



THE CHARTERED ACCOUNTANT

JOURNAL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

INDIA

Global Hub for Accountancy Profession

ICAI
WOFA
WORLD FORUM OF ACCOUNTANTS | 31ST JAN - 2ND FEB 2025
NEW DELHI, INDIA
Accountability Meets Innovation (AI): For A Sustainable Planet

Viksit Bharat

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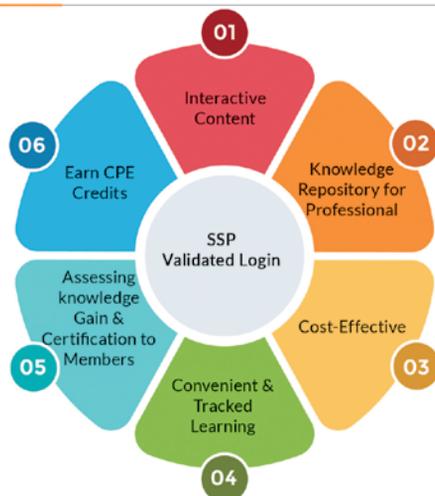
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India's Digital Revolution-Paving the Way to Global Leadership

India, a nation in development, strides purposefully toward becoming a future superpower. To bring this vision to life, it is embracing digital transformation that is reshaping the world, to achieve extraordinary feats of innovation and creativity. Today, we are riding the crest of a digital wave, propelled by technologies like Augmented Reality, Virtual Reality, and Artificial Intelligence. These innovations have revolutionized mundane tasks, compelling our minds to engage more deeply in management and multitasking, fostering creativity and efficiency in unprecedented ways.

Today, India stands at the forefront of a digital revolution, transforming the way its citizens live, work, and connect. Fuelled by advancements in technologies such as Artificial Intelligence (AI), Blockchain, and the Internet of Things (IoT), the nation is witnessing unprecedented growth in digital infrastructure. Initiatives like "Digital India" have bridged the urban-rural divide, bringing e-governance, financial inclusion, and digital literacy to the remotest corners of the country. Startups and tech giants alike are driving innovation, making India a global hub for technological prowess. However, this revolution also demands a balance—stringent cybersecurity measures, equitable digital access, and ethical technology use. With its vast talent pool and entrepreneurial spirit, India is poised to harness the full potential of this transformation, shaping a future where technology empowers every individual and propels the nation toward global leadership.

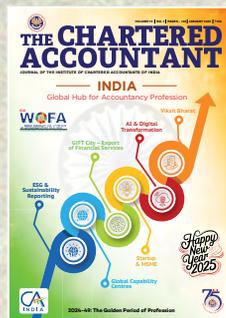
Building India for the new age, the government is also taking proactive steps in building a digitally transformed and advanced India. The country's digital revolution is anchored by the "Digital India" initiative, structured around nine pivotal pillars: Broadband Highways, Universal Access to Mobile Connectivity, Public Internet Access Programme, e-Governance, e-Kranti (electronic delivery of services), Information for All, Electronics Manufacturing with a target of net zero imports, IT for Jobs, and Early Harvest Programmes. Further, to improve and introduce technology, the Ministry of Electronics and Information Technology (MeitY) received an allocation of ₹ 21,936 crores, marking a 52% increase from the previous year, underscoring the government's commitment to digital infrastructure and services. This substantial investment has propelled India to the 49th position in the Network Readiness Index (NRI) 2024.

The acceptance and adoption of digital transformation necessitates policies designed to prevent the misuse of digital technologies. As we continue to advance and integrate digital technologies into businesses, it becomes essential for Chartered Accountants to stay abreast of these changes. They must ensure that businesses operate with the highest standards of ethics, integrity, and accountability, safeguarding not only financial transparency, but also fostering trust in an increasingly digital world. Their expertise is crucial in ensuring that companies adhere to the Goods and Services Tax (GST) regulations, the Companies Act, and the Information Technology Act, among other laws. Additionally, CAs must keep pace with the digitalization of financial reporting, such as the introduction of e-filing, digital signatures, and blockchain technology in accounting practices. CAs are also responsible for guiding businesses on compliance with the Personal Data Protection Bill (PDPB) and other cybersecurity laws, protecting sensitive information from cyber threats. By adhering to these laws, CAs help maintain financial transparency and foster trust within the digital economy. The role of a Chartered Accountant in today's growing world has extended beyond compliance, as they contribute to strategic decision-making, supporting the smoother running of businesses and contributing to the broader economic development of the nation. Through their continuous adaptation to new technologies and regulations, CAs are integral to shaping India's future as a digital powerhouse.

ICAI, as an educator, is playing a vital role in upskilling CAs by equipping them with the latest technologies and preparing them for future challenges. The Institute, through its various committees, consistently offers a range of courses that enable active members to stay current and enhance their knowledge. To realize the vision of Digital India, citizens and government bodies should come together to turn this dream into a reality. Collectively, these efforts are steering India toward a digitally empowered society and knowledge economy, fostering the nation as a global leader in the digital arena.

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From the President



CA. Ranjeet Kumar Agarwal
President, ICAI

Dear Professional Colleagues,

Wish you All a very Happy New Year!!

“With every new beginning comes an opportunity to grow. Let this year mark strides in personal growth, India’s success on the global stage, and a united effort towards uplifting humanity.”

Looking at the broader horizon, the past 25 years have seen India’s transformation into a global economic powerhouse. Over the years, India has made significant strides worldwide across various fields, setting a shining example for developing nations to rise and achieve progress. With persistent reforms and growth-oriented initiatives, India has secured its position as the world’s fifth-largest economy and aspires to rank among the most economically stable nations. It is imperative for each of us to rise to the occasion, embrace responsibility, and actively contribute to turning this dream into a reality.

With India’s rise as a global economic powerhouse, the accounting profession stands at the cusp of a whole new realm of opportunities. It is time that ‘We’, as Chartered Accountants, take the resolution to establish India as the Global Hub for Accountancy and Financial Excellence. To bring this vision to fruition, the Institute, guided by tenets of *TRUST*—Technology, Research, Union Development, Sustainability, and Transparency—is committed to championing innovation, sustainability, and excellence. The objective resonates with the nation’s overarching vision of *Viksit Bharat*—a prosperous and inclusive India—fuelled by innovation, transparency, and ethical governance.

The profession of Chartered Accountancy shall act as the catalyst in fulfilling the dream of building our ‘India – Global Hub for Accountancy Profession’. This involves the exploitation of India’s potential to the fullest and focusing on key drivers of growth, both internally and externally by nurturing startups & MSMEs to become globally competitive, attracting foreign investments through policy reforms, and promoting the export

of services through Global Capability Centres. The overarching vision is to play a pivotal role in driving innovation, creating jobs, and fuelling economic growth.

India’s Global Aspirations: Leading with Innovation

“No power on earth can stop an idea whose time has come. The emergence of India as a major economic power is one such idea. India is now wide awake. We shall prevail.”

Dr. Manmohan Singh, Budget Speech, 1991

As we mourn the passing of **Dr. Manmohan Singh**, the Architect of Indian Economic Reforms, I recall the words from his 1991 budget speech that have now proven to be truly prophetic.

Today, India is aptly poised to lead the global economy. Our country holds the top position in the world in fintech adoption rates and stands as the top consumer of smartphone data. With the second-largest internet user base, nearly half of the world’s real-time digital transactions occur in India. Our nation now boasts the world’s third-largest start-up ecosystem and ranks fourth in renewable energy capacity. In the manufacturing sector, India is the second-largest producer of mobile phones and remains the leading producer of two-wheelers and tractors. With a youthful population, India also has the third-largest pool of scientists and technicians globally.

India’s startup economy, driven by the entrepreneurial spirit of its youth, is a key driver of the nation’s economic growth. It is projected that by 2030, startups will contribute nearly \$120 billion (1.6% of GDP), 3.5 times increase from \$35 billion in 2023. By 2047, startups are expected to contribute \$1.6 trillion, accounting for 5% of India’s GDP as it aims to become a ‘Viksit Bharat’ with a \$35 trillion economy. This startup revolution is fostering innovation and resilience, essential for India’s future.

In addition, India’s gross foreign direct investment (FDI) has reached significant milestones, with inflows reaching \$42.1 billion in the first half of the current fiscal year and cumulative FDI surpassing \$1 trillion since April 2000. These achievements reflect enhanced global competitiveness, a thriving innovation ecosystem, and a business-friendly environment, supported by initiatives like Make in India, Digital India, sectoral liberalization, and recent policy reforms, including increased FDI limits.

Building India into a Global Hub for Accountancy Profession

The nation’s demographic dividend, vibrant startup ecosystem, and strategic initiatives provide a strong foundation to realize this vision. To achieve this vision, it’s important to build a collaborative ecosystem that supports the development of enabling policies for the globalization of businesses, attracting investments, unlocking economic growth, digital transformation through the adoption of the latest technologies, forging strategic partnerships and collaborations for knowledge enrichment, and technology transfers strategy between institutions, regulators, and industry.

India’s rise as a global hub for the finance and accounting sector is a testament to its sturdy capabilities and progressive policies. Recognized as the ‘World’s Outsourcing Hub,’ the nation is also witnessing the significant growth of Global Capability Centres (GCCs). By 2030, the GCC industry is expected to become a \$100 billion sector, creating over 2.5 million jobs. This growth is driven by India’s vast talent pool, cost advantages, and the shift

of GCCs from service providers to strategic hubs. The roadmap for India to attain the highest position globally requires integrating education, innovation, sustainability, and governance. The adoption of advanced technologies like artificial intelligence will further enhance India's ability to deliver sophisticated financial services, reinforcing its status as a preferred destination for global companies seeking efficiency and innovation.

Since its inception with the foresight that '**Knowledge is Power**', the ICAI and the CA profession have fostered continuous learning and skill development to empower youth and drive national progress. Recognizing knowledge as the ultimate competitive edge, ICAI is continuously equipping the younger generation with advanced skills, shaping them into contributors to India's growth.

The International Financial Services Centres (IFSCs), notably the Gujarat International Finance Tec-City (GIFT IFSC), are pivotal in positioning the nation as a strategic global financial services hub. For our profession, IFSCs present significant opportunities. The expansion of permissible activities, including bookkeeping, accounting, taxation and financial compliance services, within IFSCs has opened new avenues for CAs to offer specialized services to international clients. ICAI is actively collaborating with IFSCA to facilitate the seamless integration of Indian accounting standards with global practices.

ICAI is actively working towards augmenting governance and reforms in Municipal and Panchayati Raj bodies across the country to strengthen India's economy from within promoting smart city infrastructure and engaging with youth in Tier-II and Tier-III cities to ensure inclusive growth and sustainable development. Together with O/o C&AG the Certificate Courses for Accountants of Panchayats and Municipal Bodies has been developed for capacity building of youth and empowering citizens at the grassroot level.

As the nation progresses towards its economic goals, the **Pradhan Mantri Internship Scheme (PMIS)**, announced in the 2024 budget, seeks to bridge this gap by offering structured internships to 1 crore youth in top companies over five years. The PM Internship Scheme stands as a testament to India's commitment to harnessing the potential of its youth. By investing in their development, we are not just shaping capable professionals; we are empowering future leaders who will drive innovation, fuel economic growth, and contribute to a prosperous society. The scheme aligns education with industry needs, fostering a skilled workforce to propel India into a new era of growth, where every youth can realize their potential and contribute meaningfully to India's growth story.

ICAI firmly believes in the role of financial literacy and taxation in driving inclusive growth, essential for strengthening India's economy. ICAI has been at the forefront, promoting financial literacy through initiatives like **Vittiya Gyan - ICAI Ka Abhiyaan** and the **Vittiya Gyan Mela 2024**, held across 63 ICAI branches, aimed at spreading financial awareness and supporting India's economic advancement on a global scale.

To empower economic development and working towards India@2047, the Institute took various measures to nurture entrepreneurship, MSMEs and Startups. The ICAI is undertaking initiatives like Startup Sphere, MSME Yatra along with collaborations with institutions and government entities to build an enabling ecosystem promoting entrepreneurship. ICAI is providing these entities with strategic advisory services, financial planning tools, and compliance support to enhance their competitiveness. Our specialized initiatives, such as startup mentorship programs and workshops on export readiness, are empowering entrepreneurs to scale their operations and thrive in a global marketplace.

The Institute embraces cutting-edge technologies like artificial intelligence, blockchain, and data analytics, and enables Chartered Accountants to go beyond traditional roles and deliver strategic, forward-thinking solutions. This year ICAI incorporated and imbibed Artificial Intelligence (AI) as part of the CA curriculum and even launched a Certificate course in AI along with dedicated CA GPT modules transforming the accounting profession.

The Institute of Chartered Accountants of India (ICAI) has demonstrated a strong commitment to sustainability and as a global hub for accountancy, establishing its Sustainability Reporting Standards Board (SRSB) in 2020, well ahead of the ISSB's formation in 2021. ICAI has contributed to the global discourse on sustainability and assurance standards. ICAI's contributions enhance India's status as a key player in the global accountancy profession, aligning education, regulation, and practice with international standards. Additionally, ICAI's efforts in promoting social audits and ethical practices further bolster India's reputation as a hub for accounting excellence, driving both economic growth and sustainable development.

Aligning with ICAI's vision of strengthening India's presence in the global accountancy profession. The aggregation of CA firms in India is a strategic step towards making them globally ready. ICAI is working very effectively on how to frame guidelines for networking, multidisciplinary partnership, international networking, merger and demerger and advertisement. By promoting the formation of larger, multidisciplinary firms, ICAI is enabling Indian Chartered Accountants to compete effectively on an international scale. These large firms will be positioned to cater to the evolving demands of the global economy, enhancing India's reputation as a hub for quality financial services and expertise.

The ICAI Center of Excellence (COE) is being developed as a premier hub for research, aiming to position India as a global leader in the accountancy profession. By fostering cutting-edge research in areas such as financial reporting, sustainability, artificial intelligence, and other emerging areas of economy, ICAI is ensuring that Indian Chartered Accountants are future-ready. Recently, ICAI has launched **1st Advanced Flagship Program- Empowering Trusted Advisors Unlocking the Potential of Family Enterprises**. The program aims to equip Chartered Accountants (CAs) with specialized skills to address the unique challenges faced by family businesses and support their growth and success in the economic progress of the nation. Details are coming inside the journal.

Considering the evolving global economy, the ICAI is organizing the **World Forum of Accountants (WOFA)** to showcase the emerging role of Indian accounting profession in navigating and leading the changes for betterment of the world. With the participation from Indian CA Firms and professionals, the WOFA is an endeavour to showcase the world at large India's thought leadership and rise as global leader in Accounting and Auditing. More than 6000 delegates will be participating in this grand event.

Important Developments

■ ICAI's Suggestions on Comprehensive Review of the Income-tax Act, 1961

The Union Budget 2024-25 announced a review of the Income-tax Act, 1961, to simplify language, reduce litigation, and ease compliance. In response, ICAI has provided key suggestions to enhance tax efficiency, transparency, and economic growth. These include simplifying tax laws, removing obsolete provisions, and introducing dispute mitigation measures. ICAI advocates a special tax regime for firms, streamlining taxation for charitable trusts, simplifying residential status provisions, and eliminating separate forms for opting into special

■ FROM THE PRESIDENT ■ THE CHARTERED ACCOUNTANT

regimes. To reduce litigation, it proposes aligning TDS/TCS rates with audit trail objectives, limiting section 143(1)(a) adjustments, and setting timelines for appeals. Compliance improvements include a year-wise E-Ledger for TDS/TCS, extended deadlines for belated returns, simplifying return forms, and resolving faceless assessment concerns.

■ ICAI's representative on the Consultative Group on Tax Policy constituted at NITI Aayog

A consultative group on Tax Policy has been constituted at NITI Aayog to support the goal of improving tax policies, tax administration, and tax compliance while simplifying processes and reducing litigation. As part of the consultative group, the ICAI has submitted its suggestions on mitigating litigation and reducing the pendency of appeals, which include the need for an effective Grievance Redressal Mechanism in respect of faceless appeals before Joint Commissioner (Appeals)/ Commissioner (Appeals), obtaining feedback from the taxpayers on the significant issues/concerns which are prone to litigation, and addressing the same through issuance of circulars/FAQs, expanding the scope of Dispute Resolution Scheme, non-levy of penalty on debatable matters involving substantial question of law and addressing the issues involved in certain specific provisions of tax laws which result in extensive litigation.

■ Pre-Budget Memorandum 2025

Like every year, this year too, the ICAI has submitted its Pre-budget Memorandum 2025 highlighting prudent tax reforms to drive economic growth and sustainability. Important recommendations include tax benefits for climate change mitigation to align with India's climate goals and boost sustainable business practices. To encourage women's property ownership, the memorandum proposes removing restrictive provisions under sections 27 and 64(1)(iv)/(vi). Simplification of tax laws is advocated through a new income head for shares and securities, depreciation alignment with the Companies Act, 2013, rationalization of capital gains provisions, and a 10% tolerance band for valuations under section 50C(2). Additionally, ICAI has suggested rationalizing tax rates under section 115BBE for cash credits, improving e-filing by revising conditions for defective returns, and providing opportunities for taxpayers to rectify returns before invalidation.

■ Presentation of Accrual Based Financial Statements of Indian Railways FY 2022-23

Indian Railways, the world's fourth-largest network, after the United States, Russia, and China, has been undertaking Accounting Reforms aligned with Generally Accepted Accounting Principles (GAAP). Since 2014, the Institute of Chartered Accountants of India (ICAI) and its Accounting Research Foundation (ICAI ARF) have been playing a pivotal role in supporting the transition to accrual-based financial statements, enhancing transparency and accountability. ICAI ARF has successfully facilitated the preparation of accrual-based financial statements in Indian Railways for all Zonal Railways and Production Units from 2015-16 to 2022-23, contributing significantly to strengthening India's self-reliant infrastructure and financial governance.

Meeting with Governor Maharashtra

I along with the ICAI delegation, accompanied by the Vice President, Past Presidents and Central Council Members, met Shri C. P. Radhakrishnan, the Hon'ble Governor of Maharashtra. The discussion encompassed a wide range of important topics, including

matters related to trusts, cooperatives, municipalities, universities, colleges, and various other professional concerns. The meeting was a significant step in fostering collaboration and addressing key areas of governance and professional development, reflecting ICAI's commitment to contributing to societal progress.

CA Exam Results

The results of the Final level examinations held in November 2024 have been declared. In Group I, out of 66,987 candidates appeared, 11,253 students successfully passed, resulting in a pass percentage of 16.8%. For Group II, out of 49,459 candidates, 10,566 students cleared the exam, achieving a pass percentage of 21.36%. Additionally, 30,763 candidates appeared for both groups, with 4,134 students qualifying, marking a pass percentage of 13.44%. My heartfelt congratulations to all the students who have successfully cleared these exams and welcome them to the prestigious fraternity of Chartered Accountants. To those who couldn't qualify this time, view this as a valuable learning experience and a step closer to your goal. Keep striving with determination and confidence.

India to Lead Edinburgh Group

I am proud to share that India will be leading the Edinburgh Group for the first time. ICAI representative CA. Rajendra Kumar P. has been elected as the Chair of the Edinburgh Group for the 2024–2026 term. Edinburgh Group is a coalition of 16 Accounting Bodies across the world representing over 1.2 million Accountants. This achievement highlights India's growing influence in the global accounting landscape.

ICAI Election 2024

In accordance with Rule 36 of the Chartered Accountants (Election to the Council) Rules, 2006, along with provisions of sub-regulation (10) of Regulation 134 of the Chartered Accountants Regulations, 1988, the Council of the Institute of Chartered Accountants of India (ICAI) is delighted to announce the names of members elected to the Twenty-Sixth Central Council and Twenty-Fifth Regional Councils. Notifications in this regard has been placed inside the journal.

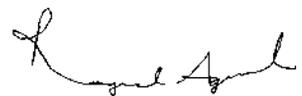
I congratulate all the 32 elected members of the 26th Central Council and 64 elected members of 25th Regional Council of ICAI. I am confident that your commitment and dedication towards the Profession will take ICAI to newer heights.

Conclusion

We are on our journey to build the Bharat we envision, the Bharat that is developed, thriving, and filled with opportunities; we must remain committed to our efforts and aspirations. A Bharat of happy, progressive people, continually evolving, and showcasing their excellence at every stage is within our grasp. As we pull out all the stops to achieve this dream, let us remind ourselves of the vital role each individual plays. We are the very backbone of a growing economy. Together, with dedication, perseverance, and a commitment to growth, we can shape a future where Bharat stands as a beacon of success and inspiration for the world.

Once Again, A Very Happy New Year to All of You!!

Jai Hind! Jai ICAI!



CA. Ranjeet Kumar Agarwal

President, ICAI

New Delhi, 31st December, 2024

1. Meeting with Hon'ble Minister of Defence



CA. Ranjeet Kumar Agarwal, President, ICAI along with CA. Charanjot Singh Nanda, Vice-President, ICAI, Central Council Members and other dignitaries met Shri Rajnath Singh, Hon'ble Minister of Defence in New Delhi on December 27, 2024, wherein discussions were held on matters related to Profession.

2. Meeting with Hon'ble Governor, Maharashtra



CA. Ranjeet Kumar Agarwal, President, ICAI along with CA. Charanjot Singh Nanda, Vice-President, ICAI, Past Presidents & Central Council Members met Shri C. P. Radhakrishnan, Hon'ble Governor, Maharashtra in Mumbai on December 13, 2024. Discussions were held on Trust, Co-Operatives, Municipalities, Universities, Colleges & other Professional matters.

3. Meeting with CAG of India



CA. Ranjeet Kumar Agarwal, President, ICAI along with CA. Charanjot Singh Nanda, Vice-President, ICAI met Shri K. Sanjay Murthy, IAS, Hon'ble Comptroller and Auditor General of India and Deputy CAGs in New Delhi on December 11, 2024. The President on behalf of ICAI conveyed warm wishes to Shri Murthy on his assuming charge as Comptroller and Auditor General of India and discussed issues related to Profession.

4. Meeting with Member of Parliament, Rajya Sabha

CA. Ranjeet Kumar Agarwal, President, ICAI met CA. Arun Singh, Hon'ble Member of Parliament, Rajya Sabha in New Delhi on December 5, 2024. President, ICAI extended a warm invite to him for ICAI World Forum of Accountants (WOFA) to be held at Yashobhoomi, New Delhi.

5. Meeting with Cabinet Secretary, Government of India

CA. Ranjeet Kumar Agarwal, President, ICAI met Shri T. V. Somanathan, Hon'ble Cabinet Secretary, Government of India in New Delhi on December 11, 2024, wherein discussions were held on matters related to Profession.

6. Conclave on Indirect Taxes Litigation before Tribunal

CA. Ranjeet Kumar Agarwal, President, ICAI with Hon'ble Justice C. Hari Shankar, High Court of Delhi, Hon'ble Justice Dilip Gupta, President-CESTAT, CA. Sushil Kumar Goyal, Central Council Member, ICAI & other dignitaries at Conclave on Indirect Taxes Litigation before Tribunal held in New Delhi on December 21, 2024.

7. Presentation of Accrual Based Financial Statements of Indian Railways FY 2022-23

CA. Ranjeet Kumar Agarwal, President, ICAI along with CA. Charanjot Singh Nanda, Vice-President, ICAI and Ms. Nirupma Kumar, CAO(AR)-Indian Railways at Presentation of Accrual Based Financial Statements of Indian Railways FY 2022-23 by ICAI-ARF in New Delhi on December 19, 2024. ICAI ARF has prepared Balance sheet of Indian Railway in Accrual Basis till FY 2022-23.

8. 4th International Conference - Leap into the Future, Kuwait



CA. Ranjeet Kumar Agarwal, President, ICAI along with Dr. Adarsh Swaika, Hon'ble Indian Ambassador-Kuwait, Mr. Sabah Mubarak Al-Jalawi, Chair-KAAA, H.E. Eng. Noora Al-Fassam, MOF-Kuwait, at 4th International Conference - Leap into the Future organised by ICAI Kuwait Chapter in Kuwait on December 7, 2024.

9. 1st Advanced Flagship Program- Empowering Trusted Advisors Unlocking the Potential of Family Enterprises



CA. Ranjeet Kumar Agarwal, President, ICAI addressed media during the Press Conference organized at New Delhi on December 23, 2024, highlighting key initiatives taken during the year. Also, President, ICAI along with CA. Charanjot Singh Nanda, Vice-President, ICAI launched the 1st Advanced Flagship Program- Empowering Trusted Advisors Unlocking the Potential of Family Enterprises at CoE, Hyderabad, during the Conference.

10. 16th Annual Conference, Bahrain



CA. Ranjeet Kumar Agarwal, President, ICAI along with H.E. Mr. Vinod K. Jacob, Hon'ble Ambassador of India to Bahrain, Mr. Sanjeev Sanyal, Member, Economic Advisory Council to the Prime Minister of India & other dignitaries addressed at 16th Annual Conference-New Age held in Bahrain on November 29, 2024.



About

WOFA

World Forum of Accountants

The World Forum of Accountants (WOFA) will delve into the critical intersection of artificial intelligence (AI) and environmental sustainability. The forum will explore AI's transformative potential to address global environmental challenges, such as climate change, pollution, and resource scarcity. By examining AI-driven solutions, WOFA aims to inspire innovative approaches to environmental management and conservation.

While recognizing the immense potential of AI, the forum will also emphasize the importance of ethical and responsible AI development, to ensure that AI is deployed in a manner that benefits society and the environment. WOFA will also discuss the creation of ethical guidelines, regulations, and standards that promote responsible AI and prevent unintended negative consequences. Finally, the forum will foster discussions on international cooperation and partnerships to address global environmental challenges through AI. By promoting collaboration between governments, businesses, and academia, WOFA aims to accelerate the development and adoption of AI solutions that contribute to a sustainable future.

About Theme of WOFA

As the world grapples with climate change and the disruptions of AI, India's philosophy of "Vasudhaiva Kutumbakam" (The World is One Family) has emerged as a lighthouse. India's successful hosting of the G20 summit on this theme and the launch of the Global Biofuels Alliance demonstrate its commitment to sustainable development. Taking forward, the theme for the upcoming World Forum of Accountants (WOFA) has been finalized as "Accountability Meets Innovation (AI): For a Sustainable Planet".

1st February, 2025 ● 18:00 Hrs onwards

ICAI Awards

- ICAI awards for Excellence in Financial Reporting
- ICAI Sustainability Reporting Awards
- Best Presented Financial Statements for Local Bodies
- ICAI Awards
- CA Women Excellence Awards

2nd February, 2025 ● 18:00 Hrs Onwards

ICAI Awards Ceremony

- Rank Holders
- Regional Councils
- Branches
- Overseas Chapters

WOFA Secretariat

The Institute of Chartered Accountants of India

ICAI Bhawan, Indraprastha Marg, New Delhi - 110002
Ph: +91 11 3011 0487

www.wofa.icai.org

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Thematic Issues

- The Future of Finance and Accounting
- Accountancy as a Catalyst for Sustainable Development
- Accountants as Business Advisors
- Building Trust and Public Confidence
- Accountants as climate change leaders
- AI in Sustainability Reporting
- Ethical AI in Accounting
- AI-Driven Risk Management for Sustainability

KEY SPEAKERS

Government & Regulatory



Shri Rajnath Singh

Hon'ble Defence Minister



***Shri Piyush Goyal**

Hon'ble Minister of
Commerce & Industry



***Shri Arjun Ram Meghwal**

Hon'ble Minister of
Law & Justice



Shri Suresh Prabhu

Former Union Minister



Shri K Sanjay Murthy

Comptroller and Auditor
General of India



Shri Arun Singh

Member of Parliament



Dr. Sudhanshu Trivedi

Member of Parliament



Shri Tejasvi Surya

Member of Parliament



Ms. Madhabi Puri Buch

Chairperson, SEBI



Shri Debasish Panda

Chairman, Insurance
Regulatory and
Development Authority of
India (IRDAI)



***Shri Ajay Bhushan Pandey**

Chairperson, National
Financial Reporting
Authority (NFRA)



***Shri S. Krishnan**

Secretary, Ministry of
Electronics and Information
Technology (MeitY)



***Smt. Deepti Gaur Mukherjee**

Secretary
Ministry of Corporate
Affairs (MCA)



Shri K Rajaraman

Chairperson, International
Financial Services Centres
Authority (IFSCA)



***Shri BVR Subrahmanyam**

CEO, NITI Aayog



Shri Anand Mohan Bajaj

Deputy Comptroller & Auditor
General (Commercial)



***Shri Amitabh Kant**

G -20 Sherpa



Shri Mahaveer Singhvi

Joint Secretary
Ministry of External Affairs



**Shri Challa Sreenivasulu
Setty**

Chairperson, SBI

International



Mr. Jean Bouquot

President
International Federation
of Accountants (IFAC)



Mr. Malcolm Bacchus

President
Institute of Chartered
Accountants in England and
Wales (ICAEW)



Mr. Tom Seidenstein

Chairperson, International
Auditing and Assurance
Standards Board (IAASB)



Ms. Pamela Steer

President and CEO
CPA Canada



Prof. Dale Pinto

President
CPA Australia

** Confirmation awaited*



Mr. Richard L. Kuna
President
CPA Papua New Guinea



Mr. Chris Freeland
Chief Executive Officer
CPA Australia



Ms. Alta Prinsloo
Chief Executive Officer,
Pan African Federation of
Accountants (PAFA)



CPA Pius A. Maneno
Executive Director, National
Board of Accountants and
Auditors (NBAA)



Mr. Ashfaq Yousuf Tola
President
South Asian Federation
of Accountants (SAFA)



CA. Prabin Kumar Jha
President
Institute of Chartered
Accountants of Nepal (ICAN)



Mr. Heshana Kuruppu
President
Institute of Chartered
Accountants of Sri Lanka



Mr. Chris Gunning
Global Finance
Operations- Enablement
Lead, NIQ

Corporate/Technical/Others



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Vice-Chairman & Non- Executive
Director Ultratech Cement
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CA. Amit Dalmia
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Muthoot**
Managing Director
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CA. Sivakumar Sundaram
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(Times Group)



Mr. Rajesh Kumar Dwivedi
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CA. Anuj Mathur

Managing Director & CEO, Canara HSBC Life Insurance



***Mr. Nilesh Shah**

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Former Chairman Bombay Stock Exchange (BSE)



CA. K. Ullas Kamath

Founder UK & CO; Former JMD, Jyothy Labs



CA. Rakesh Sony

Group Corporate Director The Times Group



CA. Sumit Sanghai

National Head Large Clients Group ICICI Bank



CA. Anisha Jain

News Anchor, Editor and Head of Research ET Now



CA. Shaurya Doval

Managing Director Torch Investments



CA. M P Vijay Kumar

Executive Director & Group CFO Sify Technologies



Shri Ameya Prabhu

Managing Director NAFA Capital Advisors



Shri Jyotindran Sastabhavan Kutty

CSO, Tata Motors



Dr. Girish Kumar Ahuja

Renowned Tax Expert



CA. T.P. Ostwal

Eminent Speaker



CA. H. Padamchand Khincha

Eminent Speaker



CA. Gyan Pipara

Eminent Expert



CA. Himanshu Kishnadwala

Eminent Speaker



CA. Nalin Chandna

ESG Expert



Shri Rahul Jain

Eminent Expert



CA. Sandeep Welling

Eminent Expert

India: A Global Accounting Superpower



CA. Santosh Maller
Member of the Institute

India is projected to be the 3rd largest economy in the world in the next few years. Accounting professionals are one of the key growth engines of any economy. The global accounting services market was valued at \$628.4 billion in 2022 and is projected to reach \$1.5 trillion by 2032, growing at a Compound Annual Growth Rate (CAGR) of 9.2% from 2023 to 2032¹. In this article, we take a look at some of the salient aspects of India's growing dominance of accounting in the world and various aspects of India's accountancy aspects.

India a major contributor to the global Chartered Accountant fraternity

Currently, there are more than 4 lakhs Chartered Accountants in India and the CA course provided by the ICAI holds over 8.5 lakhs active students². Total number of professionals with Chartered Accountants or equivalent qualifications is estimated to be around 18 lakhs³. Therefore, almost every fourth Chartered Accountancy professional in the world is from India.

In India, a significant number of Chartered Accountants originally come from Tier-1 or Tier-2 cities or small towns. The cost of the Chartered Accountancy course is quite reasonable as compared to other professional courses. Therefore, in India, over the years, the Chartered Accountancy course has emerged as a medium for fulfilling the job aspirations of middle-class strata of the society in various parts of the country.

India also has a long pipeline of accounting talent. About 8.5 lakh students are currently pursuing the Chartered Accountancy course. With this, India has a large pool of contemporary future accounting professionals taking up an internationally benchmarked curriculum. This enables them to not only handle India's financial work but also support global opportunities.

India's Accounting Outsourcing Industry

Over the years, India has emerged as a major center for business outsourcing services. With the penetration of the use of the internet and digitization increasing, large global companies are now capable of tapping cost-effective talent even in remote places in India. With these abilities to adapt to fast-changing global needs, India continues to be the preferred destination for offshoring business and accounting processes. Further, India's English-speaking multi-skilled population

¹ Source: Alliedmarketresearch.com Accounting Services Market Size, Share & Growth [2032]

² Source: The Institute of Chartered Accountants of India

³ Source: Wikipedia

has largely enabled the rise of India's Business Process Outsourcing industry. As per the National Association of Software and Services Companies (NASSCOM), India's Business Process Outsourcing (BPO) and Global Delivery Centres (GDC) industry is estimated to be above \$ 254 billion at present. Further, many practices followed by global multinational companies, such as, work-from-home and work-from-anywhere, have facilitated the growth of India's outsourcing industry. Further, the number of internet users in India is growing exponentially, supported by the fast adoption of digital technology. India has been competing with other countries, such as the Philippines, China, Mexico, and certain East-European countries in the outsourcing industry.

Outsourcing and the global delivery industry worldwide have been ever so focused on knowledge-intensive tasks and activities. Knowledge Process Outsourcing (KPO) segment is finance and accounting within the overall BPO sector. High-end processing such as analytical processes and data analytics has further increased BPS outsourcing activities in India. Outsourced activities, such as accounting, financial reporting, legal, content, medicine, and systems security have emerged as leading sub-sectors within the KPO sector.

Financial Reporting and Governance requirements in India – a global best practice

The robustness and comprehensiveness of financial reporting and corporate governance are important pillars of foreign investments in any economy. Globally accepted financial reporting, corporate governance, and regulatory framework are important factors for a country to be considered as a preferred investment destination.

Globally aligned financial reporting framework has aided the integration of Indian economy with global capital markets and fund houses.

The convergence to an internationally accepted financial reporting framework (International Financial Reporting Standards or IFRS) since 2015 has provided a huge boost to the Indian financial reporting norms and has facilitated the introduction of Indian Accounting Standards (Ind AS).

Today, all listed companies, except banks and insurance companies, and large-sized non-listed companies present their financial statements under Ind AS. The convergence of accounting and financial reporting has made Indian financial reporting frameworks at par with global standards in terms of comparability and acceptability. Significant progress towards such a shift has been made with the phase-wise adoption of Ind AS being completed by a specified class of companies.

Indian regulations have adopted some of the global best practices from a corporate governance perspective, such as the constitution of independent audit committees, independent directors, auditor rotation, independent directors' rotation, prior-approval of related party transactions, disclosure of material events/development, requirement to prepare and present consolidated financial statements, reporting on internal financial controls by the management and internal financial controls on financial reporting by auditors, corporate social responsibility, business responsibility and sustainability reporting core assurance, unpublished price sensitive information, etc. These regulations have aligned our corporate governance requirements with those of the most advanced jurisdictions.

A globally aligned financial reporting framework has aided the integration of the Indian economy with global capital markets and fund houses. Further, even the auditing and assurance standards in India have been broadly aligned with International Standards on Auditing (ISA) and International Ethics Standards for the rise of India. These alignments with international best practices and standards have reinforced the integrity of India's financial ecosystem as transparent, comparable, and reliable on a global scale, enhancing the confidence of international investors. These standards are helping Indian firms compete in global markets, facilitate foreign investment, and foster sustainable growth, contributing to India's evolving role as a key player in the global economy.

Leveraging Technology and Data Analytics: the Growth Enablers for Accountants

Artificial intelligence, data analytics, and cloud computing are transforming the finance and financial reporting landscape. Indian Chartered Accountants who have embraced these technologies/tools along



with a data-driven mindset are essential assets for businesses particularly those involving large volumes of data and decision-making processes.

Data and information are at the center of accounting and financial reporting. Big data enables accountants to deliver more valuable insights to businesses. Chartered accountants, particularly auditors, are at the forefront of accounting's use of big data. The use of analytics in financial reporting and audit functions has enabled the identification of outliers and exceptions and paying attention to the aspects posing the greatest risk. The ability to analyze entire populations and data sets, in some cases lakhs and crores of transactions or balances has been changing traditional financial reporting and audit approaches, which are primarily based on sampling. A wide array of analytics tools have emerged over time to visualize the data, correlate financial and non-financial data, and compare predicted outcomes with the real world. Accountants in businesses also have many opportunities to use different sources of data and new analytics tools.

Accountants – the saviour of the planet

Across the world, the role of governance and financial reporting is shifting. Increasingly, corporations and businesses are refocusing their strategies in order to survive and thrive amidst environmental concerns, greenhouse gas emissions, climate change, global population explosion, and societal pressures. Corporates are increasingly attempting to integrate sustainability goals, natural and social impacts, etc. along with traditional measures such as profitability, valuation, etc. in a way to make their budgets and measure performance more holistically in order for business leaders to focus on them.

In order to achieve this objective, accountants are being considered to play a pivotal role, particularly in sustainability / non-financial measure reporting and assurance. Corporates are looking for finance and accountancy professionals to have the prerequisite skills to identify and understand a wider aspect of performance reporting and provide additional insights along with assurance. Accountants can enable reporting of vital data points on which business leaders and investors can make better decisions.

India's commitment to sustainability is reflected in its convergence with the national development agenda as reflected in the motto of Sabka Saath Sabka Vikaas (Collective Efforts for Inclusive Growth). SDG India Index measures progress at the subnational level. India has developed a robust SDG localization model centered on adoption, implementation, and monitoring at the State and district levels.



With India's dominance in the global talent pool of Chartered Accountants, coupled with India's commitment to the global sustainability goals, Indian Chartered Accountants would have a vital role to play in sustainability/business responsibility and sustainability reporting. This would also hold multiple opportunities for the professionals to use their skills in order to contribute towards saving the planet.

Final Remark

Currently, India is an island of geo-political stability in a turbulent world, marred with wars going on in many regions. India is one of the fastest-growing large economies today.

The accounting industry in India has come a long way since its early days and is now one of the largest and most dynamic in the world. With a growing economy and increasing demand for professional financial services, the industry is poised for further growth in the coming years. Despite the abovementioned points, the Indian accountancy fraternity and industry face multiple challenges, including the inadequacy of a sufficient number of skilled professionals and a fast-changing regulatory environment, along with growing pressure to adopt new technologies.



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Role of Indian Chartered Accountants in Shaping Global Accounting Standards



CA. Anjani Khetan
Member of the Institute

It is worth noting that the accounting profession is a cornerstone of financial transparency and economic growth in any country. It serves as the backbone of financial systems worldwide - ensuring transparency, trust, and accountability in financial transactions. By upholding these values, Chartered Accountants (CAs) play an essential role in making India a global accounting leader.

Both domestically and globally, Indian Chartered Accountants (CAs) have made a substantial contribution to the growth and development of the accounting profession. They have established themselves as an essential part of the financial ecosystem because of their technical expertise, integrity, and commitment to high ethical standards. Further, by virtue of their adaptability to the changing economic and regulatory environments, Indian CAs have significantly influenced the evolution of good accounting practices.

The globalization of the world economies in the current business environment has necessitated the development and adoption of universal accounting standards. These international accounting standards ensure consistency, transparency, and comparability in financial reporting across countries, thereby fostering trust and facilitating international trade and investment. Indian Chartered Accountants (CAs) have also played a significant role in influencing and contributing to the evolution of global accounting standards. Their

expertise, commitment, and active involvement in international collaborations have positioned them as key contributors to shape the global accounting landscape.

Smooth and successful implementation of Indian Accounting Standards (Ind AS) that are converged with International Financial Reporting Standards (IFRS), reflects Indian Chartered Accountants' efforts to bring the nation's financial reporting system at par with international standards. Their work ensures that Indian businesses can present their financial statements in a format understandable and acceptable to international investors and regulators.

In consonance with the same, the Institute of Chartered Accountants of India (ICAI) has been playing a proactive role in global standard-setting. The ICAI is a contributing member of international standard-setting bodies, such as IFRS, IAASB, IESBA, and IPSASB. India's growing influence in the global economy is reflected in its active participation in international accounting forums. By leveraging

these global platforms, Indian Chartered Accountants contribute their insights and recommendations to shape global accounting standards. Indian CAs play a crucial role in representing the country's interests in these forums, ensuring that global standards consider the needs and challenges of emerging economies. This advocacy helps create a more equitable and inclusive global accounting framework. In essence, by taking part in research projects and policy discussions, Indian Chartered Accountants help shape international accounting standards. Their knowledge aids in the development of inclusive policies that consider a range of economic realities.

As is well known, one of the primary objectives of the global accounting standards is to enable comparability of financial information across jurisdictions. Indian CAs contribute by ensuring that the standards adopted in India are consistent with global practices while addressing unique domestic requirements. Precisely, because of this reason – ICAI recommended convergence to IFRS, rather than 'adoption of IFRS'. This balance helps multinational corporations operating in India to streamline their financial reporting processes, reducing complexities and fostering confidence among global stakeholders.

Further, Indian CAs have emerged as thought leaders in implementing IFRS across diverse sectors. By developing comprehensive training programs, and industry-specific solutions, Indian Chartered Accountants have set benchmarks for IFRS adoption in emerging economies. Indian CAs have a growing presence in international standard-setting bodies. Their active participation in consultations, feedback sessions, and research initiatives ensures that the perspectives of emerging markets like India are well represented..

Additionally, their mentorship and training initiatives prepare future professionals to meet the demands of a globalized economy. Indian CAs are instrumental in fostering economic growth by supporting businesses of all sizes. They offer strategic advice on financial planning, risk management, and resource optimization, helping organizations achieve long-term sustainability. Indian Chartered Accountants also assist startups and SMEs in securing funding, improving financial efficiency, and scaling operations. By enabling businesses to thrive, they contribute to job creation, wealth generation, and overall economic development.

By developing comprehensive training programs, and industry-specific solutions, Indian Chartered Accountants have set benchmarks for IFRS adoption in emerging economies.

It is appropriate to reiterate to everyone in this context that Indian Chartered Accountants are renowned for their thorough training and extensive understanding of accounting, auditing, taxation, and financial management. Considering this, they are in great demand in international markets.

