



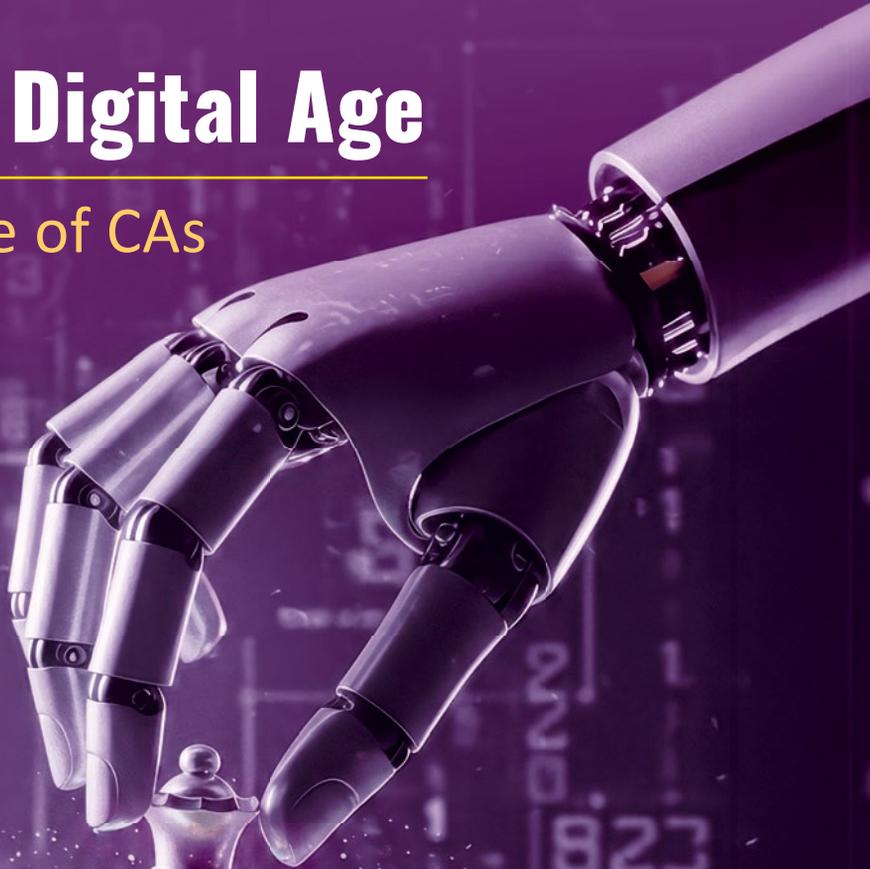
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THE CHARTERED ACCOUNTANT

JOURNAL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

Leading The Digital Age

The Evolving Role of CAs



ICAI - SET UP BY AN ACT OF PARLIAMENT



The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)



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:

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Journey of Independence: The Rhythm of Resilience and Responsibility

August breathes a distinct rhythm of patriotism across the nation, a reminder of what it truly means to be an Indian. Once a land subjugated, plundered, and reduced to servitude for centuries, India rose from the chains of colonial oppression through the enduring unity, trust, and indomitable spirit of its people. We reclaimed our motherland and our rightful freedom, not as a gift, but as a hard-won legacy. From being among the world's wealthiest civilizations to enduring economic decline, and now rising again as the world's fourth-largest economy, our journey has been one of resilience and resurgence. Today, patriotism is no longer just an emotion; it manifests as productivity, innovation, and accountability. This is the face of *New Bharat*: bold, self-reliant, and forward-looking, marking its signature in the world.

India's 78-year journey since independence has been a remarkable saga of perseverance, having navigated through a spectrum of challenges, from economic downturns to cross-border conflicts, internal insurgencies, terrorism, natural disasters, political upheavals, food and energy crises, and recently the devastating COVID-19 pandemic. Despite these trials, the nation has continued to uphold its democratic values, strived for inclusive growth, and emerged stronger with every test of time. The core constitutional values of Justice, Equality, Fraternity, and Liberty have served as the guiding force behind India's enduring success. Citizens across every walk of life, regardless of their profession, contribute meaningfully as pillars in the nation's growth story.

The inclusive philosophy of "putting people first" and the commitment to leave no one behind have been central to India's developmental agenda. Reflecting this spirit, India has recently made significant strides in the Sustainable Development Goals (SDG) Index, with notable progress in key areas such as clean energy, healthcare, and sanitation. According to a recent report by NITI Aayog, there has been substantial improvement in SDG 7 (Affordable and Clean Energy) due to the nation's accelerated push toward sustainable energy initiatives, including the widespread adoption of renewable energy and enhanced energy efficiency. These achievements not only reaffirm India's commitment to the global sustainability agenda but also highlight the power of collective national will in driving meaningful transformation.

We have laid a robust and enduring foundation for a developed, self-reliant, and environmentally sustainable India. With a vision rooted in progress and equity, we are creating a better and greener nation for future generations to inherit with pride. United by the spirit of *Swarnim*

Bharat, the people of India are demonstrating unparalleled determination and dedication, ready to burn the midnight oil to turn aspirations into reality.

Our goals are well-defined, and the path ahead is becoming increasingly clear. Over the past few years, India has made remarkable strides on multiple fronts, from achieving the distinction of being one of the fastest-growing major economies in the world to becoming a global outsourcing hub for technology, finance, and professional services. India's leadership in digital transformation, renewable energy, space research, and financial inclusion has not only empowered millions at the grassroots level but also elevated the country's position as a formidable force on the global stage.

Whether through the rise of home-grown unicorns, record-breaking exports, hosting global summits like the G20, or becoming a reliable voice for the Global South, India is proving that it is not just rising, but rising responsibly. The momentum is strong, and the nation's collective willpower is steering it firmly towards a brighter, more prosperous, and inclusive future.

Every voice echoes the spirit of India, every heartbeat resonates with its dreams, and every soul is prepared to sacrifice for its glory as we Indians are united and undefeatable. This Independence Day calls upon us not only to remember the sacrifices of the past but to break free from the invisible chains of self-doubt and limitation that hinder our individual potential.

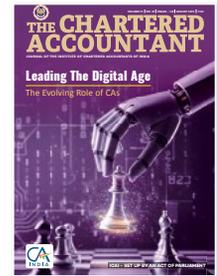
The day is a solemn reminder for every Indian that the responsibility of nation-building does not lie in a few hands but on the shoulders of every citizen. It is time to awaken to our capabilities, to believe in the power within, and to act with courage, conscience, and commitment. Each Indian must pledge to stand against corruption, resist the forces of division and terror, and uphold the ideals of peace, progress, and unity.

Let us strive to build a Bharat that thrives in harmony, where diversity is our strength, integrity is our foundation, and development is inclusive. A Bharat that leads by example, not just in economic or technological arenas, but in compassion, cooperation, and sustainability. This Independence Day, may we not just wave the tricolour, but become its true bearers, carrying forward the legacy of a free India into a future that is brighter, stronger, and forever united.

-Editorial Board ICAI
Partner in Nation Building

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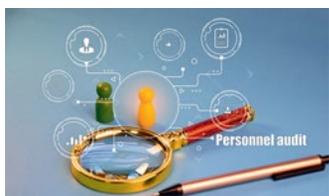


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From the President



CA. Charanjot Singh Nanda
President, ICAI

Dear Professional Colleagues,

*Together bound by history's thread,
In every word and tear we've shed,
We march ahead with a steady pace,
To build a brighter, stronger place.*

Wishing a very Happy Independence Day in advance!

"Saare Jahan Se Acha, Hindustan Humara" - these timeless words are more than a patriotic verse; they echo the collective spirit and relentless efforts of a nation that has emerged as the world's fastest-growing economy.

