vision, articulate the vision, passionately own the vision, and relentlessly drive it to completion.”

– Jack Welch, Former CEO of General Electric



Integrated Business Solutions

Business decisions, both short-term and long-term, are based on *strategic objectives*. Effective decisions are those that have a positive impact on productivity & profitability and enhance the *growth prospects* of a business. Effective decision making requires the decision maker to consider a complete, *holistic view* of the business rather than having a siloed approach. Business does not work in silos, it is integrated and interconnected where decisions taken in one area can have a significant impact on other areas. Considering these principles, students are encouraged to integrate their professional values, practical work experience, and knowledge gained from specific academic studies. The goal is to cultivate a skillset capable of crafting well-organized, integrated business solutions.

Integral to the Integrated Business Solutions (IBS) is the ‘Case Study’, a vital aspect of the CA Final Level. Here, students must apply their knowledge gathered from the five core subjects – Financial Reporting, Advanced Financial Management, Advanced Auditing, Assurance and Professional Ethics, Direct Tax Laws & International Taxation, Indirect Tax Laws; and Self-paced Modules Set A & B. In this journal, we are focussing on those case studies which involve making of ‘strategic decisions’. Each ‘Case Study’ unfolds a unique business situation, presenting a scenario complete with mission, vision, objectives, challenges, key stakeholders, and relevant data. The strategic aspects have been discussed in detail in the answers solely for enhancing your understanding of the concepts. Concept insights have been incorporated at the relevant places. **These case studies are in addition to the case studies webhosted at the BoS Knowledge Portal at URL: https://boslive.icai.org/sm_chapter_details.php?p_id=18&m_id=74.** The aim is to provide a variety of case studies covering different subjects at Final Level and Set A & Set B. Students are advised to work out the case studies webhosted at the portal at the above link and case studies given in the journal to understand the *manner of integration* of different subjects in solving a ‘Case Study’.

Strategic decision-making involves a meticulous analysis of the business model and subsequent strategic adaptations. Decisions may range from new product development and market exploration to considering diversification, whether in related or unrelated areas. The choice between related and unrelated areas presents challenges, as stakeholders may resist the later due to perceived risks, potentially impacting market capitalization. In the case of a strategic shift towards a related area, exploration of options such as horizontal integration or vertical integration (whether forward or backward integration) in the supply chain is crucial.

These strategic moves require a lot of financial decisions. In addition to that there is need of robust financial risk management system. Moreover, proper adherence to accounting standard, tax laws and other statutory compliances under the various corporate legislations are fundamental to the strategic decision. Adhering to these standards ensures legal compliance, shielding the company from legal repercussions and fines. It also aids management in allocating resources efficiently and evaluating the performance of various business units or projects based on reliable financial data.

On top of that, good corporate governance, fostering ethical business practices, influences an organization’s strategy and performance. This emphasis on ethics is essential not only for business organisations but also for CAs, as stakeholders place enormous confidence in their role. The increasing instances of corporate frauds and subsequent failures, with ripple effects on economies, have increased the responsibilities of CAs to ensure that organizations discharge their reporting responsibilities diligently.

Hence, the integrated approach advocated in Core Paper-6 at the CA Final Level emphasizes the importance of considering interrelated issues spanning finance, accounting standards, assurance, direct tax laws, indirect tax laws, company law, and SEBI compliances alongside strategic decision making.

Solving multidisciplinary ‘Case Study’ will enhance analytical skills and decision-making skills of students. This holistic and integrated approach ensures that students emerge well-equipped to tackle the challenges presented in the constantly changing business environment.

Indian Tea Sector **An Industry Analysis in Strategic Context**

Global Outlook¹



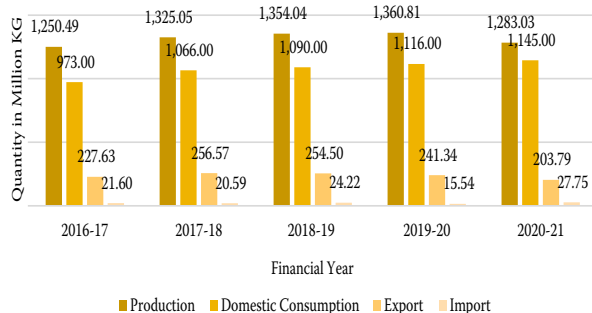
Tea is a much-loved popular beverage all around the world. It is grown in 36 countries, the major tea producing and exporting countries being India, China, Kenya, and Sri Lanka. Together they account for 81% of the world's tea production and 72% of the

world's exports. Per capita consumption of tea varies widely among countries. As per statistics, the per capita consumption in 2018-20 was highest in Turkey (3.20 kg) followed by Libya (2.64 kg), Ireland (2.10 kg), Morocco (2.09 kg), Hong Kong (1.65 kg), United Kingdom (1.61 kg) and India (0.83 kg). The per capita consumption in India is lower due to its huge population size. India accounts for 19.50% of global tea consumption and almost 82% of the total production of tea in India is consumed within the country. This shows that domestic demand for tea is very strong.

Domestic Trends

Tea contributes significantly to the National Agricultural Income and overall Gross Domestic Product of India. It employs around 1.2 million people and contributes to sizeable foreign exchange earnings. Tea is cultivated in 15 Indian States with major producers being Assam, West Bengal, Tamil Nadu, and Kerala. India produces around 1,300 million kgs of tea annually². Major bulk of tea production is from the Northeast India particularly Assam and West Bengal.

Production, Domestic Consumption, Export and Import of Tea 2016 to 2020-21



Tea Processing

Tea plants (botanical name *Camellia Sinensis*) are grown on well drained fertile-acidic soil on high lands. Tea plants are propagated from seed and cuttings. Within three years the plants ready for harvest. If left undisturbed these plants can grow up to 16 meters. However, they are trimmed and pruned to waist height for ease of plucking³. Tea is derived from tea leaves. Black, Green, Oolong, White and Pu-erh are the different types of tea

produced. Categories of tea are distinguished by the processing they undergo.

Harvesting of tea in different seasons is known as flush that give different variety of tea each season. First / spring flush, second/ monsoon flush and autumn flush are the different harvesting seasons. Green tea leaves are plucked from the tea plants and transformed into "made tea" which is used by the end user to make the beverage. Antioxidants, anti-inflammatory and detoxification properties have given renown to tea as a beverage with health benefits. Global Hot Tea industry is estimated to be around USD 45-50 billion⁴. Black tea remains the largest segment, while non-black varieties are also gaining popularity due to their health benefits.

Producers include plantation companies and small green leaf growers⁵. Many of them operate processing centres where tea is dried, fermented, and cut. In cases where the producer does not have processing centres of their own, the tea leaves are sold to bought leaf factories⁶. Processed tea is then sold to tea companies, which consist of blenders / packers. The tea companies then blend, flavour, and pack the processed tea into tea packets. These tea packets are sold in the market through wholesalers and retailers.

Some tea companies integrate plantation activities with other processes that are involved in the blending, packing, and marketing of tea such that they can exercise control over the different activities in supply chain of the tea industry. The cost structure of these integrated plantation companies includes plantation related costs (labour, agro-chemicals, estate development and maintenance of plantations where tea is grown), various manufacturing-related expenses and marketing costs.

Scheme of Supply Chain⁷

A common scheme of supply chain may be as follows:



Producers: Tea plantation owners who grow tea leaves (plantation companies and small green leaf growers)



Processing centres: Drying, fermenting, and cutting of tea leaves is done here. Most producers own processing centres, typically located within the tea plantation estate. (processing activities can also be done by the 'bought leaf factories' who convert tea leaves procured from producers into processed tea)



Trade between producers and tea companies (buyers): Tea leaves (processed tea) are sold to tea companies (blenders / packers) primarily through auctions, facilitated through brokers. (brokers communicate information about demand and supply and thereby can indirectly determine the price of tea)



Tea companies (packers/ blenders): Tea leaves (processed tea) bought from various auctions are then blended together, packed and marketed by tea companies. Hence, they are also called packers or blenders.



Wholesale and Retail dealers: Brings the tea packages to the market to be sold to the final customer.



Consumers: Tea is a global beverage, widely consumed both domestically in tea producing countries as well as international markets.

Do You Know?

Tea industry in India is regulated by the Tea Act, 1953. The Tea Board of India (TBI) constituted by the Government of India (GOI) to performs various regulatory, research and development and marketing functions. Few of the functions include:

- (i) Regulate the production and cultivation of tea in India. Tea growers are registered with the Board and are issued licenses to carry out activities like cultivation, manufacturing, sale, and export of tea.
- (ii) Monitoring of the tea auction system where bulk tea is sold.
- (iii) Improve the quality of tea, promote and assist in research in the field.
- (iv) Regulate the sale and export of tea.
- (v) Look after the working conditions and pay of workers.

Cost Structure⁸

The tea industry has been facing difficult times in the recent years. On one hand, tea prices have stagnated. On the other hand, tea industry is a fixed cost intensive industry. India has the highest cost of production among major tea producing countries in the world. Productivity of tea plantation determines the cost of production. Unproductive old tea bushes are a major reason for lower productivity, resulting in higher cost of production. The cost of production of tea can be segregated into:

- (i) Cost of green leaf: Includes materials, wages and other costs related to the cultivation of tea.
- (ii) Cost of conversion of green leaf to made tea:
 - Processing cost (power and fuel, repair and maintenance of machinery, depreciation of machinery, factory wages etc.).
 - Welfare cost (housing, medical, sanitation, ration, firewood etc. provided to workers).



- Other cost (lease rent, rates, travelling expenses, tea cess, green leaf cess, electricity, water tax, license and selling and distribution expenses and head office expenses).

Cost of production is linked to the productivity factors of different resources like land, plant, labour, machinery, and materials used for the cultivation and production process. For proper planning to reduce the cost of production, it is essential to collect data/information regarding various cost components of production and analysis of the same.

For long term sustainability of the industry, higher tea prices that can sufficiently cover the cost of production along with a reasonable profit margin would be required. Tea is a labour-intensive industry. There is a shortage of plantation workers due to many of them migrating to other jobs. To combat shortage of labour and to reduce cost of production, mechanization is being gradually adopted by the industry⁹.

Ways to improve profitability¹⁰

As per a report by ASSOCHAM on the tea industry, suggestions for improving profitability in the long term include:

- (i) Increase exports (value and volume): Tea consumption has traditionally been restricted few markets. Exports need to work on expanding their export base by entering new markets and promoting tea consumption there. Improving the quality of tea supplied to traditional markets can help to provide a basis for increasing the average export price. Exports in value added forms like tea bags / packets can also help to support average prices.
- (ii) Increase domestic consumption: Increased marketing efforts will be needed to spread awareness about tea, different variety and quality etc. Per capital consumption should be increased from the current level of 0.8 kg.
- (iii) Control of supply and quality of tea: Avoid oversupply of tea which can suppress prices. Better tea garden (plantation) practices can improve the quality of tea produced.
- (iv) Meeting changing consumer preferences: Health and wellness aspects of tea need to be promoted since current consumption practices are focussed on these aspects. Green tea, herbal tea and other healthy beverages can be promoted in order to meet customer preferences. There is also a preference tea to be available in value added forms like packets and tea bags.

With this strategic perspective in mind, the following are few case studies drafted about the tea industry:

Refresh Tea: This Case Study looks into the integration of a plantation company with other processes within the supply chain to enhance business control. It includes strategies such as exploring new markets through the acquisition of controlling stake in foreign company, implementing customer-centric initiatives like selling tea in the form of tea bags for improved end-user connection. The case study also explores the application of the theory of constraints (TOC) to address bottleneck resources, particularly the available hours at the blending machine. Additionally, it delves into the comprehension of transfer price methodologies.

Prime Tea 1: This Case Study explores the influence of the Just-In-Time production system on the availability of tea packages in the market. It also explores into the application of target costing to enhance profitability, customer profitability analysis, pricing strategy, and the implications of notification no. 12/2017 CT(R) dated 28.06.2017 related to GST.

Prime Tea 2: This Case Study investigates into strategies for enlarging its customer base in the domestic market by restructuring distribution channels, facilitating direct sales to small grocers or local shops. It involves customer profitability analysis, compliance with the Foreign Exchange Management (Overseas Investment) Rules, 2022 concerning the acquisition of a plantation company in a neighbouring country, the use of forward contracts and interest rate swaps.

Note- The Case Studies presented herein include more than the required number of questions, offering students the opportunity to practice a diverse range of concepts.

¹Source: Report of the CAG on 'Role of Tea Board India in Development of Tea in India' (2023), p.6

²Source: Report of the CAG on 'Role of Tea Board India in Development of Tea in India' (2023), p.7-8

³Source: Report of the CAG on Role of Tea Board India in Development of Tea in India (2023), p.3

⁴Source: Tata Consumer Products Limited, Integrated Annual Report (2022-23), p.192

⁵Tea growers having land holding of their plantation up to 10.12 hectare (25 acres) are considered small tea growers

⁶Bought-leaf factories are units that buy these tea leaves and convert them into the processed tea

⁷This basic supply chain is designed to assist students to understand the industry in Indian scenario only




⁸Source: Report of the CAG on Role of Tea Board India in Development of Tea in India (2023), p.80

⁹Source: Report of the CAG on Role of Tea Board India in Development of Tea in India (2023), p.82

¹⁰Source: Tea industry at the crossroads (ASSOCHAM), p.17

Case Study-1

About Case Study

| | |
|--|---|
|  Industry | Tea- Plantation, Drying, Fermenting, and Cutting |
|  Subjects | Strategic Cost Management, Financial Reporting, Auditing, Direct Tax |
|  Topics | Porter's Five Forces, Control of the Supply Chain via Horizontal or Vertical Integration, Ind (AS) 41, SA540, Mendelow's Matrix, Value Proposition, Theory of Constraints, Transfer Pricing, Agriculture Income |



Refresh Tea Ltd.

Refresh Tea Ltd. (RTL) was established in 1935 and headquartered in Kolkata. The company owns several plantations in North-East India (Assam and West Bengal) and South India (Kerala, Tamil Nadu, and Karnataka). It started out as a producer of tea leaves. They have their own processing centre within their plantation estates (or tea gardens) to dry, ferment, and cut the tea leaves. The company would then auction the leaves to traders, who in turn would sell them to tea companies (downstream supply chain) in order to be blended, packed, and resold to the customer. RTL continued to be a producer of tea leaves until the mid-1980s, until which time it only auctioned the tea leaves to the traders.

Over the decades, the popularity of tea as a beverage increased manifold due to clever and attractive marketing campaigns. Marketed as a health drink that could provide relief for ailments like cold, flu or body ache, tea as a beverage slowly became popular across the country. Tea has both an organized branded (pre-packaged) market as well as unorganized unbranded market (loose lot sale). Different versions of brewing and making tea were practiced, and this concocted a success story of exponential proportion.

Increasing popularity of the beverage prompted RTL to expand the scope of its business. It wanted to continue its plantation

business, but now it also wanted to expand its business to include the blending, packaging, and marketing of tea. RTL would increase the production of tea leaves in its plantations using both its existing estates as well by acquiring newer tea estates to increase production capability. All tea leaves will be processed further (dried, fermented, and cut) at the processing centres within its plantations. The management of RTL decided that it would from this point, also start blending, packaging, and marketing its own tea. For this, it built and gained ownership of the necessary factory resources and infrastructure for blending, packaging, and marketing its tea. Production resources and infrastructure were owned and controlled by RTL. This packaged tea will be sold directly to wholesalers and retailer dealers who would in turn sell it to the final customer.