Global accounting standards also need to change to meet new issues including digital taxes, sustainability reporting, and Environmental, Social, and Governance (ESG) disclosures. In order to solve these problems, Indian Chartered Accountants have taken the initiative to develop frameworks that incorporate non-financial measures into conventional financial reporting. Their participation guarantees that international norms are progressive and able to handle the intricacies of contemporary economies.

In today's tech-driven world, the integration of technology into financial reporting has become a cornerstone of modern accounting. Indian CAs have demonstrated leadership in adopting and promoting technological advancements such as blockchain, Artificial Intelligence (AI), and data analytics in accounting practices. Their efforts ensure that global accounting standards remain relevant in an increasingly digitalized world, thereby facilitating efficient and transparent financial reporting.

To conclude, Indian Chartered Accountants have played a transformative role in shaping global accounting standards. Their technical expertise, ethical commitment, and ability to adapt to changing economic and technological landscapes have made them valuable contributors to the global accounting profession. Further, by bridging local and global practices, influencing standard-setting processes, and addressing emerging challenges, Indian CAs are not only shaping the future of accounting in India but also making a lasting impact on the global financial ecosystem.



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Kautilya's *Arthaśāstra* and modern accounting and auditing



Dr. David J. O'Regan
Auditor General, WHO/Pan American
Health Organisation

The ICAI is the inheritor of a unique, ancient, unparalleled culture of accounting and auditing. Over the millennia a range of international influences has been assimilated into the domestic Vedic accounting inheritance summarized in Kautilya's *Arthaśāstra* (4th century BCE). From the Hellenistic influences of Kautilya's era through the Persianate empires to the modern era's Anglo-American influences, India's culture of accounting and auditing has selectively grafted branches onto its Vedic trunk. India has not simply absorbed foreign influences in a passive manner, but rather selectively integrated them into what amounts to the world's oldest continuous tradition of accounting and auditing. The ICAI is the custodian of a treasured tradition dating from the *Arthaśāstra* which, in an astonishingly fresh and relevant voice reaches out to us, across the centuries, in terms we can understand today. Kautilya's legacy reminds us, as we approach the Viksit Bharat target of 2047, that India and the ICAI are well positioned for a global leadership role in accounting and auditing.

In this article, I suggest that the ICAI is well positioned, as we approach Viksit Bharat's target date of 2047, for a global leadership role in accounting and auditing. Viksit Bharat 2047 encompasses not only the economic development of India's financial and physical infrastructures, but also progress in a range of matters, including international politics and diplomacy, especially in the United Nations system. It also implies a heightened social responsibility: as Rabindranath Tagore constantly reminded us, India's national success will always be closely tied to the promotion of social equality. In addition, Viksit Bharat 2047 has strong implications for international professional practices, and accounting and auditing are fields of endeavour in which India already excels. India's

domestic genius in these areas is ripe for a significant global impact.

India's *sui generis* culture of accounting and auditing derives from both its ancient pedigree and its uniquely adaptable character. Only China and Greece possess documented histories of accounting and auditing to match the antiquity of those practices in India, but in both those countries the developments have been marked by rupture as much as by continuity. India has a far more obviously continuous history in accounting and auditing.

Kautilya's *Arthaśāstra* is a convenient starting point for understanding the brilliance of India's inheritance of uniquely rich accounting and auditing practices. The *Arthaśāstra* is India's

oldest extant text on statecraft: the most recent manuscripts date from the early Common Era but the composition of the text is generally dated far earlier. The *Arthaśāstra* was a blueprint for statecraft that encompassed political governance, state finances, warfare, and economics, alongside audit techniques intended to safeguard public assets from error or fraud.

The *Arthaśāstra* defined sound accounting and auditing as central planks of the administration of socio-economic and political institutions.

As with all ancient texts, there is scholarly disagreement over the *Arthaśāstra*'s precise date of composition, but we would do well to follow Amartya Sen's judgment that it was written in the 4th century BCE, gathering and consolidating older Vedic traditions (Sen 2005). Although some historians attribute the authorship of the *Arthaśāstra* to several hands, there is no reason for us to dispute Sen's view that Kauṭilya was the primary author. Kauṭilya (also known to posterity as Cāṇakya or Viṣṇugupta) served as prime minister or senior advisor to the emperor Chandragupta Maurya (350–295 BCE). If Kauṭilya was the organizing genius behind Chandragupta's powerful, centralized state, the *Arthaśāstra* was clearly his masterful policy book.

The *Arthaśāstra* is divided into 180 "topics", spread over 15 sections, or "books". Our interest in Kauṭilya's masterwork resides mainly in Book Two, titled "On the Activities of Superintendents", that covers topics 19 to 56. Book Two provides a treatment of accounting practices, internal controls, and verification practices of surprisingly enduring value. The emphasis of Book Two is on the activities of bureaucrats charged with securing and controlling the state's revenues (Mattessich 1998), and the procedures it advocates to safeguard state finances. In their precision and sophistication these procedures adumbrate many of the modern principles of accounting and auditing practices (Bhattacharyya, 1989). Let us consider some of the *Arthaśāstra*'s most striking passages.

In words that resonate with professional auditors today, Kauṭilya memorably warned us that "just as it is impossible to know when fish, moving about in water, are drinking water, so it is impossible to know when officers, appointed to carry out tasks, are embezzling money" (Topic 27). The danger of fraudulent and corrupt practices is a perennial aspect of the human condition, no less today than in Kauṭilya's time, and in the *Arthaśāstra* accounting and auditing practices are crafted accordingly to minimize risks. One way of both preventing and detecting acts of fraud by those responsible for the custody of attractive assets is to "shuffle" individuals "among different

The Arthaśāstra was a blueprint for statecraft that encompassed political governance, state finances, warfare, and economics, alongside audit techniques intended to safeguard public assets from error or fraud.

tasks" (Topic 27), a prudent approach known today as the segregation of responsibilities (or duties). By denying individuals the continuous, untrammelled supervision of attractive assets, we reduce the opportunities for theft. Kauṭilya lists 40 methods for the misappropriation of assets (Topic 26): this very comprehensive list is indicative of the large variety of

techniques used by crafty fraudsters. The *Arthaśāstra* does not present its list of asset misappropriation methods as a checklist to be ticked off, but rather as a thought-provoking reminder of the variety of possible manifestations of this crime.

Kauṭilya is also interested in standardizing measurements, for comparability purposes. In calling for "standard weights and measures" (in Topic 37) he realizes that standardization is a prerequisite for reliable accounting and auditing. Another aspect of standardization is the application of consistent principles to the measurement and valuation of assets. In an era in which the adequacy of food storage often meant the difference between survival and starvation for the general population, Kauṭilya emphasizes the importance of measuring changes in the volumes of foodstuffs. For example: 'the amount of gain or loss that different types of grain undergo when they are pounded, ground, milled, and fried, and when they are soaked, dried, or cooked' affects their periodic measurement (Topic 33). This hints at the ways in which modern cost accountants assess the shrinkage of perishable foodstuffs. Kauṭilya also advises the state's Chief Goldsmith to ensure the consistent quantity and quality of the gold under his purview, but Kauṭilya does give space for "depletion and wear" (Topic 32). This is a clear indication of the concept of depreciation applied to fixed assets, and specifically to gold as a store of wealth, and it is consistent with modern accounting practices.

In terms of accruals accounting, the manner in which accounting transactions are allocated to the time periods most closely related to underlying occurrences, rather than to the more arbitrary timings of related cash flows, Kauṭilya encourages an accruals basis for the recognition of the state's revenues. He describes income as comprising three elements: "the current, the miscellaneous, and the arrears", defining the latter as "carryovers from the previous year" (Topic 24). This has clear affinities with revenue recognition concepts embodied in modern financial reporting standards. Kauṭilya also sets out strict parameters for defining accounting periods, presumably to ensure a rigorous cut-off of transactions, and he refers to "estimated

revenue”, an indication of the importance of budgetary control through variance analysis (also Topic 23). He also emphasizes the importance of ensuring the completeness of consolidated accounts (Topic 25), and this is related to maximizing customs duties (Topic 28). From these examples we can see how Kauṭilya promotes tight accounting controls over the state’s revenues.

A fuller analysis of the *Arthaśāstra*’s guidance for sound accounting and auditing practices would require a substantial book-length treatment. But our brief review indicates that the *Arthaśāstra* is a starting point for understanding the role of accounting and auditing in protecting the public interest in ancient India. In addition to being a national treasure of India, it also has a universal significance as an early expression of timeless principles.

The *Arthaśāstra*’s contents have been described as undoubtably Vedic in nature (Saputra & Anggiriawan, 2021). On to this Vedic conceptual bedrock India has assimilated foreign accounting and audit practices during more than two millennia, from the Hellenistic culture of Alexander the Great (introduced to India during Kauṭilya’s lifetime) to the centralizing tendencies and Persianate culture of the Delhi Sultanate and the Mughal Empire to the Anglo-American culture of the modern era. Let us briefly consider these waves of foreign influences.

In 324 BCE, three years before Chandragupta established the Maurya Empire, for which the *Arthaśāstra* (as we have seen) was the administrative blueprint, Alexander the Great abandoned his recent invasion of India. Alexander’s incursions into the subcontinent had caused

The uniqueness of modern Indian accounting and auditing is derived from both a rich Vedic bedrock of theory and practice, and an assimilation of selected foreign influences.

immense political, economic, and cultural upheavals, and the *Arthaśāstra* has been described as a means of reordering the Indian polity following the Hellenistic disruption (Rao 1958). The Greek military invasion of India was accompanied by the arrival of a broader, eclectic

Hellenistic culture in which strong Egyptian and Persian influences were discernable (O’Regan 2024a). Indeed, Alexandrine Hellenistic influences had probably the first major, external impact on Vedic statecraft, undoubtedly including accounting and auditing techniques to safeguard public finances. Some of these Hellenistic influences may well have found their way into the near-contemporary *Arthaśāstra*.

In the Islamic period, notably the Delhi Sultanate and the Mughal Empire (together lasting from the early thirteenth to the mid-nineteenth centuries of the Common Era), new accounting and auditing practices were introduced to India. The two Persianate regimes possessed increasingly centralized administrative tendencies, and they introduced new currencies, measurements, accounting practices, and auditing procedures. The Mughals in particular deployed meticulous accounting records and auditing routines (Pollock and Elman 2018). This period of India’s history culminated in Emperor Aurangzeb’s *Fatawa ‘Alamgiri*, developed by 500 Islamic scholars, Indian and non-Indian. The *Fatawa ‘Alamgiri* was the Mughals’ Islamic response to the Vedic *Arthaśāstra* in that it covered the essence of statecraft - political governance, warfare, taxation, legal matters, and economic policies and regulations. And, of course, the safeguarding of state funds through rigorous accounting and auditing procedures.

In the modern era, the main influences on India’s traditions of accounting and auditing have been Anglo-American. In the British colonial period, under both the East India Company (the hundred years from 1757 to 1857) and the near-century long Crown Rule in India (from 1858 to 1947), the formal institutional structures of Anglo-Scottish accounting and auditing were introduced to India. Following Britain’s Joint Stock Companies Act of 1844, the remarkable rise of the institutes of chartered accountants in the United Kingdom (Matthews et al., 1998) were mirrored in India, and the ICAI of course traces its origins to affinities with its Anglo-Scottish cousins. Alongside the development of the statutory audit, more informal British auditing practices also arrived in India, through the railways. The chartered accountants’ audit focus was on providing opinions on financial statements, while the railway companies developed the less formal “bookkeeping” audit. The latter audit consisted of verifications and spot



checks undertaken largely by individuals without formal training in accounting and auditing, with the objective of controlling the notoriously risky revenues of the sprawling railway systems. The “bookkeeping” audit was a form of proto-internal auditing, and modern internal auditing is a field in which India has distinguished itself in the twentieth and twenty-first centuries. Following the British colonial era, the United States has dominated both financial auditing and internal auditing internationally, and India has assimilated what it considers to be the best elements of the American professional accounting and auditing bodies.

In summary, the uniqueness of modern Indian accounting and auditing is derived from both a rich Vedic bedrock of theory and practice, and an assimilation of selected foreign influences. Indian accounting and auditing have never been inward-looking, but rather responsive to international “best practices”, to use a modern expression. In this way, India has preserved the continuity and flexibility of its accounting and auditing culture.

More recently, the independent strength of India’s accounting and auditing culture has risen to the challenge of modern internal auditing. We have noted that modern internal auditing originated from the humble “bookkeeping audit” of England’s and India’s railway companies, but today the Institute of Internal Auditors (IIA), an organization based in the United States, claims global pre-eminence for its brand of internal auditing. The IIA promulgates “global” professional standards. In India, however, the ICAI has developed *Standards on Internal Audit* for its members. The principles-based nature of the ICAI’s *Standards on Internal Audit* provides India with a protective shield against the international ambitions of the IIA’s increasingly prescriptive and formulaic standards. In this era of North America’s checklist-based, unimaginative, and mechanistic style of global internal auditing, the ICAI’s standards offer a more fluid, creative, principles-based approach, not unlike that of Kautilya’s *Arthaśāstra* two and a half millennia ago. The Institute of Cost Accountants of India, the ICMAI, has also issued high-quality, principles-based *Internal Audit & Assurance Standards*, adding to the effervescence and *sui generis* nature of India’s approach to internal audit. No other country in the world has developed two domestic, credible sets of internal audit standards on a par with, or perhaps superior to, the IIA’s standards (O’Regan 2024b).

In conclusion, we should discern in the ICAI a vehicle for preserving, safeguarding, and enhancing India’s millennia-old traditions of accounting and auditing. These traditions, unparalleled anywhere else in the world, bestow on the ICAI (as with the *Arthaśāstra*) the status of a national treasure of India. This bodes well for the future global influence of the ICAI and its activities.

Viksit Bharat 2047 aims to solidify both India’s hard economic realities and the softer skills of professional expertise. The ICAI, as inheritor of the *Arthaśāstra*’s wisdom, is well-positioned for these aims.

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Outsourcing: India Calling!

A Summarised Tool-Kit to Reap in this Benefit!



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The article highlights India's ascendance as a global leader in outsourcing, particularly in finance and accounting. It examines what are the major motivational factors for a country to outsource and how Indian firms can position themselves to take advantage. It explores different outsourcing models and provides a critical analysis of how firms can effectively utilize them. The article cautions and emphasizes the need for continuous skill upgrades in key critical areas and details the same for ease of reference. The article has been presented in a tool-kit format for the firms to have a bird's eye view of things they need to take advantage of this global opportunity.

Background

Outsourcing, in simple language it is the practice of delegating certain tasks, processes, or services to an external organization or third party, instead of performing them internally; the location does not matter whether it is the same or another country. While we primarily assume that outsourcing is done for cost reduction, there are a few other critical reasons too – i) for generating time to focus on core activities, ii) accessing specialized expertise not available internally, or which is not economically viable to have internally, or iii) just to improve overall efficiency.

Outsourcing originated in the late 20th century with the rapid expansion of globalization and advancements in technology to enable outsourcing. Initially, it started with manufacturing, where the developed world started shifting core labour-intensive production lines to nations with lower labour costs, such as China and Mexico. However, with the advent and rise of the internet during the 1990s, even service-based tasks like customer support, IT services, etc started getting outsourced.

Today, technology has advanced so much that outsourcing includes everything - IT, healthcare, finance, logistics, you name it and it is getting outsourced; not only for costs but other reasons as stated above. India, Philippines, China, and Eastern European countries like Poland and Ukraine are popular outsourcing destinations with each having its own area of expertise.

India as an outsourcing major

India is often referred to as the "World's Outsourcing Hub". It has come a long way from a plain vanilla traditional call-centers based Business Process Outsourcing (BPO) hub to become a sophisticated Global Capability Centres (GCC) for the world. In this article, we will specifically focus on the Finance and Accounting Business Process Outsourcing (F&A BPO) Market.

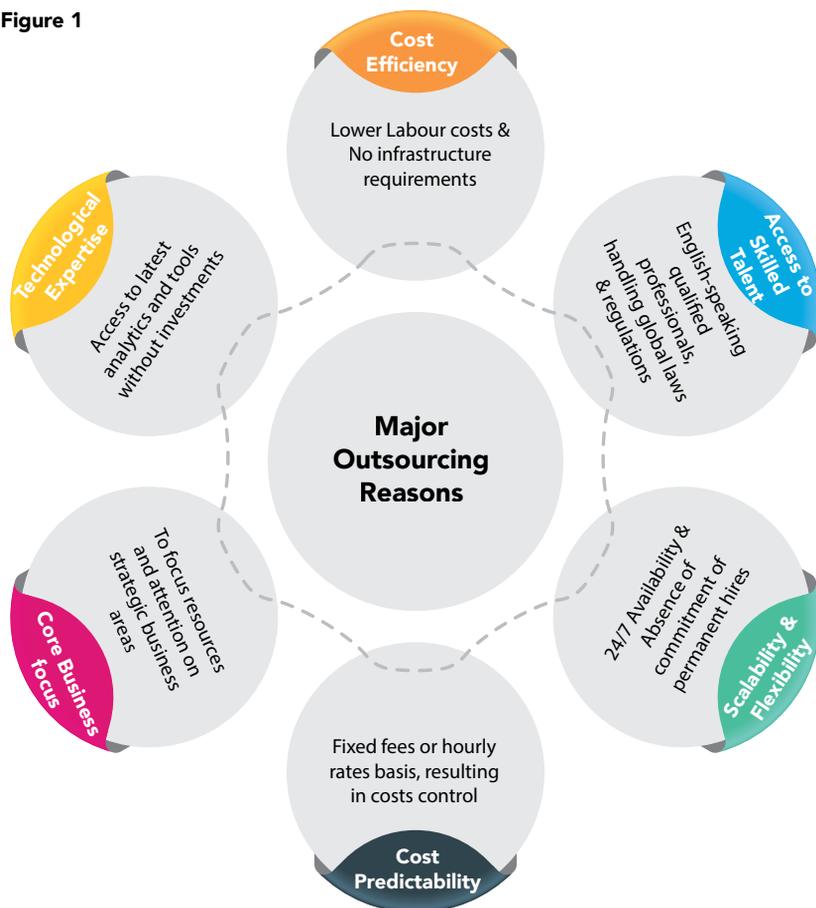
As per the SNS Insider Research¹, the F&A BPO market had a value of US\$ 60.93 billion in 2023 and is projected to reach US\$ 134.65 billion by 2032, reflecting a significant compound annual growth rate (CAGR) of 9.22% over the forecast period of 2024-2032. As per industry estimates, the

Indian accounting outsourcing market constitutes approximately 50% of the global accounting outsourcing market and is growing. This presents a significant opportunity for the Indian accounting industry to capture a big slice of global growth.

Developed world motivations and India's positioning

Generally developed world or high-cost countries are looking to outsource the finance and accounting for the below major generic reasons and India is well positioned to ensure that those reasons are well taken care of.

Figure 1



However, it is very important to do further country-specific research at the time of pitching for businesses in that particular country.

Key nuggets

- Businesses that outsource their accounting functions to Indian outsourcing companies easily save upwards of 50-60% on their accounting costs.
- India has the largest accounting workforce in the world with over 10 million accountants and bookkeepers.
- 90% of Fortune 500 companies outsource their accounting function to India.

Various models being deployed

In general, there are 4 basic models via which the companies are outsourcing finance and accounting works to India. These are critical to understand as each

To maintain India's position as a global hub, accountants need to continuously upgrade their skills to stay competitive and need to adapt to newer technologies & regulations.

has different target customers and depending on their own capabilities and customers' requirements different models need to be deployed. (refer Table 1)

Key skills to be upgraded to maintain competitive advantage

To maintain India's position as a global hub, accountants need to continuously upgrade their skills to stay competitive and need to adapt to newer technologies & regulations. While it's a continuous evolution and learning journey with ever changing skill set requirements and thus demanding agility, the essential skills required to play a pivotal role and effectively address the diverse and evolving needs of international clients include-refer Figure 2.

Conclusion

India's dominance in global outsourcing, particularly in areas like accounting and digital transformation, stems from its cost-effectiveness, skilled workforce, and technological innovation. While countries like the Philippines, Vietnam, Eastern European Nations, etc., are emerging as strong contenders, India's scalability, innovation, and decades of experience ensure its continued leadership in the

Table 1

Criteria	Captive GCC (Global capability centres)	Global Outsourcing Companies	Tie-up between target country accounting firms with Indian firms	Direct outsourcing to Indian accounting firms
Mode of Working	MNCs setting up their own in India for their global businesses	Companies (Cos) outsourcing to global Cos	Outsourcing to accounting firms in local countries & they in turn tie-up with firms in India	Cos directly outsourcing with local accounting firms in India
Size of Customers	Large MNCs	MNCs & Big Local Companies	CPA firms, generally medium to small	Small & Medium enterprises
Opportunities	Not Applicable for Accounting firms. But create large employment for accountants.	Generally, not much for accounting firms due to scale challenges. But create large employment for accountants.	High & cost-effective for accounting firms. Source & tie-up with the accounting firms in the target country.	High to Medium Need to maintain a presence in the target country.
Feasibility	Not Applicable	Very high investments needed to set up such a scale	Relatively fewer investments needed as sourcing is done locally by local firms. Margins are a bit less though for Indian firms.	Investments in setting up presence & marketing in the target country. Margins are relatively better for Indian firms.

outsourcing industry. However, these are nimble-footed adversaries out there, and they are continually evolving learning, and improving in order to maintain global

leadership, young accountants and firms will need to continuously innovate, embrace new technologies, adapt to regulatory changes, and enhance their skills to navigate these challenges. It's an ocean of opportunities

lying ahead for us and we have a huge head-start, it's up to us how we keep driving home our advantage and reap the benefits. In summary, we must always remain proactive, and keep learning and innovating to continue delivering cost-effective solutions without compromising quality.

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Figure 2

Upgrading to Higher End Services	<ul style="list-style-type: none"> ■ Data Analytics & Data modelling ■ Strategic Advisory & Consulting ■ Innovative Solutions
Technological Expertise	<ul style="list-style-type: none"> ■ Understanding Artificial Intelligence Tools & Blockchain technologies ■ Robotic Process Automation ■ Machine Learning ■ Accounting Automation Softwares
International Regulations	<ul style="list-style-type: none"> ■ IFRS, GAAP, Country specific accounting regulations ■ Global & Country Specific Tax Regulations ■ Evolving ESG and Sustainability Standards ■ Regulatory Compliance Knowledge like US SOX, etc
Development of Newer Centres	<ul style="list-style-type: none"> ■ Building Capabilities to develop beyond Tier 1 cities (Bangalore, Hyderabad, NCR, among other) ■ New Tier-2 and Tier 3 cities to be further groomed (Kochi, Ahmedabad, Jaipur, etc)
Soft Skills and Communication	<ul style="list-style-type: none"> ■ Cross-cultural Understanding ■ Negotiation & Communication Skills ■ Team Coordination ■ Change Management

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India: Bridging the World, Adding Value for Global Accountancy Professionals



Govind Kumar Mishra
Corporate Trainer

India, with its deep-rooted accountancy heritage, is emerging as a global leader in the profession. Powered by a skilled talent pool of over 400,000 professionals and supported by initiatives like Skill India and Make in India, the country excels in areas such as fintech innovation, ESG compliance, and AI-driven financial analytics. Indian accountants are celebrated worldwide for their technical expertise, cost efficiency, and adherence to international standards like IFRS and GAAP. By addressing skill gaps, modernising infrastructure, and fostering global collaborations, India is poised to redefine global accountancy and solidify its status as a global financial hub.

India has a rich tradition of conspicuousness in the field of bookkeeping and accounting, dating back to the epochs when the concepts of finance, taxation, and management were integrated into societal systems. With its roots in ancient systems like the Arthashastra and its contemporary emphasis on rigour and ethics, the Indian accountancy profession has emerged as a global force. Over centuries, these standards have evolved into the current bookkeeping and accounting practices practiced not only in India but have become globally accepted as well.

Today, Indian professionals are at the helm of some of the world's biggest corporations, leading finance functions, and strategies and forming economic policies. This progress is reflected in the increasing number of finance graduates and postgraduates in India. Government initiatives such as Skill India, Start-Up India, and the Make in India campaign have been instrumental in supporting

this talent pool. Also, the ascent of Indian fintech organizations has transformed the global landscape, accentuating the profundity of Indigenous ability.

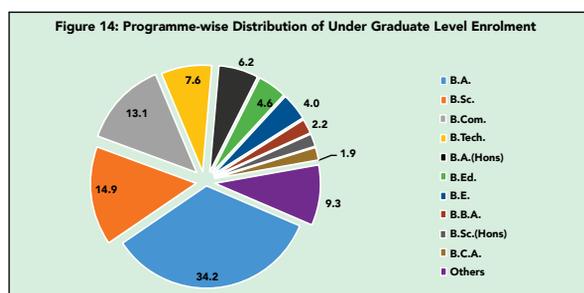
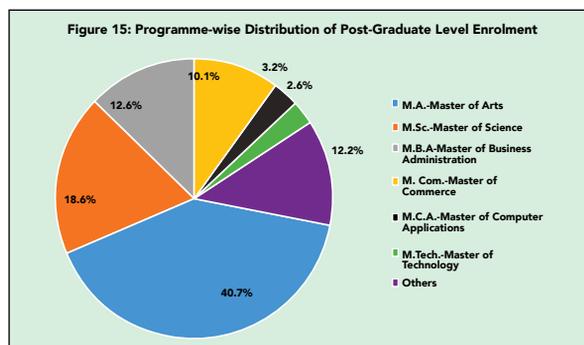
India's gargantuan and energetic population is a critical benefit, providing a huge talent pool for the accounting profession. The relatively low labour cost of Indians combined with a higher literacy rate is a competitive advantage for the industry, allowing it to offer high-quality services at competitive prices. Indian accounting professionals are not only proficient at handling complex financial scenarios but are also equipped with efficient skills in data analytics, risk management, and financial technology. The nation's rapid strides in digital transformation, fuelled by advancements in big data, cloud computing, and artificial intelligence, have captured the attention of the world's largest professional services firms. These firms recognize India not only as a reservoir of skilled professionals but also as a strategic base for driving

global initiatives in areas like environmental, social, and governance (ESG) compliance and sustainability.

India's robust economic growth and its integration into international markets have created a fertile ground on the global stage, and is also creating a concrete foundation for the expansion of advanced services in taxation, audit, and advisory. The country is poised to redefine global standards in accountancy, shaping the future of a profession that is integral to the functioning of modern economies.

India's Education Shaping Future Finance & Accounting Leaders

India's education system is evolving to meet the demands of a dynamic global economy, empowering finance professionals to lead in the future. With its robust focus on commerce, accountancy, and management education, the country produces professionals adept in financial acumen and strategic decision-making. Institutions like ICAI, IIMs, and leading universities promote a mix of technical skills, strategic management, and ethical practices. The collaboration of technology, AI-driven tools, and global business norms in curricula ensures Indian finance professionals stay ahead in an ever evolving business world. Bolstered by a culture of ongoing learning and ethical practices, India keeps on empowering pioneers transforming India into a focal point for future-ready financial leadership.



According to the data published by All India Review on Advanced Education (AISHE) 2020-21, the data

with reference to commerce and finance field-related education in India incorporates the following:

- Undergraduate Commerce Enrolment:** Out of the total undergraduates 13.1% enrolments are in commerce. This corresponds to roughly 43.4 lakh undergraduate students studying commerce.
- Postgraduate Enrolment in Commerce:** Out of the total post graduates Approximately 2.64 lakh students, or 7.6% enrolments, are in the commerce field. Master of Business Administration (M.B.A.) and Master of Commerce (M.Com.) degrees totals about 11.6 lakh PG enrolments, or 22.7% of total PG enrolments.
- Graduates and Postgraduates students:** The total number of graduates in commerce-related fields were substantial, accounting for a sizeable portion of the 95.4 lakh pass-outs in all fields in 2020–21.
- Specialised Institutional Growth:** Over the last six years, enrolment in IITs and IIMs has mounted up by 61% in India, which may have an impact on advanced education in the field of finance and commerce.
- The Institute of Chartered Accountants of India (ICAI) has made a number of foreign opportunities possible for its members:**
 - Global Presence:** Roughly 15% of ICAI members are employed abroad in different nations. The Middle East, Europe, Australia, Canada, and the United States are among the regions with the highest demand for Indian certified public accountants. CA's proficiency in auditing, taxation, and accounting is the reason for this demand.
 - International Collaborations:** With professional associations in countries like Australia, Canada, England, etc., ICAI has signed memorandums of understanding (MOUs) and mutual recognition agreements (MRAs). These agreements acknowledge and recognize the qualifications of Indian Chartered Accountants and have opened new professional arena for them.

India's Leadership in Accountancy and Finance

Talent Pool and Professional Expertise

India is home to over 400,000 Chartered Accountants, and finance professionals trained under stringent conditions. The ICAI's rigorous training, which incorporates mastering the complexities of global accounting standards like IFRS (International Financial Reporting Standards) and international taxation laws,

makes them significant resources for global enterprises.

The Institute of Chartered Accountants of India (ICAI), a globally recognized body, has set benchmarks in professional ethics, technical know-how, and practical training. Indian accountants are celebrated for their analytical skills, problem-solving capabilities, and adaptability to global financial systems. Indian finance and accounting professionals serving outside India are estimated to constitute about 15-20% of the total finance professionals.

Global Contributions

Indian professionals play a pivotal role in MNCs, consulting firms, and regulatory bodies across the globe. Global organizations have significant operations in India, utilizing Indian talent not only for home markets but additionally for international assignments.

India's expertise is evident in areas such as:

- Forensic Accounting;
- Taxation Services;
- Advisory Roles.

Technology and Innovation

India has embraced technological advancements in the accountancy and finance sectors. The integration of AI, blockchain, and cloud computing in areas such as audit automation, fraud detection, and financial analytics placed India as a pacesetter in economic innovation. The Indian government's policies and actions, such as the Goods and Services Tax Network (GSTN) and e-Invoicing, demonstrate the successful collaboration of finance and technology on a massive scale.

Indian Finance Professionals: Shaping Global Financial Excellence

As of recent reports, approximately 1 in 10 global finance professionals is of Indian origin. This reflects India's growing prominence in the international finance and accounting sectors, driven by strong technical abilities, ethical practices, innovative problem-solving, language skills, strategic acumen, and adaptability. Thus, it is riding India's reputation as a worldwide hub for finance talent.

This trend is particularly evident in MNCs, global financial establishments, and Big Four accounting organizations, wherein Indians hold top management positions. Many Indian Chartered Accountants and finance professionals occupy roles including CFOs, controllers, and finance directors worldwide.

The finance and accounting sector is a key part of India's services industry, which contributes drastically to the country's GDP.

India's Services Industry - Driving Growth and Global Impact

The finance and accounting sector is a key part of India's services industry, which contributes drastically to the country's GDP.

Contribution to the Service Sector

The service sector constitutes 55% of India's GDP (FY 2024). Within this, financial and professional services are significant components.

Growth Indicators

The sector benefited from rising credit inflows, with domestic bank credit growing at over 20% YoY in FY 2024. Additionally, the services PMI (Purchasing Managers' Index) reflected robust growth, reaching 61.2 in March 2024, marking enormous business expansion.

Global Services Exports

India ranked 5th globally in export of services, which consist of financial services, which accounted for 44% of total exports in FY 2024. The upward push in digitally delivered services like fintech solutions has also boosted India's global standing.

Domestic Demand and Innovation

Domestic consumption of financial services has surged because of urbanization, digital payments, and the expansion of fintech platforms. This aligns with India's economic digitization efforts and government-sponsored financial inclusion programs like Jan Dhan Yojana.

Taxation and Revenue

The finance sector appreciably impacts GST collections. In FY 2024, India recorded ₹20.18 lakh crore in gross GST revenue, showcasing the sector's vitality within the domestic economy.

Employment and Investments

Finance sector is a significant employer, particularly in banking and financial services. It additionally draws overseas investments; the services sector accounted for 53% of total external commercial borrowings in FY 2024, including financial services.

India's Contribution to Global GDP

As of 2023, India's GDP is approximately \$3.73 trillion, making it the fifth-largest economy worldwide. This represents about 7% of the global GDP in nominal

terms and a prominent share (about 15%) in purchasing power parity (PPP) terms.

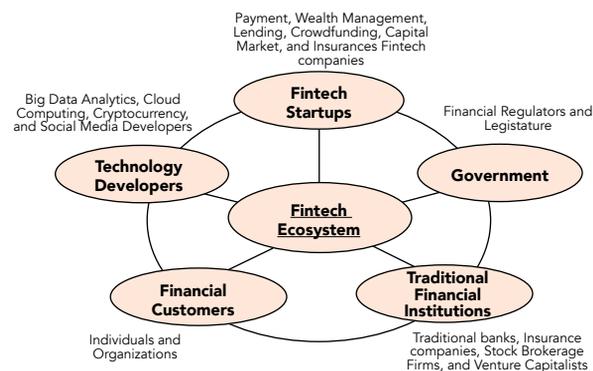
Financial Sector's Role in India's Economy

The financial sector contributes a significant part to India's GDP, driven by different factors like:

- A rapidly growing banking network.
- Growth in financial technology (FinTech).
- Increasing foreign direct investments (FDIs) in financial services.
- The recorded transactions was 14.40 billion worth of Rs. 20.44 lakhs (US\$ 245.61 billion) in July 2024 through Unified Payments Interface (UPI).

In February 2024, the Immediate Payment Service (IMPS) recorded 534.6 million transactions, with a total value of Rs. 5.58 trillion (US\$ 68.61 billion).

India's FinTech Revolution: A \$150 Billion Opportunity by 2025



As one of the fastest-growing financial ecosystems, India's fintech sector is expanding rapidly across crucial areas such as payments, digital lending, insurtech, and wealthtech.

The National Strategy for Financial Inclusion 2019-2024 outlines the vision and primary goals of India's financial inclusion policies, aiming to broaden and sustain the financial inclusion process nationwide through coordinated efforts involving all stakeholders in the financial sector. And to achieve this vision, fintech and finance professionals will play a pivotal role.

The Indian fintech ecosystem is a fast-evolving and vibrant sector, fueled by key drivers that are transforming the financial landscape. As one of the fastest-growing financial ecosystems, India's fintech sector is expanding rapidly across crucial areas such as payments, digital lending, insurtech, and wealthtech. India is home to one of the world's leading start-up ecosystems, and over time, it has emerged as a frontrunner in the FinTech revolution. The FinTech sector in India is well-positioned to reach an industry valuation of USD 150-160 billion in the next five years, contributing an additional value of USD 100 billion. This growth will be driven by the entry of over 50 new FinTech companies into the USD 100 million+ valuation range. To realize this potential, India will need investments totaling USD 20-25 billion over the next five years. The key factors shaping the Indian FinTech landscape include:

- The Indian FinTech sector is expected to reach a value of US\$ 150 billion by 2025. With the third-largest FinTech ecosystem globally, India is also one of the fastest-growing FinTech markets in the world. Currently there are more than 2,000 DPIIT that are being recognized as Financial Technology (FinTech) businesses in India, and this number is swiftly growing.
- Amongst 25 nations, India's digital payments system has evolved the most. As per the Faster Payments Innovation Index (FPPI), Immediate Payment Service (IMPS) from India was the only system across the world performing at level 5 FPPI.
- India's Unified Payments Interface (UPI) has also revolutionized real-time payments and strived to increase its global reach in recent years.
- India's payment landscape is expected to reach a transaction volume of \$100 trillion by 2030, with revenue from the sector potentially reaching \$50 billion.
- The digital lending market in the country was valued at \$270 billion in 2022 and is expected to reach \$350 billion in the near future.

The expertise of Indian finance professionals in navigating complicated regulations and compliance provides foreign investors with confidence in India's economic systems and potential returns.

- India is rapidly becoming the second-largest InsurTech market in the Asia-Pacific region, with the potential for remarkable growth of up to 15 times by 2030, reaching a value of \$88.4 billion.
- Driven by an increase in retail investors, the wealth-tech sector is projected to reach \$237 billion by 2030.
- In the year 2020, InsureTechs and FinTech SaaS attracted investments of USD 145 million and USD 215 million, respectively, marking a 4-5x increase compared to previous years.
- As per BFSI, the adoption rate of fintech services in India is 87%, exceeding the global average of 64%, highlighting the sector's vast potential.
- GIFT City is building a vibrant and integrated fintech ecosystem through two groundbreaking initiatives: the GIFT International Fintech Institute (GIFT IFI) and the GIFT International Fintech Innovation Hub (GIFT IFIH).
- India's generative AI sector is rapidly emerging as a global leader, supported by a robust talent pool, increasing investments, and government policies. With a projected market growth exceeding \$1

billion by 2025, Indian startups and tech giants are leveraging generative AI in healthcare, education, content creation, and customer service. The government's Digital India initiative and policies like the National AI Strategy are fostering innovation and collaboration.

India's Financial Talent - A Cost-Effective Catalyst for Economic Growth

Cost-Effective Talent Pool: Indian finance and accountancy experts are known for providing high-quality services at comparatively lower prices than their global counterparts. This is driven by way of:

- Affordable education system: India's finance and accountancy certifications (e.g., CA, CMA, CS) offer world-class standards at a fragment of the value of comparable certifications abroad.
- Lower cost of living: Indian Professionals can afford to work at competitive rates due to lower domestic expenses compared to developed nations.

This affordability makes Indian professionals highly pretty sought-after in international outsourcing and offshoring markets.

Global Recognition and Adaptability: Indian Chartered Accountants (CAs), Cost Accountants (CMAs), and MBAs in finance are recognized for their expertise in international standards such as:

- IFRS (International Financial Reporting Standards)
- US GAAP (Generally Accepted Accounting Principles)
- Taxation laws of various countries

This adaptability allows Indian professionals to cater to diverse global markets, strengthening India's position as an accounting hub.

Outsourcing Advantage: India has emerged as a leading destination for outsourcing finance and accounting services. The key reasons consist of:

- Efficient service delivery: Services inclusive of bookkeeping, financial analysis, taxation, payroll, and compliance are handled seamlessly by Indian professionals.
- Time zone advantage: India's time zone allows corporations within the US and Europe to experience overnight processing of financial tasks.
- Skilled workforce: A huge number of English-speaking, tech-savvy experts further boost India's edge in this domain.





Boost to Export Earnings: The finance and accounting outsourcing industry contributes substantially to India's export revenue. The sector has enabled the creation of numerous jobs and brought forex earnings, driving economic growth.

Contributions to Startups and MSMEs

Indian finance professionals play a critical role in:

- **Guiding startups:** From the stage of funding strategies to the compliance, finance experts help startups thrive and strive.
- **Supporting MSMEs:** They assist in streamlining operations, optimizing tax liabilities, and making certain adherence to regulatory norms, strengthening the backbone of the Indian economy.

Catalyst for Foreign Direct Investment (FDI): The expertise of Indian finance professionals in navigating complicated regulations and compliance provides foreign investors with confidence in India's economic systems and potential returns.

Navigating Challenges on India's Path to Becoming a Global Finance and Accountancy Hub

India has the potential to become a global hub for finance and accountancy professionals, but several challenges must be addressed to realize this vision fully. Here are the key challenges India might face:

1. **Skill Gaps and Quality Consistency:** Despite the large talent pool, not all professionals possess the skills required to meet global standards, particularly

in areas like data analytics, AI integration, and IFRS compliance. Variations in the quality of education and training across institutions can hinder India's reputation as a reliable source of world-class talent.

2. **Technological Disruption:** The increasing use of AI in financial processes like bookkeeping, auditing, and compliance reduces the demand for human involvement in traditional finance roles. Professionals need to continually upgrade their technical and analytical skills to remain relevant, which can be a challenge given the pace of technological advancements.

3. **Regulatory and Taxation Complexities:** India's complex tax and regulatory environment can make it difficult for professionals to focus on global markets. Frequent changes in financial and tax laws may create uncertainty and limit India's ability to attract global clients.

4. **Competition from Other Countries:** Countries like Singapore, Ireland, and the Philippines already have well-established reputations as global finance and accounting hubs.
5. **Infrastructure and Operational Challenges:** While urban areas are well-equipped, Tier 2 and Tier 3 cities often lack robust digital infrastructure to support high-end finance and accounting services. Ensuring the security and confidentiality of sensitive financial data is critical for international clients, and India needs stricter regulations and implementation in this regard.
6. **Limited Focus on Niche Areas:** India's finance professionals are often concentrated in traditional fields like taxation and auditing, while demand for niche skills like forensic accounting, ESG reporting, and fintech expertise is growing.

Strategies to Overcome Challenges

To make India a worldwide hub for finance and accountancy professionals, addressing diverse challenges is essential. The following strategies can be adopted to overcome these barriers:

1. **Improving Regulatory and Policy Framework:** Streamline tax structures and make compliance easier for international corporations. Strengthen laws and regulations regarding corporate governance, ensuring transparency, accountability, and fair practices in financial reporting. Align Indian financial regulations with international standards (e.g., IFRS, GAAP) to improve credibility and ease global comparability.



2. **Education and Training:** Increase investment in specialized training programs for finance and accountancy experts. These programs have to focus on global standards, emerging technologies, and new policies. Collaborate with international establishments to provide certifications, internships, and training programs that put together Indian professionals for international roles.
3. **Infrastructure Development:** Invest in technology and infrastructure to support modern financial services. Establish specialized economic hubs that offer support services, entice global companies, and serve as centres of excellence for finance and accountancy specialists.
4. **Attracting Foreign Talent:** Make policies attractive for foreign investments in the finance and accountancy sectors, reducing bureaucratic hurdles and ensuring intellectual property protection.
5. **Government Support and Initiatives:** Encourage collaboration between the authorities, industry bodies, and private corporations to develop training programs, and enhance the quality of education. Provide tax benefits and incentives for businesses that adopt advanced technologies, such as AI and blockchain, in financial services.

India stands at a pivotal juncture, poised to redefine the worldwide panorama of accountancy and finance. With a rich heritage of excellence, a significant and skilled skills pool, and a dedication to innovation, the country is transforming into a powerhouse in the field of finance and accountancy. By addressing key challenges, embracing technological advancements, and fostering global collaborations, India can solidify its position as the global hub for accountancy professionals.

The road ahead is filled with possibilities. With sustained efforts in skilling, regulatory alignment, and technological integration, India can not only meet the evolving demands of the global economy but also lead the transformation of the accountancy profession. As the world seeks financial expertise grounded in ethics, innovation, and strategic acumen, Indian professionals are well-prepared to take the mantle of leadership.

In this adventurous journey, India is not simply bridging the space between conventional and present-day practices but setting with the intention to shape the destiny of accountancy globally. With its eyes set firmly on the horizon, India is destined to become the cynosure of financial and accountancy excellence in the 21st century.