From gaining independence to emerging as the world's 4th largest economy, we stand united in the profound pride of being Indian, a pride that transcends all else. Despite vast challenges, from an immense population and geographic extremes to incredible linguistic and cultural diversity, India has turned these complexities into its greatest strengths.

To me, true patriotism lies in living the values our heroes fought for by actively contributing to building the country's future. As Chartered Accountancy professionals, we take pride in helping our nation toward a brighter, more united, and globally respected tomorrow.

Honourable Prime Minister Shri Narendra Modi Ji, in his 123rd episode "Mann Ki Baat" aired on June 29, 2025, highlighted CAs as a societal pillar – Guides of Economic Life.

My heart beams with pride to share that India has also surged ahead in science, technology, and innovation. Under a visionary policy environment, the nation has morphed from a technology follower into a global leader. This transformation is evident in India's leap on the Global Innovation Index from 81st to 39th position and its position as the 6th highest globally in patent filings.

From Rakesh Sharma's historic journey into space to Shubhanshu Shukla's inspiring presence at the International Space Station, India's space odyssey reflects a continuum of courage, progress, and national pride.

On the global stage, India is steadily asserting its leadership both within BRICS, where it champions the Global South and promotes multipolar governance, and beyond it, by forging robust bilateral ties and deepening multilateral partnerships. Our robust digital public infrastructure, like Aadhaar, UPI, and Direct Benefit Transfer, is now recognised as a global model, revolutionizing the delivery of services and fostering inclusive and customer-centric governance.

I firmly believe that the true measure of a nation's progress lies not only in the strength of its economy but in the well-being, contentment, and overall happiness of its citizens. As someone deeply rooted in numbers and analysis, I often say innovation thrives best in an environment free from undue stress and complexities. Such an environment leads to empowered individuals who think creatively, act decisively, and contribute meaningfully to national growth.

This is where the role of Chartered Accountants becomes both relevant and indispensable. With the government making progressive strides in improving the Ease of Doing Business, driving Digital India, and encouraging entrepreneurial spirit, Chartered Accountants must rise to the occasion, as enablers, facilitators, and partners in national development. Our profession must align with this vision by supporting policy execution, streamlining reporting processes, enhancing financial literacy, and promoting ethical and sustainable practices across all sectors. Not all of us need to be at the border; we can serve the nation from our cubicles, also.

As the President of this esteemed Institute, I wholeheartedly assure that ICAI stands firmly by your side to uplift you through

every phase of your professional journey, to propel you towards greater success, and to applaud your contributions that bring pride to the profession and the nation.

In alignment with India's vision of becoming a *Vishwaguru*, the Institute has undertaken multiple forward-looking initiatives to enhance the global standing of Indian CAs. Notably, the ICAI is actively working to build guidelines and enabling frameworks, facilitating global collaborations and networking between Indian CA firms and international entities, allowing local firms to tap into cross-border opportunities, share expertise, and enhance their service capabilities. This will enable Indian CA Firms to emerge as leaders in the global consulting and assurance space.

Through the establishment of overseas chapters, Mutual Recognition Agreements, and Technical Cooperation Agreements with International Accounting Bodies, ICAI continues to enhance the global professional mobility of Indian CAs, while promoting best practices and ethical standards worldwide.

Key initiatives like Digital Learning Hub, the development of Forensic Accounting & Investigation Standards tailored for the new age economy, focused research in sustainability and ESG, targeted support for SMPs and women professionals, programs for capacity building, promoting specializations, industry relevance, and leadership development- all form part of ICAI's strategy to shape our members into truly global thought leaders and trusted advisors. Furthermore, the Institute has introduced a range of specialized certificate courses across emerging and niche domains to enrich members' skills and ensure that they always remain at the forefront of professional excellence with an inherent mission to contribute to the national economic development.

Let us have a look at some of the professional developments since my last communication with you -

ICAI Celebrates 77th Foundation Day: Honouring Legacy and Leadership

On July 1, 2025, ICAI celebrated its 77th Foundation Day with a grand celebration at Bharat Mandapam, New Delhi, commemorating over seven decades of dedication to strengthen India's financial integrity and national governance. Blending tradition with forward-looking vision, the celebration served as a powerful reminder of ICAI's pivotal role- not just as a regulatory body but as a catalyst for empowering professionals who uphold ethical practices and contribute to India's resilience, sustainable economic development, and global standing.

We extend our heartfelt gratitude to Shri Hardeep Singh Puri, Hon'ble Union Minister of Petroleum & Natural Gas, for gracing the 77th Foundation Day of ICAI as the Chief Guest and sharing his inspiring thoughts. Reflecting on the profession's growing significance, Shri Hardeep Singh Puri remarked, "*Chartered Accountants are the architects of financial*

integrity and partners in national governance". He emphasized the crucial role of CAs in upholding transparency, efficiency, and accountability, and encouraged the profession to embrace innovations like AI for India's journey towards a developed nation. An engaging session on the Capital Market was held, featuring eminent speakers, CA. Anil Singhvi, Managing Editor of Zee Business, and renowned investor Shri Vijay Kedia who shared their rich experiences, practical tips on investing, and thoughts on how behaviour shapes financial decisions.

Marking a major technological milestone, ICAI launched the 'ICAI AI Agent' - a next-generation, AI-powered digital workspace signifying a bold step in building an AI-enabled professional ecosystem. A brief report on CA Day is available in this edition of the journal.

AI Innovation Summit 2025: Transforming the Future of Finance

Reflecting ICAI's commitment to embracing artificial intelligence, the Institute successfully organized the AI Innovation Summit – AIS 2025 on the theme "*Transforming Accounting, Audit, Tax, and Governance*," on July 18–19 in Pune. The summit featured engaging sessions by global AI experts, technology leaders, policymakers, and academicians, providing valuable insights into the integration of AI within the accounting profession.

During the event, ICAI signed an MoU with Google India, marking the beginning of a collaborative partnership focused on joint AI initiatives, including projects, events, certificate courses, and the establishment of an AI Research Lab. Further, ICAI also launched the AICA Level 2 Course for members who completed Level 1 and introduced AICA Level 1 across its Foreign Chapters, enhancing global professional competence. AIS 2025 highlighted ICAI's leadership in digital transformation and served as a catalyst in shaping the future of the profession, while contributing meaningfully to India's economic growth.

Contribution of ICAI in Opening Up Accounting and Finance Services under India-UK FTA

The Institute played a pivotal role in securing favourable provisions for Indian professionals in the India-UK Free Trade Agreement. By actively engaging with the Ministry of Commerce and Industry, ICAI ensured liberal market access and the inclusion of a reciprocity clause protecting the use of the "Chartered Accountant" title. The Institute provided technical inputs on licensing, qualification recognition, and digitally delivered services, leading to the formal inclusion of cross-border supply (Mode 1). This opens significant outsourcing opportunities in areas such as bookkeeping, tax, and consulting.

ICAI also championed mutual recognition of qualifications, enabling Indian CAs to register and practice in the UK on a reciprocity basis. Additionally, ICAI facilitated provisions

for commercial presence (Mode 3), enabling Indian firms to incorporate and operate in the UK with national treatment and without discriminatory restrictions while restoring the principle of reciprocity.

Given India's cost advantage, skilled workforce, and trusted reputation, this is expected to significantly expand the volume of high-value professional services work flowing into India, benefiting thousands of CA firms and professionals. These efforts collectively boost India's global service footprint while preserving regulatory integrity and professional standards at home.

ICAI Advances Sustainability with Key Initiatives and Strategic Engagements

The Institute, through its Sustainability Reporting Standards Board (SRSB), has undertaken a series of impactful initiatives to advance ESG and sustainability reporting.