When RTL decided to become a full-fledged tea company by the mid-1980s, the market was saturated with many sellers. Most of them bought tea leaves from traders at various auctions, blended, packaged, and marketed the tea. For these other suppliers, it took approximately 80 days from the time the tea leaf was plucked to the time the consumer purchased it. They catered to consumers from all strata of society. Premium tea dominated the branded market, while people who could not afford it were satisfied with the unbranded loose tea that could be bought as per their individual requirements. RTL decided to establish itself in the branded market. Unbranded loose tea was perceived to be of lesser quality as compared to branded pre-packaged tea and therefore could not command much price in the market.

RTL conducted detailed market research and found that consumers from different regions had different taste preferences. For example, consumers in Bihar and Jharkhand preferred tea leaf while consumers in Maharashtra and Gujarat preferred tea dust. RTL therefore created different brands that catered to different markets (in terms of taste preference - leaf or dust tea) as well as different price bands (economy or premium). The quality of RTL's pre-packaged branded tea was kept higher than the unbranded tea sold in loose lots, and at the same time, the price of its packaged tea was kept slightly lower than the other premium varieties available in the market. Thus, RTL decided to place itself in the middle of this market spectrum in terms of quality and cost. So, it sold premium brand leaf tea as well as economy brand leaf tea in Bihar and Jharkhand, while it sold

premium dust tea and economy dust tea in Maharashtra and Gujarat. As part of its marketing strategy, it created a separate brand for each target customer audience so that the quality and price could be easily recognized by the end user. RTL further aimed to deliver the tea to the final customer within 20 days from the time the tea leaf was plucked from its gardens.

The new vision statement of RTL was then reframed as *“to be the most admired tea company across the globe.”*

The new mission statement of RTL was then reframed as *“to enhance customer experience by making tea a global beverage of choice. Understand and influence tastes and preferences by bringing unique, quality, affordable tea to the discerning palate of customers.”*

Today, in 2023, the total Indian tea market is estimated to be ₹34,400 crore, with branded businesses constituting approximately 74% of the total market value. The global tea market is estimated to be \$45-50 billion, with the main demand coming from the black tea segment. RTL has emerged as the market leader, commanding 60% of the domestic Indian tea market. It is now a listed company at BSE and NSE stock exchanges. Demand in other segments like green tea, fruit & herbal, decaf, and speciality tea among others is also picking up. Taking note of this new trend, RTL conducted market research and a survey done of the entire beverage industry to gather market intelligence and emerging customer choices. The findings reveal that consumers are becoming more health conscious in their choices. In the past 2 years, demand for fruit juices, coconut water, almond milk, and milk shakes has increased. According to the study, the shift towards healthier beverage choices like fruit juices, coconut water, almond milk, and milkshakes is projected to grow and encompass at least 8% of the beverage market within the next three years.

Tea King Plc. (TKP) is a UK based company that produces tea bags. Small sachets of tea (tea bags) are dipped into hot water in order to brew conveniently within a cup. The sachets can be conveniently disposed of after use. Tea bags are hugely popular across the globe, primarily due to the convenience of use and disposal. “Anywhere-Anytime” is a highly recognized tagline for TKP’s tea bags. The company has a net worth almost three times that of RTL. TKP has a deep market presence in the United Kingdom and the United States of America, as well as a few other European countries where tea is relished as a beverage. Despite its huge global presence and scale, the ownership of TKP has changed hands frequently every few years. This is because the profitability of the business is constantly under pressure due to the high input costs of tea, driven by inflationary conditions. TKP imports tea leaves (its raw material) from various countries, and the cost of imports has become more expensive over the years.

RTL has recently gained the opportunity to own a controlling stake in TKP. This is a prestigious development for RTL, as it has been trying to increase its global footprint, particularly in the UK and USA. The advantage the company has that most of the previous owners of TKP did not have, is that RTL has better control over the supply of raw materials. India is one of the major tea producing countries. RTL has been in the plantation business since its inception. Hence, RTL is much better positioned to scale up tea leaf production to meet TKP’s raw material requirements

in a cost-effective way, thereby countering any inflationary pressure. However, since the size of the deal is much bigger than even RTL’s net worth, it has to resort to taking significant amount of debt to finance the deal. The deal has the approval of the majority shareholders, and other regulatory approvals are in place.

In the dynamic field of tea production, external factors such as unpredictable weather conditions can severely affect operations. Recognizing the importance of proactive risk management, RTL has implemented a comprehensive strategy to mitigate potential disruptions and protect its plantations specifically in northeastern region. This includes ensuring adequate insurance coverage, positioning RTL to effectively navigate the uncertainties associated with cyclones and adverse weather events. RTL’s financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies Act, 2013.



Scenario-1

The induction program for new hires is underway. They are being introduced to the history of tea in India as well as how RTL grew to be a leading player in this market. One of the new inductees asks:

“What is the rationale behind RTL’s decision in the mid-1980s to expand its operations into a saturated market? It could have maintained the status quo as a plantation company producing tea leaves. Why did it have to get into the blending, packaging, and marketing business as well? Also, how did RTL manage to become a market leader despite the competition?”

Required

You are being the Deputy Manager (Finance & Strategy) at RTL, have been requested to provide your explanation behind the rationale behind this business decision taken in the mid-1980s. Also, based on the information in the case study, ASSESS the company’s success in a competitive market.

Answer

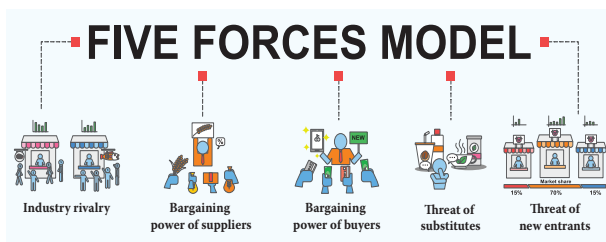
In a competitive environment, a business must craft its strategies not just to survive but also to sustain itself. RTL started out as a tea leaf producer, owning plantation tea estates to grow tea. While it had control over the production, it did not have as much control over the price at the auction. If you refer to scheme of Supply Chain for Tea, it is the brokers who had more influence over the auction price as they had more complete information about both the supply and demand for tea. Hence, the revenue generation flexibility for RTL was being limited by the influence of brokers, who acted as the middlemen for the plantation owners (tea growers) and the tea companies (tea blenders and marketers). Over the decades, the popularity of tea as a beverage increased the competition. Recognizing this change, the management of RTL had **to study the external environment** and understand how it could determine its strategy in order to survive and thrive within this competitive business. RTL became agile and responsive to change. This resilience made it competitive and became the primary reason for its success in the competitive market.



Concept Insight

The study of the external environment requires the study of the remote environment and operating environment of the industry including the competitive environment. To analyse the operating environment of an industry, it is important to consider all the factors that affect profitability as well as the competitive position of business organisations within it. These factors can be grouped into elements such as customers, competitors (existing as well as potential entrants), suppliers, advocacy groups, regulations, regulatory groups, and many other elements such as industry life cycle, supplier's suppliers, and buyer's buyers, etc. Basically, it considers the wider picture through factors that are capable to decide the growth trajectory in addition to future profitability. Intensity of industry competition can be understood using Michael Porter's five forces model.

Porter's five forces helped RTL to identify where power lied in business situation. This was useful both in understanding the strength of RTL's current competitive position and the strength of a position that RTL might consider entering.



The five forces that were enumerated by this model are given below:

Threat of new entrants: Tea as a beverage was gaining popularity, so demand growth was increasing at an exponential pace. In turn, this made the *industry attractive* for new players to enter. This meant that *competition in the market was likely to increase* across the value segments (including the production of tea leaves) within the tea industry. RTL was an incumbent in this sector, as it already owned many plantations for producing tea leaves.

To Counter Competition, the management expanded its scale of operations. It increased the production of tea leaves (the raw material source) and branched out into allied processes within the industry value chain like blending, packaging, and marketing. It also owned and controlled its resources. This increase in *scale of operations* gave it a competitive advantage that not many new entrants may have had.

Bargaining power of suppliers: As mentioned in the case, many of the sellers in the saturated tea market bought tea leaves from traders at various auctions, blended, packaged, and marketed the tea. These brokers at auctions could influence the price of tea since they had information on both the demand and supply sides of the business. RTL was already a supplier of tea leaves (the raw material) and had wanted to branch out further in the industry value chain by expanding its operations. Moreover, it wanted to reduce the operating cycle by delivering good quality tea to the customers within 20 days. As part of its brand strategy, RTL also wanted to bring variety to its product offerings in terms

of both quality (premium vs. economy) and type (leaf vs. dust). *Uninterrupted supply of appropriate quality tea leaves is a critical requirement to ensure both a quick operating cycle and ability to produce a variety of tea catering to different brand requirements.*

Therefore, it increased the scale of its production of tea leaves (raw materials) by increasing production in existing plantations as well as acquiring newer plantations. Ownership of these plantations gave the company *better control over the supply of tea leaves*. Unlike other sellers in the market, it *did not depend on auctions* to procure tea leaves. All this helped it to gain control over the supply of its tea leaf requirements. Reduced dependency on auctions or other suppliers also contributed to its success.

Bargaining power of buyers: RTL entered a market that was both saturated and highly competitive. When RTL entered the market, there was a premium segment and an economy segment. *The presence of many suppliers indicates that buyers had a choice to switch between different tea offerings; therefore, there was no preference for a specific brand. In order to build a loyal customer base, RTL had to differentiate itself from other tea offerings.*

RTL redefined itself with as a customer centric business model. *The quality of tea was kept higher than in the unbranded category by reducing the operating cycle and ensuring that the tea reaches the customer in its freshest form. At the same time, the price of its tea was kept lower as compared to other premium tea in the market.* Its multi brand strategy, based on different quality and price expectations, helped it to connect with the different sets of customers, each with unique tastes and preferences. Each brand had a unique identity that the customer could easily understand and know what to expect from the product. This multi brand strategy established an important connection with the end user, helping it build a loyal customer base.

Threat of substitutes: Until the recent year, *there was no immediate threat of substitute.*

Note- The recent market research and study of the beverage industry reveal that RTL needs to consider healthier options like fruit juice, coconut water, almond milk and milk shakes as possible substitutes for tea. These healthy drinks may constitute approximately 8% of the total beverage market in 3 years. *RTL has to consider this as a rising threat of substitutes and strategize accordingly.*

Rivalry among existing firms: Rivalry was addressed by RTL by changing its scope and scale of business operations so that it could exercise better control over different processes in the value chain. Having *better control over supply side of business while having the resources to remain agile to the requirements of the demand side of business helped RTL become a leader in the market despite the competition.*

Overall, RTL used its multi brand strategy, based on different quality and price expectations, to help build a product differentiation strategy. By expanding its operations into other processes in the value chain like blending, packing, and marketing, *the company could study about the variety and change in taste and preferences of customers.* This gave the company *more credible information about the demand side of the business.* The company could segment the market based on certain criteria so that customer demand could be catered to by addressing their unique needs. This customer centric business model for RTL helped it identify differentiating factors that can help it beat competition.


Scenario-2

At RTL's Darjeeling plantation site, manufacturing process commences with the plucking of tea leaves from the plantation. Once the tea leaves are harvested, they are transported to the internal processing centres to continue the manufacturing process.

The local accountant at the site is currently preparing site's financials in accordance with Indian Accounting Standards (Ind AS) under your supervision.

Required

She has raised the following questions –

- (i) Whether these plucked tea leaves are agriculture produce as per Ind AS 41 or not?
- (ii) How should such plucked tea leaves be initially measured?
- (iii) What will be subsequent measurement of such tea leaves in line with Ind AS 41 and Ind AS 2? [VERB- APPLY]

Answer

- (i) Paragraph 3 of Ind AS 41, Agriculture states that:

Ind AS 41 is applied to agricultural produce, which is the harvested produce of the entity's biological assets, at the point of harvest. Thereafter, Ind AS 2, 'Inventories' or another applicable Standard is applied. Accordingly, Ind AS 41 does not deal with the processing of agricultural produce after harvest; for example, the processing of grapes into wine by a vintner who has grown the grapes. While such processing may be a logical and natural extension of agricultural activity, and the events taking place may bear some similarity to biological transformation, such processing is not included within the definition of agricultural activity in Ind AS 41.

In the given case, RTL produces tea by processing tea leaves after they are plucked from tea plants, i.e., after they are harvested. Accordingly, any processing of harvested agricultural produce (processing of tea leaves into tea) will not be within the scope of Ind AS 41 as per aforementioned paragraph 3 of Ind AS 41.

Paragraph 5 of Ind AS 41, 'Agriculture' defines agricultural produce:

As per the standard as the harvested product of the entity's biological assets.

A biological asset is a living animal or plant.

Based on above definitions, at the point of harvest, the plucked leaves are the harvested product of tea plants which are the biological assets of RTL, hence such plucked tea leaves are agricultural produce as per Ind AS 41.

- (ii) Paragraph 13 of Ind AS 41 states that:

Agricultural produce harvested from an entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest. Such measurement is the cost at that date when applying Ind AS 2 'Inventories' or another applicable Standard.

Therefore, in line with paragraph 13 of Ind AS 41, the fair value less costs to sell of the plucked leaves at the point of harvest would be the cost of such plucked leaves at the date of applying Ind AS 2.

- (iii) Subsequently, such plucked tea leaves will be measured as inventory as per the accounting principles of Ind AS 2, 'Inventories'.


Scenario-3

In the process of preparing the financial statements for the financial year ending on 31.03.2023, the management of RTL has made several accounting estimates and affirmed to the auditor that all necessary accounting estimates have been recognised, measured, and disclosed in the financial statements are in accordance with the applicable financial reporting framework. However, in the course of the audit, auditor has observed some changed circumstances giving rise to the need for an accounting estimate.

Required

ENUMERATE some circumstances, change of which would prompt inquiries from the management of RTL.

Answer

As per SA 540, "Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures", inquiries of management about changes in circumstances may include, for example, inquiries about whether:

- The entity has engaged in new types of transactions that may give rise to accounting estimates.
- Terms of transactions that gave rise to accounting estimates have changed.
- Accounting policies relating to accounting estimates have changed, as a result of changes to the requirements of the applicable financial reporting framework or otherwise.
- Regulatory or other changes outside the control of management have occurred that may require management to revise, or make new, accounting estimates.
- New conditions or events have occurred that may give rise to the need for new or revised accounting estimates.

During the audit, the auditor may identify transactions, events and conditions that give rise to the need for accounting estimates that management failed to identify. SA 315 deals with circumstances where the auditor identifies risks of material misstatement that management failed to identify, including determining whether there is a significant deficiency in internal control with regard to the entity's risk assessment processes.


MCQ-1

Which of the following statement is true regarding the current expansion plan of RTL (acquisition of TKP) and the expansion of RTL in the mid-1980s?