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Future Prospects for India as a Global Leader in Accountancy



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India has a rich history of mathematicians and accountants. India's economic growth and its transformation into a global business hub have paved the way for the country to assert its leadership across various domains, including the field of accountancy. The accounting industry in India has undergone significant evolution, influenced by factors such as globalization, technological advancements, regulatory reforms, and the need for a dynamic and adaptable business environment. The implementation of globally aligned accounting standards like Indian Accounting Standards (Ind AS) and the growing emphasis on Environmental, Social, and Governance (ESG) reporting underscores India's commitment to global best practices. With a rapidly expanding economy, India has become a focal point for global investments, cross-border trade, and multinational operations, creating an unprecedented demand for robust financial management, reporting, and compliance standards. Additionally, the evolution of emerging technologies like artificial intelligence, blockchain, and data analytics has positioned India as a frontrunner in integrating innovation into accountancy. By addressing challenges such as talent development, regulatory complexities, and the digital divide, India has the potential to not only meet domestic needs but also become a global provider of high-quality accounting services. This article delves into the prospects, challenges, and strategies for India to achieve its vision as a global leader in accountancy.

Current Landscape of Accountancy in India

India's accountancy sector is undergoing transformative changes, driven by robust regulations, a skilled workforce, and technological advancements. The current landscape highlights key factors that underscore India's position as a growing force in global accountancy.

- i. **Strong Regulatory Framework**
India's accounting framework is anchored by the Institute

of Chartered Accountants of India (ICAI) which is a statutory body established by an Act of Parliament. Further, regulatory bodies like the Reserve Bank of India (RBI), the Ministry of Corporate Affairs (MCA), and the Securities and Exchange Board of India (SEBI) lead the accounting and regulatory framework in the country. These institutions ensure adherence to high standards of financial reporting and compliance. The adoption of converged

As one of the fastest-growing economies in the world, India is witnessing increased Foreign Direct Investment (FDI), entrepreneurial ventures, and startup activity.

International Financial Reporting Standards (IFRS) through Indian Accounting Standards (Ind AS) demonstrates India's commitment to harmonize with global practices, fostering investor confidence, and promoting transparency in financial reporting. Regulatory initiatives such as the Goods and Services Tax (GST) and evolving corporate governance norms further strengthen the framework.

ii. Expanding Talent and Skilled Pool

India's accountancy sector benefits from a vast and highly skilled talent pool. Chartered Accountants (CAs), Cost Accountants, and Company Secretaries (CS) form the backbone of the industry. Institutions like ICAI ensure the availability of resource material, rigorous training, and professional development, equipping accountants with the expertise required to address domestic and international financial challenges. Increasing collaborations between Indian institutes and global organizations also enhance skill sets, making Indian professionals globally competitive.

iii. Integration of Technology with Accounting and Reporting

The integration of advanced technologies has revolutionized India's accounting practices. Artificial Intelligence (AI), blockchain, Robotic Process Automation (RPA), and data analytics are driving efficiency, accuracy, and innovation in financial reporting. Fintech startups and established firms

alike are leveraging these technologies to streamline processes, detect fraud, and enhance decision-making capabilities. The Institute of Chartered Accountants of India (ICAI) is making lot of efforts to educate members on Artificial Intelligence and other technological advancements.

iv. Outsourcing Hub

India's competitive cost structure and skilled professionals have positioned it as a preferred outsourcing hub for accounting and financial services. From routine bookkeeping and payroll management to complex financial analysis and advisory, Indian firms cater to a global clientele, offering high-quality services with cost-efficiency.

Opportunities for India in the Global Accounting Arena

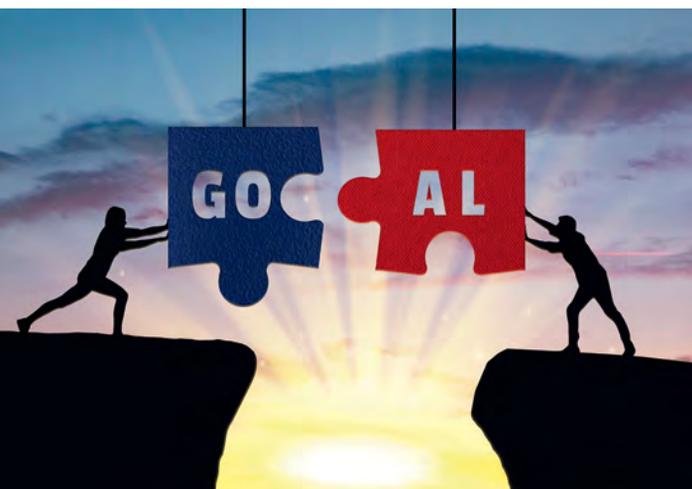
India is poised to emerge as a global leader in accountancy, leveraging its economic growth, technological advancements, and skilled workforce. The following opportunities illustrate how India can solidify its position in the global accounting landscape:

i. Globalization of Businesses

The expansion of multinational companies into emerging markets has increased the demand for accounting professionals skilled in both local and international standards. Indian accountants, with their expertise in Indian Accounting Standards (Ind AS) which are largely equivalent to International Financial Reporting Standards (IFRS), are uniquely equipped to address this demand. As businesses navigate complex global tax laws, transfer pricing regulations, and cross-border mergers, Indian professionals can provide comprehensive solutions. This growing demand for dual expertise presents an opportunity for India to become a preferred talent pool for global businesses.

ii. Growth of the Indian Economy

India is the fifth largest economy in the world by GDP. India's rapid economic growth provides a significant boost to the accounting sector. As one of the fastest-growing economies in the world, India is witnessing increased Foreign Direct Investment (FDI), entrepreneurial ventures, and startup activity. This surge in economic activity necessitates robust financial management and compliance, creating immense opportunities for accountants. The Indian government's initiatives to promote a business-friendly environment, such as tax reforms and ease of doing business policies, further enhance the prospects for accounting professionals. By capitalizing on these developments, India can expand its influence in the global accounting industry.



iii. Digital Transformation in Accounting

The global accounting industry is undergoing a digital revolution, and India has the potential to lead this transformation. Emerging technologies like blockchain, AI, and cloud-based platforms are reshaping the way financial data is managed and analyzed. Blockchain ensures secure and transparent financial transactions, while AI enables predictive analytics and automation of routine tasks. Cloud-based platforms offer real-time data accessibility and scalability. Indian technology firms and startups specializing in financial technology (fintech) can play a pivotal role in developing innovative digital accounting solutions that cater to global markets. By focusing on research, development, and implementation of such technologies, India can position itself as a hub for cutting-edge financial solutions.

iv. Leadership in Sustainability Accounting

The rising importance of ESG reporting presents a new frontier for the accounting profession. Investors and regulators worldwide are emphasizing sustainable business practices, creating a need for accountants skilled in ESG reporting and sustainability frameworks. India can take the lead by integrating ESG principles into mainstream accounting education and practices. By fostering a workforce proficient in sustainability accounting, India can cater to the growing global demand for professionals who can quantify and report on environmental and social impacts, strengthening its position as a leader in this emerging field. The country's accounting regulators have already

By forging agreements with international accounting organizations, ICAI has facilitated mutual recognition of qualifications and professional exchange programs.

initiated in this area, the Institute of Chartered Accountants of India (ICAI) formed the Sustainability Reporting Standards Board (SRSB) in 2020 and the Institute of Cost Accountants of India formed the Sustainability Standards Board (SSB) in 2022 to help strengthen the country's

sustainability reporting ecosystem and encourage sustainable practices.

v. Strategic Partnerships and Collaborations

Collaborations between Indian accounting institutions and international organizations present another avenue for growth. Partnerships such as those between ICAI and global accounting bodies foster knowledge sharing, skill development, and international recognition of Indian accountants. These collaborations help establish India's credibility and enable the country to play a more significant role in shaping global accounting standards and practices.

Challenges to Overcome in India's Accounting Sector

India is well-positioned to emerge as a global leader in the accounting field, but several challenges must be addressed to unlock its full potential. From skill gaps to regulatory complexities, these obstacles require strategic interventions to ensure India's accounting sector remains competitive and achieves global recognition.

i. Skill enhancement required in emerging areas

While India boasts a robust pool of skilled accounting professionals, a significant skill gap exists in emerging areas like AI, blockchain, RPA, and ESG reporting. The accounting profession is rapidly evolving, and the demand for expertise in these technologies and frameworks is growing globally. However, there still exists a large scope in equipping accountants with the advanced digital tools and sustainability reporting standards. Bridging this gap requires a concerted effort to promote continuous professional development (CPD) and upskilling initiatives. Institutions like ICAI have started imparting their training programs to include courses on emerging technologies and sustainability accounting, ensuring Indian professionals stay ahead of the curve.

ii. Regulatory Compliance

Navigating the complexities of global and domestic regulatory frameworks is another significant



Promoting sustainability through the integration of global Sustainable Development Goals (SDGs) into corporate reporting will showcase India's commitment to responsible business practices, appealing to investors and stakeholders who value long-term, ethical growth.

challenge. Indian accountants must deal with overlapping regulations, frequent policy changes, and varying compliance requirements across jurisdictions. This can be particularly challenging for firms engaged in cross-border transactions or operating in multiple countries. Simplifying compliance processes, ensuring timely updates on regulatory changes, and having a single set of accounting standards for all corporates in line with international frameworks like the International Financial Reporting Standards (IFRS) are critical steps to address these issues.

iii. Technological Disparities

Despite India's strides in integrating technology into accounting, a significant digital divide persists, particularly between large firms and small and medium enterprises (SMEs). Large accounting firms often have access to advanced tools, automation, and analytics, while smaller firms struggle with limited resources and outdated technology. This disparity hampers the overall growth and competitiveness of the sector. To address this challenge, the government and industry bodies must work together to provide affordable access to modern tools and training for SMEs. Subsidies, grants, or partnerships with technology providers could enable smaller firms to adopt advanced technologies, ensuring inclusive growth across the sector.

iv. Adapting to Rapid Technological Advancements

The pace of technological advancement poses a dual challenge: staying updated with new tools and ensuring that they are effectively integrated into practice. Technologies like AI, blockchain, and advanced analytics are reshaping the accounting profession, but their

rapid evolution makes it difficult for professionals to keep pace. This requires a cultural shift within the profession, emphasizing the adoption of technology as a core competency. Industry bodies, firms, and educational institutions must collaborate to create a learning ecosystem that supports ongoing technological adaptation.

v. Balancing Automation and Human Expertise

As automation and AI take over routine accounting tasks, the role of human accountants is shifting towards strategic decision-making, advisory services, and data interpretation. While this transition offers opportunities, it also demands a recalibration of skills and roles. Accountants must move beyond traditional bookkeeping and develop expertise in areas like data analytics, financial modeling, and strategic consulting.

vi. Talent Retention and Brain Drain

India's accounting sector also faces challenges in retaining top talent. Many skilled professionals seek opportunities abroad, drawn by higher salaries, better work environments, and global exposure. To combat this, Indian firms must invest in creating attractive career paths, offering competitive remuneration, and fostering work-life balance. Highlighting the global opportunities available within India and emphasizing the impact professionals can have on shaping the industry's future could also help retain talent.

Growth Story and Strategy for India to Become a Global Leader in Accountancy

India Inc. has already paved the way in capitalizing on the anchor position in the field of accountancy. India's



Investors and regulators worldwide are emphasizing sustainable business practices, creating a need for accountants skilled in ESG reporting and sustainability frameworks.

growing influence in the global accounting and financial services sector is best illustrated through real-world examples of companies and initiatives that have set benchmarks in efficiency, innovation, and global collaboration. Below case studies depict how Indian firms and institutions are leveraging their strengths to address complex financial challenges worldwide:

i. ICAI's International Collaborations Strengthening Global Presence.

The ICAI has been instrumental in enhancing India's global footprint in the accounting profession. By forging agreements with international accounting organizations, ICAI has facilitated mutual recognition of qualifications and professional exchange programs. These collaborations have opened avenues for Indian Chartered Accountants to work in global markets, bridging the talent gap in advanced economies. Such initiatives underline India's proactive approach to integrating its accounting expertise with global best practices.

ii. Role of leading IT companies resulting in laudable success stories

India has established itself as a global leader in financial and accounting services through its innovative and technology-driven solutions. The leading IT companies of the country plays a crucial role in transforming financial processes, offering services such as financial reporting, compliance management, risk assessment, and advisory solutions.

For example, Finacle, a flagship product of one of the leading IT giants is driving Digital Transformation in Banking and Finance sector. The platform has revolutionized digital banking and financial management for clients worldwide, providing solutions such as core banking systems, treasury operations, and digital payments.

Indian firms have been at the forefront of adopting advanced technologies like blockchain, AI, RPA, and cloud computing to deliver efficient and customized solutions. These services help organizations streamline operations, reduce costs, and meet



complex regulatory requirements. By combining technical expertise with deep domain knowledge, India continues to demonstrate its capability to manage large-scale financial operations and drive digital transformation in the global financial sector.

iii. Startups in FinTech and Accounting: Pioneers of Innovation

India is emerging as a hub for Startup space and the way the quantum is increasing marking a position in the globe. India's dynamic startup ecosystem is another driver of its global accounting potential. Few Companies are transforming tax compliance, payments, and financial management processes. One of the company has simplified tax filing for millions of users, while another one has introduced innovative payment gateway solutions that cater to businesses of all sizes. These startups reflect India's ability to innovate rapidly and create solutions that address both domestic and international challenges. Their success showcases how India is well-positioned to lead the next wave of financial technology advancements.

India Inc. has showcased numerous growth stories and exemplary achievements in accounting and reporting, particularly through leveraging technology. However, to establish itself as a global pioneer in the realm of accounting, it is essential to adopt a sustained strategy focused on the following areas:

i. Focus on Education and Skill Development

The accounting curriculum in India should evolve to include training in emerging technologies, global accounting standards, and ESG reporting. Partnerships with global educational institutions and online learning platforms can enhance the accessibility and quality of education.

ii. Leveraging Technology

Investments in technology infrastructure, research, and innovation will be key. Encouraging startups and collaborations in the fintech space can drive advancements in accounting solutions.

iii. Policy Reforms and Simplification

Streamlining tax laws, financial regulations, and compliance requirements will create a more business-friendly environment, attracting global firms and showcasing India's efficiency.

iv. Elevating Indian Accountants to Global Prominence

Government and industry bodies can work together to promote Indian accountants on global platforms, such as the World Economic Forum (WEF), the International Federation of Accountants (IFAC), and the United Nations conferences.

v. Encouraging Research and Development

Establishing research centers focused on accounting practices, technological innovations, and sustainability reporting can position India as a thought leader in the domain.

vi. Strengthening Global Networks

Strengthening relationships with international accounting bodies, such as the Association of Chartered Certified Accountants (ACCA) and CPA associations, can enhance global recognition and collaboration opportunities.

Conclusion

India's journey to become a global leader in accountancy is not just about matching global standards but about setting new benchmarks that others can follow. The nation has the foundation its rich talent pool, technological advancements, and strong regulatory framework to emerge as a trailblazer in this domain. However, this potential can only be realized by addressing key challenges and fostering a culture of continuous learning, innovation, and inclusion.

Empowering small businesses and rural enterprises with accessible accounting tools and training programs will ensure inclusive growth. This approach will not only strengthen the domestic economy but also position India as a role model for emerging markets worldwide. Promoting sustainability through the integration of



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global Sustainable Development Goals (SDGs) into corporate reporting will showcase India's commitment to responsible business practices, appealing to investors and stakeholders who value long-term, ethical growth.

Finally, building on its successes in technological adoption and international collaborations, India must leverage its expertise to shape global accounting standards and practices. By staying ahead of trends like ESG reporting, digital transformation, and financial transparency, India can redefine the role of accountants in a globalized economy and establish itself as a pioneer in the field. With a focused and sustained strategy, India has the opportunity to not only be a participant in the global accounting arena but a leader that sets the agenda for future generations.



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India: The Rising Global Leader in Accountancy



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India's emergence as the most preferred destination for accounting and financial services is being increasingly recognized and relied upon by the international markets due to various factors like skilled professionals, technological integration and cost-efficiency. In this article, we traverse through the various factors and initiatives contributing to the growing influence of India in the global accounting & financial landscape. This article provides insights into the opportunities and developments taking place within the profession to equip its readers with a practical approach to apprehend and capture the prospects of a now globalized discipline.



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The standard of accountancy adopted by an economy is the hallmark of its financial ethics, transparency and accountability. Accountancy fosters economic stability by laying a structured framework for businesses through systematic recording of financial transactions and periodic assessment of performance metrics. Accounting practices ensure sustained and ethical growth of enterprises by setting benchmarks for allocation and optimization of financial resources and equipping policy makers on a macroeconomic level, to make informed decisions by enabling them to monitor economic progress by tracking GDP growth, trade deficits & balances.

Systematic control mechanisms in the form of record keeping and financial management are not alien to India and can be traced back to the ancient times. Authoritative texts like *Arthashastra*, *Manusmriti* and *Yajnavalkya-Smriti*, provided early insights into the aspects of wealth management, financial administration and good-governance. Over the centuries,

this ocean of foundational knowledge has created a deep-rooted tradition of financial accountability, administrative prudence and expertise that have become integral to modern accounting practices in India.

Rapid globalization has organized the approach of modern economies to tackle new challenges like tax evasion, digital transformation and financial frauds. Technological developments like Blockchain and AI, have digitalized financial flows and are driving the new wave of innovation in accounting practices. Hence, it has become imperative to address these challenges through mutual cooperation, adoption of transparent reporting & compliance frameworks and ethical use of financial systems.

The Emergence of brand India

The past decade of the Indian archive has been characterized by groundbreaking expansion in the Indian economy, progressive taxation reforms and digital

transformation. The sustained growth across various sectors in the manufacturing base, supported by government initiatives like *Make in India* and *Product Linked Incentive (PLI) Schemes*, along with a dedicated focus on strengthening global synergies, exports, sustainable development and digital innovation; outlines the economic roadmap to consistently position India as the most favourable emerging economy for global investments and businesses.

The government of India envisages at improving the ease of doing business by simplifying regulatory processes and encouraging venture capitalism. The evolving startup ecosystem and MSMEs have embarked their journey to become the new conglomerates of the future. With the government's untethered financial support, India is poised for a new wave of global entrepreneurship. As businesses worldwide increasingly operate across borders, the demand for standardized, robust accounting practices has become more vital than ever.

Accounting plays a critical role in the sustainable financial transparency and economic growth. The role of accounting professionals is indispensable in supporting the target of achieving a USD 35 Trillion economy by 2047, which marks 100 years of independence. The increased demand of the professionals who have expertise in accounting, auditing and other financial services is bound to arrive in the times to come as India unfolds into a global economic superpower.

Why India is a Global Power House for financial & accounting services?

Indian accountants have a spectacular reputation worldwide for their analytical acumen, technical expertise and commitment to continuous learning. As globalization reshapes business landscapes, Indian accounting professionals have become indispensable players in the global market. Multinational corporations (MNCs) increasingly turn to India for their dynamic accounting and compliance needs, drawn by the country's skilled workforce and adherence to global accounting standards. The convergence of accounting standards with the International Financial Reporting Standards (IFRS) in the form of IND AS, has been a significant upgrade in the field of accounting.

The Institute of Chartered Accountants of India (ICAI) is undisputedly the biggest Institute for accounting professionals worldwide, with a cumulative base of

The government of India envisages at improving the ease of doing business by simplifying regulatory processes and encouraging venture capitalism. The evolving startup ecosystem and MSMEs have embarked their journey to become the new conglomerates of the future.

more than 1.25 million Chartered Accountants and students. The Institute graduates more than 14,000 Chartered Accountants annually. The wide range of auxiliary educational (diploma and certificate) courses launched by the ICAI for Chartered accountants in US Accounting, IFRS, International Taxation, business and project financing, Information Technology and Soft

Skills; stand as a testament to the Institute's commitment to contrive the blue print for establishing resilient, adaptable and skilled accounting professionals, while also keeping them up-to-date with the latest developments and trends.

With its strong focus on driving the digital transformation, tightening regulatory reforms and global integration, ICAI has cultivated a robust ecosystem for the accounting profession in India. ICAI has also launched the 'AI in ICAI' Certificate Course for its members to integrate next generation Artificial Intelligence technologies in the field of accounting and finance, that will revolutionize the approach of its professionals.

Another distinctive feature that puts India on the global forefront is the linguistic proficiency among Indian professionals in English language. Clear and efficient communication is an indispensable pre-requisite for maintaining transparent interactions with global clients. This linguistic advantage concomitantly amplifies India's global competitiveness in the field of accounting and financial services.



The geographical location of India offers a strategic time-zone advantage to global businesses. This unique feature enables India to provide unremitting services round the clock to multinational companies operating in the America, Europe, Africa, Australia, Middle-East and South-East Asia.

It also enhances India's capacity for optimizing global operations and addressing financial matters promptly, thereby brightening India's appeal as a globally reliable partner.

Another competitive advantage that positions India as the most preferred outsourcing destination for global businesses is the ability to deliver unparalleled services at unmatched rates. Cost efficiency and highly skilled workforce have lured in the interests of global players to resort to India for high-quality and reliable financial expertise. With a proven track record, India is without a shred of doubt headed to emerge as the world's leading outsourcing hub.

What global opportunity lies ahead for Indian Accountants?

Being home to various multinational corporations, Europe is an economic juggernaut which contributes significantly to global finance and trade. India's trade with EU (its largest trading partner) is set to grow at a 9.9% CAGR with exports growing at 13% CAGR, which indicates a phenomenal growth cycle for the years to come. European markets like UK, Malta and Luxembourg are emerging as the key financial hubs for banking, fintech and investment management. Indian CAs with expertise in International taxation, Anti-Money Laundering (AML), financial reporting, auditing and regulatory compliance are in high demand, especially post-Brexit, where businesses require professionals who can navigate both UK and EU regulations.

Europe's largest economy, Germany's strength lies in its manufacturing and engineering sectors. The increasing emphasis on digitalization and Industry 4.0 is opening up massive opportunities for Indian CAs in corporate finance, auditing, and M&A advisory roles. The Netherlands being the gateway for trade between Europe and other continents due to its strategic location; Dutch companies highly value cross-border tax planning, transfer pricing and risk management, particularly in sectors like logistics, energy, and technology. Europe is also leading the way in Environmental, Social, and Governance (ESG) reporting and sustainability initiatives. CAs with expertise in ESG metrics, sustainability accounting, and green finance are in high demand, especially after the introduction of

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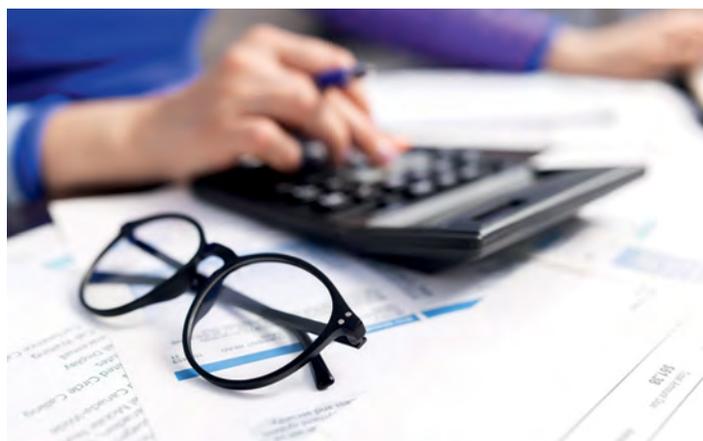
Emissions Trading Scheme (ETS) & Carbon Border Adjustment Mechanism (CBAM).

Australia, US and New Zealand are persistently faced with a shortage of skilled accountants and look towards India for cost efficient and reliable

partnership to streamline their accounting processes. Middle Eastern countries like UAE and Saudi Arabia are diversifying their economic portfolios beyond oil economies, which have led to upgraded tax and regulatory frameworks. This paradigm shift has created a new realm of opportunities for Indian auditors and tax experts who can navigate complex regulations and minimize compliance risks.

Artificial Intelligence is set to substitute the traditional approach to accounting practices with highly optimized data-driven processes that will analyze colossal databases to generate predictive insights and automate routine tasks like invoice processing, book-keeping etc. Global businesses are increasingly relying on leveraging AI to generate tailored financial advisory to predict global trends, understand market behaviours and enhance strategic decision making. Therefore, Fintech and AI companies are another under-explored arena which requires CAs with skills in financial modeling, risk management and regulatory compliances that are specific to tech innovations.

Outsourcing financial services fosters strategic partnerships between global firms and Indian service providers, creating opportunities for knowledge exchange and collaborative problem-solving. Indian CAs can join firms that offer flexible and customizable solutions tailored to the specific needs of businesses. Supportive recruitment and migration schemes for expatriates launched by these nations, have reduced barriers and enhanced global market access to Indian accounting professionals.



How to broach the opportunity?

It is important to target major services and gain skills in global taxation, IFRS, and Auditing that are in the highest demand across global markets. While Indian CAs are highly respected, gaining additional certifications such as ACCA or local GAAPs, CPA & CFA certainly enhance employability. Accounting is pivotal in administering fledging global challenges like climate change by providing frameworks to measure and report on sustainability metrics. It is of paramount importance for accounting professional to constantly research emerging trends to stay updated with latest developments like digital transformation, ESG reporting, and sustainability standards to remain competitive in the job market.

Collaborative efforts between National Skill Development Agency (NSDA) and the EU have resulted in the launching of India-EU Skill Development Program. A unique feature of this program is its specific emphasis on enhancing skill development and vocational training to bridge gap between training and employability. The program also organizes study visits to European Nations on the National Qualifications Framework for better integration in priority sectors like Construction, healthcare, logistics, capital goods, beauty & wellness.

Networking plays a key role in a globalizing world that has a flourishing Indian Diaspora. There are more than 30,000 Indian Chartered Accountants present globally. Therefore, leveraging professional networks like ICAI overseas chapters and associating with key industry clusters, opens the doors to new opportunities and fosters exchange of ideas and best business practices. Networking in events like conferences and webinars with industry professionals and stalwarts, is another way to associate oneself with international businesses and enhance market insights.

There are many global business firms operating across various international corridors. These firms have strong networks and business alliances through which they mobilise business operations internationally for multi-national companies. These firms offer a holistic opportunity to articles and professionals across various vocations like accounting & financial reporting, transfer pricing, finance, international tax, audit, AML, M&A etc. Accountants should consider gaining experience at global business firms operating in India to build credentials for a global move.

Indian Accounting professionals can also leverage the migration schemes for designed for expatriates. Many countries offer express gateway entries for skilled professionals to cater to their growing demand

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for experienced and talented professionals. It therefore becomes necessary to not only focus on pursuing global opportunities but also to strategize entries in these markets. Hence, professionals need to dedicatedly research visa and residency options in these countries to capitalize on these prospects. EU Blue Card, Highly

Skilled Migration Visas, Talent Passports and initiatives like India-EU Skill development Program can streamline the access of Indian accountants and foster career advancement in global markets.

Netherlands' Highly Skilled Migrant Program, Ireland's Critical Skills Employment Permit, France's Talent Passport, Germany's Job Seeker Visa and EU Blue Card Schemes are some major schemes that attract highly skilled professionals from Non-EU Countries by offering work and residence permits. These schemes offer Fastrack permanent residencies for recruitment of high-skilled professionals and in some cases, the benefits may even extend for family reunification and favourable tax treatments. Netherlands' 30% ruling for example is an interesting immigration scheme that streamlines family reunification and offers 30% relief on income tax for expatriates.

UK's Designated Investment Zone (DIZ) is another interesting initiative launched by the UK Government. It targets new and emerging sectors like renewable energy, fintech, healthcare, advanced manufacturing and digital innovation by integrating support for expatriates through Skilled Worker Visa, Global Talent visa & Innovator Visa. Many Indian students target reputed institutions in UK for their higher studies. Associating with these DIZs can benefit Indian Students to target training programs and industry specific events.

Conclusion

India's journey to become a global hub for accounting is certainly headed for a steep ascent and is of course not without challenges. The evolution of new avenues and specific niche areas require accounting professionals to persistently upgrade themselves to stay relevant in the global market. As businesses continuously seek reliable expertise and partners to meet their business needs, Indian accountants can help solidify the global integration by expanding into emerging markets and establish India as a leader in the global accounting landscape.



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Evolution of Chartered Accountancy Education: Global Opportunities Unleashed

India's economy is undergoing a paradigm shift driven by rapid globalization, technological advancements and evolving regulatory frameworks. This transformation is further bolstered by a strong emphasis on infrastructure development and sustainability reflecting a forward-thinking approach to economic growth. This has not only redefined the landscape of India's economy but also reinforces its role as a dynamic force in the global economic arena. The Chartered Accountancy profession is the cornerstone of this transformation, recognized for nurturing professionals who are complete business solution providers. With rapidly changing economic landscape, the role of a Chartered Accountant has significantly evolved from conventional accounting roles to become strategic advisors and entrepreneurial leaders.

The ICAI's Scheme of Education and Training has undergone a significant transformation to keep pace with global requirements and strives to build "global ready" Chartered Accountants by providing the aspiring CAs with the requisite competencies. By imbibing multi-disciplinary approach and technological innovation into its curriculum, the ICAI has been instrumental in shaping the professionals who can effectively address challenges of a complex and global business environment. This has paved the way for India to become a global hub for the accountancy profession.

The ensuing paragraph emphasize that the Chartered Accountancy education and training scheme has been designed with a global perspective, equipping aspiring Chartered Accountants to play the role of strategic business solution providers across the globe.

Benchmarking the ICAI's scheme of education and training with the prominent international accountancy bodies

In order to ensure that ICAI members are equipped with the requisite knowledge, skills, and ethical grounding to excel in diverse business environments, ICAI conducted an extensive comparative study involving seven prominent international accountancy bodies, namely, CPA Canada, ICAEW, CPA Australia, Singapore CA, ACCA, CIMA, and AICPA. This study benchmarked the curriculum against global standards, focusing on key aspects such as course duration, modular structures, examination methodologies and practical training requirements.

Integration of International Education Standards (IES)

The ICAI, being a member of the International Federation of Accountants (IFAC), upholds its commitment to adhere to International Education Standards (IESs). These standards, issued by erstwhile by the International Accounting Education Standards Board (IAESB)¹, ensure consistency and quality in the training of professional accountants worldwide. The ICAI's Scheme of Education and Training is compliant with the principles enshrined in the IESs, thereby positioning Indian Chartered Accountants at par with global accounting professionals. Accordingly, the scheme emphasizes balanced entry requirements, technical competence, professional skills, ethical values and attitude, practical experience and robust assessment with due emphasis on ensuring the sustainability of profession.

Global Career Avenues for the Chartered Accountants

The role of a Chartered Accountant is undergoing a paradigm shift to assume newer responsibilities in businesses across the nations. The dynamic global economy has created new employment opportunities for the Chartered Accountants in areas such as forensic accounting, valuation, sustainability reporting, entrepreneurship and risk management apart from the conventional domains of financial reporting, finance and auditing. In order to equip the aspiring Chartered Accountants with the requisite skills to effectively undertake the contemporary roles, subjects like Entrepreneurship and Start-ups, Digital Ecosystem, Strategic Cost and Performance Management, Forensic

¹ The International Accounting Education Standards Board (IAESB) has been transitioned to the International Panel on Accountancy Education (IPAE).

Accounting, Risk Management, Sustainability Reporting, Valuation, International Taxation, FOREX and Treasury management and Financial Services and Capital Markets, which have global relevance have been incorporated as Self-Paced Online Modules – technology enabled learning and assessment. There are four Self-Paced Online Modules, of which SET A and SET B are compulsory modules. From amongst the electives in SET C and D, a student has to opt for one from each set.

The ensuing discussion present a comprehensive overview of the distinctive attributes of ICAI's Scheme of Education and Training paving the way for global career opportunities for Chartered Accountants:

- (i) Ethics have been seamlessly integrated into the core papers at the Final level in order to inculcate ethics in the aspiring CAs. This ensures that they continually integrate ethical considerations into their professional assignments, such as audits, advising the client and report certifications, when they qualify as a Chartered Accountant. This exposure gained during practical training also helps aspiring CAs imbibe the ethical values and attitudes. In an era where trust is the cornerstone of professional success, this attribute makes them stand apart making them highly sought after professionals by global organizations seeking integrity-driven leaders.
- (ii) The ICAI's scheme of education and training ensures holistic and progressive skill assessment over different levels of the Chartered Accountancy course. This progression helps aspiring CAs acquire the requisite professional knowledge and skills at each level and ultimately, acquire the desired level of professional competence at the point of qualification.

ICAI's innovative learning methodologies has transformed the education through technology-driven tools like Self-paced Online Modules, the BoS Mobile App, BoS Knowledge Portal providing digitized learning material, duly corroborated by the Live Virtual Classes, to provide comprehensive learning resources accessible nationwide. The MCQ Paper Practice Portal further hones the problem solving and analytical skills.

The emphasis in the ICAI curriculum on technology based learning and problem-solving skills directly paves way for enhanced employability and career opportunities across borders, reinforcing growing presence of Indian CAs in the global accounting and finance landscape.

The ICAI's scheme of education and training ensures holistic and progressive skill assessment over different levels of the Chartered Accountancy course.

(iii) Practical Training, the bedrock on which ICAI's distinction as a globally respected professional institution has been strongly built, helps the aspiring CAs to apply the concepts learnt in theoretical education in practical scenarios real time, thus, honing their analytical and application skills as well as their oral and written

communication skills. The uninterrupted and seamless two-year practical training which begins only after successfully clearing both groups of the Intermediate examination, ensures complete focus of the aspiring CA on his practical training and acquire the requisite professional skills. This hands-on experience and holistic skill-building approach is pivotal in preparing CAs to navigate complex financial landscapes, a key requirement in today's global marketplace.

These features have opened the following avenues for the Chartered Accountancy profession:

- (1) International Taxation:** International Taxation is included as an elective in SET C of Self-paced Online Modules and also forms part of Final Paper 4 Direct Tax Laws and International Taxation. Since globalization and technology driven businesses have seamlessly integrated the world into a single interconnected market, international taxation has become a pivotal concern for businesses with global presence as well as for the tax authorities by such businesses. This necessitates the Indian Chartered Accountants to be well versed with the nuances of international taxation to be able to give an informed and correct advice and ensure compliance with tax laws in such businesses with global presence. Indian Chartered Accountants are





highly sought after for roles in structuring complex cross-border transactions and ensuring compliance with OECD guidelines and managing critical issues related to Base Erosion and Profit Shifting (BEPS).

(2) Financial Reporting & Audit: MCA implemented Ind AS which along with nominal carve outs are equivalent to globally accepted Accounting Standards known as IFRS. Since over 168 jurisdictions implement IFRS for the purpose of their financial reporting, integrating Ind AS into CA Course curriculum by ICAI have significantly contributed to the global positioning of the ICAI Chartered Accountancy course. The familiarity with Ind AS, which is largely aligned with IFRS, ensures Indian CAs meet the qualification benchmarks set by many international accounting bodies. This facilitates easier cross-border mobility and career opportunities. CAs trained in Ind AS can seamlessly transition to IFRS-based frameworks used internationally, making them valuable assets in multinational organizations.

Similarly, the Standards on Auditing (SAs) formulated by the Auditing and Assurance Standards Board (AASB) of ICAI are harmonized with the International Auditing Standards issued by the International Auditing and Assurance Standards

Board (IAASB) of IFAC. Furthermore, ICAI's Code of Ethics aligns with the internationally recognized Code of Ethics issued by the International Ethical Standards Board for Accountants (IESBA). By integrating these globally accepted auditing and ethical standards into the CA curriculum, ICAI equips aspiring CAs with the skills necessary to conduct audits with professionalism and competence in a global environment.

This alignment not only ensures consistency and excellence in international auditing practices but also strengthens the reputation of Indian CAs as professionals capable of operating seamlessly in diverse regulatory and cultural contexts worldwide.

- (3) Forensic Accounting:** With global expansion of businesses and rise in digital technologies, the risks of financial frauds, money laundering and cybercrime including digital frauds has enhanced considerably requiring CAs to specialize in the area of forensic accounting for harnessing the rising global career opportunities in the domain of Forensic accounting and fraud detection. Considering the steep rise in the demand for forensic accountants in past few years, forensic accounting has been included as an elective in SET C of Self-paced Online Modules.
- (4) Risk Management:** Businesses worldwide face diverse challenges, including economic uncertainty, cyber risks, regulatory changes, political instability and environmental concerns. Risk managers play a pivotal role in evaluating and addressing these risks, ensuring compliance and maintaining operational stability. They assist businesses to adapt to uncertainties, make informed decisions and strengthen resilience in an ever-evolving global environment. Recognizing the pivotal role that Chartered Accountants



can play in managing risks, Risk Management has been introduced as an elective in SET C of Self-paced Online Modules, ensuring that future professionals are equipped with the expertise to mitigate the complex risks involved in volatile global environment.

- (5) Sustainability reporting:** The global rise in sustainability reporting is an indicator of growing focus on ESG aspects - Environment, Social and Governance by businesses, regulatory authorities and investors. Sustainability reporting not only reflects the commitment of the businesses to reduce their environmental footprint, promoting social responsibility and adhering to governance standards but also serves as a driving force for organizations to adopt sustainable practices, incorporate ESG criteria into their reporting and harmonise with global standards such as the UN Sustainable Development Goals (SDGs). In view of the growing relevance of this subject, "Sustainable Development and Sustainability Reporting" has been included as an elective in SET C of Self-paced Online Modules.
- (6) Valuation:** Valuation is a highly specialized domain crucial for informed investment decision-making, financial reporting, mergers and acquisitions, corporate finance, litigation and dispute resolution and strategic planning. As markets become increasingly interconnected, the ability to perform reliable valuations is paramount in driving global business success and maintaining financial integrity. Several global financial crises are attributable to inadequate valuation practices. In view of the growing demand for skilled valuation professionals, the elective subject "Valuation" has been incorporated into SET C of the Self-paced Online Modules to develop a comprehensive understanding of valuation including its methodologies, techniques, and approaches, along



In the realm of Financial Services and Capital Markets, a chartered accountant can render services in investment banking, portfolio management and related fields across the globe.

with the regulatory requirements and valuation framework.

- (7) Strategic Cost and Performance Management:** Strategic Cost and Performance Management has been incorporated as a mandatory Self-paced Online Module [SET B] to equip the aspiring CAs with advanced tools and methodologies to address complex challenges in the international business arena, enabling them to drive global competitiveness, formulate forward-thinking strategies and foster sustainability. By optimizing costs and enhancing operational efficiency, CAs help organizations remain competitive on the global stage. Leveraging their financial acumen, they provide insights into market trends, economic shifts, and emerging opportunities, crafting strategies that ensure resilience and growth. In the face of global challenges such as climate change and resource scarcity, CAs play a crucial role in integrating sustainability into strategic decisions, ensuring long-term value creation. In today's interconnected world, Chartered Accountants are not just advisors; they are strategic partners who lead organizations toward innovation and excellence. The *Strategic Cost and Performance Management module* is a testament to this evolving role, equipping them to leave an indelible mark on the global business landscape.
- (8) Treasury management and Financial Services and Capital Markets:** Facilitates organizations to optimize financial resources and manage financial risks effectively. In the realm of Financial Services and Capital Markets, a chartered accountant can render services in investment banking, portfolio management and related fields across the globe. Moreover, a chartered accountant can also offer financial advisory services. In order to give exposure to aspiring CAs, Financial Services and Capital Markets and Forex and Treasury Management have been included as electives in SET C of the Self-paced Online Modules.
- (9) Complete business solution provider:** At the final level of the Chartered Accountancy course, an aspiring Chartered Accountant who has completed his two years of rigorous practical training, prepared to navigate the nuances of the Integrated Business Solutions paper.

Chartered Accountants are now recognized as complete business solution providers contributing to decision-making processes and driving organizational success.

This paper requires him to apply the expertise gained in Corporate and Economic Laws, Strategic Cost and Performance Management and elective subjects opted in the Self-Paced Online Modules as well as the proficiency gained in core subjects of financial reporting, advanced financial management, advanced auditing, assurance and professional ethics, direct tax laws and international taxation and indirect tax laws alongwith the practical insights gained through rigorous training, in solving the problems of a business in a cohesive manner. Integrated Business Solutions is a multi-disciplinary Case Study based paper which equips the aspiring CAs with the higher order skills to enable them to play a vital role in organisational decision-making as a "business solutions provider". The assessment is case study based and open book, enabling assessment of strategic problem

solving and decision-making skills. In view of this, there has been a marked shift towards strategic decision making and entrepreneurial roles that add value beyond financial reporting and auditing. Chartered Accountants are now recognized as complete business solution providers contributing to decision-making processes and driving organizational success.

The Integrated Business Solutions paper equips CAs with the higher-order skills to analyze complex issues, exercise professional judgment, and deliver impactful solutions, ensuring their position at the forefront of the profession, ready to contribute to global business growth and sustainability.

Conclusion

ICAI's transformative education and training framework not only meets global standards but also sets benchmarks for excellence. Through its commitment to excellence and continuous innovation, the ICAI prepares Chartered Accountants to play pivotal roles and positions them as trusted advisors, strategic leaders and complete business solution providers, driving growth and innovation on a global stage.





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Significance of Force of Attraction ('FoA') clause in tax treaties



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Member of the Institute

Force of attraction (FoA) principle is concerned with taxation of business profits in the source country. The Organisation for Economic Co-operation and Development (OECD) model treaty does not allow the application of the FoA rule, whereas the United Nation Model Tax Convention which designed the model treaty in the interest of developing countries supports the application of the FoA rule. The principle of the FoA rule has been a matter of immense interest and deliberation in the field of international taxation. Tax treaties, based on the OECD Model, provide that business profits of an enterprise resident in one state would be taxable in the other state only if there exists a Permanent Establishment (PE) in the other state.

This paper is an attempt to analyze various aspects of the FoA principle. The structure of this paper is as follows - the first section focuses on the purpose and various types of FoA rule. In this regard, a flow chart depicting the application of FoA rule with tax positions in different situations has been provided. Thereafter, this paper analyzes the key guiding principles for FoA, particularly under the OECD Model Convention, United Nation (UN) Model Convention, Indian Income Tax Act, 1961, and the Indian Double Taxation Avoidance Agreement (DTAA).

The last section of the paper takes a closer look at the application of FoA rule to services, explores the interplay of the FoA principle with the arm's length principle, and highlights a few challenges in its application. Further, this paper gives an overview of the recent trends regarding the non-inclusion of the

FoA clause in Article 7(1), along with situations where the FoA rule cannot be invoked.

Purpose & philosophy of FoA

The FoA rule provides that when a foreign enterprise sets up a PE in a source state, it brings itself within the fiscal jurisdiction of the source state to such a degree that all profits that the enterprise derives from the source state, whether through the PE or not, can be taxed by the source state. Thus, unless a PE is set up, the question of taxability of direct transactions conducted by the foreign enterprise in the source state will not arise.