■ Sustainability Month – Driving Awareness and Action

Aligned with ICAI's vision of fostering environmental consciousness and collective responsibility for a greener future, the SRSB launched *ICAI Sustainability Month in June 2025*. The campaign, rooted in the 5Ps of sustainability - Planet, People, Prosperity, Peace, and Partnership, actively engaged members, students, and communities in fostering sustainable practices. Supporting the Government of India's LiFE (Lifestyle for Environment) mission, it featured impactful activities such as tree plantation drives, walkathons, a sustainability reel competition, motivational sessions, and an awareness survey.

■ National Conference on Responsible Business Conduct, 2025

ICAI, in collaboration with IICA, organized the 3rd National Conference on Responsible Business Conduct (NCRBC) on the theme *"Integrating ESG for Viksit Bharat."* The conference reaffirmed the collective commitment to build a responsible business ecosystem that balances profit with purpose, aligning with India's vision of becoming a developed nation by 2047. I represented ICAI on the panel *"The Rise of ESG in the Boardroom"* and shared insights on the growing relevance of ESG in boardrooms, highlighting the role of Chartered Accountants in fostering transparency, ethical governance, and sustainable business practices.

As part of its continued efforts to enhance India's ESG and sustainability reporting landscape, ICAI also participated in the 3rd Consultation Roundtable on *"Integrating Nutrition into ESG Reporting,"* organized by IICA on 24th June 2025 in New Delhi.

■ ICAI Carbon Emission Calculator

On 1st July 2025, the Sustainability Reporting Standards Board (SRSB) of ICAI launched its Carbon Emission

Calculator, an innovative, free, dynamic, and user-friendly tool designed to help individuals and organizations measure and effectively manage their carbon footprints. By providing a clear assessment of environmental impact, the calculator supports India's ambitious net-zero commitment, facilitating businesses and individuals to progress towards a carbon-neutral future.

Key Accounting Developments and Submissions by ICAI

The Accounting Standards Board (ASB) of ICAI has issued a set of *Frequently Asked Questions (FAQs)* on the *Guidance Note on Financial Statements of Non-Corporate Entities*, to support members in its practical implementation. To further assist with accounting-related queries on this Guidance Note, an Expert Panel has also been constituted.

In addition, ICAI has submitted key recommendations to the National Financial Reporting Authority (NFRA) under the Companies Act, 2013. These include proposed amendments to Ind AS 109 and Ind AS 107 concerning contracts referencing nature-dependent electricity, and the introduction of Ind AS 118 on *Presentation and Disclosure in Financial Statements*.

ICAI Leading Capacity Building for Greater Financial Governance

Reinforcing its role as a knowledge partner in nation-building, ICAI continues to lead impactful capacity-building initiatives across key sectors. ICAI organized two comprehensive training programs on Indian Accounting Standards (Ind AS) for finance personnel of Himachal Pradesh State Electricity Board Limited (HPSEBL) from 11th –16th July and 21st–26th July 2025. Through such initiatives, ICAI is playing a pivotal role in building institutional capacity and fostering a culture of robust financial management in public and regulatory bodies.

Extending its outreach efforts, ICAI also conducted a dedicated session on Financial & Tax Literacy at the CBI Anti-Corruption Branch, Ranchi, where 80–90 officials gained valuable insights on financial literacy.

Driving Growth in the Northeast with IICA

The IICA North-East Conclave 2025 was inaugurated by the Hon'ble Union Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman at IIM Shillong. It marks a pivotal moment for regional entrepreneurship and innovation. The event, themed *'From Ideation to Incorporation'*, was organized to catalyse startup growth in the Northeast region. ICAI is proud to be a strategic partner through an MoU, reinforcing its commitment to empowering aspiring professionals and entrepreneurs, and fostering inclusive development across India's vibrant Northeastern region.

Visit to Doha

Together with CA. Prasanna Kumar D., Vice-President, ICAI, I participated in the CA Day celebrations titled *"Legacy of*

Leaders: CA Day with the Pioneers” organized by the ICAI Doha (Qatar) Chapter. The event was attended by over 250 members and was graced by the presence of Mr. Sandeep Kumar, Deputy Chief of Mission at the Indian Embassy in Qatar. We highlighted the Institute’s global vision, commitment to leadership, and the evolving role of Chartered Accountants in the dynamic economic landscape.

Fostering Growth Through Strategic Collaborations

The Institute has been proactively building meaningful partnerships to advance education, entrepreneurship, and global engagement.

In a recent landmark initiative, ICAI signed a Memorandum of Understanding (MoU) with the Assam State School Education Board (ASSEB) on 7th July 2025 in Guwahati. Through this partnership, ICAI will contribute its academic expertise to nurture young minds and strengthen the foundation of commerce education across the state.

In addition, ICAI entered into a strategic MoU with Startup Tamil Nadu (StartupTN) on 24th July 2025, aiming to empower the state’s startup ecosystem through capacity-building, innovation support, and integrated services.

Further reinforcing its global outreach, ICAI also renewed its MoU with the Services Export Promotion Council (SEPC) on 1st July 2025, continuing a robust alliance that creates international opportunities for members and enhances their global competitiveness.

ICAI Expands Infrastructure and Network

In furtherance of ICAI’s vision of expanding, the Council approved the establishment of three new branches under the Central India Regional Council (CIRC) of ICAI in Nagaur District, Churu District, and Jhunjhunu District of Rajasthan. This step marks yet another milestone in our journey of expansion and deeper regional engagement. The total number of ICAI branches across India now stands at 182, reflecting our growing footprint to build a strong, connected professional community.

Along with CA. Prasanna Kumar D. Vice President, ICAI, I had the honour of laying the foundation stone for the new ICAI Bhawan in Latur. These upcoming centres are envisioned as vibrant hubs for learning, professional development, and community engagement.

World Youth Skills Day 2025: Empowering Youth

With a vision to empower youth for nation-building, ICAI commemorated World Youth Skills Day 2025 across 130 cities between 12th - 19th July, under the theme “Unlocking New Horizons: Upskilling Chartered Accountants for Success.” The initiative brought together students, young professionals, and members through over 130 enriching programs. These

programs, focused on future-ready skills from digital acumen and leadership to entrepreneurship and communication, highlighted the critical role of youth in shaping India’s economic and professional landscape.

Tribute to CA. T.N. Manoharan, Past President

I deeply mourn the loss and pay my heartfelt tribute to our esteemed and beloved Past President (2006–07), CA. T.N. Manoharan, Padma Shri awardee. A visionary leader, a principled professional, and a compassionate human being, he led the Institute and the profession with integrity, foresight, and an unwavering commitment to excellence. His humility and wisdom were as profound as his achievements. On behalf of the entire CA fraternity, I express our deepest gratitude and reverence for a man who truly exemplified the highest ideals of our profession.

Conclusion

Somewhere in a small town, a young student pores over financial textbooks late into the night, driven by a dream to one day serve the nation as a Chartered Accountant. Elsewhere, a group of youth is innovating sustainable business models that could reshape industries.

These are not isolated stories; they are the heartbeat of a rising India.

As Nelson Mandela rightly said, “*The youth of today are the leaders of tomorrow.*” Both the Government and the Institute are committed to nurturing this dynamic force, channelizing the potential of our young minds in the most constructive and impactful ways. Our youth are achieving remarkable milestones as bold thinkers, fearless innovators, and determined changemakers. I extend my heartfelt appreciation to every young individual who dares to dream beyond boundaries and turns vision into reality.

I would like to conclude with a powerful verse I recently came across, these inspiring words call upon us to honour our rich heritage and dedicate ourselves towards building a prosperous and glorious India.