- (a) Current expansion plan of RTL (acquisition of TKP) is horizontal integration, while expansion in the mid-1980s is vertical integration
- (b) Current expansion plan of RTL (acquisition of TKP) is vertical integration, while expansion in the mid-1980s is horizontal integration
- (c) Current expansion plan of RTL (acquisition of TKP) and the expansion in the mid-1980s are both vertical integration
- (d) Current expansion plan of RTL (acquisition of TKP) and the expansion in the mid-1980s are both horizontal integration

Answer

The correct answer is - (a) Current expansion plan of RTL (acquisition of TKP) is horizontal integration, while expansion in the mid-1980s is vertical integration.

Reason

TKP is in the same business as RTL. There is a difference, TKP produces tea bags while RTL produces tea packages. However, both belong to the same industry, catering to different requirements within the tea market. The acquisition of TKP will help RTL grow in size and revenue by diversifying into new markets with newer products of tea. Therefore, this is a horizontal integration.

The expansion of RTL in the mid-1980s to include other processes in the value chain like blending, packing, and marketing is a vertical integration. RTL, at that point in time, was only in the plantation business. As expanded into other activities in order to get better control of the supply chain, RTL gained control over additional processes in the production of tea as well as the cycle time to deliver to customers. This helped to penetrate the existing tea market in India. This is vertical integration.

MCQ-2

The regulatory authorities in India have to assess whether there is any breach of the anti-competition laws. Which type of stakeholder will the regulatory authorities be classified as using Mendelow's Matrix?

- (a) The regulatory authority is a marginal player with low interest and low power
- (b) The regulatory authority is a key player with high interest and high power
- (c) The regulatory authority is an influencer with low interest and high power
- (d) The regulatory authority is an affected player with high interest and low power

Answer

The correct answer is- (c) the regulatory authority is an influencer with low interest and high power.

Reason

The authorities have a low interest in whether the acquisition is successful or not. However, they have a high power since if there is any indication that this acquisition can give RTL unfair advantage to stifle competition, they can refuse to approve the acquisition deal or may take action against the business. Hence, enough information should be provided to keep them satisfied in order to not face any adverse action.

MCQ-3

TKP has used the tag line "Anywhere-Anytime" to market its tea bags. With reference to the value proposition map, please match the following -

| Particulars | Element of the value proposition map |
|--------------------|--------------------------------------|
| a. Brewing tea | i. Customer Profile: Gain |
| b. Customer health | ii. Value Map: Gain Creator |
| c. Green tea | iii. Value Map: Pain Reliever |
| d. Tea bag | iv. Customer Profile: Pain |

Options

- (a) a- i, b- ii, c- iii, and d- iv
- (b) a- i, b- iv, c- iii, and d- ii
- (c) a- iv, b- i, c- iii, and d- ii
- (d) a- iv, b- i, c- ii, and d- iii

Answer: The correct answer is- (d) a- iv, b- i, c- ii, and d- iii.

Reason:

Brewing tea is a pain that the customer faces; Customer Profile: Pain.

Customer Health is a gain or aspiration for the customer; Customer Profile: Gain.

Green tea addresses the customer's aspiration for good health; Value Map: Gain Creator.

Tea Bag brings the convenience of brewing tea anywhere at anytime; Value Map: Pain Reliever.

MCQ-4

The blending machine at Nagaon (Assam) Factory blends tea leaf varieties produced in the plantations of RTL. Due to increased seasonal demand during the monsoon, the production of tea increases in this factory for the months of May, June, and July. Due to this, the availability of time on the blending machine is limited during these months. There is no immediate plan to increase the blending machine capacity since this is a seasonal variation in demand, and hence the constraint is short term in nature. At the same time, the production manager at Nagaon Factory wants to determine the order and quantity of tea blend to produce in order to maximize profits. The selling price and cost per kg., as well as bottleneck production details are as below:

| Particulars | Blend 1 | Blend 2 | Blend 3 |
|---|---------|---------|---------|
| Selling price (in ₹) | 500 | 600 | 800 |
| Material and other variable cost (in ₹) | 300 | 400 | 500 |
| Time required at the blending machine (minutes); Bottleneck resource time | 20 | 30 | 40 |

The factory cost is ₹5 per minute. The manager wants to rank the blends based on the throughput accounting ratio. This will be used to plan the production schedule for the months when blending time is a bottleneck constraint.

Which of the following statements is true?

- (a) Ranking based on throughput accounting: Rank 1 – Blend 1, Rank 2 – Blend 2, and Rank 3 – Blend 3
- (b) Ranking based on throughput accounting: Rank 1 – Blend 1, Rank 2 – Blend 3, and Rank 3 – Blend 2
- (c) Ranking based on throughput accounting: Rank 1 – Blend 2, Rank 2 – Blend 1, and Rank 3 – Blend 2
- (d) Ranking based on throughput accounting: Rank 1 – Blend 3, Rank 2 – Blend 2, and Rank 3 – Blend 1

Answer

The correct answer is (b) Ranking based on throughput accounting: Rank 1 – Blend 1, Rank 2 – Blend 3, and Rank 3 – Blend 2.

Reason

The calculation is as below:

| Particulars | Blend 1 | Blend 2 | Blend 3 |
|--|---------|---------|---------|
| Selling Price (in ₹) | 500 | 600 | 800 |
| Less: Material and Other Variable Cost (in ₹) | 300 | 400 | 500 |
| Throughput Contribution (in ₹) | 200 | 200 | 300 |
| Time Required at the blending machine (minutes) | 20 | 30 | 40 |
| Contribution per minute (in ₹) | 10.00 | 6.66.. | 7.50 |
| Factory Cost <i>per minute</i> (in ₹) | 5 | 5 | 5 |
| Throughput Accounting Ratio (<i>TA Ratio = Contribution per minute / Factory Cost per minute</i>) | 2.00 | 1.33.. | 1.50 |
| Ranking as per TA ratio | I | III | II |

MCQ-5

RTL has divisions like plantation, processing, blending, packaging, etc. The popularity of tea has increased the demand for tea leaves in the market. Many tea companies do not own any plantations of their own. They purchase the tea leaf directly from the tea auctions. RTL uses only the tea leaf produced within its own plantations in order to have control over the quality and price of different tea blends. The tea leaves, once plucked, are transferred to the processing units within the plantations. The company has a transfer pricing policy for any internal transfer within the divisions. Plantations are producing at their full capacity. Brokers from the external market are offering the plantation division a price of ₹200 per kg. of plucked tea leaves, while the marginal cost of production has been determined at ₹170 per kg. The net marginal price (selling price – marginal cost) at the processing division is ₹210 per kg., while the price at which the processing centre can purchase tea leaves (procurement price of similar quality) from other plantation suppliers is ₹205 per kg. Note, selling price for the processing division is actually the transfer price it charges the blending division for each kg. of processed tea.

The managers of each unit have their performance assessed based on the surplus each division generates. Which of the following transfer pricing range will bring goal congruence between the plantation division and the processing division?

- Minimum ₹170 per kg. – maximum ₹210 per kg. of tea leaves
- Minimum ₹200 per kg. – maximum ₹210 per kg. of tea leaves
- Minimum ₹200 per kg. – maximum ₹205 per kg. of tea leaves
- Minimum ₹170 per kg. – maximum ₹205 per kg. of tea leaves

Answer

The correct answer is- (c). Transfer price range for tea leaves should be minimum ₹200 per kg. – maximum ₹205 per kg. of tea leaves.

Reason

The plantation division is operating at full capacity, with an external demand for its tea leaves at ₹200 per kg. Hence,

although its marginal cost is only ₹170 per kg., it should charge the opportunity cost of ₹30 per kg. that it would have earned had it otherwise sold in the external market. For the processing division, tea leaves can be bought externally at ₹205 per kg. Hence, although its net marginal revenue is ₹210 per kg., that it can afford to pay upto ₹210 per kg. and still remain profitable, the division will be unwilling to pay beyond ₹205 per kg. (external procurement price). Hence, the transfer price range that can promote goal congruence will be minimum ₹200 per kg. – maximum ₹205 per kg. of tea leaves.

The ideal transfer price should be ₹200 per kg. which will give the plantation division the normal profit it would have otherwise earned from external sales, while the processing unit can procure it at a much lower cost than the external buy-in price. The transfer price will be negotiated by the managers of the respective division; hence, the final price within the above range will depend on the bargaining skills of each manager.

MCQ-6

In August'2023, RTL's tea estate in Jellalnagar, Karimganj district, received ₹10,00,000/- as compensation from an insurance company for severe damage to green leaves caused by a hailstorm. A trainee accountant (tax) at the Head Office believes that the entire receipt under the insurance policy, pertaining to damage caused by the hailstorm to tea leaves, will be assessable as income from other sources. Evaluate this view.

- The accountant's view is correct; the entire compensation is assessable as income from other sources.
- The accountant's view is incorrect; no part of the compensation consists of manufacturing income, and it cannot be apportioned under rule 8 between manufacturing income and agricultural income. Therefore, income will be agricultural income.
- The accountant's view is incorrect; only a portion of the compensation is assessable as business income.
- The accountant's view is incorrect; the entire income would be treated as business income.

Answer

Option B is correct.

Reason


Compensation received from an insurance company for damage caused by hailstorm to the green leaf is fully agricultural income and no part of such compensation consists of manufacturing income. Therefore, cannot be apportioned under rule 8 between manufacturing income and agricultural income.

Concept Insight

Vertical integration is a competitive strategy wherein an organisation takes complete control over one or more stages in the production or distribution of a product. It can involve integrating with units that supply raw materials (backward integration) or with the distribution channels that carry its products to the end-consumers (forward integration). On the other hand, *horizontal integration* is another competitive strategy employed by organisations. Horizontal integration takes place when an organisation acquires a competing business.

Case Study-2

About Case Study

| | |
|--|--|
|  Industry | Tea- Blending and Packaging |
|  Subjects | Strategic Cost Management, Indirect Tax Laws, Corporate and Economic Laws, Auditing |
|  Topics | Just in Time, Customer Profitability Analysis, Startup, Target Costing, Pricing Strategy, Notification No. 12/2017 CT(R) dated 28.06.2017, Schedule 1 Transactions - FEMA 1999, Internal Control Questionnaire |



Prime Tea Private Limited-1

Prime Tea Private Limited (PTPL) was established in 1938, headquartered in Kolkata. The company is privately owned by the Triboovandas family members, who have been in the tea business for the past 3 generations. Mr. Bhushan Triboovandas started out as a broker in the Siliguri Auction Centre. In due course, he started a tea blending and packaging company, PTPL in Kolkata. Tea leaves are blended and packed at its production facilities and sold further to tea distributors. Tea distributors in turn sell the packages to other smaller wholesalers or large retail outlets. Retail chains across India stock tea packages blended by PTPL.

In smaller cities and towns, where there is no presence of proper distributors, PTPL has local sales agents that it hires on contract to sell tea to small grocery stores and other local shops. Goods are sent to these local agents on consignment. Tea packages have a long shelf life and can be stored up to a year if stored in appropriate conditions. PTPL commands a moderate 8% market share in terms of sales in the Indian Market.

PTPL has been a profitable business for most of the years of its existence. The past many years have seen significant inflationary trends in the economy. Like many other companies, PTPL too has been enduring the increase in tea leaf price, which is the primary raw material. To combat reducing profit margins due to inflation, it has concocted a uniform blend that it sells under the brand name "A1 Tea". The blend is prepared by mixing few popular tea flavours into one. This concoction was done with the help of an expert tea sommelier a decade back. PTPL has used same composition over the last many years. The tea that PTPL prepares under the "A1 Tea" is of the black tea variety, which is the most popular tea variety consumed in India.

The Indian marketplace is crowded with many tea companies like PTPL. In retail outlets and grocery stores shelves stocking tea beverage have many brands stocked together. There is nothing much to differentiate PTPL's "A1 Tea" brand from the rest. Brands have to fight to gain visibility among customers and this is done using attractive packaging, increasing advertisement

spend, etc. Hence, customers are more price sensitive rather than conscious about quality of tea.

Today, in 2023 the total Indian Tea market is estimated to be ₹34,400 crore with branded business constituting approximately 74% of the total market value. The global tea market is estimated to be \$45-50 billion with the main demand coming from the Black Tea segment. Demand in other segments like Green Tea, Fruit & Herbal, Decaf, Speciality among others is also picking up. Despite optimistic prospects, the management at PTPL observes stagnation in tea sales rather than growth.

Currently, PTPL supplies tea to 300 distributors across India. An investigation into this revealed that many of the distributors are also distributors for competitors of PTPL. The investigation further revealed that in the past 3 years, many times PTPL has delayed the delivery of orders to these distributors. When distributors run out of "A1 Tea" packages, they place an order with the company for stocking up their inventory. Meanwhile, orders from retail outlets and smaller distributors keep coming in, which need to be met by the distributors on time. Hence, if the packages of "A1 Tea" are not replenished in time, distributors instead sell packages of another rival company to meet the order demand on time. The retail outlets and smaller distributors (who are customers of the distributors) are largely indifferent to which brand of tea. As mentioned in the paragraph above, this is because there is not much to differentiate "A1 Tea" from the rest of the brands of similar variety.

A further investigation for the reason for delays in meeting restocking requests of distributors was undertaken. The delayed sales delivery is costing the company in the form of lost opportunity sales. The study of this problem reveals that PTPL has been following Just in Time (JIT) production in its production facilities. This was implemented around 3 years back by the production manager who had wanted a lean production system. Accordingly, the tea blending process happens only when a distributor places an order for tea packages with PTPL. A typical order size would be 50,000 packages a month from each distributor. In a month at least 200 distributors place orders with PTPL.

The raw material in the form of tea leaves is stocked in advance by buying tea from various auctions. Since "A1 Tea" is a blend of popular tea flavours, it requires a mix of tea leaves providing those different flavours. It was found that these different types of tea leaves had different growing, cultivation cycle and were grown in different plantations spread across India. Hence, while stocking up for raw materials, it does happen many times that a particular type of tea leaf is unavailable at that auction centre. In such cases, the tea leaf has to be sourced from some other auction centre or sometimes directly from the plantation. These delays increase the lead time for procurement for tea leaves. The purchase manager at PTPL has not taken any initiative to resolve the problem and reduce the lead time for procurement. Hence, because the entire raw material of the required varieties of tea leaves are always not readily available, it has many times happened that there have been delays in the production of the blended tea. Since the production is JIT system based, PTPL

does not have buffer stock of blended tea (finished product) from which it could try to meet the order requirements at least partially. This is the primary reason for delays in sales delivery, which has resulted in the distributors preferring to sell rival tea brands.

Mr. Kumar, son of Bhushan Triboovandas is the CEO of PTPL. Last month, he called the senior management of the company to understand the reason for stagnating sales. This month, there was a follow up meeting where the findings of the investigations detailed above, were presented to him. On presentation of the findings, an argument ensued between the sales, production and procurement managers defending their department and function.