- Three possibilities emerge in the context of taxing jurisdiction of the source state in respect of business profits and application of the FoA rule:

Full or complete FoA rule	Limited or restricted FoA rule	No FoA rule
Under the Full FoA rule, once a foreign enterprise has a PE in the source state, the source state has the right to tax all income/profits of the enterprise in the source state irrespective of whether the transactions are managed and organized through such PE or not.	Under the Limited FoA rule, if a foreign enterprise has a PE in the source state, the profits of direct transactions made by the head office in the source state-apart from activities of the PE-will be attributed to the PE to the extent that such activities are similar to those managed and organized by the PE.	The business profits would be taxed in the source state by treating the PE situated therein as a separate source, while other independently earned business profits of the enterprise in the source state would not be taxed in that state.

- In short, the FoA rule applies if the following conditions are fulfilled:

- The foreign enterprise has a PE in the source state.
- The foreign enterprise makes business profits in the source state.
- Goods or merchandise are sold in source state, and such goods are of the same or similar kind as those sold through the PE or business activities carried on in the source state independently of the PE. However, such activities are of the same or similar kind as the business activities carried on in the source state through the PE.
- If the above conditions are fulfilled, the profits attributable to such sales of goods or business activities will be taxable in the source state.

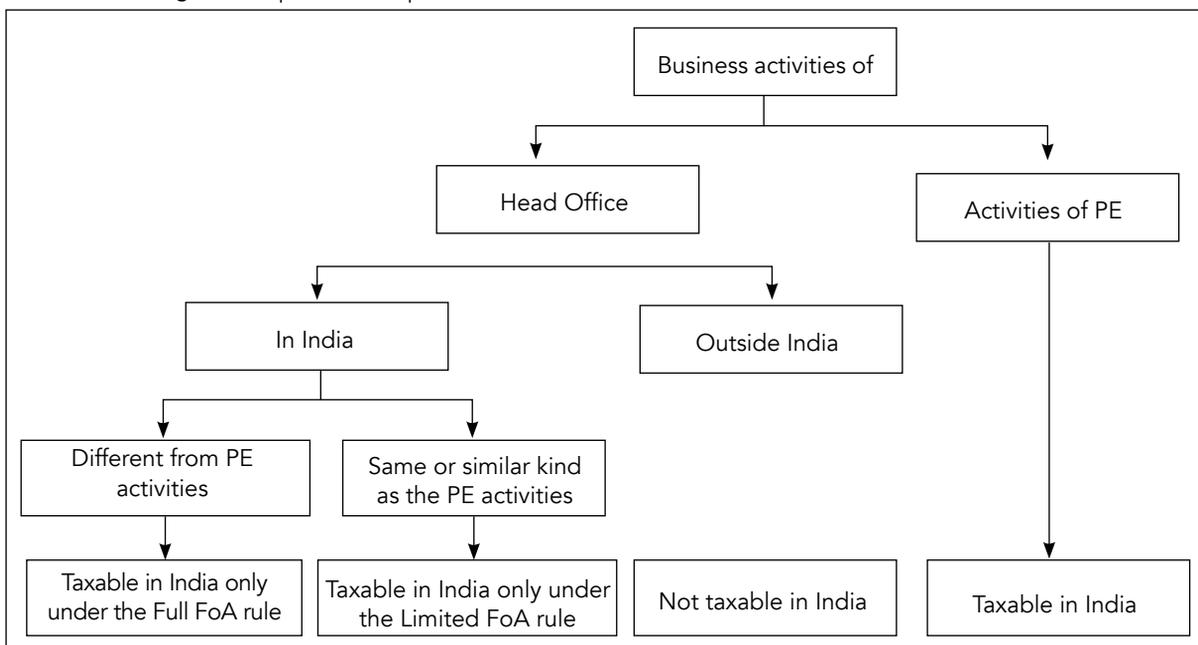
Key guiding principles for the FoA rule

i. Under the OECD Model

a. Scope of the FoA rule

- Only profits attributable to the PE should be taxed in the source state. In other words, the OECD Model does not prefer the application of the FoA rule.¹
- Other business profits of the enterprise, independently earned in the source state should not be taxed in that state by applying the FoA rule.

- The following chart depicts the tax position in different situations:



¹ Para 11 of Article 7(1) of OECD Model Commentary, 2017

b. Scope of Paragraph 1 and Paragraph 2 of Article 7(2)

- Paragraph 1 of Article 7(1) of the OECD Model provides that a contracting state may only tax the profits of an enterprise of the other contracting state to the extent that they are '*attributable to a PE*' situated in the first state. In other words, the purpose of Paragraph 1 is to limit the right of one contracting state to tax the business profits of enterprises of the other contracting state.
- Paragraph 2 of Article 7(1) of the OECD Model determines the meaning of the phrase '*profit attributable to a PE*'. Paragraph 2 may result in no profits being attributed to a PE even though the enterprise as a whole has made profits.²

c. Meaning of '*profit attributable to a PE*' and '*only so much of them as is directly or indirectly attributable to the PE*'

- The phrase '*profit attributable to a PE*' referred to in Article 7(1) was understood as profits required to be determined under Article 7(2).
- The concept of "*attributable to*" means a reasonable nexus between the profit and the business activity.
- The profit of an enterprise of a Contracting State is taxable only in the state of residence and it is taxable in another state if the enterprise carries on business through a PE situated therein. The entire profits is not taxable. Only so much is taxable as is attributable to that PE. The attributable profit can be determined by apportioning the total profits of the foreign company to its various parts, if such apportionment is customary. Otherwise, it is calculated on the basis of the hypothesis that the profits which the PE might be expected to make as if it were a distinct and separate enterprise engaged in the same and similar activities under the same and similar conditions, and dealing wholly independently with the enterprise of which it is a permanent establishment. Attributable profits are determined by the same method each year

unless there is a valid or sufficient reason to adopt the contrary.

- The expression '*only so much of them as is directly or indirectly attributable to the PE*' narrows the scope of taxability in that other contracting state by excluding profits derived by such enterprises in the source state independently of the PE.³

ii. Under the UN Model

a. Scope of the FoA rule

- The UN Model is followed by developing countries preferred to apply the FoA rule.
- Paragraphs (1) & (2) of Article 7 of the UN Model, 2021 cover the provisions of the FoA rule.
- Article 7(1) of the UN Model, 2021 allows the country in which the PE is located to tax the profits attributable to that PE, as well as other profits of the foreign enterprise derived in that country, to the extent allowed under the article.⁴
- The FoA rule is limited to business profits covered by Article 7 and does not extend to income from capital such as dividends, interest and royalties which are covered by other treaty provisions.

b. The Limited FoA rule

- The UN Model recognizes Limited FoA which is restricted to the profits from sale of goods/merchandise or business activities of the same or similar kind.
- The UN Model does not restrict the right of taxation of the source state only to the profits attributable to the PE situated therein, but such is extended to profits from the direct sale of similar goods and also from those independent business activities which are similar to the business activities carried on by the PE in that state.

c. Meaning of '*same*' and '*similar*'

- Both clauses (b) and (c) of Article 7(1) of the UN Model, 2021 used the expression "*same or similar kind*".
- The word '*same*' may mean "*resembling in every aspect, identical*".

² Para 12 of Article 7(1) of OECD Model Commentary, 2017

³ Set Satellite (Singapore) Pte. Ltd. vs. DCIT (2007) 106 TTD 175 (Mum. - Trib.)

⁴ Para 6 of Article 7(1) of UN Model Commentary, 2021

⁵ Para 6 of Article 7(1) of UN Model Commentary, 2021



- The expression 'same or similar' excludes something which is distinct.⁶
- The word 'similar' means "relatable"⁷, "of the same kind in appearance, character or quantity, without being identical."

Let's understand the concept of 'same' and 'similar' with the following example:

- Example: There may be a situation where an installation PE may not be covered by the FoA rule even if the installation PE was selling goods which are same or similar to those sold directly by the foreign enterprises due to the following reasons:
 - Direct sales by foreign enterprise in the source state will be covered by the FoA rule only when the PS is selling similar goods.
 - In the case of an installation PE, because the fact that some goods are locally purchased in the source state used in installation, does not necessarily lead to the conclusion that the foreign enterprise is engaged in selling similar goods as the Installation PE.

d. Scope of clause (b) & clause (c) of Article 7(1) of the UN Model, 2021

- Clause (b) of Article 7(1) of the UN Model restricts the scope thereof only to the sale of goods or merchandise of the same or similar kinds whereas clause (c) of Article 7(1) of the UN Model will only be restricted to other business activities excluding the activities of selling of goods or merchandise.

- The Mumbai Tribunal held that taxability of profit on sale of goods does not fall within the scope of Article 7(1)(c).⁸
- All business activities of any nature whatsoever, directly carried out by enterprises in the source state will not necessarily fall within the scope of such Limited FoA rule. In other words, only when such other business activities or the sale of goods are of same or similar kind will they attract such FoA rule.

iii. Under Indian Income Tax Act, 1961

- Section 9 of the Income Tax, 1961 ('Act') recognizes the principle of attribution of income.
- Explanation 1(a) and Explanation 3 to Section 9(1)(i) provide that the income to be taxed in India is limited to only that part of the income that is reasonably attributable to the operations carried out in India.
- The determination of taxable business profits of a foreign company in India requires an artificial division between profits earned in India and those earned outside India by considering the PE as a separate profit center vis-à-vis the foreign company.⁹ This principle is aligned with Article 7(2) of the OECD & UN Model.
- Under the Act, taxability is confined to the profits attributable to operations carried out in India whereas Article 7(1) of the OECD & UN Model provides taxability of the profits attributable to a PE, which may also include profits related to the PE in respect of its operations carried outside India.

iv. Under Indian DTAA's

- Under Indian DTAA's, in the context of the FoA rule, majorly two sets of provisions are found:
 - (i) FoA provisions based on the OECD Model guidelines.
 - (ii) FoA provisions based on the UN Model guidelines.
- In some Indian DTAA's, the FoA rule is not incorporated directly in Article 7(1), but the same is mentioned in the Protocol to DTAA's.
- There are certain Indian DTAA's where the protocol brings the concept of the FoA rule in DTAA either directly (example, India – Turkey DTAA) or indirectly (example, India – France DTAA).

⁶ DDIT v. Scientific Atlanta Inc [2009] 33 SOT 220 Mum)

⁷ Linklaters LLP vs. ITO [2010] 132 TTD 20 (Mum)

⁸ Roxon OY vs. DCIT (2007) 106 ITD 489 (Mum. – Trib.)

⁹ Hyundai Heavy India Co. Ltd., 291 ITR 842 (SC)

Protocol of comprehensive DTAA between India-Turkey	Protocol of comprehensive DTAA between India-France
<p>It is understood that, where an enterprise of a Contracting State has a permanent establishment in the other Contracting State, and the enterprise (a) effects sales in that other State of goods or merchandise of the same or similar kind as those sold through that permanent establishment, or (b) carries on other business activities in that other State of the same or similar kind as those effected through that permanent establishment, profits derived from such sales and business activities may be taxed in that other Contracting State as part of the profits of the permanent establishment.</p>	<p>With respect to paragraph 1 of Article 7 (Business Profits), it is understood that if in both India's new tax conventions, agreements or protocols, with the United Kingdom and the Federal Republic of Germany, it is provided that the profits of an enterprise of a Contracting State carrying on business through a permanent establishment in the other Contracting State may be taxed in that other Contracting State to the extent attributable directly or indirectly to that permanent establishment or attributable to (a) sales in that other Contracting State of goods or merchandise of the same or similar kind as those sold through that permanent establishment; or (b) other business activities carried on in that other State, of the same or similar kind as those effected through that permanent establishment, such provisions shall also apply to the extent so provided under the present Convention with respect to the date from which the later of those two conventions, agreements or protocols between India and the United Kingdom, and the Federal Republic of Germany enters into force.</p>

a. Use of phrase 'directly or indirectly' in Article 7(1) of Indian DTAA's

- Some of the Indian DTAA's use the phrase 'directly or indirectly' in Article 7(1) which are additional words when compared to the wording of Article 7(1) of the OECD Model.
- The terms 'directly or indirectly' referred to in Article 7(1) are clarified to the effect that where the PE takes an active part in negotiating, concluding or fulfilling contracts entered into by the enterprise, then, notwithstanding that other parts of the enterprises have also participated in those transactions, the proportionate profits of the enterprises from such contracts should also be treated as profit indirectly attributable to the PE.
- For example, the India-Japan DTAA uses the phrase 'directly or indirectly' in Article 7(1) such as:

The profits of an enterprise of a Contracting State shall be taxable only in that Contracting State unless the enterprise carries on business in the other Contracting State through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, the profits of the enterprise may be taxed in that other Contracting State but only so much of them as is **directly or indirectly** attributable to that permanent establishment.

b. Protocol to DTAA's

- There is a possibility that the FoA rule in DTAA may contain some special provisions through protocol.
- In such a case, the scope of the FoA rule has been clarified in the protocol. For example, the India-Hungary DTAA have special provisions of FoA

rules in their protocol in relation to construction work.

c. Right to prove otherwise

- Some of the Indian DTAA's provide the 'right to prove otherwise' in the FoA rule.
- 'Right to prove otherwise' means where the FoA provisions give the enterprise the right to prove that:
 - profit from sale of similar goods or carrying on other business activities of the enterprise is not attributable to the PE, and
 - such activity could not have been undertaken by the PE.
- For example, the India-Sri Lanka DTAA has the provision of 'right to prove otherwise' in the FoA rule.

d. Only part of the Limited FoA

- In some Indian DTAA's, only part of the provisions of the UN Model has been incorporated. In such cases, the scope of Limited FoA rules gets further restricted.
- For example, the India-Indonesia DTAA does not incorporate the provisions contained in the Article 7(1)(c) of the UN Model, 2021.

e. Broad analysis of the Limited FoA in Article 7(1) in Indian DTAA's

- Based on Article 7(1) and Article 7(2) of Indian DTAA's, the following tables provide a broad overview of the Limited FoA available or not available in the Indian DTAA's:

Table 1: No Limited FoA in Article 7(1)

Sl. No.	Respective countries with which India has DTAA	Remarks
1	Albania, Armenia, Australia, Bangladesh, Bhutan, Botswana, Brazil, Bulgaria, Colombia, Croatia, Cyprus, Czech Republic, Estonia, Ethiopia, Fiji, Finland, Georgia, Greece, Hong Kong, Hungary, Iceland, Israel, Jordan, Kazakhstan, Korea, Kuwait, Kyrgyz Republic, Latvia, Libya, Lithuania, Luxembourg, Macedonia, Malaysia, Mauritius, Morocco, Montenegro, Mozambique, Myanmar, Namibia, Nepal, Netherlands, Norway, Uruguay, Philippines, Qatar, Russia, Saudi Arabia, Serbia, Slovenia, South Africa, Sudan, Sweden, Syria, Swiss confederation, Taiwan, Tajikistan, Tanzania, Trinidad and Tobago, Turkmenistan, UAE, Egypt, Uganda.	No Limited FoA

Table 2: Available Limited FoA in Article 7(1)

Sl. No.	Respective countries with which India has DTAA	Remarks
1	Belgium, Belarus, Canada, China, Denmark, France, Germany, Indonesia, Italy, Japan, Kenya, Malta, Mongolia, New Zealand, Oman, Poland, Portuguese Republic, Romania, Singapore, Slovak Republic, Spain, Sri Lanka, Thailand, Turkey, USA, UK, Ukraine, Uzbekistan, Vietnam, Zambia.	Yes, Limited FoA mentioned in Article 7(1). Phrase 'directly & indirectly attributable to that PE' has been used in the Article 7(1).

Whether FoA rule is applicable to services

- The FoA rule is applicable to profits derived from the sale of goods or merchandise of the same or similar kind, or from other business activities of the same or similar kind.
- The phrase 'other business activities' includes services. Further, it has been held that reference to sale of goods or merchandise in Article 7(1)(b) of the UN MTC includes rendering of services also.
- The following tables depict the FoA rule under some of the Indian tax treaties applicable either to 'goods and merchandise' or to both 'goods and services':

FoA rule applicable to	Respective countries with which India has DTAA
• Goods and merchandise	• New Zealand, Belgium
• Goods and merchandise and other activities	• Canada, Denmark, Italy, Poland, Portuguese Republic, Spain

FoA rule vis-a-vis the arm's length principle

- The adoption of the FoA rule would lead to a wider tax base and thereby larger share of revenues arising out of the same, whereas complete rejection of the FoA rule would be tantamount to adoption of the arm's length principle in the strictest sense which again is not free from flaws.

- As the arm's length principle would call for the treatment of the head office and the PE as two independent entities and thus, a probability of double non-taxation may arise wherein the activities carried out in the PE would neither be taxable in the source country and the activities carried out in the source country may also escape the taxation scanner owing to the domestic laws of the country. Therefore, the same would not certainly be within the interests of either of the countries.

Challenges in application of the FoA rule

- An imposition of the force of attraction would certainly lead to a greater amount of uncertainty to the taxpayer. As the UN model which talks about the taxation of the income attributable to the PE involving sales and business activities of the 'same or similar kind', *ipso facto* calls for judicial interpretation and ambiguity in the minds of the taxpayers.
- Further, the very essence of an economic nexus would be lost in case the entire array of activities of the foreign enterprise is brought under taxation through the FoA rule. This would only lead to abuse by generalization of standards and activities irrespective of the fact whether the same has been carried out in the territory where it is being taxed.
- Klaus Vogel distinctly criticizes the applicability of the force of attraction as it leads to the generality of income irrespective of the fact whether it has been generated out of the PE or not.

Table 3: Recent trends regarding the non-inclusion of the FoA clause in Article 7

	Date	Respective country	Status of FoA clause
India DTAA's	Signed after 2012	Hong Kong, Uruguay, Albania, Bhutan, Croatia, Macedonia, Colombia, Ethiopia, Latvia.	Absent
	Effective in India 01.04.2011	Finland	} Absent, but was } Present earlier
	Effective in India 01.04.2012	Norway	
	Effective in India 01.04.2014	Sri Lanka	
	Effective in India 01.04.2017	Cyprus	
	Effective in India 20.09.2013 ¹¹	Australia	Omitted

Exemptions from the FoA rule

- The FoA rule does not apply in the following cases:
 - when sales are made by a foreign principal through independent agents in the source state.
 - where foreign enterprises are able to demonstrate that the sales of goods or merchandise or business activities were carried out in the source state other than through the PE for legitimate business purposes and there is no objective to obtain treaty benefits.¹⁰

Recent trends regarding non-inclusion of the FoA clause in Article 7

- It has been observed that in the new Indian treaties, the FoA clause has not been included or has been omitted in the existing tax treaties:
- Table 3 depicts the recent trends regarding non-inclusion of the FoA clause in Article 7:

Concluding remarks

The principle of the FoA rule has been a matter of immense interest and deliberation in the field of international taxation. Tax treaties provide that business profits of an enterprise resident of one state would be taxable in the other state only if there exists a PE in the other state. The FoA rule is basically an anti-avoidance measure which is implemented in varying degrees. The tax treaties are by and large based on the UN, OECD or the US Model Conventions. These Model Conventions differ with respect to applicability of the FOA rule. Developing countries are supporting the application of the FoA rule. Some countries provide for taxing profits/income (i) only to the extent that they are attributable to the PE, (ii) from direct transactions effected by the non-



resident, provided the transactions are of the same or similar kind as that effected through the PE and (iii) from all transactions whether they are attributable to the PE or not, or whether they are of the same or similar kind of transactions carried on by the PE or not. From the above discussion in this article, one principle emerges: that most Indian DTAA's are on the lines of the OECD MTC i.e., the FoA rule should not be invoked. However, on the other hand, when the relevant provisions of the Indian DTAA's are on the lines of the UN Model, which particularly provide for the Limited FoA rule, in such a case, one has to find out the scope of each provision and its effect thereof. Finally, in each such case, the issue of the FoA rule will have to be decided on the facts of that case.



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¹⁰ Para 7 of Article 7 of Commentary on UN MTC

¹¹ Notification No. 74/2013 dated September 20, 2013

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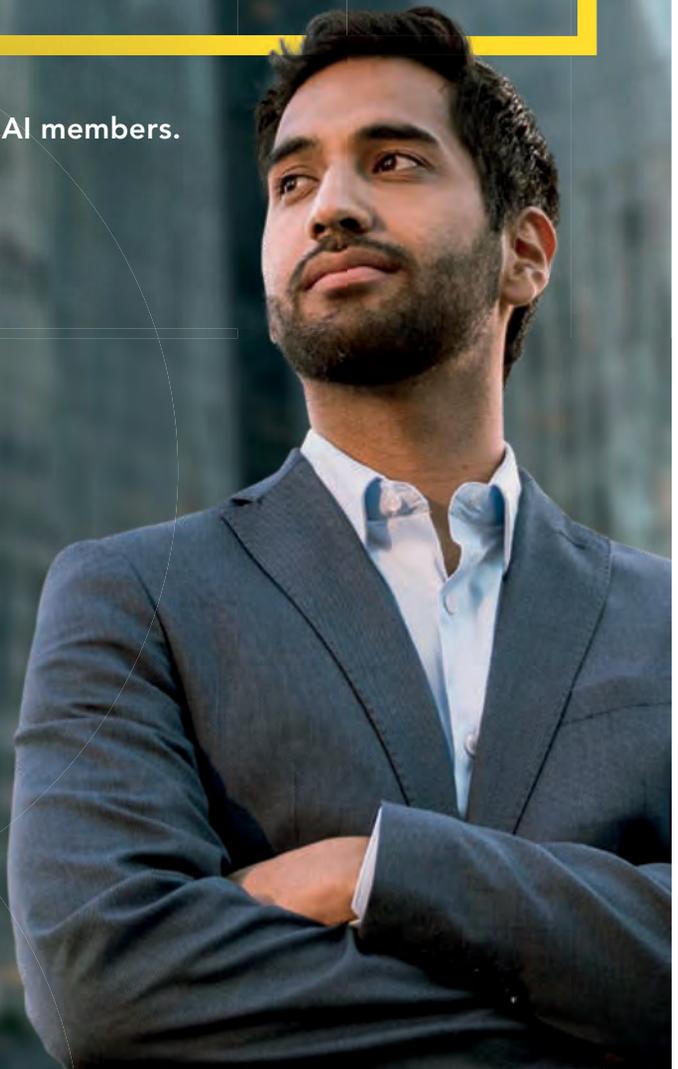
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THREE
LETTERS TO
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Deciding between ITC and Composition Scheme: A Guide for Small Businesses in the GST Era



Pavithra. S
Research Scholar

Businesses have the option to choose between the Input Tax Credit (ITC) and the Composition Scheme under GST. ITC allows for the offsetting of taxes paid on purchases against tax liabilities on sales, ensuring that taxes are balanced and maintain a state of tax neutrality and transparency. In contrast, the Composition Scheme provides a uniform tax rate determined by the total sales, streamlining adherence to tax regulations, particularly for small enterprises, and diminishing expenses. ITC facilitates adherence to regulations and the efficient monitoring of cash flow, while the Composition Scheme promotes economic expansion and the development of entrepreneurial activities. Small businesses should thoroughly evaluate the advantages and disadvantages of each choice and may consider consulting with tax experts to efficiently negotiate the intricacies.



Dr. B. Kannan
Academician

Introduction

The ITC mechanism allows businesses to reduce their tax liability by claiming credit for the GST paid on purchases and inputs. Businesses have the tendency to deduct the tax they have already paid on their raw materials, services, and other business expenses from the GST they are obligated to pay on their sales. This technique is especially advantageous for organizations that have high input costs, such as manufacturers and wholesalers, who face hefty charges for raw materials, machinery, and other inputs. By utilizing ITC, these enterprises can efficiently reduce their total tax liability, resulting in cost reductions and enhanced profitability. In addition, ITC guarantees that firms involved in the supply chain do not face several layers of taxation at each stage of production and distribution. This

prevents the accumulation of taxes and ultimately reduces the cost of goods and services for customers. The pass-through benefit of the ITC enables businesses to maintain their competitiveness by offering items at reduced rates as a result of tax savings.

Furthermore, the ITC process improves transparency and facilitates the maintenance of precise transaction records. Firms are required to maintain comprehensive documentation of their purchases and sales in order to be eligible for Input Tax Credit (ITC). This requirement serves as an incentive for firms to improve their record-keeping practices and exercise more financial discipline. Precise documentation is essential for audit purposes and plays a vital role in establishing confidence within stakeholders,

including customers, suppliers, and tax authorities. Nevertheless, the ITC system necessitates careful documentation and consistent filing of returns, which can be burdensome for small enterprises with restricted administrative resources. Complying with the ITC regulations requires meticulous monitoring and recording of all GST payments made on purchases, comparing these amounts with suppliers' tax filings, and assuring prompt submission of monthly or quarterly GST returns. Small enterprises with a smaller workforce and insufficient knowledge of tax affairs may find this to be a substantial administrative challenge, which could possibly take away resources from their main business operations.

Conversely, the Composition Scheme provides a streamlined tax structure designed to alleviate the administrative burden on taxpayers operating on a small scale. This scheme is suitable for enterprises that have an annual turnover of up to INR 1.5 crore in the preceding financial year. In the case of service providers (other than restaurants), this turnover threshold limit is fixed at INR 50 lakhs, whereas for restaurants, it is INR 1.5 crore. Under this program, the qualifying registered person has the option to pay a certain proportion of their revenue as tax, which is considerably lower than the regular GST rates. Manufacturers and traders generally have a tax rate of 1%, while restaurant services typically have a tax rate of 5% and 6% for service providers. The simplified approach simplifies tax calculations and eliminates the requirement for strict regulatory compliance, as enterprises under the Composition Scheme submit tax returns on a quarterly basis instead of monthly. The quarterly filing schedule reduces administrative burdens, enabling business owners to concentrate on operations instead of substantial tax compliance duties.

Nevertheless, enterprises that choose the Composition Scheme will issue a Bill of Supply in place of a Tax Invoice and are not permitted to avail ITC. This constraint implies

Firms are required to maintain comprehensive documentation of their purchases and sales in order to be eligible for Input Tax Credit (ITC).

that they are unable to transfer the advantages of GST to their business-to-business (B2B) clients, who may have a preference for suppliers that provide ITC. As a result, enterprises participating in this program may experience competition in the B2B sector, since their clients are unable to balance off tax obligations on

their purchases. This could result in a potential decline in business if clients prioritize the benefits of ITC. Furthermore, the inability to generate tax invoices under the Composition Scheme presents difficulties while interacting with larger corporations that demand accurate tax paperwork to adhere to regulations and maintain proper records. (Anjaneyulu, 2024), (Kessler, 2020), (Filings, 2002), (Annapoorna, 2023)

Objective

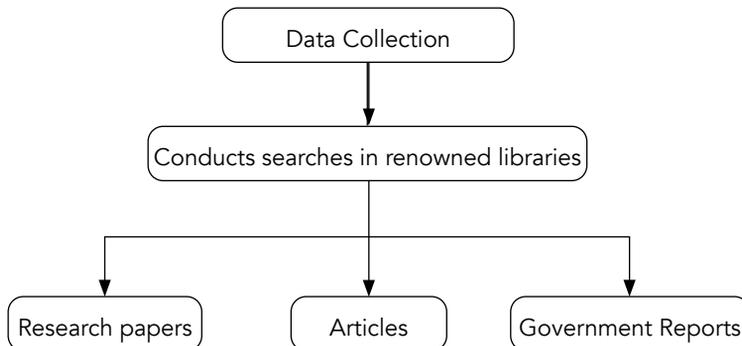
To review and provide insights into the topic "Deciding Between ITC and Composition Scheme: A Guide for Small Businesses in the GST Era".

Methodology

The researcher encountered numerous obstacles during the execution of this review. A major challenge was the extensive reliance on existing research findings related to the subject, requiring a comprehensive review of existing literature to ensure that the study was based on current and relevant research findings.

In addition to navigating the breadth of existing research, the researcher had to make critical judgments regarding which studies and data to include. This involved setting stringent review time restrictions to manage the volume of literature efficiently. The selection of publications was particularly crucial, as it needed to ensure a balanced and comprehensive perspective on the subject matter.

To address these challenges, the researcher will employ interpretive, analytical, and comparative approaches in the current research project. These methodologies will facilitate a nuanced understanding of the data and allow



for the synthesis of information from various sources.

Data collection will be conducted from several renowned libraries, which house a wealth of primary and secondary materials relevant to the study. The focus will be on thoroughly reviewing these materials to extract valuable insights and data. Additionally, websites and other online resources will be utilized as supplementary data-collecting tools, ensuring that the research encompasses a broad spectrum of information and remains up-to-date with the latest developments in the field.

Through these strategies, the researcher aims to overcome the inherent obstacles and produce a comprehensive and insightful guide for small businesses navigating the decision between ITC and the Composition Scheme under the GST regime.

Discussion

ITC is a fundamental concept within the GST framework, designed to avoid the cascading effect of taxes and enable businesses to reduce their overall tax liability. By allowing businesses to claim a credit for the GST paid on their purchases, ITC ensures a seamless flow of tax credits from manufacturers to consumers, enhancing the efficiency and fairness of the tax system. (Ainapur, 2017)

ITC is the tax paid on purchases of goods or services that a business can use to offset against the GST liability on their sales. In simpler terms, it allows businesses to deduct the tax they have paid on inputs (purchases) from the tax they are required to pay on outputs (sales). This mechanism ensures that the tax is levied only on the value addition at each stage of production and distribution, preventing the double taxation effect.

To illustrate the working of ITC, consider the following example:

- A manufacturer incurs a GST of ₹300 on purchasing raw materials and other inputs.
- The manufacturer then processes these inputs and generates a final product, which incurs a GST liability of ₹450 when sold.

In this case, the manufacturer can claim an ITC of ₹300, which has already been paid on inputs. Therefore, the net GST payable by the manufacturer would be:

ITC is instrumental in eliminating the tax-on-tax (cascading) effect, thereby reducing the overall cost of goods and services. This promotes competitiveness and efficiency in the market by ensuring that businesses are not taxed repeatedly at each stage of the supply chain.

$$\begin{aligned} \text{Net GST Liability} &= \text{Output GST} - \text{Input GST} \\ &= ₹450 - ₹300 \\ &= ₹150 \end{aligned}$$

Thus, the manufacturer effectively reduces the tax burden by utilizing the ITC, ensuring that only the value addition is taxed.

For a business to claim ITC, it must meet certain conditions laid out under the GST laws. These conditions include:

Possession of a Tax Invoice: The claimant must have a valid tax invoice or debit note issued by the registered supplier of goods or services. This invoice serves as an evidence of the GST paid.

Receipt of Goods/Services: The claimant must have received the goods or services for which they are claiming ITC. This ensures that the credit is only claimed for actual purchases.

Filing of GST Returns: The claimant must file the relevant GST returns, including the details of inward supplies (purchases) and outward supplies (sales). Timely and accurate filing of returns is crucial for the reconciliation of ITC.

Payment of Tax Charged: The tax charged on the supply of goods or services must be paid to the government by the supplier. This condition ensures that the credit is claimed only when the tax has been actually remitted to the government.

Importance of ITC in the GST Framework

ITC is instrumental in eliminating the tax-on-tax (cascading) effect, thereby reducing the overall cost of goods and services. This promotes competitiveness and efficiency in the market by ensuring that businesses are not taxed repeatedly at each stage of the supply chain. Additionally, ITC improves tax compliance and revenue collection for the government by encouraging businesses to procure from registered suppliers and maintain accurate transaction records.

The GST Composition Scheme provides a customized solution for small businesses as an alternative to the conventional GST structure. Instead of following the usual GST rates and reporting procedures, businesses have the option to pay a predetermined proportion of their yearly turnover as tax under this program. This streamlined method greatly diminishes the regulatory obligations for small enterprises, enabling them to concentrate more on their fundamental activities. (Das, 2023)

Certain requirements must be met by enterprises in order to be eligible for the GST Composition Scheme. This initiative is primarily available to enterprises with an annual revenue of up to ₹1.5 crore. This cut-off point makes sure that the program aids small enterprises that might find it difficult to manage the hassles of ongoing GST compliance. Manufacturers, dealers, and eateries may participate in the program as long as they don't provide alcohol. A comparable program is also offered to service businesses with less than ₹50 lakh in annual revenue. With the help of this extension, small service providers will benefit from a more straightforward tax structure.

Small businesses find the GST Composition Scheme appealing because it provides a number of noteworthy advantages, including:

- **Simplified Tax Procedures:** The Composition Scheme's ability to simplify tax procedures is one of its biggest benefits. By choosing this plan, businesses can file quarterly returns rather than monthly ones, which greatly minimizes the administrative load.
- **Less Compliance and Record-Keeping:** Compared to the normal GST regime, the scheme necessitates less stringent bookkeeping and fewer thorough records. For small enterprises with limited resources for accounting and compliance procedures, this simplification can be especially helpful.
- **Reduced Tax Rates:** In general, the Composition Scheme's tax rates are less than the regular GST rates. For instance, the tax rate for manufacturers and traders is 1%, whereas the tax rate for restaurant

owners is 5% and 6% for service providers. Because of these lower rates, small businesses will find it easier to comply with the tax laws overall.

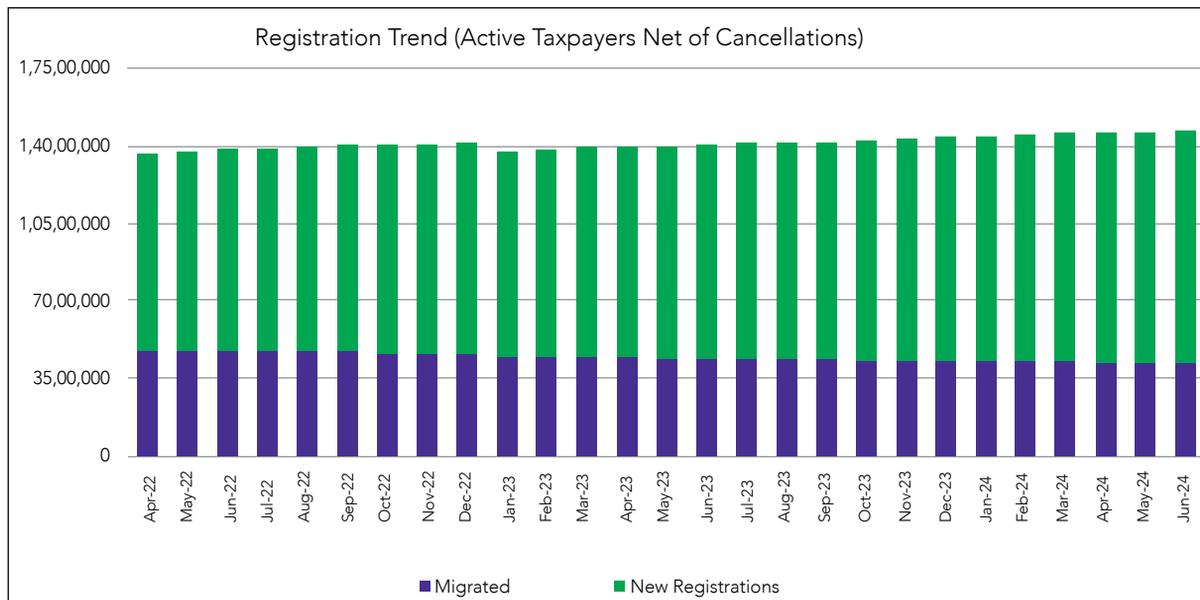
- **Decreased Tax Liability:** Small firms can reduce their tax liability by using the Composition Scheme. Businesses with narrow profit margins especially benefit from this reduction since it allows them to have better cash flow and reinvest savings back into their operations. (India, 2024), (Narayan, 2023)

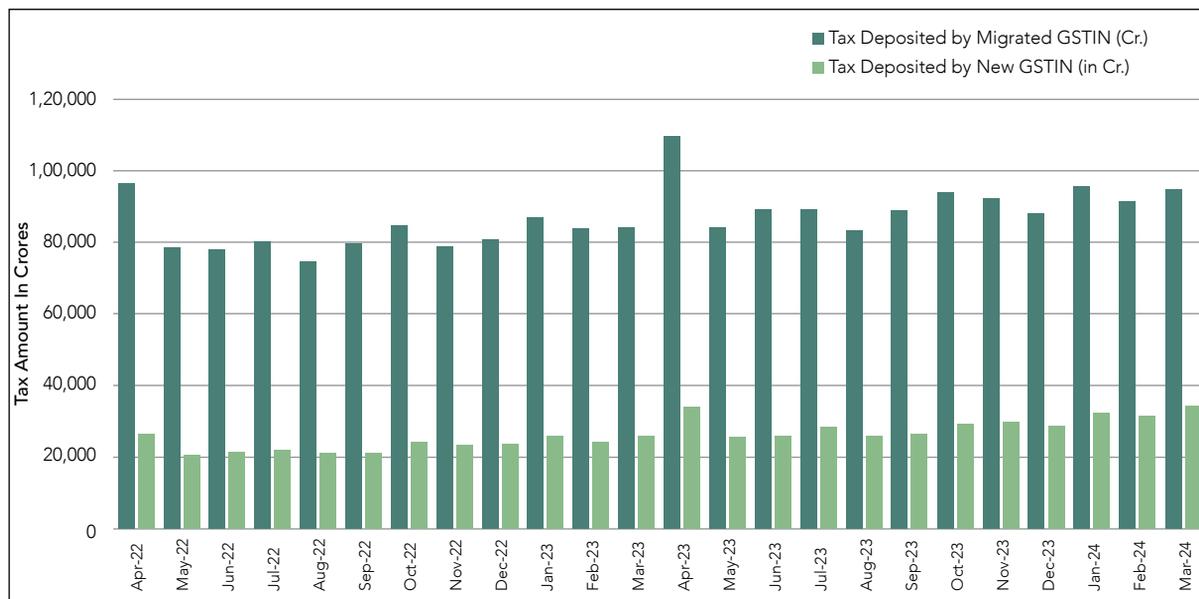
Considerations for Decision

When deciding between the ITC mechanism or the Composition Scheme under the GST regime in India, it is important to carefully analyze various considerations. These issues can have a significant influence on the financial and operational elements of small enterprises.

- **Business Turnover:** A crucial factor to examine is the financial income created by a corporation. If the annual revenue is less than Rs. 1.5 crore, selecting the Composition Scheme could be a feasible option. This program provides simplified compliance requirements, and a fixed tax rate determined by turnover, which can be beneficial for smaller enterprises seeking to simplify their tax responsibilities.
- **Volume of Taxable Supplies:** It is important to assess the number of taxable supplies that the business generates. If the business engages in a large number of taxable transactions, choosing the standard scheme and taking advantage of ITC benefits may lead to substantial tax savings. Businesses can enhance their profitability by

Graph: Registration Trend (Apr – 2022 till June – 2024)



Graph: The number of active taxpayers are as follows:

efficiently reducing their overall tax bill by claiming credit for the tax paid on inputs.

- Compliance simplicity:** The level of simplicity in adhering to regulations is a crucial factor, especially for small enterprises that have limited resources and knowledge in tax-related issues. The Composition Scheme provides a streamlined system for businesses to meet their compliance obligations. Under this scheme, firms are required to submit quarterly returns and pay taxes at a predetermined rate determined by their turnover. This efficient method can effectively reduce both time and resources, making it an appealing choice for firms aiming to decrease administrative hassles.

- Inter-State Transactions:** When a firm participates in substantial inter-state transactions, it is essential to evaluate the consequences of this based on the decision between the normal scheme and the Composition Scheme. While the normal scheme enables firms to carry out both intra-state and inter-state transactions smoothly, the Composition Scheme is restricted to intra-state supply alone. Thus, companies that have a significant presence in numerous states may discover that the regular system is better suited to properly manage their inter-state operations. (Sagar, 2023), (Panda, 2024), (P, 2023)

Availability of Composition Scheme to Service Providers

By paying a predetermined proportion of their turnover in fees rather than regular tax liabilities, qualifying

taxpayers can opt for a streamlined compliance option under the Goods and Services Tax (GST) law's composition scheme. Everyone wins with the composition scheme: producers, buyers, and users alike. The use of this system is contingent upon meeting certain requirements, however ITC is not an option under this program, as stated in the previous paragraph. A taxpayer using a reverse charge mechanism is nonetheless liable for paying taxes at the standard rate. Payers are required to show the term "Composition Taxable Person" on all notice boards and signboards at their business location, and it must also be specified in the bill of supply. However, the following individuals are not eligible to use the Composition Scheme:

- Those who supply goods across states
- Individuals who engage in e-commerce
- Casual tax-payers
- Ice cream, pan masala, and tobacco businesses
- Combine services and commodities up to a maximum of five lakhs or ten percent of the annual turnover, whichever is greater
- Provision of services more than ₹50 lakhs

The following are the other features of the Composition Scheme:

- Eligibility:** Taxpayers who offer services and have an aggregate turnover of up to ₹50 lakhs from the previous financial year are eligible to choose the composition plan. Whether they are eligible for the program is determined by this threshold.

- **Threshold Limit:** A taxpayer is required to switch to the normal GST scheme and pay taxes at the appropriate rates if their turnover is above ₹50 lakhs in a given fiscal year. In order to lessen the difficulty of compliance, the composition system is tailored for smaller firms.
- **Applicability:** Both service providers and suppliers of goods and services are covered under the plan. It eases the burden by streamlining compliance standards and tax computations.
- **Exempt Services:** A number of services are free from taxes under the GST. This exemption applies

Table: Composition Taxpayers: Returns and Payment Trends

Return Period	No. of Returns Filed	No. of GSTINs Making Payment	Nil Filers	Tax Paid in Cr.	Avg. Tax per GSTIN/quarter
Apr to Jun-18	15,88,663	13,13,501	2,75,162	716.67	5,456.15
Jul to Sep-18	15,56,889	12,84,293	2,72,596	669.04	5,209.37
Oct to Dec-18	15,27,527	12,82,597	2,44,930	718.23	5,599.80
Jan to Mar-19	14,88,906	12,49,166	2,39,740	757.37	6,062.99
Apr to Jun-19	14,58,551	10,64,834	3,93,717	704.05	6,611.81
Jul to Sep-19	14,24,155	10,21,776	4,02,379	649.51	6,356.72
Oct to Dec-19	14,09,916	10,27,959	3,81,957	717.44	6,979.31
Jan to Mar-20	13,93,023	9,91,343	4,01,680	699.77	7,058.86
Apr to Jun-20	13,91,893	8,13,938	5,77,955	367.69	4,517.46
Jul to Sep-20	13,88,760	9,18,439	4,70,321	549.40	5,981.86
Oct to Dec-20	13,69,570	9,40,043	4,29,527	686.54	7,303.29
Jan to Mar-21	13,52,607	9,15,800	4,36,807	727.90	7,948.25
Apr to Jun-21	13,20,360	6,66,334	6,54,026	404.96	6,077.49
Jul to Sep-21	13,04,593	7,15,445	5,89,148	515.20	7,201.17
Oct to Dec-21	12,85,855	7,55,374	5,30,481	611.58	8,096.36
Jan to Mar-22	12,70,455	8,24,743	4,45,712	717.67	8,701.70
Apr to Jun-22	12,21,940	8,37,294	3,84,646	681.95	8,144.74
Jul to Sep-22	11,87,926	8,33,621	3,54,305	675.97	8,108.84
Oct to Dec-22	11,69,899	8,41,354	3,28,545	734.91	8734.86
Jan to Mar-23	11,55,109	8,54,001	3,01,108	806.17	9439.87
Apr to Jun-23	11,04,864	7,98,193	3,06,671	685.78	8591.60
Jul to Sep-23	10,63,674	7,85,754	2,77,920	667.51	8495.21
Oct to Dec-23	10,28,175	7,76,435	2,51,740	716.50	9228.10
Jan to Mar-24	9,59,553	7,37,133	2,22,420	723.56	9,815.91

*The number of taxpayers above are of those who filed returns

*Average tax payment in cash is based on non-nil returns

Source: GST portal

specifically to services that involve making deposits, loans, or advances and when payment is made in the form of interest or a discount.