है भाग्य मेरा, सौभाग्य मेरा — जो मैं भारतीय कहलाता हूँ,
इस पावन धरती की रज पर, श्रद्धा से शीश झुकाता हूँ।
विश्वास है मेरा — भारत विश्वगुरु बन जाएगा,
हर दिशा में गर्व से, तिरंगा ऊँचा लहराएगा।



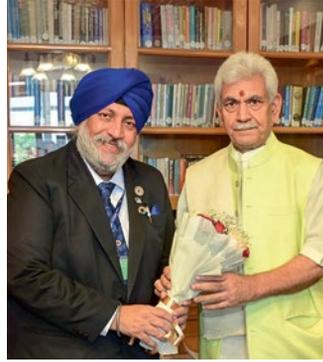
CA. Charanjot Singh Nanda
President, ICAI
New Delhi, 30th July, 2025

1. Meeting with Hon'ble Chief Minister, J & K



CA. Charanjot Singh Nanda, President, ICAI met Shri Omar Abdullah, Hon'ble Chief Minister, J & K on July 3, 2025 to discuss revenue growth & strengthen financial governance in the region. The meeting also stressed how ICAI can collaborate for capacity building & MSME development to support economic progress of J & K.

2. Meeting with Hon'ble Lieutenant Governor, J & K



CA. Charanjot Singh Nanda, President, ICAI met Shri Manoj Sinha, Hon'ble Lieutenant Governor of Jammu & Kashmir on July 3, 2025. The discussion centred around Chartered Accountants contribution towards promoting transparency, supporting entrepreneurship, strengthening governance and establishment of Centre of Excellence in the region.

3. MoU Signing Ceremony-ICAI & IICA



CA. Charanjot Singh Nanda, President, ICAI with Smt. Nirmala Sitharaman, Hon'ble Union Minister for Finance & Corp Affairs; Shri Conrad Sangma, Hon'ble Chief Minister, Meghalaya; Smt. Deepti G. Mukherjee, Secretary, MCA; Central Council Members & dignitaries at MoU Signing Ceremony between ICAI & IICA at IICA North East Conclave held in Shillong on July 11, 2025.

4. Address at All India Members Conference, ITAT Goa



CA. Charanjot Singh Nanda, President, ICAI addressed the All India Members Conference organised by Income Tax Appellate Tribunal, Goa on July 13, 2025 in the august presence of Hon'ble Mr. Justice Ashwin Damodar Bhoje, Judge, Bombay High Court ; Dr. Anju Rathi Rana, Secretary, Department of Legal Affairs and Hon'ble Mr. Justice (Retd.) Chandrakant V. Bhadang, President, ITAT.

5. 3rd Edition of National Conference on Responsible Business Conduct



CA. Charanjot Singh Nanda, President, ICAI with other dignitaries shared his words of wisdom during the panel discussion on The Rise of ESG in the Boardroom at 3rd Edition of National Conference on Responsible Business Conduct organised on July 2, 2025 in collaboration with the IICA.

6. Renewal of MoU with SEPC (India)



On CA Day 2025, ICAI renewed its MoU with Services Export Promotion Council (SEPC) to enhance global presence of Indian CAs. The ceremony was graced by CA. Charanjot Singh Nanda, President & CA. Prasanna Kumar D, Vice-President, ICAI and Mr. Karan Rathore, Chairperson, SEPC & Dr. Abhay Sinha, DG, SEPC.

7. AI Innovation Summit 2025



CA. Charanjot Singh Nanda, President, ICAI along with CA. Prasanna Kumar D, Vice-President, ICAI and Justice (Former) Shashi Kant Gupta, Govt. Nominee & Central Council Members during the inauguration of AI Innovation Summit – AIS 2025 organised from July 18–19 in Pune.

8. ICAI AI Training for Central Council Members



CA. Charanjot Singh Nanda, President, ICAI along with CA. Prasanna Kumar D, Vice-President, ICAI and Justice (Former) Shashi Kant Gupta, Govt. Nominee & Central Council Members during the inauguration of ICAI AI Training for Central Council Members organized on July 17 & 18, 2025 in Pune.

9. GCC Summit 2025



CA. Charanjot Singh Nanda, President, ICAI & CA. Prasanna Kumar D, Vice-President, ICAI along with CA. Mahavir Singhvi, Joint Secretary-MEA, Chief Guest, Past Presidents, Central Council Members & other dignitaries shared their insights at the Inaugural Ceremony of GCC Summit 2025 held on June 27, 2025, in New Delhi.

10. CA Students National Conference 2025



CA. Charanjot Singh Nanda, President, ICAI shared his words of wisdom at the CA Students National Conference 2025 held in Gurugram on July 13, 2025, inspiring the next generation of Chartered Accountants. The event was also graced by Central Council Members, NIRC & Branch Management Committee Members.

11. Seminar by Dwarka CPE Study Circle



CA. Charanjot Singh Nanda, President, ICAI addressed members at the ICAI Seminar in the presence of Central Council Members organised on July 20, 2025 by Dwarka CPE Study Circle, sharing his vision for a tech-driven, globally respected CA profession rooted in ethics.

12. National Conference of CA Students 2025



CA. Charanjot Singh Nanda, President, ICAI addressed the National Conference of CA Students 2025 held in Chandigarh on July 13, 2025. He shared valuable guidance and inspired students to lead with knowledge, integrity, and innovation.

16. Meeting with President & Vice-President, Pune University at Doha



CA. Charanjot Singh Nanda, President, ICAI along with CA. Prasanna Kumar D, Vice-President, ICAI & Central Council Member met Mr. Yassir Nainar & Mr. George Thomas, President and Vice-President of Pune University, and ICAI Doha Chapter Team in Doha on July 7, 2025. Discussions focused on academic collaboration, global outreach of ICAI in the Region.

13. Address at Rewari Branch



CA. Charanjot Singh Nanda, President, ICAI along with Central Council Members and Branch Management Committee Members shared their words of wisdom at a Seminar organized on May 28, 2025, in Rewari.

14. Address at Bhubaneswar Branch



CA. Charanjot Singh Nanda, President, ICAI with Central Council Members, EIRC & Branch Management Committee Members addressed aspiring Chartered Accountancy Students at ICAI Bhubaneswar Branch on June 7, 2025. President, ICAI shared words of inspiration, vision for a future-ready profession & ICAI's commitment to empowering youth.

15. Foundation Stone Laying Ceremony, Latur



CA. Charanjot Singh Nanda, President, ICAI along with Central Council Members and Branch Management Committee Members during the Foundation Stone Laying ceremony of Latur branch of ICAI on July 23, 2025.

17. Meeting with Deputy Chief of Mission, Embassy of India in Doha



CA. Charanjot Singh Nanda, President, ICAI & CA. Prasanna Kumar D, Vice-President, ICAI met Mr. Sandeep Kumar, Deputy Chief of Mission, Embassy of India in Doha on July 7, 2025. Discussions centered on strengthening ICAI's Global footprint & enhancing support for Indian CAs working overseas.

18. Members Meet



CA. Charanjot Singh Nanda, President, ICAI along with Central Council Members and Branch Management Committee Members shared his insights at the Members' Meet organised in the month of June & July 2025. A meaningful exchange towards strengthening the profession.

19. CA Day Celebration at Doha



CA. Charanjot Singh Nanda, President, ICAI along with CA. Prasanna Kumar D, Vice-President, ICAI, Central Council Members, CA. Darpan Inani, Para Asian Games Gold Medalist & ICAI Doha Chapter Team shared his thoughts at CA Day 2025 celebrations held at Doha on July 7, 2025.

Speaker of Lok Sabha

Shri Om Birla



अध्यक्ष, लोक सभा
SPEAKER, LOK SABHA
INDIA

MESSAGE

I am pleased to learn that the Institute of Chartered Accountants of India (ICAI) is celebrating 'Chartered Accountants Day' on 1st July, 2025.

Over the years, ICAI has grown into a premier institution, globally recognised for its leadership in accounting, auditing and financial management. The Institute has consistently upheld the highest standards of professional integrity and technical excellence. It has also played an important role in the regulation and development of the Chartered Accountancy profession in the country, ensuring that it remains robust, credible, and future-ready.