Sally, the sales manager: *“I am facing the brunt of this problem. It is already very difficult to sell “A1 Tea” as it does not enjoy very high visibility due to which the end user customer is indifferent to the brand and its quality. Distributors also do not get any additional incentive to sell “A1 Tea” since the profit margin they derive is just the same from any other brand. While I am trying my best to promote and sell our tea, I am not given sufficient support by Pam from our production department. Others too need to do their job well in order to sustain sales. Is that not the least I can expect?”*

Pam, the production manager: *“My hands are tied, we have best in class blending machines that can blend tea in huge quantities on very short notice. The short turnaround time for sales delivery was considered while implementing the JIT production system 3 years back. This is the reason why we had these high-performance machines installed in the first place. I just need a phone call from Sally and my machines are ready to do the job. My department cannot be blamed for delays if the requisite raw materials are not available. Procurement is Sam’s responsibility; she should be made accountable for this.”*

Sam, the procurement manager: *“It is unfair to lay the entire blame on me. I have no information about what the production is going to be during the month. I need at least 1-month advance notice if not more, to ensure that raw material supply is uninterrupted. Perhaps my colleagues here have forgotten that tea leaves are agricultural produce that cannot be grown on the drop of a hat. I need time to get the varieties of leaves from different auction locations across India to our storage facility here in our plant. Certain varieties are available only for few seasons, hence procuring them during off seasonal months is very difficult. While JIT production may work fine for blending, JIT procurement is impossible for tea leaves. I need advance notice of raw material requirements. Without this information, I cannot ensure their supply.”*

Mr. Kumar says *“Right from my father’s days, all departments had complete understanding of each other’s requirements. We have never felt the need to have information systems in place. All that was required was a phone call between the managers for the business to be done. Of-course, over the years we have grown in scale. However, this has led to gaps in passing on information. How can we resolve this?”*



Scenario-1

Anticipating heated arguments, Mr. Kumar on behalf of PTPL, has hired you as a management consultant to guide the company on ways to improve its sales and increase its market share. Your priority is to resolve the issue of delayed sales delivery to the tea distributors. Reduction in instances of lost sales opportunities will dramatically improve the sales for PTPL and grow its market share.

Required

Write a brief note addressed to the senior management, ADVISE critical points that need to be attended to in order to resolve this issue.

Answer

Let me begin with Mr. Kumar’s observation that there are no information systems in place despite the company growing in scale over the years. As correctly pointed out, there are gaps in passing on information which has resulted in delays and thereby lost sales opportunities.

JIT production system works will work well only when PTPL can anticipate the demand patterns of distributors for “A1 Tea”. It is of paramount importance therefore, that the sales forecast be as accurate as possible. This role will primarily be driven by Sally, the sales manager. She has to study the demand patterns, interact with distributors to understand the market and customer needs. Once, the sales order trend is understood, Sally has to prepare a monthly plan for expected sales. This can be drawn in anticipation for the entire year. This plan will then give the company an idea about the output required to be produced to meet the distributor’s demand in its entirety and on time.

The production manager, Pam has implemented the JIT production system 3 years back. The problem of delays in meeting sales orders also began around that same period. This provides a reasonable ground to conclude that the lost sales opportunities could be linked to the type of production system followed at the production centre. If production has to happen seamlessly, the raw material should be available on demand. Hence, *there is a requirement for information to flow from sales to production and to procurement departments.* Sally has to share the sales plan with both Pam and Sam, the production and procurement managers respectively. When the expected annual output needed is known, production and purchasing can align their functions accordingly.

Pam, the production manager has to then co-ordinate with Sam the procurement manager and discuss the production schedule. Any specific requirements have to be discussed, for example the requisite grade of tea leaves, any other technical aspect that needs attention. If a JIT production system is to be followed, there may not be much time for quality check of the raw material input or to look into certain technical specifications at the last moment. Any misunderstanding or lack of information will lead to delays in production and the system will not be Just in Time at all.

Coming to raw material procurement, the raw material tea leaves have to be adequately stocked up. Being an agricultural produce, a JIT procurement system may not always be feasible. Moreover, different varieties of tea have to be procured from different

auctions in different geographical locations. All this *increases the lead time for procurement of tea leaves* (the raw material for blended tea). However, the sales, production and purchase manager have to co-ordinate to ensure that there are no delays in availability of raw material for immediate production. Tea leaves are procured at auctions from across India. Sam has to ensure that there is always adequate stock of the required varieties of tea leaves based on the likely production schedule shared by Pam. Sam *can even consider the possibility of having buffer stock* in order to meet any rush requirements. These off-course would be *subject to the available storage space, cost of storage and any resultant loss or waste on storage*.

Further the production manager can consider the possibility of “**making to stock**” instead of using “JIT which is making to order”. It is mentioned that packaged tea has a *long shelf life*, if stored in appropriate conditions. Also, procurement of tea leaves requires lead time and co-ordination between the company and brokers at auctions or sometimes even with tea plantations when the variety is unavailable. Company can explore the possibility of having *long term contracts with brokers or plantations* for its tea leaf requirements. Due to long lead times required for procurement, it *makes sense to stock up the raw material*. At the same time, since the finished product has a long shelf life, it may make sense to stock up the finished product as well. This can give company a buffer to provide for any rush orders from distributors or even provide for errors in its sales forecasting. This can be the support that Sally is looking from both Pam and Sam.

As a final remark, there must have been a rationale for implementing the JIT production system 3 years back. It is definitely useful as cost savings can be achieved from lower storage space requirements, improving labour efficiency, reduction of wastage etc. Hence, before management take a decision on whether to continue JIT production or revert back to “make to stock” production system, it is necessary to understand why the production system was changed to the current JIT system in the first place. Depending on the nature of business, the cost effectiveness, management may choose the system that will have least disruptions in order to meet demand within the tea industry.



Scenario-2

PTPL extends a “net 30” day credit to its distributors (customers). The 30-day credit period begins from the time of dispatch of goods from PTPL’s warehouse. Invoices are generated and posted to the distributors. On an average it takes 3 days after dispatch to generate the invoice and a further 3 days for the post to reach the distributors. So, totally the distributor gets the invoice 6 days after dispatch. There have also been instances of the invoice being misplaced or not being received at all. In such cases, PTPL resends the invoice, which again requires few more days to reach the distributor.

Only 30% of the accounts receivable is collected within 30 days. On an average, the accounts receivable collection period is 50 days. PTPL does not charge any interest for this delay since it wanted to maintain good relations with the distributors. Bad debts account for almost 10% of the accounts receivable.

Required

You have been requested to ADVISE ways to reduce the collection period from the current average of 50 days to 30 days without creating any acrimony with distributors.

Answer

PTPL is using a manual method for dispatching invoices to its distributors (customers). The distributor is made aware of the amount payable 6 days after dispatch of goods. This is almost 20% of the credit period (6 days out of 30 days). So, the distributor gets 24 days to arrange for the payment on the due date. The following steps can help to improve the collection of accounts receivable on due date and help to reduce bad debts:

- (i) Revisit the credit period extended: If only 30% of the accounts receivable is collected within 30 days, it implies that the balance 70% delay the payment / settlement. PTPL has to assess whether the credit period of 30 days is reasonable and *in line with industry standards*. If the credit period is longer than 30 days, then PTPL may need to at least temporarily adjust to the industry norm for settlement with distributors. If the credit period is 30 days or lesser, then PTPL should develop an understanding with the distributors that emphasises that the payment has to be made within due date of 30 days.
- (ii) Better distributor relations: For PTPL to be able to dictate terms to distributors, it must *first ensure that the distributor’s requirements are met on time*. Hence, PTPL has to ensure that it delivers the goods on time, it has the capability of restocking whenever requested by the distributor. The other improvement can be by *automating the invoicing*, it can be generated and sent electronically as soon as the goods are dispatched to the distributor. This way there is sufficient information about the amount to be settled, giving distributor ample time to arrange for funds.
- (iii) Credit analysis of distributors: PTPL has to analyze which distributors cause delay in payments or default in payments. Credit should be extended only to *credit worthy distributors*.
- (iv) Ensure multiple channels of settlement: PTPL should *provide various channels through which settlements can be conducted*, including electronic transfers, and other banking channels such as cheques or drafts. Electronic mode of settlement ensures that the funds are received instantaneously. At times when the distributor is constrained by one method, PTPL should be in a position to offer alternate settlement methods.
- (v) Offer discounts on early settlements: To encourage early receipt of funds, PTPL can offer a small discount if the funds are remitted before due date. For example, PTPL can offer 1/10 net 30 deal. If a distributor settles the entire amount due within 10 days, a discount of 1% can be availed. Beyond 10 days until 30 days, no discount can be availed but there will be no penalty or interest either. Beyond 30 days, there can be an interest or penalty charged.


Scenario-3

'If we recoup the entire accounts receivable, that is there are no bad debts, it also means that we are profitable. It also means that each and every customer contributes towards this profit.'

– Mr. Kumar

Required

Critically ANALYZE this statement and ILLUSTRATE whether it is always true.

Answer

Recouping entire accounts receivable, with zero bad debts is indeed an ideal situation. Simply put, the company has managed to recover the entire sales that it has made to its distributors. However, it does not imply that the company is profitable. A quick example would be a case where 1 kg. tea package costs ₹300 to manufacture while due to intense competition, the company is forced to sell it at ₹250. The net loss incurred in this sale is ₹50, this would be so despite the entire amount outstanding of ₹250 is received. This refutes the first statement that *'If we recoup the entire accounts receivable, that is there are no bad debts, it also means that we are profitable.'* The above example shows that this need not always be true.

Coming to the second assertion that *'if the bad debts are nil, it also means that each and every customer contributes towards profitability.'* Again, this need not always be true.

Note: Let us take the example below for the purpose of better understanding.

Let us say PTPL has only 2 customers (here distributors). Details of sales and cost of generating these sales are given below –

| Particulars | Distributor A (₹) | Distributor B (₹) | Total (₹) |
|---|-------------------|-------------------|-----------|
| Sales | 10,000 | 30,000 | 40,000 |
| Less: Cost of Goods Sold | 5,000 | 15,000 | 20,000 |
| Cost of sales visits (specifically traced to customer based on actual sales visits) A: 1 visit × ₹500 per visit B: 10 visits × ₹500 per visit | 500 | 5,000 | 5,500 |
| Sales order processing cost (allocated based on number of orders) A: 1 order × ₹500 per order B: 10 orders × ₹500 per order | 500 | 5,000 | 5,500 |
| General administrative cost (based on number of hours of support lent to each customer) | 1,000 | 2,000 | 3,000 |
| Profitability | 3,000 | 3,000 | 6,000 |

From the above example, it can be seen that each distributor contributes the same profit of ₹3,000 each to PTPL. However, Distributor A is lot more profitable (profit margin is 30% of sales) as compared to Distributor B (profit margin is 10% of sales). Hence, the profitability of each customer is not the same. It could very well be that there may be loss making customers, the loss is absorbed by the profits generated from other customers. Hence, even if the entire outstanding amount is recouped, it does not mean that each and every customer contributes towards profitability.

The type of detailed customer wise profit analysis done above is called Customer Account Profitability. By attributing revenue and costs to each of the customers, their individual contribution towards the profit margin of the company can be calculated. Costs will vary since the amount of support each customer needs from the company may be different. In the above example, Distributor B needed more sales visits as compared to Distributor A. The number of sales visits were 10 times more, but that yielded revenue only 3 times more than Distributor A. Reasons for this have to be understood. There may be underlying problems with the sales arrangement with the customer or PTPL can perhaps improve some business process that can reduce the number of sale visits.

PTPL should analyze its customer base and identify the profitable customers and the unprofitable ones. Expand business with profitable ones. Either turn around the unprofitable ones by reducing costs or increasing sales else cease to do business with them.


MCQ- 1

Giving the case study scenario, which pricing strategy do you think that PTPL is following for its "A1 Tea" brand?

- Cost plus markup pricing
- Target rate of return
- Perceived value pricing
- Going rate pricing

Answer

The correct answer is (d) going rate pricing.

Reason

Going rate pricing is a competition-based pricing where the company sets the price based on the market price for the product. The market is highly competitive. Hence, it is given that customers are more price sensitive and indifferent between different brands. So, going rate price would be the best pricing for PTPL to follow.


MCQ- 2

Below is the cost structure for producing of 1 kg of "A1 Tea":

| | |
|--|------|
| Direct material cost | ₹200 |
| Direct labour cost (20 minutes, costing ₹300 per hour) | ₹100 |
| Overhead cost | ₹50 |
| Total cost | ₹350 |

In addition, 1 kg of “A1 Tea” also requires 0.6 kg of other material which costs ₹80 per kg, with 4% substandard quality which cannot be used in production of tea.

PTPL sells 1 kg of “A1 Tea” for ₹400. PTPL wishes to earn 10% profit margin on the same. Is the target cost being met?

- (a) No, the total estimated cost is ₹400 per kg while target cost is ₹360 per kg.
- (b) Yes, the total estimated cost is ₹350 per kg while target cost is ₹400 per kg.
- (c) Yes, the total estimated cost is ₹350 per kg while target cost is ₹360 per kg.
- (d) Yes, the total estimated cost is ₹400 per kg while target cost is also ₹400 per kg.

Answer

The correct answer is (a) No, the total estimated cost is ₹400 per kg while target cost is ₹360 per kg.

Reason

The total estimated cost is:

| | |
|---|------|
| Direct material cost | ₹200 |
| Direct labour cost (20 minutes, costing ₹300 per hour) | ₹100 |
| Overhead cost | ₹50 |
| Other material (0.6 kg. / 96% × ₹80 per kg.) | ₹50 |
| Total estimated cost (per kg.) | ₹400 |

The target cost if the company wishes to earn 10% of revenue as profit is ₹360 per kg. Selling price ₹400 per kg less profit margin ₹40 per kg = ₹360 per kg.

 **MCQ- 3**

Rani is a tea sommelier who has recently graduated from university and holds a professional certified tea sommelier degree. Few months back, she started 2 outlets by the name “Queen Tea” in Kolkata which serves gourmet tea specially crafted by her. Business has been profitable and has gained traction in terms of revenue and customers. Rani envisions that she can revolutionize the tea industry by influencing the taste preference of tea consumers.

Her specially crafted tea is authentic, unique in flavour that can be appreciated by real tea enthusiasts. India’s economy has space even for niche tea enthusiast who are willing to pay a premium for a good cup of tea beverage. However, Rani is facing many issues running the business-like access to extra finance, networking, how to market her product etc. Whom should she approach to find proper guidance, finance, and support?

- (a) An incubator
- (b) An accelerator
- (c) A start up
- (d) An intrapreneur

Answer

The correct answer is (b) an accelerator.

Reason

Accelerators can accelerate growth by removing some of the risk and uncertainty involved; through a short-term program usually for start-ups that already have a Market Viable Product (MVP), which in Rani’s case is her specially crafted gourmet tea. She can get guidance on how to scale up business, have access to business mentorship and guidance that can improve profitability, get industry connections etc. An accelerator generally gets an equity stake in the startup that joins its program. This gives proper motivation to provide proper guidance to the startup founder.

 **MCQ- 4**

In order to drive up sales, PTPL started offering a teacup free for every 1 kg of “A1 Tea” bought per order. This would be an example of:

- (a) Awareness
- (b) Promotion
- (c) Subscription
- (d) Cross subsidization

Answer

The correct answer is (b) Promotion.