- **Calculation of Aggregate Turnover:** Exempt services connected to providing loans, advances, or deposits are not included in the aggregate turnover calculation used to assess eligibility for the composition scheme. In this computation, only taxable supply is taken into account.

For qualifying taxpayers with turnovers up to ₹50 lakhs, the composition plan provides a simple tax compliance option that let them pay a fixed proportion of turnover as fees instead of ordinary GST. It eases administrative responsibilities and streamlines the tax process, which is especially helpful for smaller companies and service providers. (Rohit Pithisaria, 2021)

Composition Scheme incl. conditions to be followed:

Taxpayers may take advantage of the Composition Scheme, a straightforward GST program. Streamlined GST procedures and a flat rate of turnover payment are available to small taxpayers. Any taxpayer with a revenue of less than ₹1.5 crore is eligible to participate in this plan. A more straightforward option for taxpayers under the GST regime is the GST Composition Scheme. The following are the prerequisites to participate in this program:

- **No Input Tax Credit (ITC):** Dealers who choose the composition plan are not eligible to claim the ITC on their purchases.
- **Services Only:** Sub-section 2A Section 10 allows service providers to avail of this scheme having turnover below ₹50 lakhs in the preceding financial year.
- **Goods Excluded:** Under this program, dealers are not allowed to supply goods that are GST-free. Alcoholic beverages, for instance, are usually not allowed.
- **Normal GST Rates for the Reverse Charge Mechanism:** Taxpayers must pay taxes at the regular rates in effect if they are involved in transactions covered by the Reverse Charge Mechanism.

For qualifying enterprises, especially those that deal primarily in commodities, the GST Composition Scheme provides a streamlined tax compliance option, but it also limits their ability to claim input tax credits. (Annapoorna, 2023), (CHAWLA, 2020)

To switch from regular registration to the Composition Scheme under GST

In order to pay tax under the aforementioned provision, taxpayers who are registered as regular tax payers under

GST must submit an application to opt for Composition Levy in Form GST-CMP-02 at the GST Portal before the start of the financial year.

Log in to the GST Portal

- Access the Taxpayers' Interface on the GST portal.

Navigate to the Application for Composition Levy

- Go to Services > Registration > Application to Opt for Composition Levy.

Fill the Form

- Complete the form according to the specified rules.
- Ensure you meet the eligibility criteria for the Composition Scheme.

Remember that you cannot opt for the Composition Levy if you are involved in:

- Supplying goods not liable to be taxed under GST.
- Inter-state outward supplies of goods.
- E-commerce supplies where tax collection is required by the operator.
- Manufacturing notified goods.
- Being a casual dealer, non-resident foreign taxpayer, Input Service Distributor (ISD), or TDS Deductor/Tax Collector. (Tutorial.gst, 2024)

Conclusion

The GST Composition Scheme serves as a significant mechanism for streamlining tax compliance for small firms. This scheme offers a simplified method for taxation, resulting in a substantial decrease in administrative tasks, a reduction in tax rates, and a more efficient process for filing taxes. This provides valuable assistance to businesses that are struggling with limited resources and knowledge in tax-related topics. Although the Composition Scheme has certain benefits, such as a consistent tax rate and streamlined processes, it does have several restrictions, most notably the lack of ITC. Small firms considering participation in the Composition Scheme must carefully evaluate their qualifying criteria and ensure congruence with their operational requirements. Although the program provides advantages specifically designed for small firms, such as decreased administrative work and tax obligations; businesses must evaluate if it is compatible with their future expansion plans and transaction patterns. Effectively navigating the intricacies of tax legislation necessitates making well-informed decisions, and seeking help from tax professionals becomes

essential. Small firms can enhance their tax efficiency and ensure compliance with regulatory requirements by utilizing the knowledge and skills of tax consultants.

The primary objective of the Composition Scheme is to reduce the tax burden on small enterprises and streamline compliance procedures. Nevertheless, every business must carefully evaluate its advantages and disadvantages, taking into account its distinct circumstances and goals. The goal is to find a harmonious equilibrium between streamlining tax processes and making astute choices that optimize the business's long-term objectives. Considering this perspective, the Composition Scheme presents itself as a beneficial choice for small enterprises aiming to negotiate the complexities of GST rules while ensuring economic stability and expansion.

ITC is an essential element for small firms functioning under the GST framework. This approach enables firms to deduct the tax paid on their purchases from the tax payable on their sales, thus significantly decreasing their overall tax burden. ITC is crucial for small firms as it helps to maximize financial resources, improve competitiveness, and promote growth. ITC offers small firms a significant advantage by effectively preventing the domino effect of taxes. The use of ITC enables firms to offset the tax spent on inputs, ensuring that taxation is levied solely on the value added at each stage of the supply chain. This not only eradicates the imposition of taxes on the same income twice but also enhances effectiveness and equity within the tax system. ITC empowers small enterprises to enhance their ability to manage cash flow. Businesses can successfully minimize their tax liability to the government by subtracting the tax paid on purchases from their tax liability on sales. Excess funds can be reinvested in the business, utilized for expansion, or allocated to other operational costs, promoting growth and long-term viability. In addition, ITC encourages tax compliance among small firms. Businesses must comply with the conditions outlined in the GST legislation to be eligible for claiming input tax credit. These factors include having legitimate tax invoices, submitting GST reports on time, and ensuring that the tax charged by suppliers is paid to the government. This encourages firms to maintain precise transaction records, acquire goods and services from registered suppliers, and perform their tax duties conscientiously. The Input Tax Credit is a crucial resource for small firms, enabling them to effectively manage the intricacies of the GST system, minimize their tax obligations, and improve their competitive advantage. Small firms can optimize their operations, enhance their financial well-being, and facilitate sustainable expansion in the current changing business landscape by harnessing the advantages of information technology and communications.

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Skilling India with Corporate Social Responsibility



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In recent years, Corporate Social Responsibility (CSR) has evolved into a formidable instrument for effecting positive social change, concurrently harmonizing business objectives with societal imperatives. Among the myriad domains where CSR initiatives have exhibited substantial progress, skill development stands out prominently. India, grappling with a burgeoning population and diverse demographics, confronts the intricate task of balancing economic advancement with the equitable dispersion of opportunities. Skill development initiatives catalyzed by CSR not only possess the capacity to narrow this gap but also hold the transformative potential to empower individuals, propelling the nation towards a trajectory of inclusive progress.

In the dynamic landscape of Corporate Social Responsibility (CSR), the article meticulously explores the profound role CSR plays as a catalyst for skill development in India. Beginning with an overview of CSR's evolution and its increasing focus on skill development, the article discusses the legal framework, key components, and success stories that underscore the transformative potential of integrating CSR with skill enhancement initiatives. The narrative culminates in an examination of challenges faced by organizations and proposes viable pathways for future progress. This comprehensive exploration affirms that CSR, strategically aligned with skill development, holds the key to propelling India towards socio-economic progress and inclusive growth.

Understanding Corporate Social Responsibility (CSR)

Corporate Social Responsibility refers to a company's commitment

to act ethically and contribute positively to society, beyond its economic and legal obligations. CSR exemplifies the ethical and responsible conduct of businesses, transcending the sole focus on profit maximization to embrace a broader commitment to social and environmental stewardship. This involves integrating social and environmental concerns into business operations, decision-making processes, and interactions with stakeholders. Essentially, CSR is a way for businesses to demonstrate accountability for their impact on the world. It entails considering the interests of various stakeholders, including employees, customers, communities, and the environment. Enacted in 2013, the Companies Act in India introduces a mandatory provision stipulating that companies meeting specified thresholds in net worth, turnover, or net profit must allocate a portion of their earnings to Corporate Social Responsibility (CSR) activities. This legislative mandate underscores

the government's commitment to fostering a corporate culture that actively contributes to social and environmental well-being. These activities encompass a wide spectrum of social, environmental, and economic initiatives that contribute to sustainable development.

Key Components of CSR

■ Environmental Sustainability:

Companies are increasingly recognizing the importance of sustainable practices to minimize their ecological footprint. This involves implementing energy-efficient measures, reducing waste, and adopting eco-friendly technologies. Sustainable business practices not only benefit the environment but also contribute to long-term cost savings.

■ **Social Welfare:** CSR extends to supporting social causes and addressing societal issues. This can involve charitable donations, community development projects, and initiatives to improve education, healthcare, and living conditions. By actively participating in social welfare, companies build goodwill and strengthen their relationships with communities.

■ **Ethical Business Practices:** CSR emphasizes the importance of conducting business ethically. This includes fair labour practices, transparent financial dealings, and responsible marketing strategies. Companies that prioritize ethical behaviour build trust with consumers, investors, and employees, ultimately enhancing their reputation and brand value.

Corporate Social Responsibility (CSR) in India has witnessed a transformative shift in recent years, evolving from voluntary initiatives to legally mandated obligations.

■ Employee Well-being:

Companies are recognizing that their most valuable assets are their employees. CSR involves creating a positive and inclusive work environment, offering fair wages, providing opportunities for professional development, and promoting a healthy work-life balance. Employee well-being is not only a moral obligation but also contributes to increased productivity

and employee retention.

The Legal Framework for CSR in India

As we lay the foundation by understanding the broader implications of Corporate Social Responsibility (CSR), it becomes imperative to explore its legislative roots and the compulsory dimensions introduced by the Companies Act of 2013 in India. This regulatory framework not only underscores the government's dedication to cultivate a corporate ethos that actively enhances social and environmental well-being but also sets the stage for a closer examination of the key components that define CSR initiatives. Corporate Social Responsibility (CSR) in India has witnessed a transformative shift in recent years, evolving from voluntary initiatives to legally mandated obligations. The government has recognized the crucial role that businesses play in contributing to societal well-being. Section 135 of the Companies Act, 2013 serves as the cornerstone of the legal framework for Corporate Social Responsibility (CSR) in India.

With this foundational understanding, let's discuss the specific mandates and provisions outlined in Section 135, elucidating the key components that define the landscape of Corporate Social Responsibility (CSR) practices in India.

■ **Companies Act, 2013:** The Companies Act of 2013 is the cornerstone of CSR regulation in India. Section 135 of the Act mandates that companies meeting specific criteria must allocate a percentage of their profits towards CSR activities. Applicable to companies with a net worth of INR 500 crore or more, a turnover of INR 1,000 crore or more, or a net profit of INR 5 crore or more during a financial year, the legislation ensures a structured approach to corporate social responsibility.

■ **CSR Policy Formulation:** Companies falling under the purview of Section 135 are required to formulate a CSR policy, delineating the activities to be undertaken, the manner of implementation, and the financial allocation. This policy must be approved by the board and disclosed to the public, ensuring



transparency and accountability.

- **Constitution of CSR Committees:** The Act necessitates the formation of a CSR committee comprising three or more directors, including at least one independent director. This committee plays a pivotal role in formulating and overseeing the implementation of CSR policies, ensuring that the company adheres to its social responsibility commitments.
- **Expenditure Allocation:** The legislation specifies that companies must spend a minimum of 2% of their average net profits over the preceding three financial years on CSR activities. This financial allocation ensures a dedicated commitment to social initiatives, driving meaningful impact on the ground.
- **Areas of CSR Activities:** The Act outlines broad areas for CSR activities, encompassing eradicating hunger, promoting education, gender equality, healthcare, environmental sustainability, and poverty alleviation. This allows companies flexibility in choosing projects aligned with their values and the needs of the communities they serve.

The Significance of Skill Development

Skill development stands as a fundamental pillar supporting economic growth and social progress. In nations like India, characterized by a substantial youth demographic and an expansive labour force, the imperative of imparting pertinent skills becomes indispensable to harness the full potential of this demographic advantage. Beyond merely enhancing employability, acquiring the right skills empowers individuals to actively engage across diverse sectors of the economy, catalyzing innovation and entrepreneurship in the process.

Recognizing the pivotal role that skill development plays in both economic advancement and social empowerment, businesses are increasingly focusing on making a substantial impact in this domain. These days' businesses are aligning their business efforts with skill enhancement which not only bolsters employability but also forms a strategic approach for businesses to actively contribute to societal well-being.

The Rationale behind CSR and Skill Development:

One of the key areas where companies are making a substantial impact is in skill development. Skill development programs are designed to enhance the employability and capabilities of individuals, providing them with the tools to succeed in the workforce. CSR initiatives, when integrated with skill development

CSR initiatives, when integrated with skill development programs, contribute to a holistic approach to social responsibility.

programs, contribute to a holistic approach to social responsibility. Beyond philanthropy, businesses can actively engage in shaping the future workforce by imparting relevant skills. This approach aligns with the principles of sustainable development, ensuring that communities are equipped to thrive independently. By integrating skill

development into their CSR initiatives, businesses can address social challenges while fostering long-term sustainability. By investing in skill development programs, businesses can:

- **Enhance Employability:** Skill development programs are designed to provide individuals with industry-relevant skills, making them more employable and reducing the skills gap prevalent in many sectors. This, in turn, contributes to economic growth by ensuring a competent workforce.
- **Empower Marginalized Groups:** CSR-driven skill development initiatives often prioritize marginalized sections of society, such as women, tribal communities, and people with disabilities. These initiatives enable these groups to access better livelihood opportunities and break the cycle of poverty.
- **Promote Entrepreneurship:** Equipped with the right skills, individuals are better positioned to become entrepreneurs and contribute to economic development by starting and growing their own businesses. CSR support can provide the necessary training and resources for aspiring entrepreneurs.
- **Support Rural Development:** Many skill development initiatives target rural areas, where access to quality education and training is often



limited. By imparting skills relevant to agriculture, handicrafts, and other local industries, these initiatives stimulate rural economies.

- **Address Regional Disparities:** India's economic development is not evenly distributed across all states. CSR-driven skill development initiatives can help bridge regional disparities by enhancing the employability of youth in underdeveloped regions.
- **Enhanced Corporate Reputation:** Companies that actively participate in skill development programs as part of their CSR initiatives build a positive reputation within their communities. This positive image can lead to increased customer loyalty, brand trust, and improved relationships with stakeholders.
- **Talent Acquisition and Retention:** Investing in skill development not only benefits the wider community but also contributes to a skilled and motivated workforce within the company. Employees are more likely to stay with an organization that invests in their professional growth, leading to improved talent retention and reduced recruitment costs.
- **Sustainable Economic Growth:** CSR initiatives that focus on skill development contribute to the creation of a skilled and capable workforce, fostering economic growth in the long run. As individuals acquire new skills and find employment, the overall standard of living in communities rises, creating a positive cycle of development.
- **Promotion of Lifelong Learning:** In an era of rapid technological advancements, fostering a culture of continuous learning is crucial. Skill development initiatives supported by CSR efforts promote a mindset of lifelong learning, ensuring that communities



stay relevant and adaptable in an ever-changing job market.

Success Stories

Exploring the multifaceted dimensions of Corporate Social Responsibility (CSR) and its profound impact on skill development, we now pivot toward real-world success stories that exemplify the transformative potential of integrating CSR with skill enhancement initiatives.

The transformative impact of CSR on skill development is evident through various innovative initiatives undertaken in India and globally. Companies are increasingly recognizing that skill development programs can drive sustainable social change, address workforce gaps, and foster economic growth. These initiatives focus on vocational training, digital upskilling, and entrepreneurial support, empowering individuals to adapt to the evolving job market dynamics.

One of the core strategies in CSR-driven skill development is aligning initiatives with the needs of underserved communities. Programs tailored to address specific challenges—such as access to quality education, employability, and entrepreneurial mentorship—have significantly contributed to bridging socio-economic disparities. In rural areas, CSR initiatives often enhance agricultural practices, promote traditional crafts, and introduce technological tools to optimize productivity, fostering self-sustaining communities while preserving cultural heritage.



Digital transformation has become a cornerstone of these efforts, with training programs focusing on areas like digital literacy, basic coding, and technology application. This enables participants to thrive in a technology-driven economy and prepares youth for careers in emerging sectors. Moreover, the integration of critical thinking and problem-solving skills into these programs ensures that individuals are equipped to navigate the challenges of an increasingly complex job market.

Inclusivity remains central to many CSR initiatives, particularly those targeting women and marginalized communities. Tailored programs focusing on women's entrepreneurship, leadership skills, and financial literacy empower women to take active roles in the workforce. Similarly, vocational training programs for persons with disabilities and tribal communities ensure that opportunities for growth are accessible to all, fostering an equitable and inclusive workforce.

Skill development initiatives also emphasize fostering an entrepreneurial mindset. Many CSR programs provide business mentorship, seed funding, and market access, enabling aspiring entrepreneurs to transform innovative ideas into sustainable ventures. This entrepreneurial focus boosts economic activity at the grassroots level while stimulating job creation and fostering community development.

To maximize impact, CSR programs increasingly rely on partnerships and collaborations with non-governmental organizations (NGOs), educational institutions, and local governments. These collaborations enable the customization of training programs to meet local needs and extend their reach. For example, initiatives that combine hands-on technical training with internships help participants gain practical experience, enhancing their employability and confidence.

A focus on measurable impact further strengthens these programs. Metrics such as employment rates, entrepreneurial success stories, and community satisfaction are used to evaluate outcomes and refine strategies. This results-oriented approach ensures that CSR-driven initiatives remain impactful and relevant to societal needs.

In conclusion, CSR-driven skill development represents a powerful tool for creating pathways to empowerment and growth. By equipping individuals with industry-

To maximize impact, CSR programs increasingly rely on partnerships and collaborations with non-governmental organizations (NGOs), educational institutions, and local governments.

relevant skills, fostering entrepreneurship, and promoting inclusivity, these initiatives help bridge socio-economic divides and lay the foundation for sustainable, long-term progress. As CSR programs continue to align corporate resources with societal aspirations, they

play a pivotal role in building a skilled, adaptable, and inclusive workforce that can navigate the complexities of a rapidly changing global economy.

Challenges and the Way Forward

While we glean insights from impactful success stories in the arena of Corporate Social Responsibility (CSR), it is crucial to pivot our attention towards the challenges confronting organizations in these pursuits, delving into viable pathways that pave the way for future progress.

While CSR-driven skill development initiatives present promising opportunities, there are inherent challenges that demand attention. Effective coordination with local communities, ensuring program sustainability, and establishing mechanisms for measuring long-term impact stand out as key hurdles. Addressing these challenges requires collaborative efforts involving the corporate sector, government, and NGOs, pooling resources and expertise to surmount obstacles and drive sustainable change.

In conclusion, the potential of CSR as a catalyst for skill development remains vast and pivotal in propelling India towards socio-economic progress. By strategically aligning corporate interests with societal needs, companies can assume a central role in cultivating a skilled workforce, nurturing entrepreneurship, and contributing to inclusive growth. As India strives for comprehensive and equitable development, these CSR initiatives stand as beacons of hope, illuminating a transformative path toward a brighter and more prosperous future. Through collaborative endeavours and a shared commitment to social betterment, the private sector, government, and non-profit organizations can collectively shape a landscape where skill development becomes a driving force for positive change.



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The State of the Art in Insurance: A Vision for the Future



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The Insurance Regulatory and Development Authority of India (IRDAI) has committed to enable 'Insurance for All' by 2047, where every citizen has an appropriate life, health, and property insurance cover, and every enterprise is supported by appropriate insurance solutions, making the Indian insurance sector globally attractive. Thus, the insurance industry stands on the brink of a transformative era, poised to leverage advanced technologies and ethical practices to reshape its landscape. Traditional models often suffer from complex bureaucratic processes, opaque policy documents, and, at times, unethical practices. This vision outlines a path forward, using machine learning (ML), artificial intelligence (AI), clear accountability, and ethical standards to create a transparent, customer-focused insurance ecosystem that delivers exceptional service, builds trust, and ensures long-term financial stability. The entire insurance ecosystem comprises of 3 pillars viz. insurance customers (policyholders), insurance providers (insurers) and insurance distributors (intermediaries).

This Vision shall try to address the use of ML/AI based interventions at the following 4 levels of insurance transactions.

- i. Risk Assessment and Underwriting
 - a. Risk Assessment
 - b. Straight-Through Processing of Policies
 - c. Policy Documentation
 - d. Independent Confirmations of Policies
- ii. Claims Processing
 - a. Automated Probate-free Claims Transfers
 - b. Claim Processing
 - c. Improving Balance Sheet/Profitability
- iii. Intermediary Management
 - a. Enhancing Honesty and Integrity of Intermediaries
 - b. Optimizing Commission Structure
- iv. Internal Capability Enhancement

i. Risk Assessment and Underwriting

a. Risk Assessment: Multi-Parameter Analysis

Advanced ML and AI models hold the potential to revolutionize risk assessment by synthesizing a vast array of data from an ecosystem of sources. Going beyond historical data, these models can incorporate real-time information on climate, socio-economic factors, individual behaviors, and macroeconomic indicators to build a comprehensive risk profile. This ecosystem approach enables dynamic assessments that accurately reflect each customer's unique risk profile and adapt over time.

- **Implementation:** AI engines can pull data from IoT devices, environmental databases, health records (with permissions), and social media, creating a multi-dimensional view of risk. This precision enables the insurer to personalize premiums fairly, reflecting each insured party's specific circumstances.
- **Outcomes:** This level of risk analysis reduces underwriting errors, lowers premiums for low-risk customers, and improves profitability by aligning premiums more closely with actual risk, enhancing fairness and customer satisfaction.

b. Straight-Through Processing (STP) of Policies

Straight-Through Processing (STP) aims to eliminate the manual bottlenecks traditionally involved in policy issuance, achieving seamless, end-to-end automation. With STP, the application review, underwriting, pricing, document generation, and policy issuance processes are completed in real-time, enabling policies to be issued instantly.



To ensure that customers genuinely understand their policy—its benefits, conditions, surrender values, and claims processes—an independent system must validate comprehension before policy issuance.

- **Implementation:** By using AI to analyze applications and perform underwriting instantaneously, and integrating cloud and blockchain technologies for secure, verifiable records, insurers can streamline STP. Blockchain's immutability ensures data integrity, enhancing trust in the automated process.
- **Outcomes:** STP reduces policy issuance time from weeks to minutes, significantly cutting costs and enhancing customer experience. This system enables insurers to handle higher volumes, drive growth, and deliver the level of speed and convenience that modern customers expect.

c. Policy Documents that a Common Person can Understand

Complex and jargon-filled policy documents often leave customers feeling overwhelmed or misinformed. The goal is to create straightforward, accessible documents that clearly outline the product's benefits, obligations, conditions, and claims processes.

- **Implementation:** By using natural language processing (NLP), insurers can convert technical language into plain, customer-friendly terms. Interactive digital documents can include explainer videos, visual diagrams, and highlighted key points to further ease understanding.
- **Outcomes:** Transparent documentation fosters trust, reduces customer complaints, and minimizes disputes. When policy terms are easy to understand, customers are empowered to make informed choices, enhancing satisfaction and reducing the likelihood of misunderstandings.

d. Independent Confirmation of Policy Understanding

To ensure that customers genuinely understand their policy—its benefits, conditions, surrender

values, and claims processes—an independent system must validate comprehension before policy issuance. This additional step safeguards both the insurer and the insured.

- **Implementation:** AI-driven chatbots or live video sessions equipped with sentiment analysis can interact with customers to confirm their understanding. Customers may answer simple questions about key policy aspects before finalizing their agreement.
- **Outcomes:** This confirmation process protects against mis-selling, reinforces customer trust, and fulfills an insurer's duty to act responsibly. It ensures that customers feel informed, reducing the risk of disputes and promoting a positive customer experience.

ii. Claim Processing

a. Automated, Probate-Free Claim Transfers

The traditional claims process can be slow, complex, and stressful, especially in times of bereavement. The future of insurance should allow for automatic claim transfers to beneficiaries without the need for probate.

- **Implementation:** Smart contracts on a blockchain platform enable automated disbursement of funds upon verification of the insured's death. Integration with government records for death verification would streamline this process further.
- **Outcomes:** Beneficiaries receive their claim payouts quickly and without bureaucratic hurdles, providing financial relief when it's most needed. This approach enhances the insurance provider's reputation and builds trust in its commitment to customer care.



Using AI to streamline claims assessment and fraud detection, insurers can ensure that legitimate claims are paid promptly, with funds transferred directly to beneficiaries' accounts.

b. High-Quality, Bureaucracy-Free Claim Processing

A seamless claims process is vital for customer satisfaction and retention. Using AI to streamline claims assessment and fraud detection, insurers can ensure that legitimate claims are paid promptly, with funds transferred directly to beneficiaries' accounts.

- **Implementation:** AI models can review claims for fraud indicators, reducing the burden of manual assessments. Digital banking integration enables instant fund transfers, bypassing traditional, time-consuming bureaucratic steps.
- **Outcomes:** Faster claim settlements improve customer experience, strengthen brand reputation, and build loyalty. Robust fraud detection ensures that payouts go only to legitimate claims, enhancing fairness and reducing losses.

c. Building a Stable, Liquid, and Trustworthy Balance Sheet-Profitability

To support these customer-focused initiatives, insurers must prioritize financial health and resilience. A balance sheet that emphasizes stability, liquidity, and the capacity to weather economic shifts builds trust and ensures sustainability.

- **Implementation:** AI-driven analytics guide investment and risk management, optimizing portfolio allocations and ensuring liquidity. Diversified investments and prudent reinsurance strategies enable insurers to remain well-capitalized, fostering resilience against market shocks.
- **Outcomes:** A financially stable and liquid balance sheet reassures customers and investors, supporting long-term growth and enabling insurers to weather economic uncertainties.

iii. Intermediary Management

a. Enhancing Honesty and Integrity Among Agents/Intermediaries

Given the pivotal role of agents/intermediaries in customer interactions, fostering honesty and integrity is critical. Severe penalties for mis-selling, such as commission clawbacks and potential license revocation, deter unethical behavior. AI-driven monitoring systems can oversee agent-customer interactions, flagging any misrepresentations.

- **Implementation:** Agent performance metrics can be recalibrated to reward ethical practices, long-term customer satisfaction, and retention. Agents receive digital tools that standardize communication, ensuring consistency and transparency.
- **Outcomes:** Customers trust agents who prioritize their needs and provide honest advice, enhancing brand loyalty. An integrity-focused approach creates a healthier, more customer-centric distribution channel.

b. Commission Structure: Payment Linked to Premium Realization

To discourage short-term sales tactics and encourage genuine customer care, commission payments should be structured to depend on premium realization over time. Commissions that only vest after the second premium payment align agent incentives with customer retention.

- **Implementation:** A staggered payout model provides commission based on policy milestones, with additional incentives for longer policy retention. Clear, transparent metrics inform agents of these benchmarks.

- **Outcomes:** This structure encourages agents to recommend suitable policies for lasting value, reinforcing customer satisfaction and trust. It reduces “churning” and results in a more stable and profitable customer base.

iv. Internal Capability Enhancement: Creating a Culture of Advocacy

A customer-focused insurance company must cultivate a culture in which every employee takes pride in its services and would confidently recommend them to their family. This sense of advocacy can be achieved through continuous training, a supportive work environment, and alignment of personal values with the company’s mission.

- **Implementation:** Regular training in technology, product knowledge, and ethical standards ensures employees can serve customers effectively. Recognition programs that reward employees for demonstrating company values help build internal advocacy.
- **Outcomes:** A culture of internal advocacy fosters pride, loyalty, and a shared commitment to quality service. Employees become natural ambassadors for the brand, creating a ripple effect of trust and satisfaction among customers.

Conclusion

The vision for the future of insurance is one that seamlessly integrates advanced technology with ethical practices to create an industry grounded in trust, transparency, and customer care. Technological advancements, the biggest game changer in the insurance industry, will continue to streamline customer onboarding and claims processing through AI-driven tools and digital platforms. These innovations can enhance customer service and operational efficiency, making insurance more accessible and transparent. As a result, the insurance industry can transform itself into a beacon of reliability and resilience. This future-ready insurance ecosystem will not only meet the evolving needs of modern consumers but also build a foundation of trust and loyalty that will support sustainable growth for generations to come.



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Charting the Path to Success: A Comprehensive Examination of Challenges, Opportunities, and Strategies for MSMEs in India



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Micro, Small, and Medium Enterprises (MSMEs) are integral to India's economic fabric, driving employment, industrial output, and exports. Despite their crucial role, MSMEs frequently encounter significant challenges that threaten their growth and sustainability. This article explores the dynamics of crisis management within India's MSME sector, addressing the multifaceted challenges these enterprises face, including financial constraints, technological barriers, regulatory complexities, market access difficulties, and skilled manpower shortages. The analysis includes a review of government policies and initiatives aimed at supporting MSMEs, such as financial aid programs and technology integration efforts. Through a critical examination of existing literature and data, the article identifies key strategies for MSMEs to navigate these challenges effectively. These strategies encompass strengthening financial management practices, leveraging technological advancements, streamlining regulatory compliance, and expanding market reach.



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The article underscores the importance of collaboration with industry peers, government agencies, and academic institutions to foster innovation and enhance competitive advantage. The article concludes by advocating for a reimagined narrative on MSMEs in India, emphasizing the need for holistic and strategic interventions. By addressing systemic challenges and leveraging opportunities for growth, MSMEs can unlock their full potential as engines of inclusive and sustainable economic development. This comprehensive approach to crisis management will enable

MSMEs to thrive in a dynamic and competitive environment, ultimately contributing to India's broader economic resilience and prosperity.

The Significance of MSMEs in India's Economic Landscape

Micro, Small, and Medium Enterprises (MSMEs) form the backbone of India's economy, contributing significantly to employment generation, industrial output, and export earnings. With over 63 million enterprises across various sectors, MSMEs play a

pivotal role in fostering entrepreneurship, driving innovation, and promoting inclusive growth. However, despite their immense potential, MSMEs often face a multitude of challenges that hinder their growth and sustainability. In the vibrant tapestry of India's economic landscape, MSMEs form a crucial thread, contributing significantly to growth, innovation, and employment generation. Often hailed as the backbone of the economy, MSMEs play a pivotal role in fostering entrepreneurship, driving industrial development, and promoting inclusive growth. However, behind the facade of optimism and enthusiasm lies a stark reality that warrants closer scrutiny. As of July 1st 2020, a new definition was coined for MSME with a new criterion on 13th May 2020 in the package of Atmanirbhar Bharat which is depicted in Table-1.

The Hype Surrounding MSMEs: Understanding the Dynamics

In recent years, there has been a surge of interest and optimism surrounding MSMEs, fuelled by government initiatives, technological advancements, and changing consumer preferences. The narrative of MSMEs as engines of economic growth and job creation has gained prominence, leading to increased attention from policymakers, investors, and industry stakeholders. However, it is essential to critically examine the underlying realities beneath the hype to address the systemic challenges facing MSMEs. Amidst the rhetoric of MSMEs as engines of growth and innovation, it is essential to discern the underlying challenges that beset this sector. While there is no denying the potential and resilience of MSMEs, they face a myriad of obstacles that impede their growth and sustainability. From financial constraints to technological barriers, regulatory complexities to market access dilemmas, MSMEs grapple with a host of challenges that demand urgent attention and concerted action.

As stated by K. Rajamani in Engineering Economics in 2022, the access to finance is crucial for fostering entrepreneurship and economic growth, particularly in micro, small, and medium enterprises (MSMEs). This study investigates the challenges faced by MSMEs in obtaining finance and assesses their implications for business performance. Through a survey of 400 MSMEs in various Indian industrial clusters, it is found that firm characteristics, financing sources, and the MSME life cycle positively influence access to finance, while financial barriers hinder growth and impede national economic progress¹. As per the Das report published in 2017, the vast growth potential and opportunities present in India for the advancement of the MSME sector, aiming to identify critical issues, challenges, and recommendations. Through the utilization of secondary data, the report reveals that the sector has demonstrated remarkable resilience by leveraging traditional skills, expertise, infusion of capital, adoption of new technologies, and innovative marketing strategies². Technological adoption was crucial for MSMEs to enhance productivity and competitiveness.

Many MSMEs struggle with integrating modern technologies due to high costs, lack of technical expertise, and limited awareness as stated by Lohith in 2020³. Manna and Mistri made an analysis in 2017 of the current scenario and trends within India's MSME sector, utilizing secondary data. Their findings indicate that while micro-enterprises naturally dominate across all states, certain developed states are making strides in advancing small and medium enterprises. Furthermore, they highlight the sector's role in mitigating regional disparities and fostering regional development⁴. In accordance with Mohanty in 2018, he investigates the present status and performance of the MSME sector, highlighting various government measures and initiatives, including those by SIDBI. Notably, the study observes a positive performance trajectory in recent years, positioning the sector as a pivotal driver for rural and urban development. Mohanty underscores

Table 1: MSME with a new criterion

Category of enterprise	Cap of investment in plant and machinery or apparatuses and limit of Turnover
Micro Enterprises	Investment up to ₹1 crore, turnover up to ₹5 crores.
Small Enterprises	Investment up to ₹10 crores, turnover up to ₹50 crores.
Micro Enterprises	Investment up to ₹50 crores, turnover up to ₹250 crores.

Source: https://msme.gov.in/sites/default/files/MSME_gazette_of_india_0.pdf

¹ K., Rajamani & Jan, N Akbar & Subramani, A K & Raj, Nirmal. (2022). Access to Finance: Challenges Faced by Micro, Small, and Medium Enterprises in India. Engineering Economics. 33. 73-85. 10.5755/j01.ee.33.1.27998

² Das, P. (2017). Micro, Small and Medium Enterprises (MSME) in India: Opportunities, Issues & Challenges. Great Lakes Herald, 11(1).

³ Lohith, C. P. (2020). Innovation the key to success: A literature review on Indian MSMEs. Indian Journal of Science and Technology

⁴ Mama, P., & Mistri, T. (2017). Status of Micro, Small and Medium Enterprises (MSME) in India: A Regional Analysis. IOSR Journal of Humanities And Social Science, 22(9), 72-82

the sector's significance and its implications for policy formulation⁵. Satish Kumar in 2023, has stated in an article that access to finance continues to be a critical barrier for MSMEs. Despite various government schemes aimed at improving credit availability, many MSMEs struggle with stringent lending criteria and high collateral requirements.

Innovative financing solutions, such as digital lending platforms and credit guarantee schemes, are necessary to enhance financial inclusion and support the growth of MSMEs⁶.

Unni in 2020 investigated the impact of COVID-19 on the informal economy and MSMEs, emphasizing the need for macro-level forecasts to estimate the loss of employment, income, and GDP. Such forecasts are crucial for devising short-term action plans and policies to mitigate the pandemic's adverse effects on MSMEs and the broader economy⁷. Recent studies by Ahuja & Hari in 2023 have shown that integrating sustainability into MSME operations is crucial for their survival and growth within global value chains. Large corporations and multinational companies are increasingly prioritizing suppliers who align with their sustainability goals, creating both a challenge and an opportunity for Indian MSMEs. This shift requires MSMEs to adopt sustainable practices and certifications to remain competitive. Proactive measures, such as aligning strategies with global policy changes and engaging in sustainability initiatives, can help MSMEs flourish in this evolving landscape⁸.

Challenges Faced by MSMEs in India

MSMEs in India confront a host of challenges that impede their ability to thrive and expand. Access to finance remains a persistent issue, with limited availability of credit and high borrowing costs constraining investment and expansion efforts. Additionally, bureaucratic red tape, complex regulatory compliance requirements, and inadequate infrastructure pose significant barriers to growth. Moreover, MSMEs often struggle with technology adoption, skill shortages, and market access constraints, further exacerbating their challenges. The primary challenges lie in the following:

MSMEs in India confront a host of challenges that impede their ability to thrive and expand. Access to finance remains a persistent issue, with limited availability of credit and high borrowing costs constraining investment and expansion efforts.

1. Financial Struggles: Access to Credit and Funding

One of the most pressing challenges confronting MSMEs is access to finance. Despite being the lifeblood of the economy, many MSMEs struggle to secure adequate credit and funding from formal financial institutions. High collateral requirements, stringent lending criteria, and lack of credit history often render MSMEs ineligible for bank loans, forcing them to rely on informal sources of finance at exorbitant interest rates. This perpetuates a cycle of financial vulnerability and inhibits investment, expansion, and job creation.

2. Technological Barriers: Navigating the Digital Divide

In an increasingly digitized world, technological adoption has emerged as a critical determinant of competitiveness and productivity. However, MSMEs face significant challenges in embracing technology due to factors such as lack of awareness, affordability, and technical expertise. The digital divide exacerbates disparities between large corporations with sophisticated IT infrastructure and small businesses struggling to digitize their operations. Bridging this divide is imperative for MSMEs to harness the transformative power of technology and unlock new growth opportunities.

3. Regulatory Roadblocks: Compliance Challenges for Small Businesses

Navigating the regulatory landscape is a daunting task for MSMEs, particularly in India where bureaucratic red tape and complex compliance requirements abound. From obtaining licenses and permits to adhering to tax regulations and labour laws, small businesses are burdened with a myriad of regulatory obligations that consume time, resources, and energy. The compliance burden disproportionately affects MSMEs, diverting scarce resources away from core business activities and hindering growth and innovation.

⁵ Mohanty, J. J. (2018). A Study on Micro, Small and Medium Enterprises (MSME) in India: Status and its Performance. *International Journal of Research and Scientific Innovation*, 5(5).

⁶ Kumar, R., et al. (2023). Financial inclusion for MSMEs in India: Current trends and future directions. *Indian Journal of Finance and Economics*.

⁷ Unni, J. (2020). Impact of COVID-19 on Informal Economy: The Revival. *The Indian Journal of Labour Economics*, 63. <https://doi.org/10.1007/s41027-020-00265-y>

⁸ Ahuja, P., & Hari, D. (2023). Empowering Indian MSMEs in a shifting global marketplace through climate action. *Outlook India*. Retrieved from <https://www.outlookindia.com>

4. Market Access Dilemma: Competition and Globalization

In an era of globalization and liberalization, MSMEs face intensified competition from domestic incumbents as well as foreign entrants. Limited scale, resources, and brand visibility place MSMEs at a disadvantage in capturing market share and penetrating new markets. Moreover, trade barriers, supply chain disruptions, and fluctuating demand pose additional challenges for small businesses seeking to compete in an increasingly interconnected and dynamic marketplace.

5. Human Capital Crisis: Skilled Manpower Shortage

The shortage of skilled manpower poses a significant challenge for MSMEs, hampering their ability to innovate, adapt, and grow. Inadequate access to quality education and vocational training programs exacerbates the skills gap, leaving MSMEs struggling to find qualified employees with the requisite technical, managerial, and entrepreneurial skills. Addressing the human capital crisis is essential for enhancing productivity, competitiveness, and sustainability in the MSME sector.

6. Policy Paradox: Evaluating Government Initiatives

While successive governments have rolled out various policies and programs to support MSMEs, the effectiveness and impact of these initiatives remain questionable. Despite the rhetoric of 'ease of doing business' and 'Make in India,' bureaucratic inefficiencies, implementation bottlenecks, and lack of coordination among government agencies continue to hinder the growth and development of MSMEs. A critical evaluation of existing policies is imperative to identify gaps, inefficiencies, and areas for reform.

Realities of Operating as an MSME in India

Operating as an MSME in India entails navigating a complex and dynamic business environment characterized by volatility, uncertainty, and intense competition. Despite the hype surrounding MSMEs as drivers of innovation and job creation, the ground realities often paint a different picture. Many MSMEs grapple with issues such as limited access to markets, lack of scale, and vulnerability to economic shocks.

The Indian government actively supports MSMEs through various policies and initiatives, such as financial aid programs, subsidies, tax incentives, and simplified regulatory procedures.

Moreover, structural inefficiencies, supply chain disruptions, and inadequate support mechanisms further compound the challenges faced by MSMEs. Operating as a Micro, Small, and Medium Enterprise in India comes with its own set of challenges and opportunities (Rana &

Choudhary, 2019)⁹. The MSME sector in India faces various problems including lack of management skills, poor record-keeping, weak access to financing, multiple taxation, and inconsistent policies. These challenges often hinder the growth and development of MSMEs, leading to a low contribution to the national income. Despite these difficulties, MSMEs in India also have certain strengths and advantages.

■ Opportunities for growth and development

The MSME sector in India has significant potential for growth and development. With a large population and a high demand for goods and services, there is ample scope for MSMEs to thrive in various industries. One of the major strengths of MSMEs is their flexibility. Being small and agile allows MSMEs to quickly adapt to changes in the market and absorb new innovations (Fathima, 2020)¹⁰. Additionally, the owner management structure of MSMEs enables quick decision-making, reducing bureaucratic delays and increasing operational efficiency (Rana & Choudhary, 2019)¹¹. Furthermore, the Indian government has recognized the importance of MSMEs for economic growth and has implemented various schemes and initiatives to support their development. For example, the government has introduced policies such as the 'Make in India' campaign and the implementation of Goods and Services Tax, which aim for opportunities for MSME's growth and development.

■ Government Support

The Indian government actively supports MSMEs through various policies and initiatives, such as financial aid programs, subsidies, tax incentives, and simplified regulatory procedures. For instance, the Prime Minister's Employment Generation Programme (PMEGP) and the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) aim to provide financial assistance and promote entrepreneurship. These initiatives play a crucial role in reducing financial

⁹ Rana, G., & Choudhary, R. (2019). Micro Small and Medium Scale Enterprises-'Hidden and Helping Hand in Economic Growth'. Available at SSRN 3354268.

¹⁰ Fathima, J. S. (2020). A Study on Competitive Performance and Progress of Micro, Small and Medium Enterprises (MSMEs) in India.

¹¹ Rana, G., & Choudhary, R. (2019). Micro Small and Medium Scale Enterprises-'Hidden and Helping Hand in Economic Growth'. Available at SSRN 3354268.

barriers and facilitating access to resources for MSMEs, enabling them to grow and thrive in the competitive market landscape.