As India moves confidently toward its vision of becoming a *Viksit Bharat* by 2047, the role of ICAI has become even more significant. It is heartening to see that the Institute is actively contributing to this national vision by strengthening financial systems, promoting ease of doing business, and supporting financial and tax reforms. It encourages the adoption of global best practices in accounting and auditing, while advancing digital innovation and enhancing financial transparency. Through extensive financial and tax literacy campaigns, ICAI is empowering citizens, entrepreneurs and youth with the knowledge to make informed financial decisions, laying a strong foundation for an empowered and economically resilient India.

As ICAI celebrates Chartered Accountants Day, it is an occasion to acknowledge and honour the remarkable contributions of the CA community in shaping India's economic and financial landscape. Their dedication, discipline and deep sense of responsibility have been instrumental in upholding the values of transparency, accountability and ethical governance. I am confident that Chartered Accountants will continue to serve as the backbone of India's financial integrity and contribute meaningfully to our journey toward a self-reliant and developed future.

I extend my warmest greetings and congratulations to ICAI and all its members on the 'Chartered Accountants Day' and wish the celebrations all success.


(Om Birla)

Minister of Tribal Affairs

Shri Jual Oram



जुएल ओराम
JUAL ORAM



मंत्री
जनजातीय कार्य मंत्रालय
भारत सरकार
शास्त्री भवन, नई दिल्ली-110001
MINISTER OF TRIBAL AFFAIRS
GOVERNMENT OF INDIA
SHASTRI BHAWAN, NEW DELHI-110001

MESSAGE

I extend my warm greetings to the Institute of Chartered Accountants of India (ICAI) and the CA fraternity on the occasion of 77th **Chartered Accountants Day**.

Over the decades, ICAI has played a major role in India's economic growth, upholding values of integrity, transparency, and professionalism. The theme for this year, "**Vishwasniya (Trustworthy)**", reflects the profession's strong ethical foundation and commitment to national development.

I have witnessed the important work of chartered accountants, who work quietly but powerfully—even in tribal and far-flung communities—by leading institutions and facilitating financial inclusion. Their commitment truly strengthens the backbone of our economy.

I wish ICAI all success in its pursuit towards a **Viksit Bharat by 2047**, according to our national vision. May the Institute continue to inspire future professionals to serve the nation with integrity and vision.

(Jual Oram)

Place: New Delhi

Date: 28 June, 2025

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Governor of Chhattisgarh

Shri Ramen Deka



रमेन डेका
Ramen Deka



राजभवन, रायपुर
Rajbhavan, Raipur

राज्यपाल, छत्तीसगढ़
Governor, Chhattisgarh

No. / 86 / PRO/RS/2025
Raipur, 24 Jun 2025

Message

I extend my heartfelt congratulations and warm greetings to the Institute of Chartered Accountants of India (ICAI) and its members on the occasion of the 77th Chartered Accountants Day.

Since its inception, ICAI has played a significant role in practicing the values of integrity, professionalism, and excellence in the field of accountancy. The theme for this year, *Vishwasniya* (Trustworthy), aptly reflects the vital role the Chartered Accountants play in strengthening public confidence and supporting India's economic progress.

As the nation moves towards the vision of *Viksit Bharat@2047*, initiated by Hon'ble Prime Minister Shri Narendra Modiji, the contribution of the CA profession in fostering transparency, financial literacy, and good governance will remain indispensable. I appreciate ICAI's commitment to nation-building and wish the entire fraternity continued success in all its future endeavours.

(Ramen Deka)

Chief Minister of Delhi

Smt. Rekha Gupta



REKHA GUPTA
CHIEF MINISTER



D.O. No. Cm/2025/33658
Date 30/06/2025

MESSAGE

I am pleased to know that the **Institute of Chartered Accountants of India (ICAI)** is celebrating 77th Chartered Accountants Day on July 1st and is bringing out a Journal "The Chartered Accountant" on this occasion.

It is really a matter of pride that the Institute has come so far and has achieved many milestones in its existence of 76 years. Delhi has always been home to progress and transformation. In this shared journey of development, ICAI stands as key enabler-supporting efficient governance, ethical business practices, and informed citizenry.

ICAI's commitment to upholding integrity, professional ethics, and national service has helped strengthen public confidence and improve institutional performance across the board. The Institute's role in democratizing access to professional education - particularly for youth, women, and underrepresented communities - is a step towards building an inclusive and empowered India.

I am sure that in the years to come, ICAI will scale newer heights in its service to the profession and our Nation.

I extend my best wishes for its future endeavor.

(Rekha Gupta)

Member of Parliament (Rajya Sabha)

Shri Satnam Singh Sandhu



Satnam Singh Sandhu

MEMBER OF PARLIAMENT
RAJYA SABHA

Member:

- Standing Committee on External Affairs
- Consultative Committee for Education



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Ref: SSS/RS/2024/281

Date: 11-06-2025

Message

On the momentous occasion of the 77th Chartered Accountants Day, I extend my heartfelt greetings to every member of the Institute of Chartered Accountants of India. This day is not just a celebration of a profession but a tribute to every Chartered Accountant whose hard work, dedication, and ethical compass have nurtured the economic landscape of India and transformed the very fabric of the country's financial ecosystem.

The incredible journey of ICAI is about more than India's economic rise, it is about nation-building. The theme of this year, Vishwasniya (Trustworthy), aptly reflects the fundamental role Chartered Accountants play in upholding integrity and transparency across sectors. It is a matter of immense pride to see how they have consistently strengthened trust in financial reporting and reinforced governance frameworks, emerging as key enablers of India's economic progress.

Whether through the implementation of GST, far-reaching financial and tax literacy initiatives, or unwavering support to the MSME sector at the grassroots, ICAI has consistently tackled complex challenges, delivered transformative outcomes, and empowered the national aspirations.

As our great nation advances toward the vision of Viksit Bharat@2047, I am confident that our Chartered Accountants will remain at the forefront, upholding the values of integrity and guiding the nation's journey toward sustained prosperity. Once again, I extend my warmest wishes to the entire ICAI fraternity on the 77th Chartered Accountants Day and wish you continued success in shaping a stronger and resilient India.

With warm regards,

Satnam Singh Sandhu

Residence : # 519, Sector- 16, Chandigarh, Landline (R) : 0172 – 4549494

Email : chancellor@cumail.in

Member of Parliament (Rajya Sabha)

Shri Sujeet Kumar



सुजीत कुमार
SUJEET KUMAR
 ସୁଜିତ କୁମାର
 Member of Parliament
 (Rajya Sabha)



MEMBER:

- Standing Committee on Science & Technology, Environment, Forests and Climate Change
- Consultative Committee for External Affairs
- Indian Council of World Affairs (ICWA)
- Executive Committee, Bar Association of India (BAI)

In an era defined by rapid transformation and growing societal expectations, the theme 'VISHWASNIYA' offers a profound roadmap for fostering integrity, trust, and leadership within the accounting and finance profession. "Viswas" or "Trust" is the bedrock of our civilisational values and national aspirations. Each element of this acronym represents not just a principle, but a powerful call to action for Chartered Accountants to emerge as torchbearers of an ethical and transparent financial ecosystem and economic progress.

This vision also emphasises stakeholder engagement, placing the Nation-first approach at the core of all financial practices. By nurturing innovation and entrepreneurship, and empowering Youth and Women-led Development, we align with the spirit of Amrit Kaal, a transformative journey towards a Vibrant Bharat by 2047. CAs will play a vital role in this journey of our national building towards our goal of a 'Vikasit Bharat'.

Above all, uphold Accountability, Trust, and Transparency — not merely as ideals, but as essential imperatives. As custodians of public trust, Chartered Accountants play a crucial role in building an ecosystem that is both economically robust and ethically resilient.