Reason

A low-cost product, teacup in this case, is offered for free in for the purchase of 1 kg of “A1 Tea”.

 **MCQ-5**

An employee of PTPL visited Guwahati to purchase tea leaves from an auction at Guwahati Tea Auction Centre and had stayed in the hotel located in Guwahati, Assam. At the time of checkout from hotel, the invoice was issued for an amount equivalent to ₹1,00,000. The hotel issued invoice in the name of PTPL and GST was charged at the rate of 14% CGST and 14% SGST on total invoice amount of ₹1,00,000. Out of such amount, the amount recoverable from the employee towards non-official stay by PTPL was ₹50,000.

Whether input tax credit is available on the GST paid by PTPL on the invoice amounting to ₹1,00,000 to the hotel located in Guwahati, Assam, for stay of the employee? If yes, please specify the amount of input tax credit available.

- (a) Yes, ₹14,000 as CGST and ₹14,000 as SGST
- (b) Yes, ₹28,000 as IGST
- (c) No input tax credit is available
- (d) Yes, ₹7,000 as CGST and ₹7,000 as SGST

Answer

The correct answer is (c), no input tax credit is available.

Reason

ITC of GST paid on hotel accommodation is not available as CGST/SGST of one State cannot be utilized for discharging of CGST/SGST liability of another State.

 **MCQ-6**

PTPL entered into a contract with Nayan Distributors, Siliguri for supply of 1 tonne of “A1 Tea”. It sent the said consignment to the distributor and paid loading and unloading charges of ₹20,000.

Which of the following statements is correct under the GST law?

- (a) "A1 Tea" is an agricultural produce. Loading and unloading of "A1 Tea" is exempt from GST.
- (b) "A1 Tea" is an agricultural produce. Loading and unloading of "A1 Tea" is liable to GST.
- (c) "A1 Tea" is not an agricultural produce. Loading and unloading of "A1 Tea" is liable to GST.
- (d) "A1 Tea" is not an agricultural produce. Loading and unloading of "A1 Tea" is exempt from GST.

Answer

The correct answer is (c) – "A1 Tea" is not an agricultural produce. Loading and unloading of "A1 Tea" is liable to GST.

Reason

Item (e) of Entry 54 of *Notification No. 12/2017 CT(R) dated 28.06.2017* exempts loading, unloading, packing, storage or warehousing of agricultural produce. In this regard, it may be noted that "A1 Tea" is a blended tea prepared by mixing popular tea flavours into one. Different tea flavours are processed products - dried, fermented, and cut tea leaves. Thus, "A1 Tea" is not an "agricultural produce" and thus, loading of the same is not eligible for exemption under entry 54.

 **MCQ-7**

PTPL recently came across a new export opportunity, involving the export of tea to Country 'N' via the Rupee State Credit Route. However, the person who will execute the trade is based out of Country 'N' and would charge a commission of 20%. The CFO informed the CEO that we cannot enter into this trade as the remittance of commission on the Rupee State Credit Route is not allowed.

Considering the given legal position of the execution of the trade through the payment of commission on export under Rupee State Credit Route, comment on correctness of advice of CFO on such remittance of commission in the light of the Foreign Exchange Management Act, 1999.

- (a) Yes, the CFO is correct. No commission can be paid on exports through the Rupee State Credit Route. Hence, we cannot export the tea.
- (b) No, the CFO is incorrect. Commission up to 20% can be paid on exports through the Rupee State Credit Route. Hence, we can export the tea and remit the commission to the agent.
- (c) No, the CFO is incorrect. Although commission cannot be paid on exports through the Rupee State Credit Route, however commission up to 10% of invoice value of export can be paid on tea and tobacco. Here, still cannot export the tea because commission only up to 10% is allowed.
- (d) No, the CFO is incorrect. Although commission cannot be paid on exports through the Rupee State Credit Route, up to 20% commission can be paid on tea and tobacco. Hence, we can export the tea and remit the commission to the agent.

Answer

Correct Answer is (c).

Reason

In accordance with Foreign Exchange Management Act, 1999, Schedule 1, transactions for which drawal of foreign exchange is prohibited includes payment of commission on exports under Rupee State Credit Route, except commission up to 10% of invoice value of exports of tea and tobacco.

 **MCQ-8**

The management of PTPL has developed a strong internal control in its accounting system in such a way that the work of one person is reviewed by another. Since no individual employee is allowed to handle a task alone from the beginning to the end, the chances of early detection of frauds and errors are high. To facilitate the accumulation of the information necessary for the proper review and evaluation of internal controls, PTPL's auditor framed an internal control questionnaire to obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate. Which of the following questions relates to the procurement of tea leaves.

- i. Is there a procedure in place to match received tea leaves with corresponding invoices?
- ii. Is there a procedure of monitoring broad customer preferences worldwide?
- iii. Are provisions for bad debts made based on a systematic assessment of the collectability of outstanding receivables?
- iv. Is there a designated authority responsible for approving tea leaf procurements?
- v. Is there a confirmation process, such as signed delivery receipts, to validate successful deliveries?

Options

- (a) Only (i)
- (b) (i) and (iv)
- (c) (i), (ii) and (iv)
- (d) (ii), (iii) and (v)

Answer

Correct Answer is (b)- (i) and (iv).

Reason

In the internal control questionnaire developed by PTPL's auditor, it is noted that question (ii) is primarily focused on study of consumer behaviour or demand pattern rather than directly addressing internal control measures. Meanwhile, question (iii) pertains to internal controls associated with receivables, and question (v) specifically addresses internal control aspects related to the dispatch of tea.

Note: Case Study 3 (The Prime Tea 2) will be hosted on BoS Knowledge Portal separately.

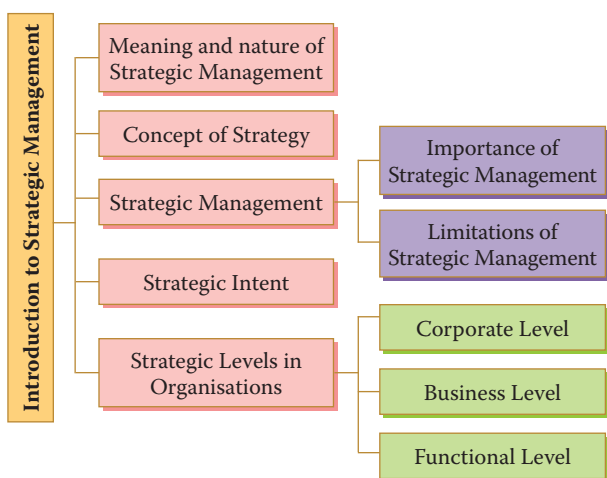
STRATEGIC MANAGEMENT

CA INTERMEDIATE - PAPER 6B: STRATEGIC MANAGEMENT

The Board of Studies (Academic) is dedicated to providing high-quality academic support for students undertaking the Chartered Accountancy Course. With a focus on this commitment, BoS (A) has developed a concise and informative capsule for Chapter 1: Introduction to Strategic Management of paper 6B: Strategic Management at Intermediate Level. This capsule is designed to aid students in a swift review before examinations, utilizing visual aids such as diagrams, tables, and flow charts to reinforce key concepts covered in Chapter 1.

It is important to note that while the capsule serves as a helpful revision tool, it does not replace the essential Study Material. Reading the Study Material remains imperative, and this capsule is intended to complement the revision process by assisting in the recapitulation of concepts presented in the Study Material.

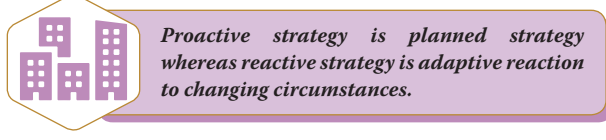
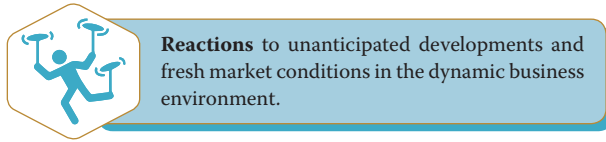
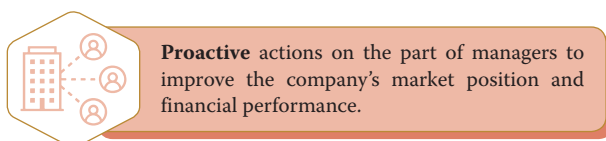
CHAPTER 1- INTRODUCTION TO STRATEGIC MANAGEMENT



Strategy is consciously considered and flexibly designed scheme of corporate intent and action to mobilise resources, to direct human effort and behaviour, to handle events and problems, to perceive and utilise opportunities, and to meet challenges and threats for corporate survival and success.

STRATEGY IS PARTLY PROACTIVE AND PARTLY REACTIVE

A company's strategy is typically a blend of:



CONCEPT OF MANAGEMENT

Management is an influence process to make things happen, to gain command over phenomena, to induce and direct events and people in a particular manner. The term is often used

As a key group in an organisation in-charge of its affairs.

As a set of interrelated functions and processes carried out by the management if an organisation to attain its objectives.

CONCEPT OF STRATEGY

We may define the term 'strategy' as a long-range blueprint of an organization's desired image, direction and destination, i.e., what it wants to be, what it wants to do and where it wants to go.

Igor H. Ansoff : The common thread among the organization's activities and product-markets that defines the essential nature of business that the organization has or planned to be in future.

William F. Glueck : A unified, comprehensive and integrated plan designed to assure that the basic objectives of the enterprise are achieved.

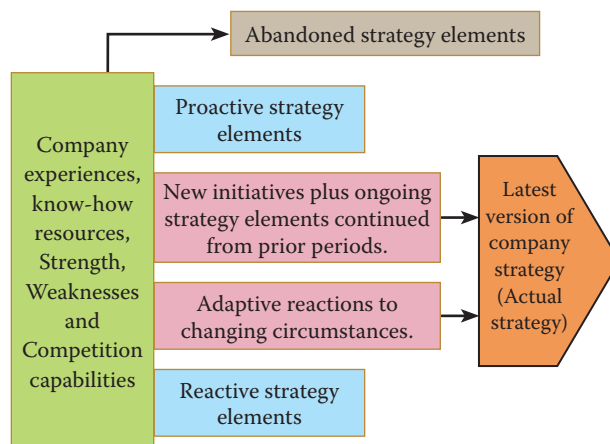


Figure: A company's actual strategy is partly planned & partly reactive

STRATEGIC MANAGEMENT

Process of developing a strategic vision, setting objectives, crafting a strategy, implementing and evaluating the strategy, and initiating corrective adjustments where deemed appropriate.

The overall objectives of strategic management are two-fold:

To create competitive advantage
(something unique and valued by the customer)

To guide the company successfully through all changes in the environment. That is to react in the right manner

IMPORTANCE OF STRATEGIC MANAGEMENT



LIMITATION OF STRATEGIC MANAGEMENT



Complex and Turbulent Environment

Environment is highly complex and turbulent. It is difficult to understand the complex environment and exactly pinpoint how it will shape-up in future.



Time-consuming Process

Strategic management is a time-consuming process.



Costly Process

Strategic management is a costly process. It add lot of expenses to an organization.



Difficult to estimate competitor's response

Competition is unpredictable. It is difficult to clearly estimate the competitive responses to a firm's strategies.

STRATEGIC INTENT (VISION, MISSION, GOALS, OBJECTIVES AND VALUES)

Strategic intent refers to purposes of what the organisation strives for senior managers must define "what they want to do" and "why they want to do".

"Why they want to do" represents strategic intent of the firm. Clarity in strategic intent is extremely important for the future success and growth of the enterprise, irrespective of its nature and size.

It implies the purposes, which an organisation endeavours to achieve. It is a statement that provides a perspective of the means, which will lead the organisation, reach its vision in the long run.

COMPONENTS OF STRATEGIC INTENT

Values/Value System



STRATEGIC MANAGEMENT

VISION



Vision implies the blueprint of the company's future position. It depicts the organisation's aspirations and provides a glimpse of what the organisation would like to become in future.

Challenge in developing a strategic vision that is creative and future directed.

Forming a strategic vision is an exercise in intelligent entrepreneurship.

Essentials of Strategic Vision

A well-articulated strategic vision creates enthusiasm in organisation.

Vision statement illuminates the direction in which organization is headed.

MISSION



Mission delineates the firm's business, its goals and ways to reach the goals. A mission statement helps to identify, 'what business the firm undertakes'. It defines the present capabilities, activities, customer focus and role in society.

Points must be considered while writing a mission statement of a company are:



To establish the special identity of the business - one that typically distinct it from other similarly positioned companies.



Needs which business tries to satisfy, customer groups it wishes to target and the technologies and competencies it uses and the activities it performs.



Good mission statements should be unique to the organisation for which they are developed.



The mission of a company should not be to make profit. Surpluses may be required for survival and growth, but cannot be mission of a company.

GOALS AND OBJECTIVES

Goals

Goals are broad statements that describe what a company aims to achieve in the long term.

They are typically high-level, overarching statements that reflect the company's vision and values.

Goals are often qualitative and may be open-ended, allowing the company to continually strive towards achieving them.

Objectives

Objectives are specific, measurable, and time-bound statements that define what a company wants to achieve in the short to medium term.

They are concrete and detailed statements that provide direction and focus on what the company needs to do to achieve its goals.

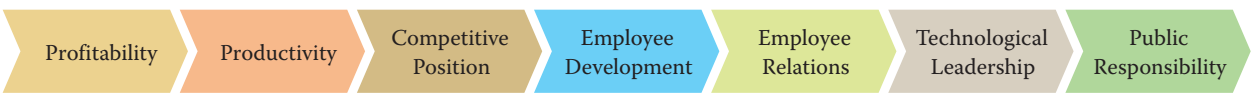
Objectives are often quantitative and include specific metrics that can be used to track progress and success.

However, in practice, no distinction is made between goals and objectives and both the terms are used interchangeably.

Objectives, to be meaningful to serve the intended role, must possess the following characteristics:

- Should define the organisation's relationship with its environment.
- Should be facilitative towards achievement of mission and purpose.
- Should provide the basis for strategic decision-making.
- Should provide standards for performance appraisal.
- Should be concrete and specific.
- Should be related to a time frame.
- Should be measurable and controllable.
- Should be challenging.
- Different objectives should correlate with each other.
- Should be set within the constraints of organisational resources and external environment.

Long-term objectives : To achieve long-term prosperity, strategic planners commonly establish long-term objectives in 7 areas



VALUES/VALUE SYSTEM



While Strategic Intent is the purpose that an organisation aims to achieve, **Values** form the omnipresent foundation of each and every decision that the management takes. **An organisation without values is like an organisation with no real intent.**

Values are the deep-rooted principles which guide an organisation's decisions and actions. Collins and Porras succinctly define core values as being inherent and sacrosanct; **they can never be compromised, either for convenience or short-term economic gain.**



Values often reflect the values of the company's founders—Hewlett-Packard's celebrated "HP Way" is an example. They are the source of a company's distinctiveness and must be maintained at all costs. A few common examples of values are; Integrity, Trust, Accountability, Humility, Innovation and Diversity.