■ Technology Integration

MSMEs are increasingly adopting technology to enhance their operations, improve efficiency, and stay competitive. Technologies like cloud computing, data analytics, and e-commerce platforms are being leveraged by MSMEs to streamline processes, reach new customers, and innovate products and services. By investing in research and development (R&D) and fostering a culture of innovation, MSMEs can stay abreast of technological advancements and adapt to changing market dynamics, thereby securing their position in the industry.

■ Global Expansion

In today's interconnected world, MSMEs can tap into international markets and expand their reach beyond domestic borders. India's integration into the global economy provides MSMEs with access to a diverse range of customers and business opportunities. Through export-oriented strategies and government-supported initiatives like the Export Promotion Capital Goods (EPCG) scheme and the Market Access Initiative (MAI), MSMEs can explore new markets, diversify revenue streams, and strengthen their competitive advantage on a global scale.

Strategies for Success: Navigating Challenges and Seizing Opportunities

Despite the formidable challenges, MSMEs can chart a path to success by adopting a proactive and strategic approach. Strengthening financial management practices, leveraging technology for efficiency and productivity gains, and diversifying market reach can enhance competitiveness and resilience. Collaboration with industry peers, academia, and government agencies can facilitate knowledge sharing, skill development, and access to resources. Moreover, embracing sustainability practices, fostering innovation, and nurturing talent can unlock new growth opportunities for MSMEs in India. Amidst the myriad challenges facing MSMEs, there is a pressing need for proactive and strategic interventions to unlock their full potential. Strengthening access to finance through innovative financing mechanisms, promoting technology adoption through capacity-building initiatives, streamlining regulatory processes through digital platforms, and enhancing market access through trade facilitation measures are some of the strategies that can empower MSMEs to thrive in a rapidly evolving business environment.

In the realm of Micro, Small, and Medium Enterprises (MSMEs), success hinges on adeptly navigating challenges and capitalizing on opportunities. Identifying key hurdles, such as limited access to finance and regulatory complexities, is essential. MSMEs can enhance their financial resilience by implementing sound financial management practices. Embracing technology and fostering innovation are imperative for competitiveness in the digital age. Collaborating with strategic partners can provide access to new markets and resources. Customer-centricity should be prioritized to deliver value and foster lasting relationships. Investing in employee training and talent retention initiatives is vital for enhancing workforce productivity. By focusing on these strategies, MSMEs can overcome obstacles and achieve sustainable growth.

Conclusion: Rethinking the Narrative on MSMEs in India

In India, MSMEs necessitates a holistic understanding of the sector's complexities, challenges, and opportunities. While MSMEs undoubtedly serve as engines of growth, innovation, and employment generation, the prevailing narrative often overlooks the formidable hurdles they face. From financial struggles and technological barriers to regulatory roadblocks and market access dilemmas, MSMEs encounter a myriad of challenges that demand urgent attention and strategic interventions. However, amidst these challenges lie opportunities for growth, development, and resilience. Government support, technology integration, global expansion, and strategic collaborations offer pathways to success for MSMEs willing to embrace innovation and adaptability. By reimagining the narrative on MSMEs in India and prioritizing proactive measures to address their systemic challenges, we can unlock their full potential as drivers of inclusive and sustainable economic development. It is imperative to recognize the multifaceted nature of the MSME landscape and adopt a nuanced approach that empowers small businesses to thrive in a dynamic and competitive environment. Only by rethinking the narrative and harnessing the collective efforts of stakeholders can we unleash the transformative power of MSMEs and propel India towards a future of shared prosperity and economic resilience.



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India's National Deep Tech Startup Policy: A Journey towards Innovation



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This article explores the dynamic landscape of India's deep tech startup ecosystem, delving into the imminent National Deep Tech Startup Policy (NDTSP) poised to shape the sector's trajectory. Profiling over 10,000 startups across various sub-sectors, the article defines 'deep tech' and 'non-deep tech' entities, elucidating their distinctive features and implications. Examining global strategies, the study highlights key approaches undertaken by major economies to harness the potential of deep tech innovations. The NDTSP's crucial pillars, including funding and innovation, talent development, access to infrastructure, public procurement, and intellectual property protection, are dissected for comprehensive understanding. The study also underscores the challenges faced by deep tech startups, with a specific focus on funding, and explores innovative solutions proposed by entities like the Bharat Innovation Fund. Finally, the article envisions the transformative impact of the NDTSP, aiming to democratize the benefits of deep technology and position India as a global leader in innovation, economic growth, and societal development.

Introduction

India's deep tech startup ecosystem has been on the brink of a transformative shift. Prof. Ajay Kumar Sood, the Chairperson of the Prime Minister's Science, Technology and Innovation Advisory Council (PM-STIAC) and Principal Scientific Advisor, announced the imminent presentation of a comprehensive 'deep tech' policy to the Union Cabinet. This policy followed the unveiling of a draft on 31st July 2023, now reportedly in its final version. India proudly boasts the world's third-largest startup ecosystem, housing over 3000

deep tech enterprises dedicated to pioneering advancements in artificial intelligence, machine learning, big data analytics, Internet of Things (IoT), blockchain, and more. These startups, venturing into diverse realms like agriculture, life sciences, chemistry, aerospace, and green energy, are on a mission to revolutionize industries through cutting-edge technological solutions.

Defining 'Deep Tech' and 'Non-Deep Tech'

The term 'deep tech' continues to resonate as a buzzword in tech and startup circles, lacking a precise

Table 1: Sub-Sectors of Deep Tech Space

Sub-Sector	Number of Recognised Startups
Technology Hardware (including 3D Printing, Semiconductor Manufacturing etc.)	3175
Enterprise Software (including Cloud, Enterprise Mobility etc.)	887
Artificial Intelligence (including NLP, ML etc.)	1650
Internet of Things	1479
Security Solutions (including Cyber Security)	1027
Analytics (including Big Data, Data Science etc.)	664
Robotics (including Robotics Technology & Applications)	516
AR VR (Augmented & Virtual Reality)	510
Computer Vision	235
Nanotechnology	155
Total	10,298

Source: <https://psa.gov.in/CMS/web/sites/default/files/process/NDTSP.pdf>

definition. The upcoming policy aims to provide clarity and strategic direction in this realm. Drawing from Startup India's database, the draft policy notes that, as of May 2023, 10,298 startups are recognized by the Department for Promotion of Industry and Internal Trade, classified within various sub-sectors of the expansive deep tech space shown in Table 1.

What is a deep tech start up?

- A deep tech startup is characterized by its early-stage utilization of scientific or engineering advancements, paving the way for technologies not yet applied commercially. Such startups embark on unexplored pathways within scientific or engineering disciplines, often integrating knowledge from diverse fields. The distinctive feature of deep tech startups lies in their creation and ownership of Intellectual Property (IP), setting them apart from non-deep tech counterparts. The inherent technical or scientific uncertainty associated with deep tech startups presents both significant opportunities and risks based on their success. Notably, these startups are marked by extended development timelines and necessitate

substantial capital investment due to the intricacies of their innovation processes.

- The depth exhibited by deep tech startups is contingent on the maturity of scientific and technological pursuits within a given context.
- In environments characterized by substantial investments in Research and Development (R&D) and advanced academic and industry research, deep tech startups that draw from more fundamental research tend to emerge. These startups often have broader applications and extended gestation periods, and necessitate sustained investments, rendering them more feasible and viable.
- Conversely, in contexts where R&D investments are limited and academic and industry research progresses incrementally, the nature of deep tech startups tends to be shallower.
- The identified attributes for recognizing deep tech startups can be elaborated, with parameters varying depending on the specific technology focus. For instance, suggestive parameters for distinguishing between Hardware and Service deep tech startups are provided in Table 2.

Table 2: Parameters for distinguishing between Hardware and Service deep tech startups

Parameters	Hardware Deep Tech Startup	Service Deep Tech Startup
Objective	Providing technology solutions requiring R&D > 3 years	Providing technology solutions requiring R&D > 1 year
Capital Expenditure before Commercialization	Rs 10 Cr. capex (non-R&D investment)	Rs 1 Cr. capex (non-R&D investment)
Potential Impact on the Economy	Economic IRR > 30%	Economic IRR > 30%

Source: <https://psa.gov.in/CMS/web/sites/default/files/process/NDTSP.pdf>

What is a non-deep tech start up?

In contrast, a non-deep tech startup typically relies heavily on the business model as its differentiating factor or moat. It thrives on easily producible or replicable technologies without significant advancements.

Objectives of the National Deep Tech Startup Policy

Objectives	Strengthen the research and innovation ecosystem for scientific breakthroughs and technological advancements.
	Bolster the Indian intellectual property regime to attract international deep tech startups.
	Facilitate access to diverse capital sources through specialized funding programs and increased investments.
	Foster industry-relevant, cutting-edge research in academia.
	Enable infrastructure and resource sharing for accelerated product development.
	Support hardware-based deep tech startups with shared facilities for prototyping and validation.
	Create a conducive regulatory environment with streamlined frameworks and incentives.
	Attract and retain top talent with a focus on equity, diversity, and inclusion.
	Promote indigenous deep technologies through favorable procurement rules and global market access.
	Align with existing national policies to strengthen India's position in the global deep tech value chain.
	Address local, societal, and business challenges, focusing on key sectors aligned with national interests.
Support the sustenance of deep tech startups, addressing funding limitations and resource constraints during the Valley of Death (VoD) phase.	

Essential Foundations and Outlook

Released by the National Deep Tech Startup Policy (NDTSP) Consortium on July 31, 2023, the draft policy

was open for public consultation until September 15, 2023. Framed after thorough consultations with stakeholders, the policy centers around four key pillars as shown in Figure 1:

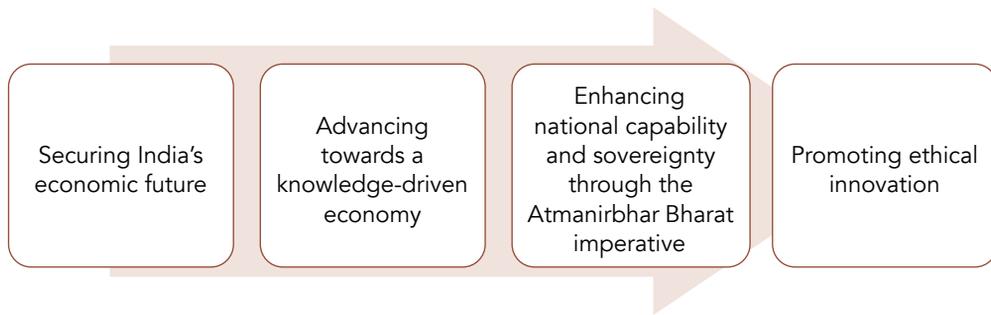


Figure 1: Key Pillars

Crucial Components of National Deep Tech Startup Policy (NDTSP)

1. Funding and Innovation

NDTSP envisions providing financial support through grants, loans, and venture capital, streamlining regulatory processes, and fostering collaboration between academia and industry. Proposed measures encompass a centralized platform, fiscal incentives, specialized financial instruments, and technology impact bonds.

2. Talent Development

Acknowledging the critical role of human resources, NDTSP advocates for STEM education promotion, training opportunities, and attracting international talent to nurture a skilled workforce in the deep tech sector.

3. Access to Advanced Infrastructure and Technology

Highlighting the significance of advanced infrastructure access, the policy suggests establishing deep tech incubation centres and testing facilities nationwide. It aims to fortify partnerships with institutions like IITs and IISc, providing shared infrastructure resources at nominal fees.

4. Public Procurement and Market Opportunities

NDTSP encourages government agencies to embrace deep tech solutions, unlocking fresh markets for startups. It also champions international cooperation and expanded market access.

5. Intellectual Property (IP) Protection

Recognizing the imperative of IP protection, the policy proposes a uniform IP framework, robust cybersecurity measures, and startup support through in-house capabilities and government-purpose rights for strategic technologies.

NDTSP encourages government agencies to embrace deep tech solutions, unlocking fresh markets for startups. It also champions international cooperation and expanded market access.

Current Landscape and Concerns

The proportion of startups in India falling under the "deep tech" umbrella remains significantly low, signaling the need for more concerted efforts and support mechanisms to nurture and bolster deep tech startups. The following points highlight an overview of India's dynamic deep tech landscape:

- **Robust Presence:** India's deep tech ecosystem boasts a strong presence with over 10,298 DPIIT-recognized startups, indicating a thriving landscape.
- **Substantial Influence:** Deep tech startups form a significant portion of India's overall startup ecosystem, showcasing their notable influence and contribution.
- **B2B Focus:** A majority of these startups operate on a business-to-business (B2B) model, emphasizing their dedication to serving enterprise clients and addressing specific industry needs.
- **Growth Trajectory:** In the past decade, Indian deep tech startups have experienced remarkable growth, attracting substantial funding and witnessing a surge in mergers and acquisitions.
- **Dynamic Expansion:** The continuous addition of new ventures has enriched the deep tech startup landscape, fostering a dynamic and entrepreneurial culture within the realm of advanced scientific development.

Global Strategies for Deep Tech Ecosystems

Several leading economies worldwide have adopted strategic measures to capitalize on the advantages offered by deep tech innovations and science-driven startups. These initiatives aim to enhance socio-economic competitiveness through infrastructure reinforcement, investment attraction, and the cultivation of skills and talent. The following Table 3 outlines key approaches undertaken by major economies in this endeavor:

Table 3: Global Strategies for Deep Tech Ecosystems

Global Strategies for Deep Tech Ecosystems	Description
Dedicated Startup Campuses	Countries establish collaborative hubs dedicated to deep tech innovation, drawing in talent, investors, and universities to foster growth and advancement within the ecosystem.
Comprehensive Brand Campaigns	Nations launch extensive brand campaigns to promote their deep tech ecosystems, showcasing strengths and unique offerings. This enhances internal credibility and attracts global stakeholders, generating further interest and investment.
International Startup Residence Programs	Countries implement programs to attract global talent and experienced mentors through international startup residences, acting as magnets for individuals contributing to local deep tech founders' growth and development.
Attracting Venture Capital Investor Talent	Nations attract superior venture capital investor talent to ensure access to necessary funding and support for deep tech startups. Establishing a secondary market for investments and leveraging pension funds expands private sector growth funding.
Tax Incentives and Exemptions	Governments introduce tax incentives and exemptions to encourage deep tech investments, creating a favorable investment climate and stimulating financial support for ventures.
Global Talent Scouting and Skill Development	Governments actively scout talent globally, enabling exchanges and collaborations. Dedicated startup ecosystem infrastructure within local universities nurtures deep tech ventures, fostering innovation and competitiveness.
Global Growth of Deep Tech Ecosystems	The global scenario witnessed significant growth, with initiatives and organizations supporting deep tech innovation. Examples include UK Catapult, Belgium's WSL, Germany's EXIST Program, and Canada's Innovation Superclusters Initiative.
India's Aspiration and Policy Focus	Drawing inspiration from global strategies, India aims to cultivate a thriving deep tech ecosystem through policies that foster innovation, attract talent, and facilitate investment. The goal is to elevate India's standing as a global leader in deep tech.

Government's Focus on Technology Transfer

The Department of Scientific and Industrial Research (DSIR), affiliated with the Council of Scientific and Industrial Research (CSIR), is gearing up to play a pivotal role in the evolution of India's tech landscape.

Commemorating the 40th anniversary of its founding, the DSIR is focusing on technology transfer. While the DSIR will target medium and small-scale industries, the CSIR will extend its efforts to industry

at large. The National Research and Development Corporation, another CSIR entity, will specifically concentrate on fostering startups. This multi-pronged approach aims to synergize scientific and technological developments with industrial needs,

ensuring a holistic impact on India's science and technology ecosystem. Here are potential scenarios that could arise from the integration of these initiatives, contributing to the enhancement of India's deep tech startup ecosystem as shown in Table 4:

Table 4: Policies/Initiatives taken to enhance India's Deep Tech Startup Ecosystem

Policies/Initiatives	Description
Tamil Nadu Technology Hub (TNT Hub)	Located in Chennai, this hub connects startups in emerging and deep tech areas with an extensive academic network of over 570 engineering colleges. It fosters innovation through collaboration with researchers and industry partners, establishing India's first deep tech innovation network. It is funded by the Government of India and the Government of Tamil Nadu.
TIDE 2.0 Scheme	A scheme promoting tech entrepreneurship in India by providing financial and technical support to incubators supporting ICT startups using emerging technologies. It aims to support around 2000 startups over 5 years, involving 51 incubators across the country at a total cost of Rs. 264 crore.
Next Generation Incubation Scheme (NGIS)	A Ministry of Electronics and Information Technology (MeitY)-funded initiative supporting innovative startups in India, with a focus on software product development and embedded electronics. It operates in 12 Tier-II locations across the country.
Scientific and Useful Profound Research Advancement (SUPRA)	A research grant supporting high-quality proposals challenging existing theories and offering disruptive solutions. (Science and Engineering Research Board) SERB-SUPRA focuses on transformative research concepts with a high degree of uncertainty but potential lasting impact across disciplines.
Fund for Industrial Research Engagement (FIRE)	SERB-FIRE is a co-funded research initiative between SERB and industry, aiming to accelerate research and innovation in India. It creates an ecosystem supporting strong research projects with breakthrough impact on major national issues.
NECTAR	An autonomous society under the Department of Science and Technology (DST), Government of India, North East Centre For Technology Application & Reach (NECTAR) harnesses niche frontier technologies to address socio-economic challenges in the Northeast region.
National Supercomputing Mission (NSM)	Launched in 2015, NSM is a government-funded initiative aimed at making India a global leader in supercomputing. It provides state-of-the-art supercomputing facilities to scientists and researchers, promoting the use of supercomputers for research in various domains.
National Quantum Mission (NQM)	Initiated in 2023, NQM aims to make India a global leader in quantum technologies. The mission provides state-of-the-art quantum research facilities to scientists and researchers, promoting the use of quantum technologies in areas such as healthcare, energy, and national security.

Policies/Initiatives	Description
National Education Policy (NEP)	Emphasizing multidisciplinary education, NEP calls for a new curriculum allowing students to study various subjects, including science, technology, engineering, mathematics, humanities, and arts.
International Initiatives	<ul style="list-style-type: none"> ■ The Indo-US Joint Working Group on Artificial Intelligence: Established in 2020 to promote collaboration between India and the US on AI, focusing on areas like healthcare, transportation, and energy. ■ The Indo-Israel Deep Tech & Life Sciences Mission: Launched in 2021 to foster collaboration between India and Israel in deep tech and life sciences, funding several projects for economic and social benefits.

Overcoming Funding Challenges

One of the primary hurdles facing the augmentation of 'deep tech' startups is funding. VK Saraswat, Member (Science) at NITI Aayog, highlighted the stark contrast in funding needs compared to fintech or retail software startups. The quantum of funds required for 'deep tech' endeavors is considerably larger, posing a challenge that needs innovative solutions.

Addressing the intricate funding challenges prevalent in India's deep tech startup ecosystem, the National Deep Tech Startup Policy (NDTSP) aims to build upon existing initiatives, mitigating issues such as fragmented funds, misalignment between gestation periods and market expectations, and payment delays causing working capital constraints.

Conclusion and Looking Ahead

As India positions itself on the cusp of a new era in technological innovation, the impending 'deep tech' policy holds the promise of reshaping the startup landscape. The focus on technology transfer and

concerted efforts to support startups, particularly in the 'deep tech' domain, are integral steps towards a more robust and diversified startup ecosystem. The success of these initiatives will not only be measured in numbers but in the transformative impact on India's scientific, economic, and technological fabric. The NDTSP aspires to democratize the benefits of deep technology, making them accessible across all levels of society and steering India into a new era of innovation, economic growth and societal development.

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Exploring the Socio-Economic Impacts of Blockchain Technology in the Accounting and Auditing Profession



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Blockchain technology has the potential to revolutionize the field of accounting and auditing. It has several benefits, such as automating processes, managing identities and authentication more efficiently, providing real-time accounting and auditing, and reducing costs. However, there are also potential negative impacts that need to be considered, such as the possibility of job loss due to automation, heavy initial investment, lack of technical skills, and compatibility issues. Therefore, it is crucial to weigh both the pros and cons of adopting blockchain technology and take appropriate measures to mitigate any negative impacts.



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Introduction

The world is currently experiencing the fourth industrial revolution, also known as Industry 4.0, thanks to the rapid development of technology. This revolution calls for automation in various industries, which has led to the need for blockchain technology. Blockchain technology has gained significant attention in recent years due to its potential to revolutionize multiple fields, including accounting and auditing. Its adoption in the accounting and auditing field has the potential to transform the way financial transactions are recorded and verified, which could have significant socio-economic consequences. The decentralized nature of blockchain ensures that transactions are secure, transparent, and tamper-proof, thereby reducing the risk of fraud and errors.

Additionally, the technology's ability to automate accounting processes could increase efficiency and reduce organizational costs.

Adopting blockchain technology in accounting and auditing could pave the way for a more accurate, reliable, and efficient financial reporting system. This article highlights the necessity and objectives of the study, presents the research findings and discussions, and concludes by synthesizing insights derived from the analysis.

Need of the Study and Objective

Although prior research has explored the technical aspects of blockchain technology and its potential applications in accounting, there is still a lack of research on the socio-economic impacts of implementing blockchain technology in accounting and auditing. Therefore, this study addresses this gap by examining the socio-economic impact of implementing blockchain technology in the accounting and auditing profession. In addition, a comprehensive review of literature aimed at assessing the socio-

economic implications of integrating blockchain technology into the accounting and auditing sector.

Findings and Discussion:

The implementation of blockchain-based platforms in the accounting and auditing profession has the

potential to make the job easier and more efficient. Every technological advancement has both its pros and cons. Similarly, blockchain technology has positive as well as negative impacts. This study summarizes the potential socio-economic impacts of this technology.

Table 1: Socio-economic Impact of Implementing Blockchain Technology in Accounting Profession

Category	Author	Socio-economic Impacts
Positive Impacts	(Dai & Vasarhelyi, 2017)	Automation of business process
	(Byrne & Lees, 2018)	Effective identity and authentication management system
	(Dai & Vasarhelyi, 2017)	Establish an effective tracking and monitoring system
	(Dai & Vasarhelyi, 2017); (Cai, 2019)	Self-enforcement and self-execution of the mutual agreement through a smart contract
	(Dai & Vasarhelyi, 2017); (Demirkan et al., 2020)	Real-time accounting and auditing
	(Dai & Vasarhelyi, 2017)	Establish interoperability of accounting records
	(Dai & Vasarhelyi, 2017)	Manipulation or destroying accounting records practically impossible
	(Demirkan et al., 2020)	Improve transactional efficiency and transparency
	(Dai & Vasarhelyi, 2017); (Weigand et al., 2020)	Enhance the auditability of accounting records
	(Demirkan et al., 2020)	Reduction in cost of accounting
Negative Impacts	(Tysiac, 2017)	Loss of jobs due to automation
	(Dai & Vasarhelyi, 2017)	Initially required heavy investment to establish such type of system
	(Karajovic et al., 2019)	Lack of such type of infrastructure
	(Dai & Vasarhelyi, 2017); (Cai, 2019)	Lack of technical courses and training for accounting professionals
	(Lagaras, 2018)	Lack of compatibility with the existing system
	(Surana et al., 2021)	Enhance the monopoly of the big corporations

Source: Own Compilation

I. Positive Socio-economic Impacts of Blockchain Technology

- i. **Automation of business process:** Technology's rapid development in recent times has brought in industrial revolution 4.0, which requires automation in various industries, especially

financial sectors. Blockchain technology helps to detect errors and fraud in accounting entries and automate transaction verification. Automation shifts the role of an accountant and an auditor from a collector and aggregator to a translator and analyst. (Dai & Vasarhelyi, 2017)

Blockchain would serve as the accounting information system in the ecosystem, distributing transaction verification, storage, and administration power among a group of computers to avoid illegal data modifications.

- ii. **Effective identity and authentication management system:** Service providers use centralized architecture to authenticate users, but it is flawed since it relies on a single trust point. A decentralized blockchain-based approach eliminates the need for a middleman and provides cryptographically secure identities. (Byrne & Lees, 2018)
- iii. **Establish an effective tracking and monitoring system:** One well-publicized use of blockchain technology is real-time tracking and monitoring of financial transactions. Blockchain would serve as the accounting information system in the ecosystem, distributing transaction verification, storage, and administration power among a group of computers to avoid illegal data modifications. The system could enable real-time tracking and monitoring of physical item activities while automating the recording and analysis of business performance by integrating emerging technologies. (Dai & Vasarhelyi, 2017)
- iv. **Self-enforcement and self-execution of the mutual agreement through a smart contract:** Smart contracts could not be executed before the introduction of blockchain technology because different parties maintained different databases. Smart contracts perform themselves without a third-party intermediary using a shared blockchain technology-based database. (Dai & Vasarhelyi, 2017)
- v. **Real-time accounting and auditing:** Blockchain technology can enable real-time accounting by providing immediate access to accurate financial information. It reduces human errors, provides trustworthy updates in decentralized public ledgers, and allows near-real-time communication of accurate accounting data to interested parties. (Dai & Vasarhelyi, 2017; Demirkan et al., 2020)
- vi. **Establish interoperability of accounting records:** Blockchain interoperability enables blockchains to communicate and share data. It improves efficiency and transparency but requires standardization to avoid fragmentation

and duplication of efforts. Governments can establish an infrastructure for local agencies to develop blockchain applications securely, facilitating collaborative standards development. (Dai & Vasarhelyi, 2017)

- vii. **Manipulation or destroying accounting records practically impossible:** Blockchain is a distributed database that makes it difficult to tamper with or destroy accounting records difficult. This technology provides prompt access to financial information for shareholders, creditors, business partners, government agencies, and other interested parties. Users can be granted specific access authorizations based on their jobs and expectations. Blockchain-based accounting information's transparency and verifiable nature can potentially boost shareholder trust. (Dai & Vasarhelyi, 2017)
- viii. **Reduced duplications of accounting records:** Blockchain technology offers various essential features for accounting purposes. This technology allows companies to create entries or transactions into a shared register. Rather than keeping separate records based on transaction receipts, they may establish an interconnected system of permanent accounting records.
- ix. **Improve transactional efficiency and transparency:** Blockchain is a database that consists of data blocks connected by algorithms. It provides immutable data and increases accuracy, transparency, fraud prevention, and cyber-attack resistance. Blockchain technology offers transparency and decentralization, which makes it almost impossible for accounting fraud to occur. It ensures the accuracy and trustworthiness of accounting information, and its unique operating mechanism prevents data





tampering, securing information, and increasing credibility. (Demirkan et al., 2020)

X. Enhance the auditability of accounting records:

The auditability of information is a crucial aspect of blockchain technology. The blockchain ledger provides a secure data record and can authenticate multiple audit-related documents. For instance, if every inventory item arriving at a company's warehouse is registered on the blockchain and its location and condition are regularly updated, a detailed history of inventory items can be established. This feature enables real-time inventory inspection from a remote location. Additionally, audit trails can be recorded on the blockchain, making it easier to track and review them in the future. Similarly, electronic invoices, bills of lading, letters of credit, receipts, and other documents can be included in the blockchain, allowing auditors to verify the accuracy of financial data. These documents can be exchanged among linked parties. A blockchain-based accounting system can enhance the quality of the contents from an accounting standpoint and improve the system's auditability and interoperability. (Dai & Vasarhelyi, 2017; Weigand et al., 2020)

xi. Reduction in accounting cost: In 2020, Irem Demirkan along with other authors stated that combining accounting and blockchain technology has a lot of potential benefits. It can enhance information integrity, lower transmission costs, speed up transaction settlement, and reduce fraud. As a result, implementing blockchain can make accounting and auditing practices more efficient and productive. Although the computational overhead of blockchain is still significant compared to a relational database,

technological advancements are expected to lead to cost savings, allowing blockchain to become a widely used infrastructure for enterprise information systems and continuous auditing systems. (Demirkan et al., 2020)

II. Negative Socio-economic Impacts of Blockchain Technology

- i. Loss of jobs due to automation:** Change is an inevitable part of life, but some people may find it difficult to accept, especially when it comes to new technologies like blockchain. People must adapt to this new technology to ensure their transactions are safe, secure, and completed. However, implementing such changes may pose challenges for personnel in any organization, and some may even lose their jobs. Companies must allocate resources to accommodate these new work patterns effectively. Developing new technologies can potentially threaten people's livelihoods in several fields. For example, the development of the internet made it challenging for newspaper writers to stay employed, and experts predict that self-driving trucks could result in massive employment losses for truck drivers. Similarly, blockchain has consequences for the accounting and auditing profession. (Tysiac, 2017)
- ii. Initially required heavy investment to establish such type of system:** Blockchain technology requires significant investments in financial and human resources. It involves drastic changes to corporate processes and requires a thorough cost-benefit analysis before implementation. The success of every blockchain project depends on careful evaluation of viability, practicality, and alignment with the company's business. Accounting professionals



can be vital in providing essential advisory services and conducting cost-benefit analyses. (Dai & Vasarhelyi, 2017)

- iii. **Lack of such infrastructure:** It is important to note that some people may argue that the situations mentioned are not representative or that early and ongoing investments in infrastructure will outweigh any cost savings. It is essential to consider the unique characteristics of each company and industry. Before implementing blockchain technology, several factors need to be evaluated, such as the company's size, the nature of the business, the competitive environment, whether to develop the technology in-house or use other services, and the available financial resources. Each organization should compare the costs and benefits to determine if a technology suits their needs. (Karajovic et al., 2019)
- iv. **Lack of technical courses and training for accounting:** The lack of blockchain development in accounting is due to a knowledge gap between blockchain developers and accounting professionals. Additionally, accounting professionals and researchers lack in-depth training in blockchain infrastructure, while blockchain specialists need help from accounting professionals to understand business and accounting needs. Managers, accountants, and auditors require training and support from IT specialists to use blockchain technology efficiently. Smart contract auditing is also a complex issue that requires a deep understanding of blockchain technology. (Dai & Vasarhelyi, 2017; Cai, 2019)
- v. **Lack of compatibility with the existing system:** Innovation Diffusion Theory outlines

five properties of innovation spread, including observability, trial ability, complexity, compatibility, and relative advantage. Blockchain technology has low levels of observability and compatibility, but it has much potential for utilization. However, there are practical issues with its compatibility with enterprise resource systems. Each node must be able to communicate with the shared blockchain and must agree on the shared network rules. (Dai & Vasarhelyi, 2017; Cai, 2019)

- vi. **Enhance the monopoly of the big corporations:** In today's era of technology, a few large tech corporations hold monopolistic control over providing digital services. As India is a significant market for these companies, it is crucial to establish regulatory norms beforehand to prevent them from gaining too much influence. The concern is that giant corporations such as Amazon, Facebook, Google, and Microsoft could control and operate a digital infrastructure that impacts nearly every aspect of public life. The issue of Big Tech is no longer just a business concern but a broader problem due to the accelerated adoption of digitalization caused by COVID-19. It is time for India to take the lead in rethinking its regulatory framework and controlling Big Tech's power. (Surana et al., 2021)

Conclusion

Blockchain technology has significantly changed the accounting industry, offering rapid error detection and fraud prevention within accounting entries and automating transaction verification using data from business partners. The accountant's role evolves from





collector and aggregator to translator and analyst as the recording and presentation process moves towards progressive automation. While technological advancements can threaten people's livelihoods in various fields, blockchain technology has positive and negative consequences for the accounting and auditing service industry. It requires companies to rebalance their workforce, trust their data in the public domain (even if encrypted), and persuade business partners to participate in an open-share environment. It should be done in tandem with traditional business systems such as ERPs, and large firms with several ERPs may need to invest significant resources to connect blockchain apps with each system.

Implementing blockchain technology in accounting requires significant changes in corporate processes, which can be challenging but offer long-term benefits. It is crucial to ensure a smooth transition that balances the benefits of blockchain with the impact on the workforce.

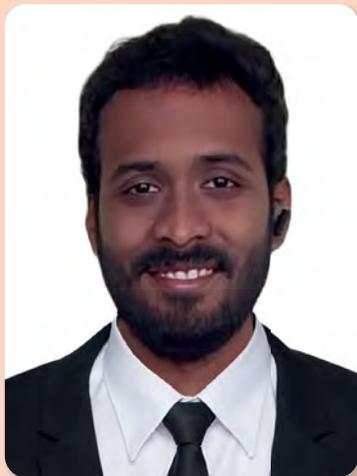
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Auditing using Drone Technology



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Drones, commonly recognized as Unmanned Aerial Vehicles (UAVs), represent a synthesis of technological ingenuity and aerial exploration. These aerial vehicles, devoid of human pilots, traverse the skies with remarkable precision, orchestrated either remotely by skilled operators or autonomously through computational systems.

Drones represent a powerful tool for auditors seeking to enhance their capabilities and efficiency in today's digital age. By understanding the fundamentals of drones and their applications in auditing, researchers and practitioners can explore innovative ways to leverage this technology for improved audit outcomes and client satisfaction.

Here are some of the areas where drones can be extensively used by the Auditors:

Physical Inventory Count

The utilization of drones in inventory management represents a paradigm shift in audit methodologies. Drones, equipped with state-of-the-art camera technology, offer auditors an unprecedented vantage point for capturing inventory data in warehouses and large-scale facilities. This innovative approach promises to revolutionize traditional inventory counting methods, presenting a compelling solution to the challenges of manual counts burdened by inefficiencies and errors.

Drones navigate seamlessly through warehouse aisles, capturing high-resolution footage of inventory from various angles. This real-time data collection process eliminates the need for manual intervention, significantly reducing the time and resources expended on inventory counting activities. With drones at the helm, auditors can expedite the reconciliation process and gain

a comprehensive understanding of inventory levels without compromising accuracy.

By affixing QR codes to inventory items or storage locations, auditors can encode vital information such as product details, quantities, and location identifiers. Drones equipped with cameras and QR code scanning capabilities can then autonomously navigate through warehouses or facilities, capturing QR code data and transmitting it to auditors in real-time.

Auditors can identify slow-moving or obsolete inventory items, implement inventory replenishment plans, and optimize storage space utilization based on real-time inventory data captured by drones.

Assessment of Supply Chain Operations

Drones, equipped with advanced surveillance capabilities, offer auditors a comprehensive view of

various aspects of the supply chain, including transportation routes, storage facilities, and distribution centres. This innovative approach empowers auditors to gain real-time insights into the intricacies of logistics operations, facilitating informed decision-making and strategic planning to optimize efficiency and compliance.

In addition to optimizing logistics efficiency, drones contribute to ensuring compliance with inventory management practices within the supply chain. By monitoring storage facilities and distribution centres, drones enable auditors to verify the accuracy of inventory records, identify discrepancies, and mitigate the risk of inventory shrinkage or loss. Furthermore, drones can detect potential security breaches, unauthorized access, or deviations from standard operating procedures, allowing auditors to enforce compliance with inventory control measures and regulatory requirements.

By leveraging drones to capture aerial footage of transportation activities, auditors can identify bottlenecks, streamline routes, and optimize resource allocation to enhance logistics efficiency. Additionally, drones can surveil storage facilities and distribution centres, enabling auditors to assess inventory levels, storage capacity utilization, and warehouse organization.

Drones for Remote Access

Drones have emerged as invaluable tools for auditors seeking to access remote or hazardous areas that are challenging to reach manually. These areas, which may include rooftops, high shelves in warehouses, or confined spaces, present significant safety risks to auditors if accessed without proper equipment or training. By deploying drones equipped with cameras and sensors, auditors can overcome these challenges and gather crucial information from otherwise inaccessible locations. This innovative approach not only minimizes safety risks for auditors but also streamlines the audit process by facilitating efficient data collection and inspection activities.

The deployment of drones for remote access offers auditors a safer and more efficient alternative to traditional manual inspections. Rather than subjecting auditors to hazardous conditions or requiring specialized equipment for accessing elevated or confined spaces, drones provide a non-intrusive means of gathering information from a safe distance. Auditors can remotely control drones to navigate through complex

Auditors can identify slow-moving or obsolete inventory items, implement inventory replenishment plans, and optimize storage space utilization based on real-time inventory data captured by drones.

environments, capturing high-resolution images and videos for inspection and analysis.

Beyond traditional building inspections, drones can be deployed in various industries and environments, including construction sites, manufacturing facilities, and infrastructure projects. Auditors can use drones to assess structural integrity, identify maintenance needs,

and monitor compliance with regulatory requirements in remote or hazardous areas. By embracing drone technology for remote access, auditors can unlock new opportunities for innovation and efficiency in audit practices, ultimately advancing the profession into the digital age.

Monitoring Compliance with Safety Regulations

Equipped with advanced camera technology, Drones offer auditors a powerful tool for monitoring client sites and ensuring compliance with safety regulations. These regulations encompass a range of requirements, including the availability of safety equipment, adherence to evacuation procedures, and identification of potential hazards. By deploying drones to conduct aerial surveillance of client sites, auditors can gain real-time insights into safety practices and identify areas where improvements may be needed to mitigate risks and ensure a safe working environment.

They can also monitor adherence to evacuation procedures by assessing the accessibility and clarity of evacuation routes, signage, and assembly points. Furthermore, drones provide auditors with a bird's-eye view of the site, allowing them to identify potential hazards, such as blocked exits, trip hazards, or unsafe working conditions, that may pose risks to employees or visitors.



By proactively identifying safety gaps and recommending corrective actions, auditors can help clients prioritize safety initiatives and invest in measures to mitigate risks and prevent accidents. Moreover, the visibility provided by drone surveillance can enhance accountability and transparency, encouraging employees to adhere to safety protocols and report hazards promptly.

Ultimately, the integration of drones into safety compliance monitoring empowers auditors to support clients in achieving and maintaining a safe work environment, thereby safeguarding the well-being of employees and stakeholders while minimizing liability and reputational risks.

Assessment of Agricultural Assets

In the agricultural sector, drones equipped with specialized sensors and imaging technology have emerged as indispensable tools for assessing and managing agricultural assets. One of the primary applications of drones in agriculture is the monitoring of crop health and irrigation systems. Equipped with multispectral or thermal imaging sensors, drones can capture detailed imagery of crop fields, enabling auditors to assess crop health indicators such as chlorophyll levels, moisture content, and temperature variations.

Additionally, drones can survey irrigation systems to identify inefficiencies, such as leaks or uneven water distribution, and optimize irrigation practices to ensure optimal crop growth and water conservation.

Another valuable application of drones in agriculture is the detection of pest infestations and the management of associated risks. Drones equipped with high-resolution cameras and advanced image analysis software can identify early signs of pest damage, such as discoloured foliage or irregular crop patterns, enabling auditors to implement timely pest control measures and minimize crop losses.

Verification of Land Use and Zoning Compliance

Utilizing drones for aerial surveys offers auditors a powerful tool to verify compliance with land use and zoning regulations, ensuring adherence to established guidelines and requirements. These surveys enable auditors to conduct comprehensive assessments of land parcels, identifying key elements such as the placement of structures, adherence to setback requirements, and

Drones have emerged as invaluable tools for auditors seeking to access remote or hazardous areas that are challenging to reach manually.

the presence of unauthorized developments.

Aerial surveys conducted by drones enable auditors to monitor land use and zoning compliance with unprecedented accuracy and efficiency. Drones can navigate through complex terrain and capture aerial footage of land

parcels, allowing auditors to verify the placement and dimensions of structures relative to property boundaries and zoning restrictions. Additionally, drones can detect unauthorized developments or encroachments, such as illegal construction or land clearing activities, enabling auditors to take timely enforcement actions to address violations and ensure regulatory compliance. By leveraging drone technology for aerial surveys, auditors can enhance their ability to detect potential zoning violations and uphold the integrity of land use regulations.

By embracing drone technology for verification of land use and zoning compliance, auditors can optimize their audit processes, improve accuracy, and ensure the effective enforcement of regulatory requirements to safeguard public safety and property rights.

Embracing the Future: The Transformative Role of Drones in Corporate Innovation

In the history of corporate innovation, the utilization of drones stands as a testament to the visionary ethos upheld by esteemed entities across diverse industries. Embarking upon a journey of technological prowess, renowned companies have adeptly wielded drones to transcend conventional boundaries and redefine operational paradigms. Far from mere novelties, drones represent a cornerstone of innovation embraced by illustrious organizations committed to pioneering the future.

These examples demonstrate the diverse range of applications for drones in auditing across various industries, highlighting the versatility and value of drone technology in enhancing audit efficiency, accuracy, and risk management.

Various industries leverage drone technology to enhance operational efficiency and safety. NASA uses drones for facility inspections, improving safety while reducing resource needs. In the insurance sector, many companies expedite property damage assessments with drones, accelerating claims processing. Many energy giants rely on drones for pipeline inspections to ensure safety and regulatory compliance. Companies also deploy drones for utility infrastructure inspections, enhancing reliability. Environmental monitoring firms also use drones for compliance checks, while mining

companies employ them for detailed site surveys to optimize resource extraction. Real estate firms use drones for property assessments, aiding investment decisions, while few companies bolster forensic accounting investigations with drone-gathered evidence. Financial institutions have also turned to drones for disaster recovery audits, supporting business continuity. This illustrates the integration of drone technology across diverse sectors, underscoring its operational significance and its role in enhancing productivity.

As auditing evolves with the integration of drone technology, inherent vulnerabilities and threats arise, demanding careful consideration. From data breaches during transmission to unauthorized access and physical security risks, addressing these challenges is crucial for maintaining the integrity of audit operations and ensuring stakeholder trust.

Vulnerabilities

- **Data Breaches:** Implementing end-to-end encryption protocols can fortify data transmissions, thwarting potential interception attempts. Additionally, regular security audits should be conducted to identify and patch vulnerabilities in data storage systems.
- **Software Vulnerabilities:** Employing rigorous testing procedures during software development stages can mitigate the risk of bugs and vulnerabilities. Continuous monitoring and updates of drone software ensure that emerging threats are promptly addressed and patched.
- **Loss of Control:** Implementing fail-safe mechanisms such as automatic return-to-home features and geofencing can mitigate the risk of drones becoming lost or hijacked due to malfunctions or signal

interference. Additionally, investing in redundant control systems can provide backup options in case of primary control failure.

Threats

- **Unauthorized Access:** Deploying intrusion detection systems and regularly updating authentication protocols can thwart unauthorized attempts to gain control of drones. Additionally, implementing behaviour-based anomaly detection algorithms can help identify suspicious activity and mitigate potential threats.
- **Data Theft:** Employing data encryption not only during transmission but also at rest can safeguard sensitive information from interception and theft. Moreover, establishing strict data access controls and robust data loss prevention measures can prevent unauthorized access to confidential data stored onboard drones.
- **Physical Security:** Implementing physical security measures such as tamper-evident seals and GPS-based tracking systems can deter theft and unauthorized access to drones. Furthermore, storing drones in secure facilities equipped with surveillance cameras and access controls can minimize the risk of physical tampering or theft.

In drone-assisted auditing, effective controls and policies are crucial for ensuring operational integrity and compliance. From encryption to access management, these measures mitigate risks and bolster stakeholder confidence.