I hope that "The Chartered Accountant" Journal will be a step towards the same. Let VISHWASNIYA not just be a theme, but a timeless ethos that guides our profession toward national service, global excellence, and collective growth.

(SUJEET KUMAR)

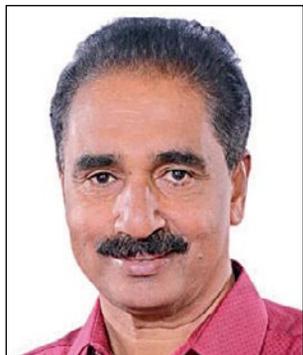
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Member of Parliament (Lok Sabha)

Shri N. K. Premachandran



N.K. PREMACHANDRAN
Member of Parliament
(Lok Sabha)
Kollam, Kerala



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Message

The Institute of Chartered Accountants is not just a regulatory body but a partner in India's progress. My heartfelt congratulations to ICAI for ensuring the financial systems of the Country strong, transparent and aligned with National Development goals. The co-operation of ICAI with RBI, SEBI, CAG and other statutory and constitutional authorities and institutions strengthen corporate governance and financial compliance. ICAI regulating ethical, professional accounting and auditing system empower the Country for economic development. The role of Chartered Accountants is to maintain financial integrity across public and private sectors also relevant. The institute helps to detect fraud and build investor confidence in India's financial system. The implementation of GST, Direct Tax Code and Taxation Laws are become prompt and accurate due to the active intervention of ICAI in advising the Government bodies on formulating accounting standards and regulatory reforms. The role of ICAI to develop Indian Accounting Standards aligned with global norms and investor friendly is to be highlighted. Promotion of MSMEs and start ups are become a success due to the active intervention of ICAI. Financial literacy, economic diplomacy is two important components leads to economic growth. ICAI promotes India's Accounting Profession abroad and contributes to International Standard setting bodies. Education in financial accounting and auditing are also handled by ICAI in such a manner to achieve the National Economic growth and nation building. ICAI's rigorous education system produces competent professionals who lead in finance, audit, taxation and governance. The quality professional education was democratized by establishing the ICAI centers across the Country. The Chartered Accountants are the first line of defenders against the corruption and financial irregularities in business and public sector undertakings. The function and service of ICAI is remarkable in nation building process.

I wish all success.

N.K. Premachandran

Member of Parliament (Lok Sabha)**Shri Bunty Vivek Sahu****बंटी विवेक साहू**

सांसाद-लोकसभा क्षेत्र, क्रमांक-16
संसदीय क्षेत्र-छिन्दवाड़ा-पांडुर्णा
मध्य प्रदेश



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पत्र क्रमांक-VIP/MESSAGE/2025/4950

छिन्दवाड़ा, दिनांक 15/ 06/ 2025

--:: शुभकामना सन्देश ::--

अत्यन्त प्रसन्नता का विषय है कि भारतीय सनदी लेखाकार संस्थान द्वारा चार्टर्ड अकाउन्टेन्ट जर्नल का प्रकाशन किया जा रहा है। इस अवसर पर एक स्मारिका का प्रकाशन किया जा रहा है जिसमें संस्थान की प्रगति एवं गतिविधियों को भी प्रकाशित किया जायेगा जो कि देश के व्यापारियों, उद्यमियों एवं अन्य संबंधितों के लिये उपयोगी होगा।

भारतीय सनदी लेखाकार संस्थान भारत वर्ष की स्वतंत्रता के उपरांत से ही देश में सराहनीय कार्य किया जा रहा है। आपका कार्य राष्ट्र निर्माण में एवं अर्थ व्यवस्था को दिशा देने में महत्वपूर्ण योगदान देता है। मैं इस अवसर पर आपको एवं सभी सनदी लेखाकारों, आयोजनकर्ताओं को अपनी ओर से हार्दिक शुभकामनाएँ देता हूँ।

मैं ईश्वर से आप सभी के यशस्वी, स्वस्थ दीर्घायु जीवन एवं उज्ज्वल भविष्य की कामना करता हूँ।

आपका ही.....

(बंटी विवेक साहू)

Member of Parliament (Lok Sabha)

Dr. Hemang Joshi



डॉ. हेमांग जोशी

सांसद
वडोदरा लोकसभा, गुजरात

संसदीय समिति : शिक्षा, महिला एवं बाल विकास तथा युवा एवं खेल ।

परम्परावादी समिति : युवा एवं खेल मंत्रालय ।

कोर्ट सदस्य, गति शक्ति विश्वविद्यालय ।

MP / VDR | 25 - 26 / 067



Dr. Hemang Joshi

Member of Parliament
Vadodara Lok Sabha, Gujarat

Parliamentary Committee For : Education, Woman And
Child Development & Youth And Sports.
Consultative Committee: Ministry of Youth and Sports
Member Of The Court, Gati Shakti Vishwavidyalay.

12 - 06 - 2025

On the Occasion of 77th Chartered Accountants Day – 1st July 2025

I extend my heartfelt congratulations to the Institute of Chartered Accountants of India (ICAI) and the entire Chartered Accountant fraternity on the momentous occasion of the **77th Chartered Accountants Day**.

Since its inception in 1949, ICAI has played a pivotal role in shaping the financial discipline, transparency, and accountability that form the backbone of our nation's economic infrastructure. As one of the largest accounting bodies in the world, ICAI continues to be a beacon of professional excellence, ethics, and trustworthiness — values that align strongly with this year's theme, **“Vishwasniya (Trustworthy)”**.

Chartered Accountants are not merely finance professionals — they are architects of economic integrity, enablers of compliance, and key catalysts in our nation's transformative journey toward becoming a **Viksit Bharat by 2047**. From the seamless implementation of landmark reforms like GST to enhancing financial literacy and uplifting MSMEs, ICAI's contributions have been substantial and commendable.

On this proud occasion, I salute the dedication and unwavering commitment of every Chartered Accountant in the country. May you continue to uphold the legacy of integrity, innovation, and nation-building. I convey my best wishes to the ICAI for its continued progress and success in all future endeavours.

Dr. Hemang Joshi
Member of Parliament (Lok Sabha)
Vadodara, Gujarat



कार्यालय : १२१-१२४, चन्द्रगुप्त कोम्प्लेक्स, सोनी वाडी के सामने, संगम-फतेहपुरा रोड, वडोदरा. फोन : ०२६५-३१७८७३०

मोबाइल : ९६०१७ ५१७५७ ई-मेल : drhemang.joshi@sansad.nic.in / drhemangbjp@gmail.com

Dr. Hemang Joshi (Member of Parliament) drhemangjoshimp drhemangjoshimp drhemangjoshimp

Member of Parliament (Lok Sabha)**Shri Brijmohan Agrawal****बृजमोहन अग्रवाल**

सांसद,
रायपुर लोकसभा क्षेत्र
एवं पूर्व मंत्री, छत्तीसगढ़ शासन



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क्रमांक 3894 / सांसद रायपुर लोकसभा /

रायपुर, दिनांक 09/06/2025

॥ शुभकामना संदेश ॥

अत्यन्त हर्ष का विषय है कि भारतीय चार्टर्ड अकाउंटेंट्स संस्थान (ICAI) अपनी 77वीं CA दिवस, 01 जुलाई 2025 को प्रतिवर्ष अनुसार मानने जा रहे है। भारतीय चार्टर्ड अकाउंटेंट्स संस्थान भारत की आर्थिक अर्थव्यवस्था को बनाये रखने में अपनी महत्वपूर्ण भूमिका निभाते है। 1 जुलाई 1949 को संसद के एक अधिनियम के माध्यम से अपनी स्थापना के बाद ICAI राष्ट्रीय विनियामक से लेकर विश्व स्तर पर अपनी एक अलग पहचान बनाई है। उक्त संस्थान में 4.8 लाख अधिक सदस्य एवं 10 लाख से अधिक छात्र समुदाय शामिल है जो देश-विदेशों के संचालित कार्यालय में कार्यरत है। उक्त संस्थान अपने मिशन, जनहित की सेवा के लिए निरंतर कार्यरत है।

आपके संस्थान विश्वसनीय, लेखा पेशे में ईमानदारी, पारदर्शिता एवं उत्कृष्टता के प्रति प्रतिबद्ध है। भारतीय चार्टर्ड अकाउंटेंट्स संस्थान केन्द्र सरकार, राज्य सरकार और हमारे देश के लोगों की आकांक्षाओं से जुड़ते हुए 2047 तक विकसित भारत के विजन को प्राप्त करने की दिशा में सार्थक योगदान देने के लिए संकल्पित है।

अतः भारतीय चार्टर्ड अकाउंटेंट्स संस्थान में कार्यरत अधिकारी, कर्मचारी एवं छात्र समुदाय को CA दिवस (01 जुलाई 2025) की हार्दिक शुभकामनाएं एवं बधाई.....