STRATEGIC LEVELS IN AN ORGANIZATION

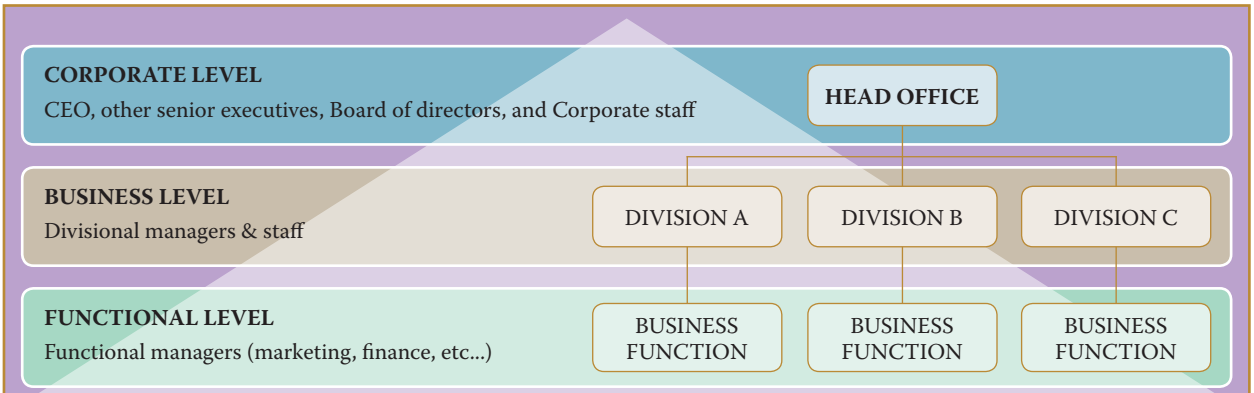
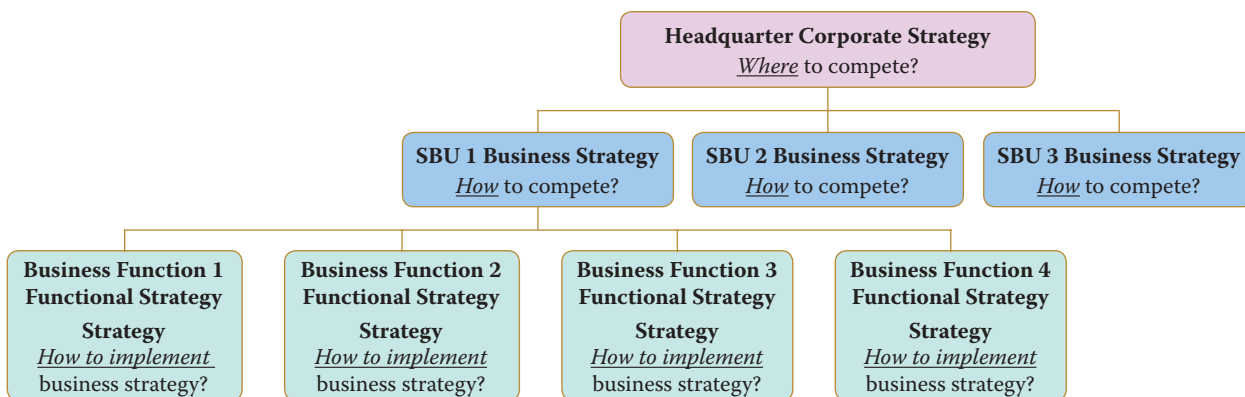


Figure: Levels of strategic management

Strategic Business Units (SBUs)

- The general managers of these divisions then become responsible for their particular product line.
- The overriding concern of the divisional managers is healthy growth of their divisions. They are responsible for deciding how to create a competitive advantage and achieve higher profitability with the resources and capital they have at their disposal.

STRATEGIC MANAGEMENT



NETWORK OF RELATIONSHIP BETWEEN THE THREE LEVEL

Functional and Divisional Relationship

- It is an independent relationship, where each function or a division is run independently headed by the function/division head, who is a business level manager, reporting directly to the business head, who is a corporate level manager.
- Functions maybe like Finance, Human Resources, Marketing, etc. while Divisions may depend on the products like for a toys manufacturer - kids toys, teenager toys, etc. could be divisions.

Horizontal Relationship

- All positions, from top management to staff-level employees, are in the same hierarchical position.
- **It is a flat structure** where everyone is considered at same level. This leads to openness and transparency in work culture and focused more on idea sharing and innovation.
- This type of relationship between levels is **more suitable for startups where the need to share ideas with speed is more desirable.**

Matrix Relationship

- It features a **grid-like structure of levels in an organisation**, with teams formed with people from various departments that are built for temporary task-based projects.
- There are more than one business level managers for each functional level teams. **It is complex for smaller organisations, but extremely useful for large organisations.**

In the organizational structure, Jayant oversees the growth of the consumer goods segment, while Kritika is in charge of B2B sales. Priya, responsible for the legal function in consumer care, notifies Jayant about newly implemented laws prohibiting consumer goods companies from sponsoring government activities. In response, Jayant promptly contacted Abhay, the finance head of consumer care, to reallocate budget resources from marketing to travel. Considering this scenario, what can be inferred about the relationship between functions and divisions within the organization?

Ans: Strategic Business Unit. The SBU has a head – Jayant. Each SBU has its own functional heads – Priya and Abhay operated independently.

Reasoning: In an SBU structure, each unit operates as a semi-autonomous entity with its own functional areas and heads, allowing for more independent decision-making and strategic control. In this case, Jayant overseeing the consumer goods segment with Priya and Abhay as heads of legal and finance functions, respectively, indicates a level of autonomy and independence that is characteristic of an SBU within the larger organizational structure.

In his pursuit to expand the family business to Dubai, Dharam Veer Singh, the successor of the renowned architect Late Shri Lala Ram Pal Singh, faced a dilemma. Despite receiving positive feedback from various potential investors, a common trend emerged where the emphasis was primarily on swift construction, neglecting the importance of structural longevity. Dharam finds himself at a crossroads. What strategic approach could assist him in formulating a robust and coherent business roadmap that aligns with his vision for sustainable growth?

Ans: Values/Value system

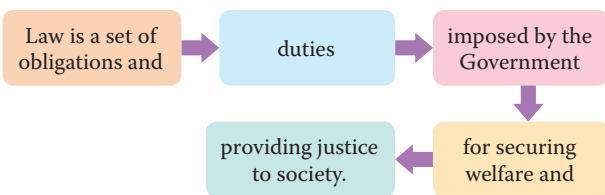
Reasoning: In this scenario, the most appropriate strategic approach to help Dharam Veer Singh formulate a robust and coherent business roadmap aligned with his vision for sustainable growth would be to focus on values or a value system.

CA FOUNDATION - PAPER 2: BUSINESS LAWS

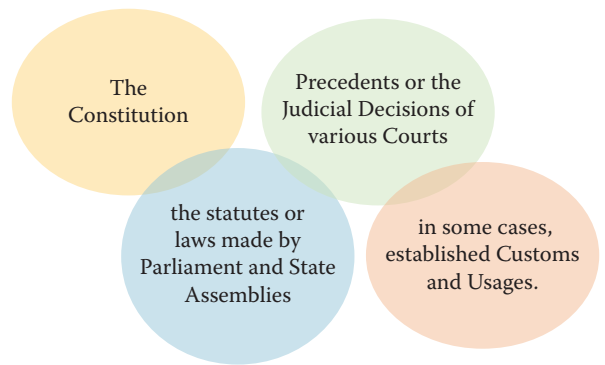
This capsule on Paper 2: Business Laws at the Foundation level addresses various facets concerning the Indian Regulatory Framework which is Chapter 1 of the paper. This chapter has been recently incorporated into the syllabus to acquaint students with the essence of law and its origins, different types of laws within the Indian Legal System, their implementation and an understanding of the crucial Regulatory Bodies overseeing the Acts. Essentially, this Capsule consists of concise notes designed to facilitate subject revision under examination conditions and can be referred a day before the exam. This is relevant for June 2024 examination and onwards.

CHAPTER-1 INDIAN REGULATORY FRAMEWORK

1. MEANING OF LAW

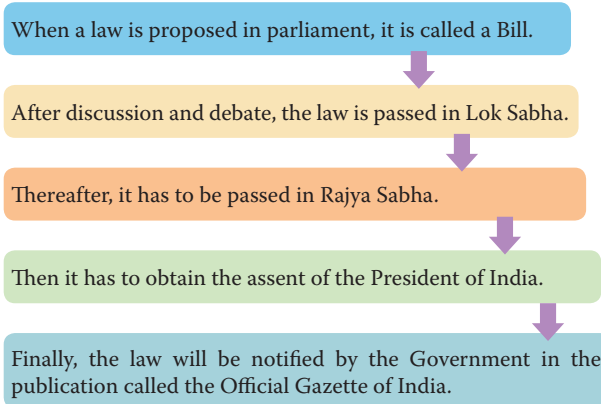


2. SOURCES OF LAW

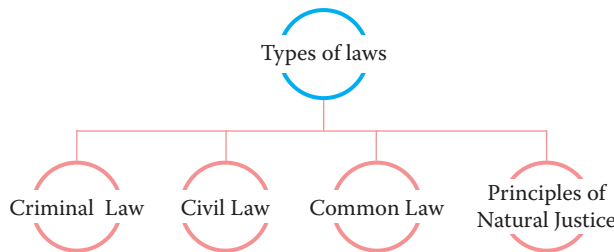


| | |
|--|---|
| Constitution of India | foremost law that deals with the framework within which our democratic system works |
| | our laws are made for the people, by the people |
| | provides and protects certain Fundamental rights of citizens |
| | lays down Fundamental duties as well as the powers and duties of Governments, both Central and State |
| | The laws in India are interconnected with each other forming a hybrid legal system |
| | The people who wrote the Constitution decided to divide the law-making power between the Central Government and the various State Governments |
| Indian Constitution has three lists Viz., Central List, State List and Joint List. | |

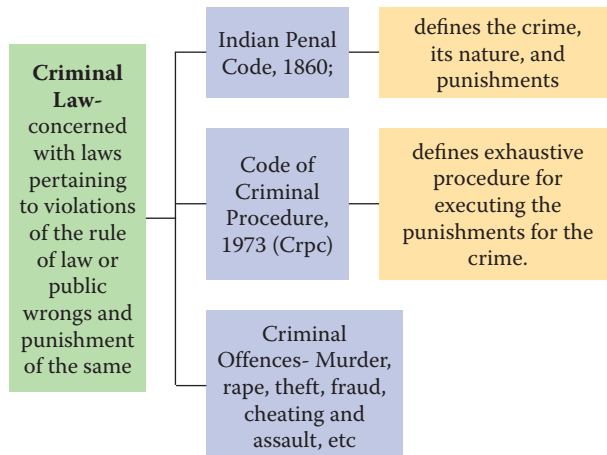
3. PROCESS OF MAKING A LAW



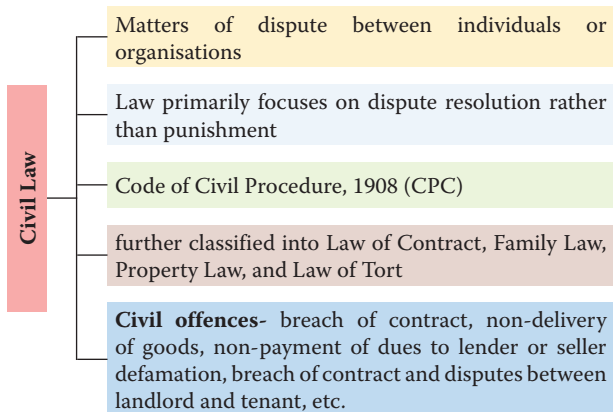
4. TYPES OF LAWS IN THE INDIAN LEGAL SYSTEM



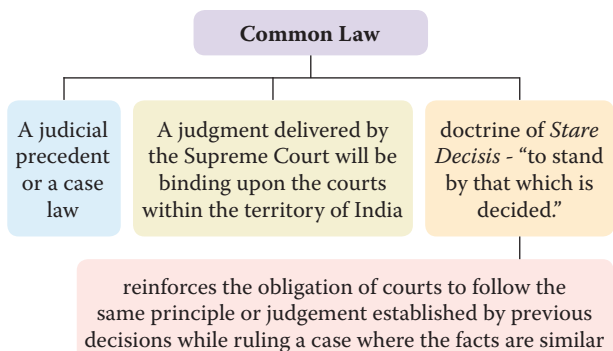
(i) Criminal Law



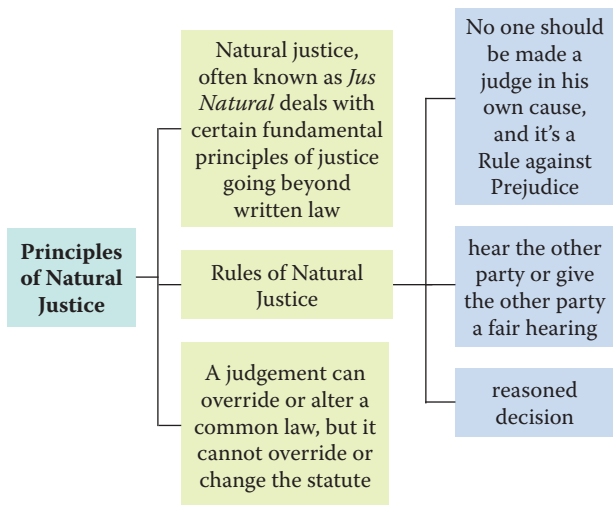
(ii) Civil Law



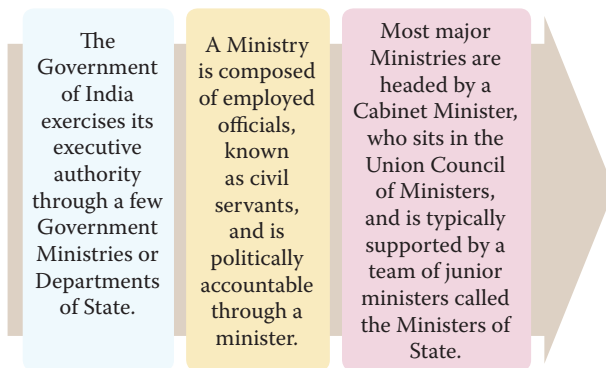
(iii) Common Law



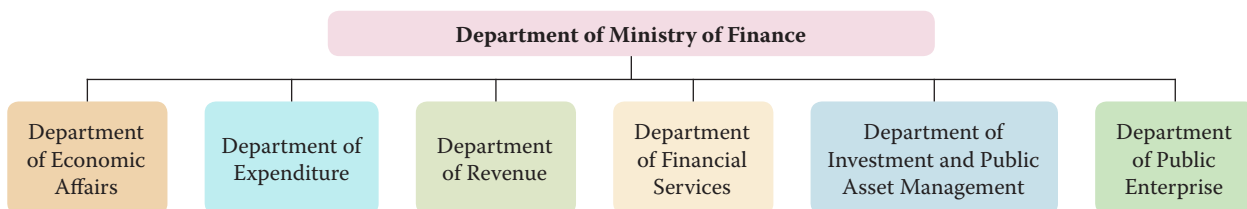
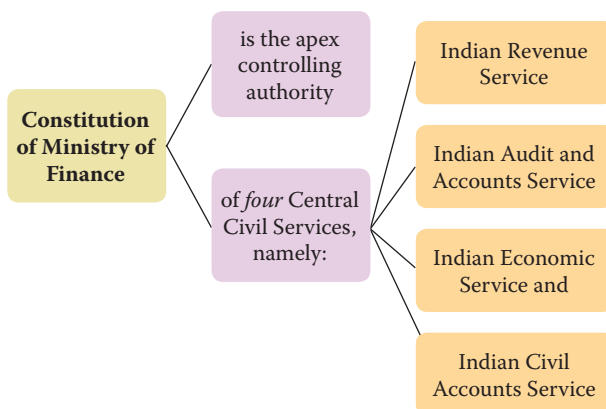
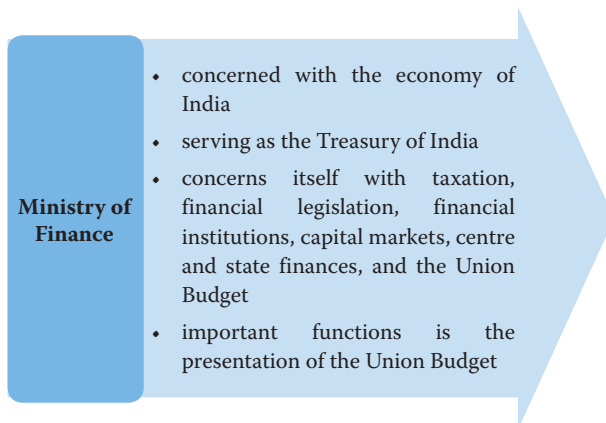
(iv) Principles of Natural Justice