Controls and Policies

- **Encryption:** Enforcing encryption standards compliant with industry best practices and regulatory requirements ensures the confidentiality and integrity of data transmitted by drones. Regularly updating encryption algorithms and key management protocols further strengthens security measures against evolving threats.
- **Access Control:** Implementing role-based access control mechanisms ensures that only authorized personnel can operate drones and access sensitive data. Additionally, incorporating biometric authentication technologies adds an extra layer of security to verify the identity of drone operators.
- **Regular Audits:** Conducting periodic security audits not only identifies existing vulnerabilities but also helps assess the effectiveness of implemented security measures. Collaborating with third-party cybersecurity firms for independent audits can provide unbiased evaluations and recommendations for enhancing security posture.



■ **Training:** Providing comprehensive cybersecurity training for drone operators enhances their awareness of potential threats and equips them with the skills to mitigate risks effectively. Regular training sessions on security protocols and incident response procedures ensure that operators remain proficient in handling security incidents.

■ **Regulatory Compliance:** Adhering to aviation regulations such as the Federal Aviation Administration (FAA) guidelines ensures safe and compliant drone operations. Additionally, complying with data protection laws such as the General Data Protection Regulation (GDPR) safeguards the privacy rights of individuals and mitigates legal risks associated with data breaches.

■ **Incident Response Plan:** Developing a robust incident response plan that outlines clear procedures for detecting, containing, and mitigating security incidents is essential for minimizing the impact of breaches or malfunctions. Regularly testing the incident response plan through tabletop exercises and simulated drills ensures its effectiveness in real-world scenarios.

Conclusion

In the realm of auditing, the incorporation of drone technology signifies a monumental leap forward in innovation and operational efficacy. From streamlining physical inventory counts to monitoring compliance with safety regulations, drones present auditors with an array of powerful tools to elevate their practices. While challenges such as regulatory constraints and technical limitations may pose hurdles, the transformative potential of drones in auditing cannot be overstated.

Embracing drone technology is not merely an exercise in modernization; it is a testament to auditors' commitment to pushing the boundaries of traditional methodologies and embracing innovation. By harnessing the capabilities of drones and navigating through the complexities with agility and foresight, auditors can unlock new horizons of efficiency, accuracy, and client satisfaction.

As auditors embark on this journey of technological advancement, they must remain vigilant and proactive in addressing challenges and maximizing opportunities. Through strategic planning, robust risk management strategies, and continuous adaptation, auditors can harness the full potential of drone technology to

Embracing drone technology is not merely an exercise in modernization; it is a testament to auditors' commitment to pushing the boundaries of traditional methodologies and embracing innovation.

redefine auditing practices and drive positive change in the profession.

The path forward for auditors lies in embracing a culture of innovation and continuous adaptation to harness the full potential of drone technology. As technological advancements continue to reshape the audit landscape, auditors must remain agile and proactive in exploring

new opportunities and overcoming challenges. This entails investing in research and development to refine drone capabilities, collaborating with industry partners to share best practices and insights, and advocating for regulatory frameworks that balance innovation with safety and privacy considerations.

In conclusion, the integration of drones into auditing practices represents not only a technological evolution but also a cultural shift towards embracing innovation and embracing the future of audit. By embracing the possibilities offered by drones and embracing a mindset of continuous improvement, auditors can position themselves as trailblazers in an ever-evolving landscape, poised to shape the future of auditing for years to come.

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Q Whether a Chartered Accountant in practice is required to obtain any trade license for practicing?

No, a Chartered Accountant in practice is not required to obtain any trade license for practicing as a professional. From the standpoint of ICAI, the certificate of practice is the only requirement to practice as a Chartered Accountant. It may, however, be noted that a government / specified Authority may stipulate additional requirement(s) like registration, and the members may need to comply with such requirement(s).

Q Can a Chartered Accountant in practice work as a 'Collection Agent/Recovery Agent'?

No, a Chartered Accountant in practice cannot work as a Collection Agent. However, he can act as a Recovery Consultant in the Banking Sector as provided in clause (xxv) of 'Management Consultancy and other Services'.

Q Whether a practicing Chartered Accountant can agree to select and recruit personnel, conduct training programmes and work-studies for and on behalf of a client?

Yes. The expression "Management Consultancy and other Services" defined by the Council includes both personnel recruitment and selection and conducting training programmes and work-studies. Therefore, a Chartered Accountant in practice shall not commit any professional misconduct by rendering such services for and on behalf of the client.

Q Can a Management Consultancy Company advertise its services?

No, the Guidelines for Corporate Form of Practice restrict a Management Consultancy Company from advertising or using logo.

Q Can a member in practice have a branch office/additional office/temporary office?

Yes, a member can have a branch office. In terms of Section 27 of the Chartered Accountants Act, 1949, if a Chartered Accountant in practice or a firm of Chartered Accountants has more than one office in India, each one of such offices should be in the separate charge of a member of the Institute. Failure on the part of a member or a firm to have a member in charge of its branch and a separate member in case of each of the branches, where there are more than one, would constitute professional misconduct.

However, exemption has been given to members practicing in hill areas subject to certain conditions. The conditions are:

1. Such members/firm be allowed to open temporary offices in a city in the plains for a limited period not exceeding three months in a year.
2. The regular office need not be closed during this period and all correspondence can continue to be made at the regular office.
3. The name board of the firm in the temporary office should not be displayed at times other than the period such office is permitted to function as above.
4. The temporary office should not be mentioned in the letterheads, visiting cards or any other documents as a place of business of the member/firm.
5. Before commencement of every winter, it shall be obligatory on the member/firm to inform the Institute that he/it is opening the temporary office from a particular date and after the office is closed at the expiry of the period of permission, an intimation to that effect should also be sent to the office of the Institute by registered post.

The above conditions apply to any additional office situated at a place beyond 50 km from the municipal limits in which any office is situated.

It is to be noted that the requirement of Section 27 in regard to a member being in charge of an office of a Chartered Accountant in practice or a firm of such Chartered Accountants shall be satisfied only if the member is actively associated with such office. Such association shall be deemed to exist if the member resides in the place where the office is situated for a period of not less than 182 days in a year or if he attends the said office for a period of not less than 182 days in a year or in such other circumstances as, in the opinion of the Executive Committee, establish such active association.

It is necessary to mention that the Chartered Accountant in charge of the branch of another firm should be associated with him or with the firm either as a partner or as a paid assistant. If he is a paid assistant, he must be in whole time employment with him.

However, a member can be in charge of two offices if they are located in one and the same accommodation.

Q Whether a member in practice can provide payroll services?

Yes, a member in practice can provide payroll services since these fall under the purview of activities mentioned in the provisions of Section 2(2)(i) and (iii) of the Chartered Accountants Act, 1949. However, it is not permissible to undertake this activity if the member is the statutory auditor of the same entity.

Q Whether a member in practice can provide equity research service, and publish retail research report?

A member in practice may be an equity research adviser, but he cannot publish retail report as it

would amount to other business or occupation, which is not permissible in view of the provisions of Clause (11) of Part- I of First schedule to the Chartered Accountants Act, 1949.

Q Whether a member holding Certificate of practice will be deemed to be in practice even if he is not serving any clients?

Yes, a member is deemed to be in practice, not only when he is actually engaged in the practice of accountancy, but also when he offers to render accountancy services, whether or not he in fact does so.

Q Whether a member not in practice can use any other description?

A member not in practice may use, as per the provisions of Section 7 of the Chartered Accountants Act, 1949, the designation of "Chartered Accountant". However, if he chooses to use the designation of "Chartered Accountant", he shall not use any other description, whether in addition, or in substitution thereof. However, such a member is not prohibited from adding any other description or letters to his name, if entitled thereto, to indicate membership of such other Institute of accountancy, whether in India or elsewhere, as may be recognised in this behalf by the Council, or any other qualification that he may possess.

Q Whether a messaging application can be used by a member in practice to send messages to make people aware about their new practice and mention the services provided therein?

No, it is not permissible to use a messaging application to send messages to make people aware about their new practice, and mention the services provided therein.

Q Whether a member in practice or a Firm may give link of its website on a social networking site?

Yes, a member in practice or a Firm may provide link of its webpage on social networking site. However, the members should not solicit people to visit or request to like their respective page(s) on such social networking site.

Q Whether members in practice can list themselves with online application based service provider aggregators?

No, Council Guidelines for Advertisement, 2008, appearing in Volume-II of Code of Ethics prohibits members in practice to list themselves with online application based service provider aggregators, wherein other categories like businessmen, technicians, maintenance workers, event organizers etc. are also listed.





Opinion

Capitalisation of ATS Charges due on Intangible Asset under development (ERP).

A. Facts of the Case

1. A company (hereinafter referred to as 'the Company'), a Schedule 'A' and a Mini Ratna (Category-I) Company, was incorporated on 23rd August 1974. It has an authorised capital of Rs. 1000 crore and a paid up capital of Rs. 490.58 crore out of which Government of India's share is 74.71 % and 25.29 % is held by financial institutions and others. The Company has five gas based Ammonia-Urea plants. The Company currently has a total annual installed capacity of 35.68 Lakh Metric Tonnes (LMT) (re-assessed capacity of 32.31 LMT) and is the 2nd largest producer of Urea in the country with a share of about 16% of total Urea production in the country. The Company is engaged in manufacturing and marketing of Neem Coated Urea, three strains of Bio-Fertilizers (solid and liquid) and other allied industrial products like ammonia, nitric acid, ammonium nitrate, sodium nitrite and sodium nitrate. Urea (fertilizer) is a controlled product and its price is controlled by the Government under its subsidy scheme. The MRP of Urea is fixed by the Government and is same for all companies. The Company is also importing and trading various agro-inputs like non-urea fertilizers, certified seeds, agrochemicals, bentonite sulphur, city compost through its existing PAN India dealer's network under single window concept.

Compliance with Ind AS

2. The financial statements are prepared on accrual basis, as a going concern and comply in all material aspects, with Indian Accounting Standards (Ind ASs)

notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015](as amended) and other relevant provisions of the Act. The financial statements up to year ended 31st March, 2016 were prepared in accordance with the Accounting Standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act.

Background of the Present case

3. The Company, vide work order dated 30.07.2020, has awarded the contract to M/s Tech M for implementation of SAP – ERP solutions at the Company for a total value of Rs. 76.73 crore, which includes IT Infrastructure & cloud hosting, ERP License, ERP License Annual Technical Support (ATS), ERP Application Support, SDWAN Solution etc.

4. As per the agreed terms of the work order, the implementation of SAP – ERP solutions was to be completed within 12 months from the date of work order, i.e., 29.07.2021. However, due to unavoidable delays on the part of implementing agency M/s Tech M and other issues, the implementation of SAP – ERP solutions got delayed and implementation is still under process.

Accounting Treatment by the Company

5. After start of the implementation of SAP – ERP solutions at the Company, it has incurred an amount of Rs. 30.44 crore upto 31.03.2023 and has capitalised the same including ATS Charges of Rs. 7.42 crore based on

the value of work executed as per terms of contract. The year-wise break-up of cost incurred is as under:

Rs. in crore

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
ERP - SAP	4.10	4.44	21.42	0.48	30.44

About ATS Charges

6. The ATS Charges comprise of following:
 - a. ATS for core ERP Functions.
 - b. ATS for E-Office solutions including DMS and workflow (if applicable).

Work order details relating to ATS

As per the work order dated 30.07.2020 for implementation of ERP, referring to the scope of work order with regard to ATS, the clause is as below:

ERP License Annual Technical Support (ATS) is due one year after delivery of License upto 5 years (a copy of Work Order dated 30.07.2020 has been supplied separately by the querist for the perusal of the Committee).

Further, Sr. No. 9 of payment terms of work order dated 30.07.2020 placed on M/s Tech M for implementation of ERP provides the following regarding ATS for ERP:

ATS for ERP and all other Licenses shall be paid from second year onwards (1 year after delivery of Licenses) on submission of the following documents:

- a. Proof of payment made by M/s Tech M to the OEM(s) for the respective year's ATS Charges being claimed from the Company.
- b. Submission of certificate by M/s Tech M for commencement of ATS services for respective year.
- c. Submission of preceding year's report by the OEMs containing details of support services delivered, updates, upgrades and patches installed for the ERP software solution and License (as applicable).

The querist has stated that no invoice has been raised by M/s Tech M for Annual Technical Support Services (ATS) and no payment has been made to M/s Tech M. However, based on principle of conservatism, a provision of Rs. 7.42 crore (Rs. 3.73 crore per year) is being made in the books of account and charged to capital work in progress (CWIP).

7. Government Audit observation on the annual accounts for the financial year (F.Y.) 2022-23:

However, during the course of audit of annual accounts of the Company for the financial year (F.Y.) 2022-23, audit observed that the Company has to release ATS price to the tune of Rs. 7.42 crore for the un-implemented period of ERP project, which had not given any benefit to the Company. Since ATS has to be paid on yearly basis which is of recurring nature and not directly attributable cost of the development of ERP, the same should not be capitalised under the head "Intangible assets under development". The detailed Audit Observation issued by the Govt. Audit on Capitalisation of Annual Technical Support (ATS) Charges due on Intangible Asset under development (ERP) is reproduced below:

Audit Observation

"Ind AS 38, Intangible Assets states that "the cost of a separately acquired intangible asset comprises: (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and (b) any directly attributable cost of preparing the asset for its intended use".

BoD approved (June 2020) the implementation of ERP in the Company and subsequently, Notification of Award (NOA) of contract and the work order for implementation of ERP solution at the Company was issued in favor of M/s Tech M on 30.07.2020. As per the terms and conditions of work order, the ERP project was to be implemented within 12 months from the date of work order i.e., 30.07.2020.

As per the schedule of rate for implementation of ERP for the Company, Annual Technical Support (ATS) price of Rs. 3.73 crore (exclusive of GST) for licenses was payable to M/s Tech M. Accordingly, the Company has created a provision of Rs. 7.42 crore for ATS for the years 2021-22 and 2022-23 and same has been shown under the head "Intangible assets under development".

In this regard, audit observed that the Company has to release ATS price to the tune of Rs. 7.42 crore for the un-implemented period of ERP project, which had not given any benefit to the Company.

Further, ATS was to be paid during operations & maintenance phase, which was not the part of "Development/Implementation Phase". Moreover, ATS has to be paid on yearly basis which is of recurring nature and not directly attributable cost of the development of ERP. Hence, the same should not be capitalised under

the head "Intangible assets under development".

Thus, this has resulted into understatement of 'provision for expenses' and overstatement of profit by Rs. 7.42 crore.

The above facts and figures may please be confirmed and remarks of the management/statutory auditor along with supporting papers may please be furnished within 2 days of receipt of this audit observation."

Management Reply to Audit Observation: The Company submitted the following reply to the Government Audit in respect of aforesaid Audit Observation:

"Paragraph 27 of Ind AS 38 states as under:

"The cost of a separately acquired intangible asset comprises:

- (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
- (b) any directly attributable cost of preparing the asset for its intended use."

Further, paragraph 30 of Ind AS 38 states as under:

"Recognition of costs in the carrying amount of an intangible asset ceases when the asset is in the condition necessary for it to be capable of operating in the manner intended by management. ..."

Further, paragraph 8 of Ind AS 38 inter-alia states as under:

"Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use."

It is informed that for development of ERP software, ERP licenses are purchased and these licenses are used for coding, programming and testing etc. till go-live.

Annual Technical Support is in relation to the above said licenses on which ERP development, testing etc. is still continuing. Therefore, the provisional expenditure of Rs. 7.42 crore on Annual Technical Support is being capitalised as Intangible Asset (ERP).

As the ERP is still under development stage and ATS to be paid is in relation to licenses procured, which are currently being used and will continue to be used for development of ERP till milestone of Go-Live is achieved. Therefore, no benefit has arisen or generated to the Company from licenses during the period, as those are being

used for development of Intangible Asset "ERP". Accordingly, expenditure to the tune of Rs. 7.42 crore on ATS has been correctly recognised under "Intangible assets under development".

Government Audit Supplementary Observation through Provisional Comment (PC) No.1:

"Ind AS 38, 'Intangible Assets' states that "the cost of a separately acquired intangible asset comprises: (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and (b) any directly attributable cost of preparing the asset for its intended use."

BoD approved (June 2020) the implementation of ERP in the Company and subsequently, Notification of Award (NOA) of contract and the work order for implementation of ERP solution at the Company was issued in favor of M/s Tech M on 30.07.2020. As per the terms and conditions of work order, the ERP project was to be implemented within 12 months from the date of work order i.e., 30.07.2020.

As per the schedule of rate for implementation of ERP for the Company, Annual Technical Support price of Rs. 3.73 crore (exclusive of GST) for licenses was payable to M/s Tech M. Accordingly, the Company created a provision of Rs. 7.42 crore for ATS for the years 2021-22 and 2022-23 and same has been shown under the head "Intangible assets under development".

The Company has to release ATS price to the tune of Rs. 7.42 crore for the un-implemented period of ERP project, which had not given any benefit to the Company. Further, ATS was to be paid during operations & maintenance phase, which was not the part of "Development/Implementation Phase". Moreover, ATS has to be paid on yearly basis which is of recurring nature and not directly attributable cost of the development of ERP. Hence, the same should not be capitalised under the head "Intangible assets under development".

Thus, it has resulted in understatement of 'provision for expenses' and overstatement of profit by Rs. 7.42 crore."

Management Reply to Provisional Comment: The Company submitted following reply to the Govt. Audit in respect of aforesaid PC:

"Paragraph 27 of Ind AS 38 as under:

"The cost of a separately acquired intangible asset comprises:

- (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and

- (b) any directly attributable cost of preparing the asset for its intended use.”

These licenses were procured in year 2020-21 to start development of ERP software and without these licenses, intended use of SAP i.e. coding, programming and testing etc. till go-live is not possible. As the intangible asset is still under development stage and licenses are continued to be used for intended use (yet to be achieved), therefore ATS has been correctly classified as Intangible Asset under development. To support contention of the Company, paragraph 30 of Ind AS 38 states as under:

“Recognition of costs in the carrying amount of an intangible asset ceases when the asset is in the condition necessary for it to be capable of operating in the manner intended by management. ...”

Further, paragraph 8 of Ind AS 38 inter-alia states as under:

“Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use.”

The ERP is still under development stage and ATS to be paid is in relation to licenses procured, which are currently being used and continue to be used for intended use of intangible assets. Further, with respect to recurring annual cost as mentioned in the PC, it is fundamental principle under Ind AS, whether development of tangible or intangible assets, any cost incurred till intended use is achieved, has to be capitalised till ‘intended use’ is achieved; thereafter similar cost capitalised earlier in relation to development of those assets become recurring revenue costs i.e. interest, annual charges etc.”

B. Query

8. In the above background, opinion in the subject matter is requested for the following:

- (i) Whether the capitalisation of ATS Charges due on intangible asset under development (ERP) in the books of account of the Company is in accordance with the provisions of Ind AS 38.
- (ii) Any other advice for proper accounting of the above assets.

C. Points considered by the Committee

9. The Committee notes that the basic issue raised in the query relates to accounting for ATS Charges

due on intangible asset under development (ERP) in the financial statements of the Company. The Committee has, therefore, examined only this issue and has not examined any other issue that may arise from the Facts of the Case, such as, accounting for any other expenditure incurred (viz. IT Infrastructure & cloud hosting, ERP License, ERP Application Support), appropriateness of accrual of the ATS charges in the absence of receipt of invoice from the vendor, accounting before transition to Ind ASs and accounting during transition, accounting for E-office and other licenses and ATS thereof, appropriateness of the amount capitalised so far (Rs. 76.73 crores) and its breakup, etc. The Committee has answered the issue only from accounting perspective and not from legal perspective, such as, legal interpretation of work order etc. Further, the Accounting Standards referred to in the opinion are Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015, as revised or amended from time to time.

At the outset, the Committee wishes to mention that the Committee has not examined that whether intangible asset under development (viz., ERP system) meets the definition and recognition criteria of ‘Intangible Asset’ as per Ind AS 38 and the Committee has proceeded on the premise that the Company has correctly recognised the same as ‘Intangible Asset under development’. Further, the Committee wishes to point out that not all costs incurred during development of an intangible asset can be capitalised. The costs or expenses during the development of an intangible asset are capitalised as per the requirements of Ind AS 38.

Further, the Committee notes that the querist has submitted that due to unavoidable delays on the part of implementing agency and other issues, the implementation of SAP – ERP solutions got delayed and implementation is still under process. The Committee wishes to mention that, if an entity incurs cost during an extended period in which there is a suspension of the ERP implementation activities necessary to prepare the asset for its intended use, the costs incurred during such a period do not qualify for capitalisation. If there are delays on account of substantial technical and administrative work necessary for getting the asset ready for its intended use, an entity may continue to capitalise costs during such a period. In the absence of anything to the contrary, the Committee has not examined whether the ATS costs after 12 months of work order even without the SAP implementation is due to suspension / no active development towards activities for SAP implementation or substantial technical / administrative activities necessary for SAP implementation. It has been assumed that the nature of the ATS charges in question is not due to suspension / no active development towards activities for SAP implementation.

10. The Committee notes the following features of ATS Charges from the work order:

“Key Information for Implementation of ERP in the Company

ERP type and ERP Name	COTS (Commercial off the Shelf) – SAP S4/HANA
Number of ERP User Licenses	1500 (Including DR Site)
...	...
Implementation Period	12 Months from date of work order
ERP License Annual Technical support (ATS)	5 Years (One year after delivery of licenses)

...

1. General Scope of Work

...

- Provide Annual Technical Support (ATS) including the implementation of latest upgrades, service packs, enhancements and patches to the offered SAP S4/HANA product and other products during the 5 years ATS period post the implementation.
- Provide support services including full-fledged help desk solution post-implementation until end of Post Implementation Support Period (2 years post Implementation).

...

1.5. Implementation of SAP S4/HANA Application:

- a) Implementation of SAP S4/HANA Application: this includes design, customization, configuration, deployment and commissioning of COTS process(s)/ sub-process(s)/ functionalities to comply with the business needs of the Company. The implementation shall be based on the approved business blueprint and design. (FRS Requirement)
- b) The SAP S4/HANA application will be based on the configuration/ customization of COTS product.
- ...
- d) Identify and Integrate with all Internal and external systems and services as per the requirement of the proposed system.
- ...

1.5.1 Development:

Developments shall be in the nature of enhancements to existing applications, additional applications, additional reports and form changes etc. M/s Tech M shall validate and confirm the need for any such developments that are required in order to meet the functionality of processes. ...

...

1.7.4. Post Implementation Support:

In addition to clause above, M/s Tech M is required to provide post implementation technical & functional support services which include the rectification of all the latent or identified defects, bugs and Improvements for two (2) years from the end of implementation. ... All the enhancements, patches, latest version upgrades, service packs etc. (as applicable) are to be installed within 3 months of release of a stable version in consultation with the Company. ...

...

1.7.10. Supply of Software/ Licenses:

- a) M/s Tech M shall supply all the software with adequate number of licenses, required for the proposed SAP S4/HANA system. All system software, licenses etc. have to be procured in the name of the Company.
- b) The licenses should be perpetual. The software licenses shall not be restricted based on location and the Company should have the flexibility to use the software licenses for other requirements (if required).
- c) The software provided should have the OEM support for a period of not less than 5 years from the date of implementation.
- d) Tools, software for implementation, data migration, testing etc. shall be part of the offered solution.
- e) All support services including updates, upgrades and patches for all SAP S4/HANA processes shall be provided by M/s Tech M till the end of the warranty/ ATS Period.”

“5. Licenses

M/s Tech M should provide the requisite types of licenses for selected SAP S4/HANA application, related database, middle-ware, any additional bolt-on third party tools (if

proposed) and all other required tools and/or applications with sufficient number of user and product licenses. ... The supplied licenses should be valid for the latest/current version as on the date of actual procurement. The licenses should be supplied only on the basis of written confirmation from the Company.

M/s Tech M should propose all the required processes/functions from a single SAP S4/HANA suite to meet the Company requirements. In case any specific function(s) are not available in the proposed standard SAP S4/HANA suite, M/s Tech M may propose additional SAP S4/HANA product vendor processes or third party bolt-on tools. M/s Tech M will ensure that the entire solution is seamlessly integrated and users should be able to perform their business roles through a single sign-on.

..."

"8. Configuration, Customization & COTS

...

Preferably, changes should be kept as minimal as possible to the SAP S4/HANA core processes. This is important to ensure that future upgrades, enhancements and bug fixes are not impacted. Any customization as may be necessary should be done only after confirmation from SAP S4/HANA product vendor of non-availability of standard functionality and obtaining prior written approval from the Company. Every custom development must be documented in detail and the script ownership should be passed on to the company as soon as this becomes part of production environment.

..."

"19. Payment Terms

Project Milestone	SAP S4/HANA Application License	Timelines From date of Work Order (TO)
...
a. Yearly ATS Payment of ERP, Licenses (1500) as per contract (Annexure-A-: Sr. No. 2-a of price schedule)	100% of respective year	One year after License delivery date and subsequently for 4 years"

"Payment Terms - Instructions

...

9. ATS for ERP and all other Licenses shall be paid from second year onwards (1 year after delivery of licenses) on submission of following documents:
 - a. Proof of payment made by M/s Tech M to the OEM(s) for the respective Year's ATS Charges being claimed from the Company.
 - b. Submission of certificate M/s Tech M for commencement of ATS services for respective Year.

..."

From the above and the facts supplied, the Committee understands that for the implementation of SAP-ERP software solution/ system in the Company, in the beginning, certain perpetual ERP licenses (SAP S4/HANA) have been procured from OEM in the name of the Company, which will be installed, customised and integrated as per the Company's requirements and functions/operations by M/s Tech M. In respect of such licenses, yearly ATS (Annual Technical Support) payment after one year of license delivery date (i.e. from second year onwards) and subsequently for a period of 4 years has to be made by the Company (for 5 years in total). Further, ATS services include delivery of support services, implementation of latest updates, upgrades, service packs, enhancements and installation of patches for the ERP software solution and licenses. Initially, as the implementation of the ERP software was to take place within 12 months from date of work order, payment for ATS was to be made during 5 years post implementation of ERP. However, since the implementation could not be achieved in the specified period of 12 months, the Company understands that the payment of ATS is due after 12 months and therefore, has created an accrual for the same and is capitalising the same with the cost of intangible asset (ERP software) under development. Presuming that the Company's understanding with regard to its obligation towards ATS after twelve months is correct, the Committee examines the issue of accounting for the same in subsequent paragraphs.

11. In context of the issue raised, the Committee notes the following requirements of Ind AS 38, 'Intangible Assets':

"21 An intangible asset shall be recognised if, and only if:

- (a) **it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and**

(b) the cost of the asset can be measured reliably.”

“Cost of an internally generated intangible asset

65 The cost of an internally generated intangible asset for the purpose of paragraph 24 is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria in paragraphs 21, 22 and 57. Paragraph 71 prohibits reinstatement of expenditure previously recognised as an expense.

66 The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Examples of directly attributable costs are:

- (a) costs of materials and services used or consumed in generating the intangible asset;
- (b) costs of employee benefits (as defined in Ind AS 19) arising from the generation of the intangible asset;
- (c) fees to register a legal right; and
- (d) amortisation of patents and licences that are used to generate the intangible asset.

Ind AS 23 specifies criteria for the recognition of interest as an element of the cost of an internally generated intangible asset.”

From the above, the Committee notes that the cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. It includes costs, such as, cost of material and services used or consumed and cost of employee benefits in generating the intangible asset, amortisation of patents and licenses that are used to generate the intangible asset etc. The Committee is of the view that ‘directly attributable’

costs are generally such costs which are necessary to generate the asset and without the incurrance of these costs, the asset cannot be created, produced or prepared to be capable of operating in the manner intended by management.

The Committee notes that in the extant case, with regard to ATS Charges, it is informed by the querist that ERP licenses were procured for development of ERP software and without these licenses, intended use of SAP-ERP software solution/ system i.e. coding, programming and testing etc. till go-live is not possible. Further, Annual Technical Support is in relation to these licenses on which ERP development, testing, etc. is still continuing. Thus, it appears that incurring license charges including ATS Charges are necessary for development of ERP (intangible asset) in the extant case.

Further, as discussed in paragraph 10 above, it appears that in the extant case, ERP license is the base over which the SAP-ERP software solution/ system of the Company is to be developed and ATS ensures the upgradation/update of the licenses over which ERP system will be developed. Therefore, it appears that ATS Charges are directly attributable costs necessary to create, produce, and prepare the updated/upgraded ERP software/system for it to be capable of operating in the manner intended by management. Accordingly, to the extent and till the ERP software/system is under development and ATS Charges relate to that period, the same may be capitalised to the cost of ERP software/system under development. Thus, capitalisation of ATS Charges due on intangible asset under development (ERP) in the books of account of the Company appears to be in accordance with provisions of Ind AS 38.

D. Opinion

12. On the basis of above, the Committee is of the following opinion on the issues raised in paragraph 8 above:

- (i) Capitalisation of ATS Charges due on intangible asset under development (ERP) in the books of account of the Company appears to be in accordance with provisions of Ind AS 38, as discussed in paragraphs 10 and 11 above.
- (ii) In view of (i) above, this issue does not arise.

1.	The Opinion is only that of the Expert Advisory Committee and does not necessarily represent the Opinion of the Council of the Institute.
2.	The Opinion is based on the facts supplied and in the specific circumstances of the querist. The Committee finalised the Opinion on 8 th April, 2024. The Opinion must, therefore, be read in the light of any amendments and/or other developments subsequent to the issuance of Opinion by the Committee.
3.	The Compendium of Opinions containing the Opinions of Expert Advisory Committee has been published in forty-two volumes. These volumes are available for sale and can be procured online through CDS Portal at https://icai-cds.org/ .
4.	Opinions of the Committee may be accessed at the following link: http://115.248.235.50/eacicai/ .
5.	Opinions can be obtained from EAC as per its Advisory Service Rules which are available on the website of the ICAI, under the head ‘Resources’. For further information, write to eac@icai.in .

Accountant's Browser

PROFESSIONAL NEWS & VIEWS PUBLISHED ELSEWHERE

Index of some useful articles taken from Periodicals received during November – December 2024 for the reference of Faculty/Students & Members of the Institute.

1. Accountancy

Accounting for Coaching Fees by Dolphy D'Souza. *Bombay Chartered Accountant Journal*, November 2024, pp. 71-74.

Assurance of Sustainability Reporting by Maria Antonia Garcia-Benau, Laura Sierra-Garcia and Nicolas Gambetta. *International Accountant*, September-October 2024, pp. 9-11.

Blockchain Technology Roles to Overcome Accounting, Accountability and Assurance Barriers in Supply Chain Finance by Arief Rijanto. *Asian Review of Accounting*, vol. 32, no. 5, 2024, pp. 728-758.

2. Audit

Drought Risk and Audit Pricing: Mixed-Methods Study by Amin Sarlak, Mehdi Khodakarami, Reza Hesarzadeh, Jamal A. Nazari and Fatemeh Taghimolla. *Asian Review of Accounting*, vol. 32, no. 5, 2024, pp. 862-888.

3. Economics

Caste and Socio - Economic Inequality in Bihar: Disaggregated Analysis of the 2023 Census by Christophe Z Guilmoto and Himanshu. *Economic & Political Weekly*, November 23, 2024, pp. 48-59.

Nexus Between Profitability, Firm Size and Leverage and Tax Avoidance: Evidence from an Emerging Economy by Md Shamim Hossain, Md Sobhan Ali, Md Zahidul Islam, Chui Ching Ling and Chorng Yuan Fung.

Asian Review of Accounting, vol. 32, no. 5, 2024, pp. 759-780.

4. Investment

Prevention of Market Abuse in the Securities Market by Bhavesh Vora and Khusbhu Shah. *Bombay Chartered Accountant Journal*, November 2024, pp. 105-108.

5. Management

Better Way to Link Sales and Marketing: Companies are Inhibited by Siloed Customer Data. Digital Customer Hubs can Help by Prabhakant Sinha, Arun Shastri and Sally Lorimer. *Harvard Business Review*, November-December 2024, pp. 116-125.

Evolving Governance in MSMEs and Start-Ups: The Expanding Role of Governance Professionals by P. Srinivas Subbarao. *Chartered Secretary*, November 2024, pp. 55-60.

Moderating Role of CSR in the Relationship Between Earning Management and Cost of Equity: Evidence from European ESG Data by Yamina Chouaibi, Rim Zouari-Hadji and Sawssen Khlifi. *Asian Review of Accounting*, vol. 32, no. 5, 2024, pp. 693-708.

6. Taxation and Finance

Packaged Tours and Place of Supply Provisions Under GST by Mandar Telang. *Bombay Chartered Accountant Journal*, November 2024, pp. 32-38.

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

Legal Decisions



Income Tax

LD/73/20
ITAT Mumbai: ITA No.3900/Mum/2023
The Dy. Commissioner of Income Tax
Vs.
Anand Rathi Commodities Limited
18th November 2024

Assessee being a broker is not responsible for deduction of TDS u/s 194A; Assessee Company was acting as a broker in financial markets to facilitate its clients in trading at National Spot Exchange Ltd; Bare reading of bye-laws of NSEL showcases that it is the exchange that was directly dealing with the clients, and the Assessee was only an intermediary; As per ITAT, assessee cannot be reckoned as a person responsible for payment of income by way of interest for invoking section 194A.

LD/73/21
Telangana High Court: Income Tax Tribunal Appeal
No.138 of 2007
The Assessing Officer
Vs.
Satiofi Healthcare
18th November 2024

High Court held that assessee's receipts towards co-marketing agreement with Pfizer Ltd were a non-taxable capital receipt and not a revenue receipt; Assessee received the said amount on account of surrender of its rights in a capital asset, namely patent and trademark, which resulted in impairment of profit making apparatus; As per HC, ITAT had meticulously appreciated all the evidence and its said findings cannot be termed as perverse; HC upheld ITAT's order in favour of assessee.

LD/73/22
ITAT Delhi: ITA No.2409/Del/2023
Rockwell Collins Southeast Asia Pte Ltd
Vs.
The Dy. Commissioner of Income Tax
14th November 2024

Revenue earned by the assessee from providing repairs and maintenance services of aircraft equipment cannot be construed as FTS both under the Statute as well as DTAA; For rendering repairs and maintenance services, the aircraft equipment are shifted outside India and then shipped back to the customers in India; There is no transfer of any technology, technical plan or design or no technical knowledge is made available that would enable the recipient to carry out the repairs on its own; Thus services rendered fail to satisfy the 'make available' clause prescribed in Article 12 of India-Singapore DTAA; Assessee does not have any PE in India.

LD/73/23
Delhi High Court: ITA 272/2019
The Commissioner of Income Tax (TDS)
Vs.
M/S Adma Solutions Pvt. Ltd.
12th November 2024

ITAT order upheld by Delhi HC wherein penalty under Section 271C was deleted by ITAT being barred by limitation in terms of Section 275(1)(c); ITAT had noted that order was passed after the lapse of six months from the end of the month in which the penalty proceedings were initiated; As per HC, although legislature has provided time frame for conclusion of penalty proceedings once initiated, however, no indication has been provided as to when the period ought to commence; Sec 133A survey was conducted in the 2008 wherein non-compliance of TDS provisions was alleged, however the show cause notice for initiation of penalty proceedings was issued in the year 2013, i.e., after gap of 5 years.

LD/73/24
ITAT Mumbai: ITA No.702/Mum./2024
Arihant Associates
Vs.
The Asst Commissioner of Income Tax
05th November 2024

Addition u/s 43CA deleted by ITAT; ITAT noted that where the date of agreement fixing the value of consideration and the date of registration of such transfer of asset are not the same, then the stamp duty value as on the date of original agreement shall be considered; Rejected Revenue's argument that stamp duty value determined in the year of supplementary agreement shall be considered; Assessee had submitted that an advance was received from the purchaser against an original agreement for sale dated 30.04.2011 as well as per letter of allotment dated 05.05.2011.

LD/73/25
ITAT Mumbai: ITA No.2444/M/2024
The Dy. Commissioner of Income Tax
Vs.
ESAB Holdings Limited
24th October 2024
(International tax)

ITAT ruled in favour of assessee by holding that services were merely managerial in nature and outside the ambit of FTS as defined under Article 13 of India-UK DTAA; ESAB UK a tax resident of UK as per Article 4 of DTAA and it had provided services to EWAC Alloys Ltd., and claimed the income as non-taxable; As per ITAT, performance of a managerial service in the nature of FTS would be in the state where the service is used; Services rendered, even if considered technical do not 'make available' any technical knowledge, skill know-how or process.

Contributed by CA. Sahil Garud, Disciplinary Directorate. Matter on FEMA has been contributed by CA Manoj Shah, Mumbai, CA Hinesh Doshi, Mumbai, CA Sudha Bhushan, Mumbai and CA Viral Satra, Mumbai.

LD/73/26
ITAT Bangalore: IT(TP)A No. 625/Bang/2020
Samsung R&D Institute India - Bangalore Pvt. Ltd
Vs.
The Jt. Commissioner of Income Tax
22nd October 2024

Import of assets free of cost for testing purposes as received by the Assessee from its AE, does not result in a benefit in the nature of income to the Assessee under Section 28(iv); Free assets imported are either returned or destroyed by the Assessee and the pricing towards software development services rendered are agreed under Mutual Agreement Procedure (MAP); Instant benefit was not irretrievable and was not received with an intention to circumvent income; It cannot be alleged that the price charged towards the software development services is reduced/adjusted by the Assessee since ALP of same was already tested by the TPO.

LD/73/27
ITAT Bangalore: ITA No.981/Bang/2024
Maroofali I Shaikh
Vs.
The Income Tax Officer
14th October 2024

ITAT set aside the CIT(A)'s order wherein the CIT(A) had ruled that Assessee failed to deposit 90% of the disputed

demand as per section 249(4); Assessee had already declared the income u/s 44AD, paid the admitted tax and also submitted computation and challans, but could not file his return of income for AY 2015-16 and therefore, the provisions of section 249(4)(b) were clearly applicable to the Assessee; Expression 'Amount equal to the amount of advance tax payable' in section 249(4)(b) cannot, by any stretch of imagination, be interpreted as 'advance tax payable on 90% of the disputed demand'.

LD/73/28
ITAT Delhi: ITA No.1068/DEL/2024
R.N. Khemka Enterprises Private Ltd
Vs.
The Income Tax Officer
20th September 2024

ITAT quashed reassessment proceedings u/s 148 initiated on the basis of survey report wherein it was alleged that assessee received 'accommodation entry' in form of unsecured loans; Non-response of notice u/s 133(6) by the lender companies cannot lead to adverse impact on assessee; No allegation was made that the unsecured loan was received by the assessee in cash, nor was there any finding that there are cash deposits before or after the payment of unsecured loan; No statement was recorded from the entry operator accepting that any unsecured loan was provided as accommodation entry.



FEMA Updates

Summary Information on few Compounding Orders issued after 1st March 2020

Sr. No.	Party Name	Nature of Contravention	Date of Order	Compounding Fees (Rs.)
1.	Abdul Rasheed Arakkal Shamshuddin	Contraventions under Regulation 8 and Regulation 3(a) of FEMA 21/2000-RB dated 3 rd May 2000 relating to transfer of immovable property without RBI permission.	06-11-2024	1,02,19,000
2.	Sverdrup Asia Limited	Contraventions under Regulation 2(ii) read with Regulation 5(1) of FEMA 20/2000-RB relating to investment in instruments not permissible (other than equity shares, compulsorily convertible preference shares, compulsorily convertible debentures etc.)	27-11-2024	1,24,594
3.	Kunwar Asheesh Saxena	Contraventions under Regulation 20A read with Para A.6 and A.7 of Schedule V of FEMA 120 relating to overseas direct investment by resident individual in overseas entity having step down investment and without fair valuation.	03-10-2024	3,36,000
4.	Jewels International	Contraventions under Regulation 15(1)(i) of FEMA Notification 23R relating to delay in export of goods beyond the period of 1 year against advance received from customer.	25-10-2024	1,78,000

Disciplinary Case

Respondent while auditing the books of housing society, taking two items, i.e., transfer fee and profit on sale of investment, directly to the Balance Sheet rather being routed through Income and Expenditure Account – Held, Respondent is GUILTY of professional misconduct falling within the meaning of Clause (7) & (9) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

Held:

In the instant matter, the first allegation against the Respondent was that while auditing the Financial Statements of a Housing Society 'X' he did not act diligently as "Transfer Fee" which was received rather being reflected in Income and Expenditure Account, was directly taken to the Balance Sheet. However, the Respondent submitted that the practice of taking transfer fee into Balance Sheet was an old practice as it was not recurring revenue. Accordingly, the same was being treated as capital receipt and taken into Balance Sheet directly. The complainant countered that the "Transfer fee" is recurring in nature which is being claimed from every transfer of dwelling unit upon sale to new resident by the existing owner. The Committee noted that the amount of transfer fee should not have been taken directly to balance sheet without reflecting in Income and Expenditure account. Further, the second allegation was that the Profit on sale of investment of Rs. 4,87,000/- for the Financial Year was taken directly to Capital Reserve head in Balance Sheet rather being routed through Income and Expenditure Account. In this regard, the Committee evaluated factual position by referring to AS-13 (as applicable to the relevant time) – Accounting for Investment, Para 21 which states that on disposal of investment, the difference between the carrying amount and the disposal proceeds, net of expenses, is recognized in Profit and Loss Account (for Cooperative Society Profit and Loss Account is recognized as Income and Expenditure Account). In the light of above, the Committee held that the treatment accepted by Respondent in financial statement so audited is wrong and Respondent was required to qualify his report. Accordingly, the Respondent is held GUILTY under Clause (7) and Clause (9) of Part I of Second Schedule of Chartered Accountant Act, 1949.

PR/172/2015/DD/183/2015/DC/517/2017

Preparation of Compilation Report with incomplete information – Non-adherence to Standards on Related Services (SRS 4410) and failure to provide any disclaimer in the Compilation Report by the Respondent – Casual approach in handling professional assignment – Respondent is guilty under Clause (7) of Part I of Second Schedule to the Chartered Accountant Act, 1949.