आप सबके उत्तरोत्तर प्रगति की कामनाओं सहित.....

सादर,

(बृजमोहन अग्रवाल)

Member of Parliament (Lok Sabha)

Shri Yogender Chandolia



Yogender Chandolia
Member of Parliament
North West Delhi (Lok Sabha)



Chairman, Food Corporation of India, Delhi Region
Member
Standing Committee on Labour, Textile & Skill Development
Standing Committee on Housing & Urban Affairs
Central Advisory Committee (CAC) For NCC, Ministry of Defence
Parliamentary Committee on Government Assurances

Dated 13 June, 2025
No.YC/MP/NW/2025/4321

Message

I'm happy to know that The Institute of Chartered Accountants of India (ICAI) is celebrating its 77th CA day on 1st July, 2025. This year's theme, Vishwasniya (Trustworthy), reflects the commitment to integrity, transparency and excellence in the accounting profession. The journey of The Institute of Chartered Accountants of India (ICAI) is deeply intertwined with the modern economic story of India. Since its establishment on July 1st, 1949, through an Act of Parliament, ICAI's growth from a national regulator to a globally respected largest accounting body mirrors India's ascent on the world stage, with more than 4.8 lakh members and a vibrant student community of more than 10 lakh, through 177 branches across India to 52 overseas chapters and 33 representative offices in 85 cities across 47 countries. The ICAI as a catalyst for inclusive economic development, is actively involved in several nation-building initiatives. ICAI and CA profession were instrumental in the successful implementation of the Goods and Services Tax (GST) across the country, serving as a bridge between policy and practice.

I convey my best wishes to all the CAs, Students and members of The Institute of Chartered Accountants of India (ICAI).

With best wishes,

(Yogender Chandolia)

Residence : 74/5528 Regar Pura, Karol Bagh, New Delhi 110005 | Mob. : 9810578491, 9654024553
Office : C-9/13, Sector-7, Opp. Metro Pillar No. 398, Near Rohini East Metro Station, Rohini, New Delhi-110085
Email : yogenderchandoliamp@gmail.com

Member of Parliament (Lok Sabha)**Shri Ramvir Singh Bidhuri**

RAMVIR SINGH BIDHURI
Member of Parliament
Lok Sabha



सत्यमेव जयते

रामवीर सिंह बिधूड़ी
संसद सदस्य
लोक सभा

MESSAGE

It has been brought to my notice that The Institute of Chartered Accountants of India is celebrating 77th Chartered Accountant Day on 1st of July, 2025. Further, it has also been conveyed to me that this year's theme **Vishwasniya (Trustworthy)** which also reflects the commitment of the CA community. The CA community is playing very important & pivotal role in the development of our nation which has become 4th largest economy in the World under the dynamic and visionary leadership of our PM Hon'ble Shri Narendra Modi ji.

My best wishes to the ICAI.

I hope that the ICAI will carry good & trustworthy work in future too.

(RAMVIR SINGH BIDHURI)

B-02, Dr Zakir Hussain Marg, New Delhi - 110003 Tel: 011-20818680, 011-20818681
Mob: 9810004800, 7217839527 E-mail: bidhuri.rs@gmail.com

77th CA Day

A Grand Celebration of Excellence and Vision

"Chartered Accountants stand as Architects of Financial Integrity, custodians of transparency and trusted partners in national governance"

– Shri Hardeep Singh Puri
Union Minister of Petroleum and Natural Gas



The 77th Chartered Accountants' Day marked a powerful convergence of legacy, leadership, and vision, as the Institute of Chartered Accountants of India (ICAI) celebrated over seven decades of nation-building and global excellence. From the ceremonial Deep Prajwalan symbolizing the light of knowledge and ethical responsibility, to the inspiring address by Hon'ble Union Minister Shri Hardeep Singh Puri, the day underscored the CA profession's transformative role in shaping India's economic resurgence. With vibrant cultural showcases, visionary discussions on capital market, the launch of AI-driven innovations, and a cinematic tribute to the CA Profession, the event stood as a testament to ICAI's continued commitment toward transparency, trust, and a Viksit Bharat@2047.

The 77th Chartered Accountants' Day commenced at the headquarters of ICAI with grandeur, fervent enthusiasm, and profound pride, celebrating 76 illustrious years of being a *Partner in Nation-Building*. The Institute's flag was unfurled with pride at ICAI Bhawan, New Delhi, followed by a patriotic salute. A soulful rendition of the national anthem resonated through the air, setting a solemn and inspiring tone for the day. The dignitaries also garlanded the statue of CA. G.P. Kapadia, the first President of ICAI, honoring his

visionary leadership and foundational contributions to the Institute.

The celebrations continued at the iconic Bharat Mandapam in New Delhi, where CA. Charanjot Singh Nanda, President, ICAI; CA. Prasanna Kumar D., Vice President, ICAI; and Central Council Members gathered



to perform the traditional *Deep Prajwalan*—the ceremonial lighting of the lamp. This timeless ritual, deeply rooted in Indian culture, marked the formal commencement of the event and served as a powerful symbol of the Institute's pursuit of knowledge, wisdom, and ethical values. Just as the flame dispels darkness, the act reflected ICAI's enduring commitment to illuminating the path of **Excellence, Independence and Integrity** in the accounting fraternity.

The day brought the entire CA fraternity together, with members around the world joining through live streaming on social media platforms, in a grand celebration of Trust, Tradition, and transformative progress. The celebration was inaugurated by **Shri Hardeep Singh Puri, Hon'ble Union Minister of Petroleum & Natural Gas**, as the Chief Guest in the presence of CA. Charanjot Singh Nanda, President, ICAI and CA. Prasanna Kumar D., Vice President, ICAI. Also present were Central and Regional Council Members of ICAI, CA. (Dr.) Jai Kumar Batra, Secretary, ICAI, and a galaxy of Past Presidents.

The event unfolded through four enriching segments: an insightful session on Capital Market by **CA. Anil Singhvi, Managing Editor, Zee Business and Shri Vijay Kedia, Capital Market Expert**, to empower CAs as informed wealth creators; a vibrant cultural performance themed **VISHWASNIYA**, bringing India's diverse heritage to life; a prestigious plenary session graced by the **Chief Guest of the evening, and President & Vice President of ICAI**, focusing on sustainable growth, national priorities and the role of Chartered Accountants in taking the national economy to heights; and the much-anticipated premiere of **Well Done C.A. Sahab!**, the first-ever feature film celebrating the CA profession.



Session on Capital Market

A highly engaging and enlightening session on the Capital Market was held, featuring eminent speakers **CA. Anil Singhvi, Managing Editor of Zee Business, and renowned investor Shri Vijay Kedia**. The session brought together insights from decades of experience in stock markets, investment strategies, and behavioral finance, tailored especially for Chartered Accountants.