5. ENFORCING THE LAW



(i) Ministry of Finance



(ii) Ministry of Corporate Affairs

Ministry of Corporate Affairs

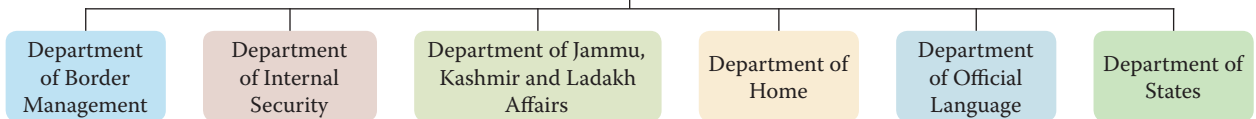
- is an Indian Government Ministry.
- primarily concerned with administration of the Companies Act, 2013, the Limited Liability Partnership Act, 2008, and the Insolvency and Bankruptcy Code, 2016.
- responsible mainly for the regulation of Indian enterprises in the industrial and services sector.
- The Ministry is mostly run by civil servants of the ICLS cadre.
- These officers are elected through the Civil Services Examination conducted by Union Public Service Commission.
- The highest post, Director General of Corporate Affairs (DGCoA), is fixed at Apex Scale for the ICLS.

(iii) Ministry of Home Affairs (Griha Mantralaya)

Ministry of Home Affairs (Griha Mantralaya)

- is a ministry of the Government of India.
- As an interior ministry of India, it is mainly responsible for the maintenance of internal security and domestic policy.
- The Home Ministry is headed by Union Minister of Home Affairs.

Department of Ministry of Home Affairs



(iv) Ministry of Law and Justice

Ministry of Law and Justice

in the Government of India is a Cabinet Ministry

deals with the

The Department of Legal Affairs is concerned with advising the various Ministries of the Central Government while the Legislative Department is concerned with drafting of principal legislation for the Central Government.

• management of the legal affairs through Department of Legal Affairs

• legislative activities through the Legislative Department

• administration of justice in India through the Department of Justice

(v) The Securities and Exchange Board of India (SEBI)

The Securities and Exchange Board of India (SEBI)

- is the regulatory body
- for securities and commodity market in India
- under the ownership of Ministry of Finance within the Government of India.
- It was established on 12 April, 1988 as an executive body and was given statutory powers on 30 January, 1992 through the SEBI Act, 1992.

(vi) Reserve Bank of India (RBI)

Reserve Bank of India (RBI)

- is India's Central Bank and regulatory body responsible for regulation of the Indian banking system.
- It is under the ownership of Ministry of Finance, Government of India.
- It is responsible for the control, issue and maintaining supply of the Indian rupee.
- It also manages the country's main payment systems and works to promote its economic development.
- Bharatiya Reserve Bank Note Mudran (BRBNM) is a specialised division of RBI through which it prints and mints Indian currency notes (INR) in two of its currency printing presses located in Nashik (Western India) and Dewas (Central India).
- RBI established the National Payments Corporation of India as one of its specialised division to regulate the payment and settlement systems in India.
- Deposit Insurance and Credit Guarantee Corporation was established by RBI as one of its specialised division for the purpose of providing insurance of deposits and guaranteeing of credit facilities to all Indian banks.

(vii) Insolvency and Bankruptcy Board of India (IBBI)

It is the regulator for overseeing insolvency proceedings and entities like Insolvency Professional Agencies (IPA), Insolvency Professionals (IP) and Information Utilities (IU) in India.

It was established on 1 October 2016 and given statutory powers through the Insolvency and Bankruptcy Code, which was passed by Lok Sabha on 5th May 2016.

It covers Individuals, Companies, Limited Liability Partnerships and Partnership firms. The new code will speed up the resolution process for stressed assets in the country.

It attempts to simplify the process of insolvency and bankruptcy proceedings.

It handles the cases using two tribunals like NCLT (National Company Law Tribunal) and Debt Recovery tribunal.

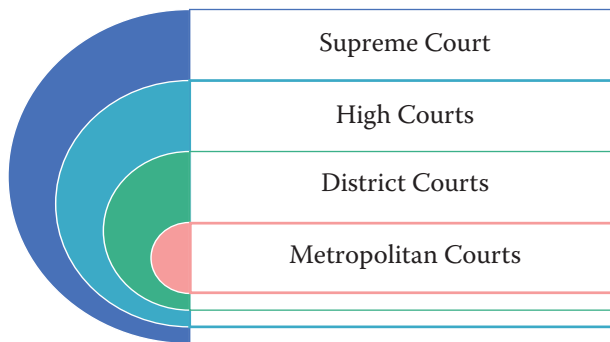
6. FUNCTIONS OF JUDICIARY SYSTEM OF INDIA

• Regulation of the interpretation of the Acts and Codes,

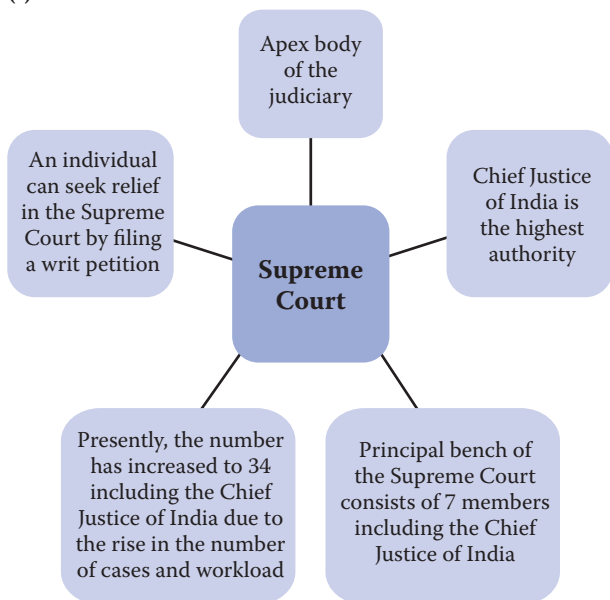
• Dispute Resolution between citizens or between citizens and the Government,

• Promotion of fairness among the citizens of the land.

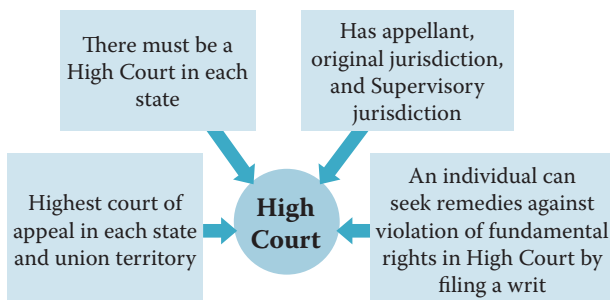
7. HIERARCHY OF COURTS



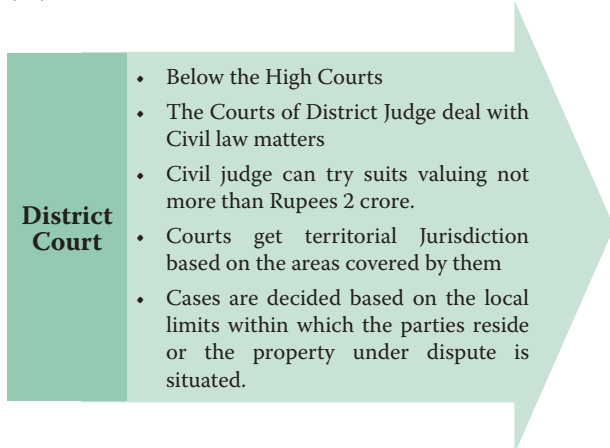
(i)



(ii)





(iii)



(iv)

Metropolitan Courts

- Established in metropolitan cities in consultation with the High Court where the population is 10 lakh or more
- Chief Metropolitan Magistrate has powers as Chief Judicial Magistrate
- Metropolitan Magistrate has powers as the Court of a Magistrate of the first class.

ICAI SEEKS SUGGESTIONS FOR VISION 2049

Let's Build the Future Together

The last date for submission is **9th February 2024**

The links for the questionnaire are as under

Members/Stakeholders: <http://surl.li/onwec>

Students: <http://surl.li/onweh>

Strategy Perspective Planning & Monitoring Committee

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

ANNOUNCEMENT

**Final Paper 6: Integrated Business Solutions
MCQ Weightage and Duration of Examination**

Students may note that the assessment of Final Paper 6: Integrated Business Solutions under the New Scheme of Education and Training would be open book and case study based. The Council has decided that the duration of the examination of this paper would continue to be four hours and the manner of assessment of this paper would also be 40% by way of MCQs and 60% in the form of Descriptive Questions in each case study of 25 marks. Accordingly, there will be five case studies of 25 marks each out of which students will be required to attempt any four.

**Joint Director
Board of Studies (Academic)**

CROSSWORD SOLUTION – JANUARY 2024

| | | | | | | | | | | | |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| ¹ D | ² E | ³ F | L | A | ⁴ T | ⁵ I | ⁶ O | N | | ⁷ F | ⁸ D |
| ⁹ I | S | S | | | ¹⁰ A | D | B | | ¹¹ C | R | R |
| ¹² V | O | G | ¹³ E | | ¹⁴ X | B | R | L | | ¹⁵ B | D |
| ¹⁶ I | P | | P | | ¹⁷ H | I | | | | ¹⁸ M | O |
| D | | | ¹⁹ C | ²⁰ E | E | | ²¹ M | ²² B | O | | |
| ²³ E | ²⁴ N | | ²⁵ G | V | A | | ²⁶ A | R | | | |
| ²⁷ N | A | ²⁸ V | | | ²⁹ V | ³⁰ A | T | | ³¹ G | ³² S | ³³ T |
| ³⁴ D | T | C | | ³⁵ G | A | P | | | ³⁶ F | D | I |
| | ³⁷ O | M | | | ³⁸ N | S | ³⁹ I | | ⁴⁰ C | R | M |
| ⁴¹ E | | | ⁴² T | ⁴³ C | | | ⁴⁴ M | ⁴⁵ E | F | | E |
| ⁴⁶ P | ⁴⁷ M | | ⁴⁸ C | I | ⁴⁹ F | | F | D | | ⁵⁰ D | |
| ⁵¹ S | U | B | S | I | D | Y | | ⁵² R | I | S | K |

NATIONAL EDUCATION SUMMIT ON COMMERCE & ACCOUNTANCY 2024 (NES-CA 2024)

NESCA - AN INITIATIVE BY BOS (A) TO STANDARDIZE COMMERCE & ACCOUNTANCY EDUCATION IN INDIA

With a vision of standardizing the commerce, accountancy & tax education in India, the Board of Studies (Academic) of ICAI organized National Education Summit on Commerce & Accountancy 2024 (NES-CA 2024) on 22nd & 23rd January 2024 at New Delhi. The two-day summit was inaugurated by the Chief Guest Prof. Deepak Kumar Srivastava, Vice-Chairman, University Grants Commission (UGC). CA. Aniket S. Talati, President ICAI; CA. Vishal Doshi, Chairman Board of Studies (Academic), ICAI, CA. Dayaniwas Sharma, Vice-Chairman Board of Studies (Academic), ICAI along with other Central Council Members of ICAI were present in the inaugural session. Vice Chancellors, Directors, Deans, Principals, HODs and professors from various commerce colleges and universities across the nation attended the summit. Association of Indian Universities (AIU) and the National Council of Educational Research and Training (NCERT) partnered with ICAI for this summit.

Inaugural Ceremony

CA. Dayaniwas Sharma, Vice Chairman BoS(A) extended a warm welcome to all the distinguished guests gracing the occasion. Commending the enduring relationship between the ICAI and UGC, he emphasized the pivotal role of UGC in shaping the education system of India. He expressed his gratitude and respect towards the dedication exhibited by the teachers in imparting quality education to the students, by reciting a Sanskrit shloka:

गुरुर ब्रह्मा गुरुर विष्णु गुरुर देवो महेश्वरःI

गुरुः साक्षात्परब्रह्मा तस्मै श्री गुरुवे नमःII

He acclaimed that ICAI members are available nationwide and are willing to deliver quality learning to the students even in the remotest areas of the country. He emphasized that the ICAI, stands firm in making India a “Naya Bharat” by enhancing the skills of faculty members and professors in various universities and colleges through NES-CA.

CA. Vishal Doshi, Chairman BoS(A) joined the summit virtually and welcomed the eminent guests and dignitaries present in the summit. He apprised that BoS(A) organized NES-CA 2023 last year and presented its Model Curriculum through the booklet – “ICAI exemplar: Preparing future-ready Commerce Graduates” in order to standardize the syllabi of commerce & accountancy education at senior secondary level and at undergraduate level offered by various universities/colleges across the country. He underscored that following the resounding success of NES-CA 2023, NES-CA has become a recognized brand with various universities and colleges imbibing ICAI’s Model Curriculum into their respective syllabi. NES-CA 2023 paved the way for the ICAI to collaborate and enter into 56 MoUs with various universities and educational institutes across the nation. The objective of NES-CA 2024 is “One India, One Commerce Education” and the same can be achieved by synergizing university education with professional accountancy education and emphasizing skill development and hands-on learning. He further added that the study material titled “*आरम्भ – A Step towards Financial Independence*” is designed to educate students on the fundamentals of financial planning, banking and credit, understanding financial statements, business organizations, basics of taxation, investment planning and retirement planning.

CA. Aniket Sunil Talati, President ICAI emphasized that the ICAI and UGC’s collaboration has the potential to reshape the entire landscape of the commerce education in the country. He encouraged the participants to engage with the faculty of the Board of Studies (Academic) for academic insights. He highlighted the trust reposed by former President of India Dr. APJ Abdul Kalam in the ICAI as a partner in nation building, underscoring the global recognition achieved by ICAI members and students.