Held:

The allegation in the instant matter is that the Respondent had signed balance sheet of M/s X Samithi for certain period though the accounts were not properly maintained and certain provisions of law are not complied with. The Disciplinary Committee inquired about the status/capacity of the Respondent under which he had signed i.e. whether he signed the said financial statements being the statutory auditor or internal auditor. The Respondent submitted that the financial statements of the said Samithi were not subject to Audit rather only a Compilation Report was issued by him along with addendum to the Compilation Report. The Committee noted that the Respondent had not complied with the requirement of Standard on Related Services (SRS) 4410 titled 'Engagements to Compile financial Information' issued by the ICAI which deals with the practitioner's responsibilities when engaged to assist management with the preparation and presentation of historical financial information without obtaining any assurance on that information and to report on the engagement in accordance with the said SRS. Under SRS 4410, the practitioner is obliged to review various records of accounts being maintained along with the compliance of various provisions of law so that there should not be any violation of accounting principles and disclosure of risk associated can be brought on the report associated therewith. More so, there need to be a disclaimer in line with the SRS 4410 so that the user of the financial statement can understand the associated risk with the compilation report and should not assume the same as audit report. The Committee noted that the Respondent has not followed SRS 4410 as the Respondent has failed to bring to the attention of management the limitations and prepared compilation report from incomplete information available with him. As there are serious lapse in the overall compilation and non-review of the various legal provisions to be compiled with by the Samithi which reflects the casual approach in handling the professional assignment, the Committee, held that the Respondent is guilty of professional misconduct under Clause (7) of Part I of Second Schedule to the Chartered Accountant Act, 1949.

PR/55/2015-DD/73/2015/DC/791/2018

[PUBLISHED IN PART III SECTION 4 OF THE GAZETTE OF INDIA,
EXTRAORDINARY DATED 26th DECEMBER, 2024]

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
NEW DELHI – 110 002**

26th December, 2024
NOTIFICATION
(Chartered Accountants)

No.54-EL(1)/13/2024: In Pursuance of Rule 36 of the Chartered Accountants (Election to the Council) Rules, 2006, the Council of the Institute of Chartered Accountants of India is pleased to notify for general information the names (in alphabetical order), membership numbers and places of the members, who have been elected to the Twenty Sixth Council of the Institute from the constituencies as given below:-

1. Western India Regional Constituency comprising the States of Goa, Gujarat and Maharashtra and the Union Territories of Dadra & Nagar Haveli and Daman & Diu.

Sl. No.	Names	Membership No.	Place
1	CA. Agarwal Vishnu Kumar, FCA	114630	Mumbai
2	CA. Chhaira Jay Ajit, FCA	103559	Surat
3	CA. Chhajer Piyush Sohanraji, FCA	108090	Mumbai
4	CA. Chitale Chandrashekhar Vasant, FCA	035885	Pune
5	CA. Doshi Vishal, FCA	101533	Vadodara
6	CA. Kabra Arpit Jagdish, FCA	135637	Mumbai
7	CA. Kabra Durgesh Kumar, FCA	044075	Mumbai
8	CA. Khandelwal Purushottamlal Hukamichand, FCA	100601	Ahmedabad
9	CA. Kinare Mangesh Pandurang, FCA	045481	Thane
10	CA. Savla Priti Paras, FCA	108502	Mumbai
11	CA. Sharma Umesh Ramnarayan, FCA	104605	Aurangabad

2. Southern India Regional Constituency comprising the States of Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Telangana and the Union Territories of Lakshadweep and Puducherry.

Sl. No.	Names	Membership No.	Place
1	CA. Babu Abraham Kallivayalil, FCA	026973	Kochi
2	CA. Dayaniwas Sharma, FCA	216244	Hyderabad
3	CA. Madhukar Narayan Hiregange, FCA	027409	Bengaluru
4	CA. Muppala Sridhar, FCA	212977	Hyderabad
5	CA. Prasanna Kumar D, FCA	023999	Visakhapatnam

Sl. No.	Names	Membership No.	Place
6	CA. Rajendra Kumar P, FCA	204314	Chennai
7	CA. Sripriya K, FCA	205829	Chennai

3. Eastern India Regional Constituency comprising the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Odisha, Sikkim, Tripura, West Bengal and the Union Territory of Andaman & Nicobar Islands.

Sl. No.	Names	Membership No.	Place
1	CA. Patwa Ravi Kumar, FCA	056409	Silchar
2	CA. Sanghi Sanjib, FCA	059112	Kolkata

4. Central India Regional Constituency comprising the States of Bihar, Chattisgarh, Jharkhand, Madhya Pradesh, Rajasthan, Uttarakhand and Uttar Pradesh.

Sl. No.	Names	Membership No.	Place
1	CA. Agarwal Rohit Ruwatia, FCA	413955	Jaipur
2	CA. Chhajed Abhay, FCA	079662	Bhopal
3	CA. Goyal Anuj, FCA	075710	Ghaziabad
4	CA. Gupta Satish Kumar, FCA	072990	Jaipur
5	CA. Misra Gyan Chandra, FCA	078183	Ghaziabad
6	CA. Shah Pankaj, FCA	129087	Indore

5. Northern India Regional Constituency comprising the States of Haryana, Himachal Pradesh, Punjab and the Union Territories of Chandigarh, Delhi, Jammu & Kashmir and Ladakh.

Sl. No.	Names	Membership No.	Place
1	CA. Agarwal Sanjay Kumar, FCA	085252	New Delhi
2	CA. Chugh Hans Raj, FCA	088646	New Delhi
3	CA. Jain Pramod, FCA	090358	New Delhi
4	CA. Nanda Charanjot Singh, FCA	089658	New Delhi
5	CA. Sharma Rajesh, FCA	098258	Delhi
6	CA. Singhal Sanjeev Kumar, FCA	095377	New Delhi

(CA. (Dr.) Jai Kumar Batra)
Returning Officer and Secretary

[PUBLISHED IN PART III SECTION 4 OF THE GAZETTE OF INDIA, EXTRAORDINARY,
DATED 27th DECEMBER, 2024]

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
NEW DELHI – 110 002

27th December, 2024
NOTIFICATION
(Chartered Accountants)

No.54-EL(1)/14/2024: In pursuance of provisions of sub-regulation (10) of regulation 134 of the Chartered Accountants Regulations, 1988 read with rule 36 of the Chartered Accountants (Election to the Council) Rules, 2006, the Council of the Institute of Chartered Accountants of India is pleased to notify for general information the names (in alphabetical order), membership numbers and places of the members, who have been elected to the Twenty Fifth Regional Councils of the Institute as given below:-

1. Western India Regional Council

Sl. No.	Names	Membership No.	Place
1	CA. Agrawal Rajesh Radhesham, FCA	122274	Pune
2	CA. Agrawal Vimal Kumar, FCA	402808	Bhayandar
3	CA. Ajmera Sourabh, FCA	166931	Mumbai
4	CA. Chandak Piyush Premasukh, FCA	122921	Nashik
5	CA. Dhamankar Rekha Vivek, FCA	105162	Pune
6	CA. Dhamne Abhishek Shashikant, FCA	135108	Pune
7	CA. Ghanekar Mangesh Avinash, FCA	149885	Thane
8	CA. Jain Shweta Jayant, FCA	122933	Mira Road
9	CA. Jain Vijendra, FCA	432465	Bhayandar
10	CA. Jivani Ishwarkumar Ramjibhai, FCA	140066	Surat
11	CA. Kala Jayesh Umedmal, FCA	101686	Mumbai
12	CA. Kedia Pinki, FCA	059969	Thane
13	CA. Nikam Sanjay Dnyaneshwer, FCA	107170	Navi Mumbai
14	CA. Patel Rikin Alkeshbhai, FCA	158611	Vadodara
15	CA. Saboo Kamlesh Ramprasad, FCA	112543	Thane
16	CA. Saglani Jitendra Mansukhlal, FCA	116081	Nagpur
17	CA. Saiya Ketan Damji, FCA	049176	Mumbai
18	CA. Savla Jeenal Kenil, FCA	130322	Mumbai
19	CA. Shah Bishan Rameshchandra, FCA	102444	Ahmedabad
20	CA. Shah Fenil Rajendra, FCA	135229	Ahmedabad
21	CA. Shah Rakesh Kumar, FCA	049149	Mumbai

2. Southern India Regional Council

Sl. No.	Names	Membership No.	Place
1	CA. Abhishek M, FCA	226622	Chennai
2	CA. Arun Ayyampalayam Venkatesan, FCA	214530	Salem
3	CA. Bhanu Narayan Rao Y V, FCA	028997	Secunderabad
4	CA. Chengal Reddy Ramireddygari, FCA	221424	Hyderabad
5	CA. Deepa Varghese, FCA	209032	Kochi
6	CA. Deepak Ladda, FCA	223832	Hyderabad
7	CA. Hegde Pramod Ramamohan, FCA	235160	Bengaluru
8	CA. Mandava Sunil Kumar, FCA	217061	Hyderabad
9	CA. Pampanna B E, FCA	220424	Bengaluru
10	CA. Rajesh S, FCA	231027	Pollachi
11	CA. Rekha U S, FCA	246384	Chennai

Sl. No.	Names	Membership No.	Place
12	CA. Revathi S Raghunathan, FCA	200052	Chennai
13	CA. Subba Rao Muppala, FCA	205386	Guntur
14	CA. Yarra Tirupathiah, FCA	025911	Hyderabad

3. Eastern India Regional Council

Sl. No.	Names	Membership No.	Place
1	CA. Agarwal Hari Ram, FCA	057625	Kolkata
2	CA. Agrawal Mayur, FCA	302458	Kolkata
3	CA. Maheshwari Aditya Kumar, FCA	061237	Siliguri
4	CA. Sutar Bisworanjan, FCA	066708	Bhubaneswar
5	CA. Tulsyan Vishnu Kumar, FCA	061953	Kolkata

4. Central India Regional Council

Sl. No.	Names	Membership No.	Place
1	CA. Agrawal Dinesh Kumar, FCA	076332	Bilaspur
2	CA. Agrawal Vijay Kumar, FCA	097423	Jaipur
3	CA. Gandhi Nirbhik, FCA	423646	Bhilwara
4	CA. Goyal Ankur, FCA	412399	Kanpur
5	CA. Gupta Ankur Kumar, FCA	411753	Jaipur
6	CA. Gupta Nitin, FCA	079174	Ghaziabad
7	CA. Gupta Rajeev, FCA	401237	Meerut
8	*CA. Gupta Ruchi, FCA	514031	Jaipur
9	CA. Jain Anand, FCA	427705	Indore
10	CA. Jain Ankush, FCA	437653	Indore
11	CA. Kothari Dhaval, FCA	404729	Jodhpur
12	CA. Tiwary Jayendra Kumar, FCA	531932	Ghaziabad

* Subject to the outcome of S.B. Civil Writ Petition No.16234/2024, Hon'ble High Court of Rajasthan, Jaipur Bench.

5. Northern India Regional Council

Sl. No.	Names	Membership No.	Place
1	CA. Aggarwal Sangam Kumar, FCA	516131	Delhi
2	CA. Aggrawal Gaurav, FCA	532594	Delhi
3	CA. Bahl Sachin, FCA	520161	Delhi
4	CA. Baqai Sana, FCA	508252	New Delhi
5	CA. Chugh Nitish Kumar, FCA	512742	Faridabad
6	CA. Goyal Hitesh, FCA	503976	Mandi Gobindgarh
7	CA. Jags Jagjeet Singh, FCA	512338	Delhi
8	CA. Jain Vaibhav, FCA	515700	New Delhi
9	CA. Malhotra Navya, FCA	539685	New Delhi
10	CA. Raja Abhishek, FCA	506930	Delhi
11	CA. Singh Ajit Kumar, FCA	536976	Delhi
12	CA. Yadav Rattan Singh, FCA	094845	New Delhi

(CA. (Dr.) Jai Kumar Batra)
Returning Officer and Secretary



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA (Set up by an Act of Parliament)

ICAI proudly launches

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Unlocking the Potential of Family
Enterprises (Residential)**

**5-day intensive training workshop
for Chartered Accountants to
navigate the unique dynamics
of family enterprises**

**Date: 7th to 11th January, 2025
Venue: Centre of Excellence, Hyderabad**



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Anil Sainani

Managing Partner, BAF Consultants

Anil is a leading expert in family business governance, with nearly two decades of experience working with over 200 family businesses across India, the US, Nepal, and the UAE. He specializes in professionalization, family constitution creation, succession planning, and conflict resolution. Kellogg School of Management and ISB Hyderabad feature a case study on his intervention in family business governance, taught as part of their curriculum. Anil is also the author of *Triumph of Togetherness*, endorsed by prominent leaders like Adi Godrej and G.M. Rao. Previously, he served as a civil servant in the Government of India for 13 years and worked in his family business for 5 years. Anil holds a Master's degree from IIM Bangalore, a Master's in Arts, and is a Certified CEO Coach.



Gutta Nivedita Chowdary

Training Coordinator, CAMP Arbitration & Mediation Pvt. Ltd.

Nivedita is a seasoned mediator and trainer with over 15 years of experience in the U.S. and India. She has trained diplomats and negotiators at the United Nations, New York, and worked with MNCs like Mercedes, Bosch, Wells Fargo, and Novartis. Her expertise spans corporate India, law schools, and business schools, where she advocates for conflict management and negotiation as essential skills for personal and professional growth. Nivedita holds an LL.M in Alternative Dispute Resolution from the University of Missouri, Columbia School of Law, and is a graduate of NALSAR University of Law.



Nupur Pavan Bang

Director cum Dean, Institute of Chartered Accountants of India's Centre of Excellence, Hyderabad.

Dr. Bang is a renowned academic and thought leader in family businesses. She has over 22 years of experience in teaching, research, and advisory. Her expertise spans family governance, next-generation mentoring, and gender in family enterprises. Dr. Bang has authored numerous research papers, case studies, white papers, and articles for Indian and international publications. She holds a PhD in Finance and was a post-doctoral fellow at ISB. Previously, she served as Academic Director at ISB's Thomas Schmidheiny Centre for Family Enterprise. Dr. Bang was recognized among India's Top 100 Women in Finance (2020) and inducted into the Family Business United (UK) Family Business Hall of Fame (2022).



Tara Ollapally

Co-founder, CAMP Arbitration and Mediation Practice Pvt. Ltd.

Tara is an international lawyer and mediator with over 25 years of experience. She co-founded CAMP Arbitration and Mediation Practice Pvt. Ltd., one of India's pioneering private mediation institutions, in 2015. Tara mediates diverse disputes, including inheritance, divorce, banking, real estate, and consumer conflicts. She actively promotes mediation through awareness sessions, training programs, and teaching at Indian law schools. Tara has served as Coordinator for Harvard's Mediating Disputes course. She collaborates with governments and international institutions to integrate mediation into India's dispute resolution framework. She holds an LL.M from Columbia Law School and is licensed to practice law in New York and Bangalore.

“ BE THE ADVISOR FAMILY BUSINESSES TRUST AND RELY ON.
JOIN US FOR A TRANSFORMATIVE LEARNING EXPERIENCE! ”

OVERVIEW OF THE PROGRAM

Family businesses form the backbone of the Indian economy, contributing significantly to employment, innovation, and wealth creation. To achieve India's Vision 2047, "Viksit Bharat", that is to transform India into a developed nation by 2047, family enterprises must gear up and fuel the engine of growth and nation building, as they have always done in the past. Chartered Accountants, as trusted advisors, play a crucial role in shaping their success stories.

This 5-day training program is designed to provide CAs with in-depth knowledge and actionable frameworks to understand, advise, and guide family businesses through unique challenges and opportunities.

Objective

To equip Chartered Accountants and other trusted advisors with specialized knowledge and tools to better advise family businesses by understanding their unique dynamics, challenges, and opportunities, ultimately enabling these businesses to thrive and contribute significantly to the nation's economic development.

Key Takeaways for the Program

- Deep understanding of the unique aspects of family businesses.
- Enhanced ability to offer tailored advisory services that integrate family and business goals.
- Frameworks and tools to manage succession, governance, conflict resolution, and growth.
- Strategies to position advisors as long-term partners in the success of family businesses.

Immersive Pedagogy:

The flagship training program is designed with an immersive pedagogy to ensure a dynamic learning experience. Participants will gain practical insights from business leaders and industry stalwarts through engaging guest lectures and panel discussions. Real-world case studies and hands-on simulations will deepen understanding, while group activities will foster collaboration and problem-solving skills. Interactive classroom discussions, led by leading professionals and experts, will provide a platform for exchanging ideas and addressing contemporary challenges.

Who Should Attend?

Chartered Accountants who are:

- Advisors to family businesses.
- Keen to deepen their understanding of family business dynamics.
- Interested in expanding their skill set to provide strategic guidance.

Registration Fee: 50,000/- + GST @18%

which includes accommodation in the Residential Block and food arrangements.

[Register here](#)

For More Information please write to coehyd@icai.in.

Contacts: S. Ram Kumar: 9840481939 and S.V. Ramana Reddy: 9515378026



DETAILED OUTLINE OF THE PROGRAM

Day 1: Understanding Family Businesses

Objective: Lay the foundation by understanding what sets family businesses apart and their significant contributions to economic and social development.

Key Topics:

- Defining family businesses and their global and national significance.
- Role of family businesses in GDP, employment, and innovation.
- The dual system: Business and family interplay.
- The three circle model.
- The challenges arising from the interplay of the three circles.
- Values, legacy, and culture as competitive advantages.

Day 2: Nurturing the Next Generation and Succession Planning

Objective: Address the challenges and opportunities of preparing the next generation for leadership and ensuring smooth succession.

Key Topics:

- The evolving role of the next generation in family businesses.
- Identifying and developing leadership potential.
- Structuring succession plans: Balancing meritocracy with legacy.
- Tools to address generational conflicts and communication gaps.

Day 3: Building Strong Family Governance

Objective: Introduce the importance of governance structures to maintain family unity and business sustainability.

Key Topics:

- Family vs Corporate Governance
- Ethics and Values: The bedrock of governance.
- Family constitutions and charters: Why and how to create them.
- Structuring family councils, boards, and committees.
- Role of transparency and communication in governance.
- Case studies of successful governance models.

Day 4: Resolving Conflicts in Family Businesses

Objective: Equip advisors with tools to address and resolve conflicts arising in family businesses.

Key Topics:

- Common sources of conflict: Ownership, roles, and relationships.
- Postpone, Litigate, Mediate.
- Techniques for effective mediation and negotiation.
- Importance of neutrality and emotional intelligence.
- Turning conflicts into opportunities for innovation and growth.
- Turnaround Stories.

Day 5: Growth, Fundraising, and Ownership Structuring

Objective: Focus on strategies for scaling family businesses, fundraising, and optimizing ownership structures.

Key Topics:

- Growth strategies for SMEs and family businesses.
- Exploring fundraising options: Debt vs. equity, venture capital, and private equity.
- Structuring ownership for scalability and wealth preservation.
- Preparing for IPOs and the role of advisors in facilitating growth.

ANNOUNCEMENT

Revised Criteria for classification of Non-company entities for applicability of Accounting Standards

The Council, at its 433rd meeting, held on August 13-15, 2024, considered the revised criteria for classification of Non-company entities for applicability of Accounting Standards issued by The Institute of Chartered Accountants of India (ICAI) to Non-company entities (Enterprises) and recommended to revise the same. The revised scheme for applicability of Accounting Standards to Non-company entities shall come into effect in respect of accounting periods commencing on or after April 1, 2024, which is as under:

1. For the purpose of applicability of Accounting Standards, Non-company entities are classified into two categories, viz., Micro, Small and Medium Sized Entities (MSMEs) and Large entities.
2. **Micro, Small and Medium Sized Entity (MSME)** means, a non-company entity:
 - (i) whose equity or debt securities are not listed or are not in the process of listing on any stock exchange, whether in India or outside India;
 - (ii) which is not a bank, financial institution or an insurance company;
 - (iii) whose turnover (excluding other income) does not exceed two hundred and fifty crore rupees in the immediately preceding accounting year;
 - (iv) which does not have borrowings in excess of fifty crore rupees at any time during the immediately preceding accounting year; and
 - (v) which is not a holding or subsidiary of an entity which is not a micro, small and medium-sized entity.

Explanation.- For the purposes of this clause, a non-company entity shall qualify as a Micro, Small and Medium Sized entity, if the conditions mentioned therein are satisfied as at the end of the relevant accounting period.

Large entity is a non-company entity that is not an MSME.

The terms 'Small and Medium Enterprise' and 'SME' used in Accounting Standards shall be read as 'Micro, Small and Medium size entity' and 'MSME', respectively. Further, the terms Level II, Level III and Level IV entities used in Accounting Standards shall be read as 'Micro, Small and Medium Sized Entity' and Level I entity shall be read as a 'Large' entity.

3. Large entities are required to comply in full with all the Accounting Standards.
4. Certain exemptions/relaxations have been provided to Micro, Small and Medium sized Entity (MSMEs). Applicability of Accounting Standards and exemptions/relaxations to such entities are given in Annexure 1.
5. This Announcement supersedes the earlier Announcement of the ICAI on '**Criteria for classification of Non-company entities for applicability of Accounting Standards issued in March 2021**'.¹
6. This Announcement is not relevant for Non-company entities which may be required to follow Indian Accounting Standards (Ind AS) or Accounting Standards (AS) as per relevant regulatory requirements applicable to such entities.
7. The changes arising from this Announcement will be incorporated in the Accounting Standards while publishing the updated Compendium of Accounting Standards.

¹ The said announcement was hosted on ICAI website on March 31, 2021 and published in 'The Chartered Accountant', May 2021 and it superseded the earlier announcement of the ICAI on 'Harmonisation of various differences between the Accounting Standards issued by the ICAI and the Accounting Standards notified by the Central Government' issued in February 2008, to the extent it prescribed the criteria for classification of Non-company entities (Non-corporate entities) and applicability of Accounting Standards to non-company entities, and the Announcement 'Revision in the criteria for classifying Level II non-corporate entities' issued in January 2013.

Additional requirements

- (1) An MSME which avails the exemptions or relaxations given to it shall disclose (by way of a note to its financial statements) the fact that it is an MSME and has complied with the Accounting Standards insofar as they are applicable to an MSME.
- (2) Where an MSME had qualified for any exemption or relaxation previously but no longer qualifies for the relevant exemption or relaxation in the current accounting period, the relevant standards or requirements become applicable from the current period and the figures for the corresponding period of the previous accounting period need not be revised merely by reason of its having ceased to be an MSME. The fact that it was an MSME in the previous period and it had availed of the exemptions or relaxations available to it shall be disclosed in the notes to the financial statements. The fact that previous period figures have not been revised shall also be disclosed in the notes to the financial statements.
- (3) An entity which was previously not an MSME and subsequently becomes an MSME, shall not be qualified for exemption/relaxation in respect of Accounting Standards available to an MSME until the entity remains an MSME for two consecutive years.
- (4) If an MSME opts not to avail of the exemptions or relaxations available to an MSME in respect of any but not all of the Accounting Standards, it shall disclose the Standard(s) in respect of which it has availed the exemption or relaxation.
- (5) If an MSME opts not to avail any one or more of the exemptions or relaxations available to it, it shall comply with the relevant requirements of the Accounting Standard.
- (6) An MSME may opt for availing certain exemptions or relaxations from compliance with the requirements prescribed in an Accounting Standard:

Provided that such a partial exemption or relaxation and disclosure shall not be permitted to mislead users of financial statements.

Annexure 1

Applicability of Accounting Standards to Non-company Entities

The Accounting Standards issued by the ICAI, as on April 1, 2024, and such standards as issued from time-to-time are applicable to Non-company entities subject to the relaxations and exemptions in the announcement. The Accounting Standards issued by ICAI as on April 1, 2024, are:

AS 1	Disclosure of Accounting Policies
AS 2	Valuation of Inventories
AS 3	Cash Flow Statements
AS 4	Contingencies and Events Occurring After the Balance Sheet Date
AS 5	Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies
AS 7	Construction Contracts
AS 9	Revenue Recognition
AS 10	Property, Plant and Equipment
AS 11	The Effects of Changes in Foreign Exchange Rates
AS 12	Accounting for Government Grants
AS 13	Accounting for Investments
AS 14	Accounting for Amalgamations
AS 15	Employee Benefits
AS 16	Borrowing Costs
AS 17	Segment Reporting
AS 18	Related Party Disclosures

AS 19	Leases
AS 20	Earnings Per Share
AS 21	Consolidated Financial Statements
AS 22	Accounting for Taxes on Income
AS 23	Accounting for Investments in Associates in Consolidated Financial Statements
AS 24	Discontinuing Operations
AS 25	Interim Financial Reporting
AS 26	Intangible Assets
AS 27	Financial Reporting of Interests in Joint Ventures
AS 28	Impairment of Assets
AS 29	Provisions, Contingent Liabilities and Contingent Assets

(1) Applicability of the Accounting Standards to Large Non- company entities.

Large entities are required to comply in full with all the Accounting Standards.

(2) Applicability of the Accounting Standards and exemptions/relaxations for Micro, Small and Medium sized Non-company entities

(A) Accounting Standards not applicable to Micro, Small and Medium sized entity (MSME) in their entirety

- (i) Accounting Standards not applicable to all MSMEs in their entirety:
 - AS 3, *Cash Flow Statements*
 - AS 17, *Segment Reporting*
 - AS 20, *Earnings per Share*
 - AS 24, *Discontinuing Operations*
- (ii) AS 18, *Related Party Disclosures* and AS 28, *Impairment of Assets* not applicable in their entirety to MSMEs:
 - a) whose turnover (excluding other income) does not exceed rupees fifty crore in the immediately preceding accounting year;
 - b) which does not have borrowings in excess of rupees ten crore at any time during the immediately preceding accounting year; and
 - c) which is not a Holding and subsidiary of an MSME not covered above.

(B) Relaxations/exemptions from certain requirements of Accounting Standards to Micro, Small and Medium sized Entities (MSMEs)

- (i) Accounting Standard (AS) 10, *Property, Plant and Equipment*
MSMEs may not comply with paragraph 87 relating to encouraged disclosures.
 - (ii) AS 11, *The Effects of Changes in Foreign Exchange Rates*
MSMEs may not comply with paragraph 44 relating to encouraged disclosures.
 - (iii) AS 15, *Employee Benefits*
- (1) MSMEs may not comply with the following paragraphs:
- (a) paragraphs 11 to 16 of the standard to the extent they deal with recognition and measurement of short-term accumulating compensated absences which are non-vesting (i.e., short-term accumulating compensated absences in respect of which employees are not entitled to cash payment for unused entitlement on leaving);
 - (b) paragraphs 46 and 139 of the Standard which deal with discounting of amounts that fall due more than 12 months after the balance sheet date;
 - (c) recognition and measurement principles laid down in paragraphs 50 to 116 and presentation and disclosure requirements laid down in paragraphs 117 to 123 of the Standard in respect of

accounting for defined benefit plans. However, such entities may calculate and account for the accrued liability under the defined benefit plans by reference to some other rational method, e.g., a method based on the assumption that such benefits are payable to all employees at the end of the accounting year; and

- (d) recognition and measurement principles laid down in paragraphs 129 to 131 of the Standard in respect of accounting for other long-term employee benefits. Such entities may calculate and account for the accrued liability under the other long-term employee benefits by reference to some other rational method, e.g., a method based on the assumption that such benefits are payable to all employees at the end of the accounting year.
- (iv) AS 19, *Leases*
MSMEs may not comply with paragraphs 22 (c),(e) and (f); 25 (a), (b) and (e); 37 (a), (f) and (g); 38; and 46 (b), (d) and (e) relating to disclosures.
- (v) AS 22, *Accounting for Taxes on Income*
- (a) MSMEs shall comply with the requirements of AS 22, *Accounting for Taxes on Income*, for Current tax defined in paragraph 4.4 of AS 22, with recognition as per paragraph 9, measurement as per paragraph 20 of AS 22, and presentation and disclosure as per paragraphs 27-28 of AS 22.
- (b) Transitional requirements
On the first occasion when an MSME avails this exemption, the accumulated deferred tax asset/liability appearing in the financial statements of immediate previous accounting period, shall be adjusted against the opening revenue reserves/owner's funds.
- (vi) AS 26, *Intangible Assets*
MSMEs may not comply with paragraphs 90(d)(iii); 90(d)(iv) and 98 relating to disclosures.
- (vii) AS 28, *Impairment of Assets*
- (a) MSMEs that are otherwise not exempted from applying this standard [refer note 2(A)(ii)] are allowed to measure the 'value in use' on the basis of reasonable estimate thereof instead of computing the value in use by present value technique. Consequently, if such MSME chooses to measure the 'value in use' by not using the present value technique, the relevant provisions of AS 28, such as discount rate etc., would not be applicable to such an entity. Further, such an entity need not disclose the information required by paragraph 121(g) of the Standard.
- (b) MSMEs that are otherwise not exempted from applying this standard [refer note 2(A)(ii)] may not comply with paragraphs 121(c)(ii); 121(d)(i); 121(d)(ii) and 123 relating to disclosures.
- (viii) AS 29, *Provisions, Contingent Liabilities and Contingent Assets*
MSMEs may not comply with paragraphs 66 and 67 relating to disclosures.
- (C)** In case of Micro, Small and Medium sized Non-company entities, generally there are no such transactions that are covered under AS 14, *Accounting for Amalgamations*, or jointly controlled operations or jointly controlled assets covered under AS 27, *Financial Reporting of Interests in Joint Ventures*. Therefore, these standards are not applicable to Micro, Small and Medium size Non-company entities. However, if there are any such transactions, these entities shall apply the requirements of the relevant standard.
- (D)** AS 21, *Consolidated Financial Statements*, AS 23, *Accounting for Investments in Associates in Consolidated Financial Statements*, AS 27, *Financial Reporting of Interests in Joint Ventures* (to the extent of requirements relating to Consolidated Financial Statements), and AS 25, *Interim Financial Reporting*, do not require a Non-company entity to present consolidated financial statements and interim financial report, respectively. Relevant AS is applicable only if a Non-company entity is required or elects to prepare and present consolidated financial statements or interim financial report.

The details of the forthcoming Batches/Webinars/VCM's to be organized by the Board of Internal Audit & Management Accounting is as follows:-

Date(s), Time & Month of Meetings		Name of the Committee/s organising the event	Place of seminars/ conferences/ courses and the exact venue may also be furnished, if already settled	Details of Seminars/ Conferences/ Courses/ Training programmes etc. (including theme/ topic)
Date	Time			
January 4-14, 2025	3:00 to 6:00 PM	Organized by: Board of Internal Audit & Management Accounting, ICAI	Thru Digital Learning Hub	BATCH 92 of Certificate Course on Concurrent Audit of Banks
January 18, 19, 20, 21, 22, 23, 24, 25, 27 & 28, 2025	3:00 to 6:00 PM	Organized by: Board of Internal Audit & Management Accounting, ICAI	Thru Digital Learning Hub	BATCH 5 of Certificate Course on Internal Audit

Chairman

Board of Internal Audit & Management Accounting, ICAI

E-mail: biama@icai.in;

Rack the Brain!

01

I apply to interstate trade, ensuring seamless flow; A tax that ensures goods and services grow. From one state to another, I bridge the divide; What am I, in India's tax system, wide?

02

I am a designated zone where businesses thrive; Tax exemptions and incentives help them survive. Exports flow freely, and goods are at ease; What am I, encouraging trade with ease and expertise?

03

I let goods change hands before they dock, ownership shifts before customs' clock. What am I, a practice on the high seas, where trade flows freely with ease?

04

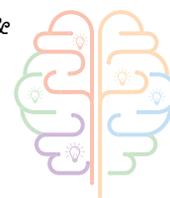
I am a service accessed through the web, with no physical contact, yet widely spread. From cloud computing to e-books on demand; What am I, shaping the digital business land?

05

I am the relief that reduces your tax pain; A credit you claim for taxes already lain. On purchases made, I help you reclaim; What am I, easing the tax burden game?

Answers of December 2024 Edition:

1. Consolidation
2. Professional Competence & Due care
3. Last In First Out (LIFO)
4. Biological Assets
5. Salaries & Wages



Extension of last date of CPE hours compliance for the Calendar year 2024 - From 31st December, 2024 to 28th February, 2025

Dear Member,

As you are already aware that "**Statement on Continuing Professional Education, 2023**" (available at link <https://www.icai.org/post/issuance-of-cpe-statement-2023>) has been made effective from Calendar year 2024 onwards, which introduced consequential provisions for non-compliance with CPE hours' requirements applicable to various categories of members on yearly basis. These consequential provisions are applicable w.e.f. 1st January, 2025 for non-compliance arising from the Calendar Year 2024 with regard to CPE hours requirements.

As consequential provisions arising due to non-compliance with CPE requirements are coming into effect for the first time from Calendar year 2024, it has been decided to extend **the last date for complying with the CPE hours requirements for the Calendar year 2024 from 31st December, 2024 to 28th February, 2025**, for the benefit of Members at large and to avoid any hardship due to non-compliance.

On similar grounds, the last date of compliance and filing **Unstructured Learning Activities (ULA)** is also extended **till 28th February, 2025**, for the Calendar year 2024.

Further, it may please be noted that the duration of consequential provisions at **Level I (from January 1st to June 30th)** would be changed to **March 1st to June 30th** for Calendar year 2024 and the subsequent levels (II, III and IV) under the consequential provisions for non-compliance with CPE hours will remain unchanged.

For ready reference, consequential provisions for non-compliance with CPE hours requirement on yearly basis from calendar year 2024 onwards are available at <https://resource.cdn.icai.org/79152cpe63323.pdf>

It may be noted that due to the extension of last date for compliance of CPE hours' requirements for the Calendar year 2024 till 28th February, 2025, the CPE hours earned up to 28th February, 2025 will be counted for the calendar year 2024 - for only those Members who have shortfall of CPE credits for the Calendar year 2024. Further it is to be clarified that CPE Hours completed in extended period (01.01.2025 till 28.02.2025) will be credited/counted for Calendar year 2025 for those Members who have already complied with CPE Hours requirements as required for Calendar year 2024 till 31st December, 2024.

The above may be noted by the Members for timely compliance of CPE Hours requirements for Calendar year 2024 and **latest by 28th February, 2025**.

Continuing Professional Education Committee

The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)

'ICAI BHAWAN', A-29, Sector 62, Noida 201309

Website: <http://www.icai.org>

E-mail : cpeadmin@icai.in

OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
9, DEEN DAYAL UPADHYAYA MARG, NEW DELHI – 110 002

Empanelment of Chartered Accountant firms/LLPs for the year 2025-2026

Online Applications are invited from Chartered Accountant firms/LLPs who desire to be empanelled with the office of the Comptroller and Auditor General of India for the year 2025-2026 for considering for appointment as auditors of Companies as per Sections 139(5) and 139(7) of the Companies Act 2013 and of Statutory Corporations/Autonomous Bodies as per the provisions of their respective Acts. Online application form along with detailed instructions in this regard will be available on the website www.cag.gov.in from 07 January 2025 to 17 February 2025. The applicant firms/LLPs will have to fill/update the data showing the status of their firm as on 01 January 2025. After filling/ updating the data, the firms/LLPs will be required to generate online acknowledgement letter for the year. If the firms/LLPs fail to generate online acknowledgment letter, their application would not be considered for empanelment. The firms/LLPs will be required to submit a print out of the acknowledgement letter generated online and also hard copies of the documents in support of their online application to this office by 28 February 2025.

Sd/-

Sr. Administrative Officer/CA-V

CLASSIFIEDS

- 6075 Required Full/Part-time CAs as Partners/ Retainers, Semi- Qualified, Article Assts. for Delhi-NCR & Jammu & Kashmir. Contact 9205136037; E-mail: kkg200317@gmail.com
- 6076 Mumbai-based FCA CoP Age 71, 48 years' experience in Industry & Practice, seeks professional work on Partnership/Retainer on firm basis at Mumbai 9820422001, harshadshah1953@yahoo.com
- 6077 A 37-year-old Lucknow-based CA firm invites proposals for partnership from new / senior / retired members. Interested may contact: 9415101759, 9120130708, shivnarainabha@yahoo.co.in
- 6078 Proprietorship firms/ Retired CAs in India with DISA/ IND AS/ FAFP etc. Certificates, interested in merging / joining with a 52 years old CA firm, write with details including Profile, Firm Card, Member Card to indoglobalca@gmail.com
- 6079 Kolkata based CA firm requires practising CA only as a full time Partner for its Kolkata office. Write: hoaps1980@gmail.com
- 6080 34-year-old firm headquartered in Delhi NCR invites proposals for merger from sole proprietorship or partnership firms. Mail with brief profile to sangeeta.pgc@gmail.com or call 9811278153
- 6081 Gujarat headquartered 42 year old firm (www.rkdoshi.com) wishes to open branches in Tamil Nadu, Kerala, Punjab, AP, Telangana, Assam, Delhi, Orissa & WB. Contact: firm.rkdoshi@gmail.com.
- 6082 45 years old CA firm requires practising CAs only as a full time Partner purely on revenue sharing basis (No fixed remuneration) for Mumbai, Bhopal, Chennai, Hyderabad, Indore, Ahmedabad, Gandhinagar, Surat, Siliguri, Darjeeling, Guwahati, Agartala, Chandigarh and Portblair. Write: hoaps1980@gmail.com

RESULT OF CHARTERED ACCOUNTANTS FINAL EXAMINATION HELD IN NOVEMBER - 2024

The result of the Chartered Accountants Final Examination was declared recently.

The details of percentage of candidates passed in the above said examinations are given below:

	Group(s)	No. of candidates appeared	No. of candidates passed	% of pass
I	Group – I	66987	11253	16.8
II	Group – II	49459	10566	21.36
III	Both Groups	30763	4134	13.44

Consequent to declaration of result as mentioned above, 11500 candidates qualified as Chartered Accountants.

The details of top three rank holders on the all-India basis for the FINAL Examination held in November - 2024 with the marks secured by them are also given herewith.

TOPPERS OF CHARTERED ACCOUNTANTS FINAL EXAMINATION NOVEMBER – 2024

PARTICULARS	ALL INDIA TOPPER FIRST RANK		ALL INDIA SECOND RANK	ALL INDIA THIRD RANK
				
NAME	HERAMB MAHESHWARI	RISHAB OSTWAL R	RIYA KUNJANKUMAR SHAH	KINJAL AJMERA
CITY	HYDERABAD - I	TIRUPATI	AHMEDABAD - II	KOLKATA - IV
ROLL NO.	639751	692795	601205	657929
MARKS	508	508	501	493
%	84.67	84.67	83.50	82.17
PHONE	9030022900	8985748340	9408769140	8961894093



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



OVERSEAS PLACEMENT PROGRAMME for CAs



Unique Opportunity for potential employers and employees to come on board to meet HR needs

SCHEDULE OF ACTIVITIES

Sr. No.	Activities	Dates
1.	Registration for Recruiters	16 th December 2024 to 15 th January 2025
2.	Registration for Members	10 th to 16 th January 2025
3.	Shortlisting by Recruiters	17 th to 20 th January 2025
4.	Consenting by Candidates	21 st January 2025
5.	Virtual Interviews	24 th to 25 th January 2025

Visit



<https://cmibplacements.icai.org/>

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Organised Jointly By
Committee for Members in Industry & Business
and Development of International Trade and Services
& WTO Directorate

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

Mob. No.: 8130095643



Campus for Newly Qualified Chartered Accountants (NQCA's)

Maintaining strong and spontaneous relationship with the industry and other business houses remains the main focus of the Committee for members in Industry & Business (CMI&B) of the Institute of Chartered Accountants of India (ICAI). An initiative to that effect remains the Campus Placement Programme (held twice a year) that provides a platform to both the NQCA's and the organizations looking for to hire the best available talents to fulfil their human resource requirement. ICAI simply acts as a facilitator to bring the recruiter and NQCA's together.

Invitation to Organisations- Any corporation, irrespective of its size, standing in the market and boundary of its business, can take part in this placement programme being held at 29 centers across the country during February-March, 2025.

February - March 2025

Interview Schedule

S.No.	Centre	Physical Interview Dates
1	Mumbai	4th, 5th, 6th, 7th, 8th, 10th & 11th February 2025
2	Delhi	5th, 6th, 7th, 8th, 10th, 11th & 12th February 2025
3	Bengaluru	6th, 7th, 8th, 10th, 11th, 12th & 13th February 2025
4	Chennai	7th, 8th, 10th, 11th & 12th, 13th, & 14th February 2025
5	Kolkata	8th, 10th, 11th, 12th, 13th, 14th, & 15th February 2025
6	Jaipur & Pune	4th, 5th, 6th, 7th, 8th, 10th & 11th February 2025
7	Ahmedabad, Hyderabad	5th, 6th, 7th, 8th, 10th, 11th & 12th February 2025
8	Durgapur, Nagpur, Rajkot, Lucknow, Raipur, Bhopal, Ernakulam, Visakhapatnam, Patna, Vadodara, Ranchi, Ratlam & Guwahati	11th & 12th March, 2025
9	Noida & Thane	17th, 18th & 19th March, 2025
10	Bhubaneswar, Chandigarh, Coimbatore, Kanpur & Indore	18th, 19th & 20th March, 2025

Invitation to Candidates: The above Campus is meant for the candidates, who have passed the **CA Final examination held in November, 2024** and also for others who have qualified earlier and are fulfilling the criteria mentioned in the announcement available on <https://cmibplacements.icai.org/>.

Organizations intending to recruit NQCA's through campus scheme are requested to get in touch with the **CMI&B Secretariat, ICAI Bhawan, Indraprastha Marg, New Delhi -110002, and Email: campus@icai.in, Tel No. (011) 30110450, Mob : 81300 95643** and to register log on to <https://cmibplacements.icai.org/>. Candidates may email at cajob@icai.in , Tel No. (011)30110491/550 and to register log on to <https://cmibplacements.icai.org/>.

Chairman & Vice Chairman
Committee for Members in Industry & Business
The Institute of Chartered Accountants of India



The Institute of Chartered Accountants of India

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CRAFTING CAPTIVATING THOUGHTS

Invitation to Write Articles

Chartered Accountants and other subject experts, with academic passion and flair for writing, are invited to share their expertise through the ICAI Journal – *The Chartered Accountant*. The article may cover any topic relevant to the **accounting world covering auditing, finance, laws, strategy, taxation, technology, artificial intelligence, sustainability, ethics, financial reporting** and so on. While submitting articles, please keep following aspects in mind:

- ★ **The length of articles should be about 2000-2500 words.**
- ★ **Articles should not have been published or sent for publishing in any other print or electronic media.**
- ★ **An executive summary of about 100 words should accompany the article.**
- ★ **Articles should be engaging, original and aligned with Journal guidelines. Every selected article is subjected to Plagiarism check in line with Editorial Board's Plagiarism Policy.**

Please send articles sharing your valuable insights and expertise to the ICAI Journal and help enrich the knowledge base of the accountancy profession. Attach photograph, editable soft copy of file, declaration of originality and assignment of copyright in the prescribed format along with the article. E-mails may be sent to eb@icai.in and eboard@icai.in

For detailed guidelines and formats of declaration of originality and assignment of copyright, visit: https://www.icai.org/post.html?post_id=2557





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KEY HIGHLIGHTS

- ✓ Insights on global practice and future trends with thought-provoking sessions
- ✓ Informative and practical sessions
- ✓ Global networking with peers across the Globe
- ✓ Cultural exchanges

WHO SHOULD ATTEND

- ✓ Professional Accountants in Practice, Business & Industry
- ✓ Global CEOs/CFOs/CXOs, Academicians
- ✓ Standard Setters Economists
- ✓ Regulators

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