ICAI, in its 75th Foundation year, is celebrating “75 Years of Trust”. On the momentous occasion of the 75th Foundation Day of the Institute on 1st July last year, ICAI achieved the remarkable milestone of the launch of the New Scheme of Education and Training of the Chartered Accountancy Course. The new scheme aligns with the National Education Policy, 2020 (NEP, 2020) and International Education Standards, emphasizing a practical approach. He highlighted the affordability of the chartered accountancy course, with scholarships available for those in need. A Chartered Accountant shapes not only his own future, but also the future of his forthcoming generations. He took pride in apprising the participants about another academic contribution of the ICAI in September last year wherein the ICAI achieved the largest accounting lesson consisting of 3,933 participants. In this summit, BoS(A) released the Study Material titled “*आरम्भ – Step towards financial independence*” to educate students about the fundamentals of financial planning, comprehending financial statements, business organisations, banking and credit, fundamentals of taxation and investment & retirement planning. He ensured that the ICAI will continue striving to make India ‘Accounting Vishwaguru’ by working collaboratively with the universities and colleges nationwide.

Speaking at the inaugural ceremony, **Prof. Deepak Kumar Srivastava, Vice-Chairman, University Grant Commission** applauded the global presence of ICAI and stated that it is one of the few institutions that could maintain credibility and respect throughout. He stated that ICAI plays a crucial role in promoting financial transparency and accountability. The exemplary personality, thinking process and mind set of the chartered accountants can take the nation towards “*Viksit Bharat*”. With the Hon’ble Prime Minister Shri Narendra Modi’s vision, India is poised to become the third largest economy in the next five years. The last few years have

witnessed remarkable growth in India's startup ecosystem. He further emphasized that the National Education Policy, 2020 advocates a multidisciplinary approach to education, fostering the integrated development of social, physical, intellectual, emotional, and moral capacities. He applauded ICAI's initiative to align NEP vision by providing professional education to enhance intellectual and ethical competencies of its students. He highlighted the role of UGC in closely working with Higher Educational Institutes (HEIs) and issuing the guidelines to formulate the premise for integrating skilling into higher education at all levels and for introducing short-term industry-relevant courses (certificate courses) in the HEIs to bridge the skill gap. He further stated that the accounting professionals have to be proficient in information technologies like artificial intelligence. He extended his greetings to the entire ICAI family for the NES-CA 2024 and assured that UGC would provide best cooperation and guidance in making this mission of the ICAI more impactful.

Concluding the inaugural session, **CA. (Dr.) Jai Kumar Batra, Secretary, ICAI** presented a very hearty Vote of Thanks by reciting a Sanskrit shloka emphasizing the significance of education:

**न चोरहार्यं न च राजहार्यं न भ्रातृभाज्यं न च भारकारि ।
व्यये कृते वर्धत एव नित्यं विद्याधनं सर्वधनात्प्रधानम् ॥**

He stated that the primary objective of the NES-CA 2024 is to seamlessly integrate the commerce curriculum with CA curriculum through an inclusive approach and outlined the various topics which will be deliberated upon in the two-day summit. He concluded by stating that the gathering at the summit is a testament to the power of collaboration and shared commitment to advancing education in the domain of commerce and accountancy.

The key take-aways of the various technical sessions held during the summit are outlined below:

Session I – Special Address: Skill based learning through hands-on-practice and real-world application

(Mr. Rajesh Swaika, CFO, National Skill Development Corporation; Mr. K Ullas Kamath, Former Joint MD of Jyothy Labs Ltd., Chairman, FICCI Karnataka State)

The session laid an emphasis on empowerment of students by helping them to steer challenges through education and skill development in alignment with National Education Policy (NEP) 2020. There is tremendous scope for skill development and vocational education in India. Formation of the Ministry of Skill Development and Entrepreneurship (MSDE) and the implementation of the National Policy on Skill Development 2015 have played a pivotal role in shaping India's skill development landscape. The India's Banking and Financial Sector need to be transformed by encouraging students to participate in internships and apprenticeships with financial institutions, banks, investment firms or other relevant organizations. The sustainability principles and multidisciplinary learning are required to be incorporated in the existing courses for holistic development. A global accounting language is required to move towards a "Vishwaguru Bharat". Skill development facilitates a seamless transition for individuals from learning institutions to the workforce. Therefore, primary focus should be on creating jobs, providing training and imparting more practical knowledge to youth so that the unemployment issue can be addressed.

Session II - Accounting professional globally – Navigating towards opportunities

(Mr. Sachin Gupta, Director Onboarding, EisnerAmper India)

"Education is the most powerful weapon which you can use to change the world" - Nelson Mandela. India is the third largest ecosystem for the start-ups globally and has the largest young employable population in the world. There is considerable shortage of accounting professionals worldwide. India, being equipped with the largest talent pools in the domains of accounting, commerce and finance, has the potential to address and leverage this shortage effectively. Accounting and finance are always going to be an integral part of the growth engine of the economy. The accounting professionals need to be equipped with the strong business communication skills in today's business environment. The skillset of problem solving, creativity and critical thinking need to be inculcated in prospective leaders and managers. Adoption of technological advancements like artificial intelligence, data analytics, machine learning etc. is significant as existing corporates are looking at expanding their operations beyond the performance of their current facilities.

The session was concluded with the quote of Abraham Lincoln - **"The best way to predict future is to create it"**

Session III – आरम्भः - A Step towards financial independence

(CA. Dayaniwas Sharma, Vice-Chairman, BoS(A))

As National Education Policy (NEP) 2020 emphasizes skill-based learning, the syllabus needs to be redesigned incorporating practical aspects to develop requisite skills in today's youth. ICAI has been actively working to bridge the gap in commerce education by proposing a unified contemporary Model Curriculum at senior secondary level and for commerce undergraduate courses in NES-CA 2023 last year. Further, recognizing the significance of fostering financial resilience in students, the study material **"आरम्भ – A Step towards Financial Independence"** has been developed and launched in NES-CA 2024. The universities are being encouraged to consider incorporating specific topics from this study material into their curriculum. The aim is to ensure that every student gains knowledge about the significance of areas such as banking, insurance, investment planning and financial planning, thereby gaining a broader understanding of financial independence.



Session IV - Adopting sustainability as a practice in the education system

(CA. Rajkumar Mullick, Sr. Executive Vice President, Reliance Industries Limited)

Sustainability is an eternal principle that delves into the practical landscape of industry and ESG (Environmental, Social, and Governance) initiatives. Sustainability is a transformation which cannot be reversed, but to be created for all professionals and lives. It is our responsibility to preserve, protect and conserve the planet and its environment; else future generation will face scarcity of the resources. New sustainable technologies are needed for decarbonization and energy transition. The concept of sustainable mindset needs to be inculcated in young minds for sustainable future. In this pursuit, the transformative power of education stands as a beacon, shaping mindsets, fostering empowerment and initiating positive transformations. A sustainable environment needs to be built to showcase a deep understanding of how to co-exist with nature harmoniously.

Session V - Multidisciplinary learning – An approach in the right direction

(Prof. Ajay Kumar Singh, Dean, Department of Commerce, University of Delhi)

The session emphasizes the significance of multidisciplinary learning as envisaged in NEP 2020. India has a long tradition of holistic and multidisciplinary learning with the extensive literatures of India combining subjects across various domains. Multidisciplinary approach was inherent in the ancient Gurukul system. Bloom’s three domains of learning: cognitive (knowledge); psychomotor (skills); and affective (attitude) were existent in Indian ancient education system. A significant paradigm shift has been witnessed in education—moving from pedagogy to andragogy. The pedagogy is traditionally associated with the teaching of children or dependent personalities and andragogy is specifically tailored for adults who are self-directed learners. The session underscored UNESCO’s four pillars of learning, as outlined in 1996, which encompass the dimensions of learning to KNOW, learning to DO, learning to BE, and learning to LIVE TOGETHER. These principles serve as a comprehensive framework for a holistic and well-rounded education.

Session VI - Cyber security – A basic education need

(CA. Aashish Thanthry, Consultant & Trainer in Cyber Security)

The session highlighted the fundamental concepts of cybersecurity and its essentiality in information security. In the era of technological advancements, it is indispensable to secure data. The session covered various types of attacks like brute force attack and threats like phishing, DDoS and their counter measures such as Captcha, address authentication methods like passwords and biometrics. The importance of installing antivirus software and regular updates on electronic devices is imperative. Robust data security measures must be put into place by promoting secure data disposal techniques.

Session VII - University education – Synergy with professional accountancy education

(CA. V. Pattabhi Ram, Co-founder, Author & Trainer)

The session underscored the role of a teacher in shaping a student’s life, evolving role of a Chartered Accountant owing to reasons like specialization, automation, changes in compliances and regulations, the synergy between universities and chartered accountancy education and the associated challenges and solutions. Aligning commerce curriculum of universities with the CA education is imperative and can be achieved through collaborative efforts by the Institute of Chartered Accountants of India (ICAI) and universities. By fostering such association, there will be a seamless integration of curricula, thereby ensuring that students receive a comprehensive and cohesive educational experience.

Session VIII - Commerce education - Opportunities with specialization like banking, insurance, investment advisory and forensic accounting

(CA. Himanshu Vasa, Chief Compliance Officer, Kotak Mahindra Bank; CA. (Dr.) Durgesh Pandey, Professor of Practice at National Forensic Sciences University (NFSU)).

The session emphasized that banking and insurance are as crucial for sustenance as the breathing is for living. In our education system, there is a need for specialisation in banking and insurance as corroborated by the opportunities in the Banking, Financial Services and Insurance (BFSI) sector. The session further highlighted the importance of specialisation in forensic accounting at undergraduate level, in addition to knowledge of accounting, technology and law, for paving the path to effective skill building. Through such specialisation, students can gain knowledge in the area of forensic investigation of financial crimes and dispute resolution in the financial sector. The Study Material “*आरम्भ - A Step towards Financial Independence*” was lauded as a step in this direction and the universities were urged to incorporate the same in their respective curricula.




NES-CA 2024 is a testament to ICAI’s commitment towards nurturing young talents for cultivating the next generation accountants. The summit was organised to synergize university education with professional accountancy education, provide support in the development of commerce syllabi, conduct faculty development programmes and place a distinct emphasis on hands-on learning, across various universities and colleges nationwide.



**TOPPERS OF CHARTERED ACCOUNTANTS
FINAL EXAMINATION NOVEMBER – 2023**

| | | | |
|---|---|---|---|
| FIRST | SECOND | THIRD | THIRD |
|  |  |  |  |
| MADHUR JAIN JAIPUR | SANSKRUTI ATUL PAROLIA MUMBAI | TIKENDRA KUMAR SINGHAL JAIPUR | RISHI MALHOTRA JAIPUR |

**TOPPERS OF CHARTERED ACCOUNTANTS
INTERMEDIATE EXAMINATION NOVEMBER – 2023**

| | | |
|---|---|--|
| FIRST | SECOND | THIRD |
|  |  |  |
| JAY DEVANG JIMULIA MUMBAI | TANAY BHAGERIA AHMEDABAD | RISHI HIMANSHUKUMAR MEWAWALA SURAT |

CROSSWORD - FEBRUARY 2024

| | | | | | | | | | | | |
|----|----|----|----|----|----|----|----|----|----|----|---|
| 1 | | 2 | 3 | 4 | | 5 | 6 | 7 | | 8 | 9 |
| | | 10 | | | | 11 | | | | | |
| 12 | 13 | | | | | 14 | | | | 15 | |
| 16 | | 17 | | | 18 | | | | | | |
| 19 | | | | 20 | | 21 | | | 22 | | |
| | | | | | 23 | | | 24 | | | |
| 25 | 26 | 27 | | 28 | | | | 29 | | | |
| 30 | | | | 31 | | | | | | 32 | |
| | 33 | | 34 | | | | | | 35 | | |
| 36 | | | 37 | | 38 | | 39 | | 40 | | |
| 41 | 42 | 43 | | | 44 | 45 | | | | | |
| 46 | | | | | | | | | | 47 | |

ACROSS

- The body of law that controls the creation, use and abuse of market power.
- The total demand for final goods and services in an economy at a given time.
- _____ advises the government on policy matters and formulates plans for the development of electricity systems.
- Individuals who can establish their Indian ancestry and have certain ties to India.
- The practice of integrating code changes frequently.
- Dedicated to creating banking professionals.
- Is a method of determining an asset's worth that takes into account the value of similar assets.
- The continued sequence of existence.
- A major financial agency of the United Nations.
- A hybrid of citrons and sour or bitter oranges.
- The world's only peer-to-peer network exclusively for entrepreneurs.
- The allowance that has been granted for the purpose of transport.
- A counter-terrorism unit of India under the Ministry of Home Affairs.
- A state in the southern coastal region of India.
- The supplementary foreign exchange reserve assets defined and maintained by the International Monetary Fund.
- An arms and service branch of the Indian Army.
- The simulation of human intelligence processes by machines, especially computer systems.
- An official Act that consolidates and amends laws regulating foreign exchange in India.
- A specialized agency of the United Nations that leads international efforts to defeat hunger and improve nutrition and food security.
- _____ is designed to engage with customers reactively.

- A method for online retailers to automatically track purchases and other server-to-server communication in real time.
- The percentage of a consumer's monthly gross income that goes toward paying debts.
- A combination of software, systems and services used to maintain and control operational assets and equipment.
- A means of protection from financial loss.
- A monetary policy where central banks spur economic activity by buying a range of financial assets in the market.

DOWNWARD

- An economic mechanism whose purpose is the allocation of goods and the formation of prices for those goods via a process known as bidding.
- All the costs incurred in producing something or engaging in an activity is called _____.
- _____ are gratuities and other minor costs that are incurred while conducting business.
- A _____ is a word or phrase that describes the topic of the question.
- An instant real-time payment system developed by NPCI.
- A fixed amount gets invested automatically at a fixed interval.
- A tax on all spot conversions of one currency into another.
- The interest rate for a savings account or investment product that has more than one compounding period.
- The act of giving political power from central to local government.
- Centrally Funded Business Schools.
- An investment fund that pools money from many investors to purchase securities.
- An American brand of denim jeans.
- A medium of exchange.
- The market leader in ERP software.

- A financial mechanism that enables banks to deposit their liquidity with the RBI without providing any kind of security.
- A standardized test intended to measure all graduates' abilities in tasks of general academic nature.
- An investor who believes that a particular security, or the broader market is headed downward.
- Abbre : Accountability to Affected Populations.
- The additional cost of producing one more unit of a good or service.
- It refers to investors from other countries putting money in Indian stock markets.
- The sum of equity capital, long-term capital, and short-term capital as shown in the balance of payments.
- The government agency responsible for implementing Indian foreign policy.
- _____ refers to the total value of all shares traded on the equity market.
- The southernmost state of India.
- _____ curve represents various combinations of interest and income along which the goods market is in equilibrium.
- The form of the indefinite article used before words beginning with a vowel sound.

If undelivered, please return to: The Institute of Chartered Accountants of India, ICAI Bhawan, Indraprastha Marg, New Delhi-110002