CA. Anil Singhvi emphasized the importance of understanding market cycles, staying invested in quality stocks, and building conviction through research. He urged CAs to conduct due diligence and maintain

discipline by studying any stock thoroughly before investing. He shared practical anecdotes from his career and explained how the Indian capital markets have matured despite market volatility.

Shri Vijay Kedia shared his popular *SMILE investment strategy*, seeking **Small in size, Medium in experience, Large in ambition, and Extra-Large in market potential**. He also cautioned about the risks of micro-caps but underlined their potential for exponential returns when chosen carefully. He stressed the need for patience, conviction, and the ability to hold investments through market downturns.



Welcome Address

CA. (Dr.) Jai Kumar Batra, Secretary, ICAI, initiated the celebrations, invoking a tone of unity and goodwill. He highlighted ICAI's commitment towards supporting the Hon'ble Prime Minister's vision of

an *Aatmanirbhar*, *Vishwaguru*, and *Viksit Bharat*, reaffirming the Institute's leadership role as the world's largest professional accounting body with an expanding global footprint. He extended a warm welcome to Chief Guest Shri Hardeep Singh Puri, Dignitaries, Central Council Members, Government Officials, and Guests present both in person and virtually. Emphasizing the ICAI's legacy of Ethics and Excellence, he expressed gratitude for the Prime Minister's recent acknowledgment of Chartered

Accountants as vital guides of India's economic life and their contribution to a healthy economy.

A Call to Serve with Integrity: Address by President, ICAI

From 1700 members to over 5 lakh members spanning across 47 countries, ICAI has grown a long way in the last 76 years. As a trusted partner in nation-building ICAI has always supported the Government initiatives contributing to India's journey towards becoming a Viksit Bharat. Our profession is evolving rapidly, with AI, Blockchain, and Big data, the tools may change, but our values must remain constant.



CA. Charanjot Singh Nanda, President, ICAI, extended heartfelt gratitude to the Chief Guest, Hon'ble Union Minister of Petroleum and Natural Gas, Shri Hardeep Singh Puri, for gracing the 77th CA Day celebrations.

जो आला-जर्फ होते हैं हमेशा झुक के मिलते हैं ।
सुराही सर-निगूँ हो कर भरा करती है पैमाना ॥

He praised the Union Minister, for his humility and simplicity. Just like a surahi (flask) that bows its head while filling the goblet, similarly, those with noble character always greet others with humility. Wishing the entire fraternity a happy 77th CA Day, President Nanda emphasized that Chartered Accountants are vital partners in nation-building and must uphold trust and integrity in every endeavor. He called upon all members to take every initiative in the right spirit, aligning their professional excellence with the larger cause of India's growth and development. He urged everyone to continue working with dedication and a sense of responsibility toward the nation, reiterating the pivotal role CAs play in shaping a prosperous and self-reliant India.

On the occasion of CA Day, ICAI launched the 'ICAI AI Agent' - a next-generation, AI-powered digital workspace designed for its employees, with plans to extend it to members and students in the next phase. This milestone marks a significant leap in ICAI's journey towards building a smarter, AI-enabled professional ecosystem.

Further, ICAI also established a group dedicated to the development of the rural economy. This group focuses on a people-centric approach, promoting agri-entrepreneurship, localizing sustainable development goals, and ensuring the effective implementation of government schemes at the grassroots level.

Address by the Chief Guest - CAs Driving Viksit Bharat@2047

Today, we celebrate not just the legacy of an institution, your 77th anniversary, but we celebrate here the spirit of Integrity, Diligence and nation building that defines this great profession. Chartered Accountants stand as Architects of Financial Integrity, custodians of transparency and trusted partners in national governance. Their expertise today goes far beyond audits and taxation, shaping corporate strategy, sustainability and building investor confidence both at home and globally. Through Diligence, Integrity and world-class Standards, the profession has played a crucial role in strengthening India's rise as a global economic powerhouse. As the nation moves towards Viksit Bharat by 2047, I am confident that ICAI and the CA fraternity will continue driving growth, trust and sustainability across every sector, and helping script the next chapter of India's development story. Heartiest congratulations to ICAI and all its members on this remarkable milestone.



Hon'ble Union Minister of Petroleum and Natural Gas, Shri Hardeep Singh Puri, regarded the Chartered Accountants as the architects of financial integrity, custodians of transparency, and partners in national governance, whose roles now extend into areas like sustainability, digital

innovation, and public trust. He highlighted ICAI's phenomenal growth from 1,700 members in 1949 to nearly 500,000 today, calling it a testament to India's rise as a global economic powerhouse.

Reflecting on India's economic journey, he detailed how the country surged from the 11th to the 4th largest economy and is on track to become the third largest soon, driven by consistent growth rates exceeding 6%. He praised India's transformation in infrastructure, social welfare, financial inclusion, and digital payments, including achievements like 279 million people lifted out of poverty and UPI's dominance in global digital transactions.

Emphasizing sustainability, he outlined India's leadership in biofuels and green hydrogen, underscoring the nation's commitment to its net-zero goals. He highlighted landmark reforms like GST, the Insolvency and Bankruptcy Code,

and unprecedented foreign investment inflows, attributing much of this progress to the role of Chartered Accountants in ensuring transparency and trust.

The Union Minister concluded by reaffirming the crucial role of CAs in realizing the vision of a Viksit Bharat by 2047, urging the profession to continue upholding standards that strengthen India's economic and social fabric.

Vote of Thanks

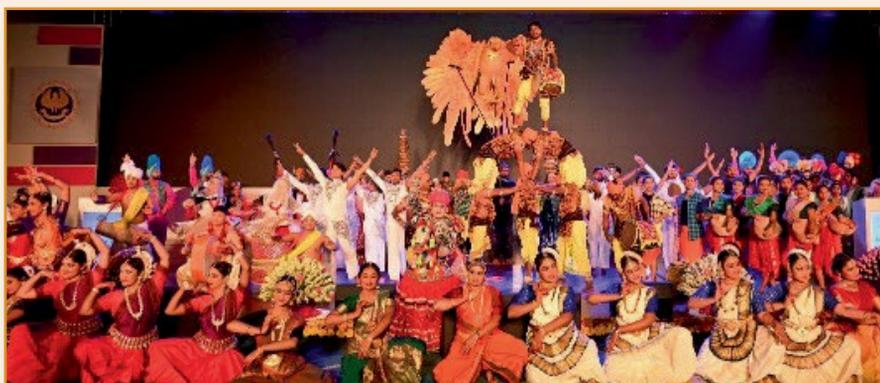
Chartered Accountants are the pillars of the Indian economy and will continue to partner in nation-building to make India a developed nation by 2047.



CA. Prasanna Kumar D., Vice President, ICAI, warmly thanked the Chief Guest, Hon'ble Union Minister Hardeep Singh Puri, for his insightful address. He lauded the Minister for delivering a comprehensive 360-degree overview of India's progress, covering topics from economic growth, urban development, and sustainability to digital transformation and Viksit Bharat 2047. Expressing gratitude on behalf of the entire CA fraternity, he affirmed ICAI's commitment to being a proud partner in realizing the vision of a developed India.

Rhythms of VISHWASNIYA: A Cultural Tapestry on CA Day

In a mesmerizing tribute to India's rich artistic legacy, the 77th CA Day featured a breathtaking cultural program on the theme — *VISHWASNIYA*. Acclaimed choreographer Jaya Prabha Menon and her talented troupe brought the stage alive with a vibrant medley of classical and folk dances of India, weaving together the diverse traditions of our nation into a powerful symbol of Trust, Unity, and cultural pride.



Premier of Movie - Well Done C.A. Sahab!

A Cinematic Ode to Chartered Accountancy

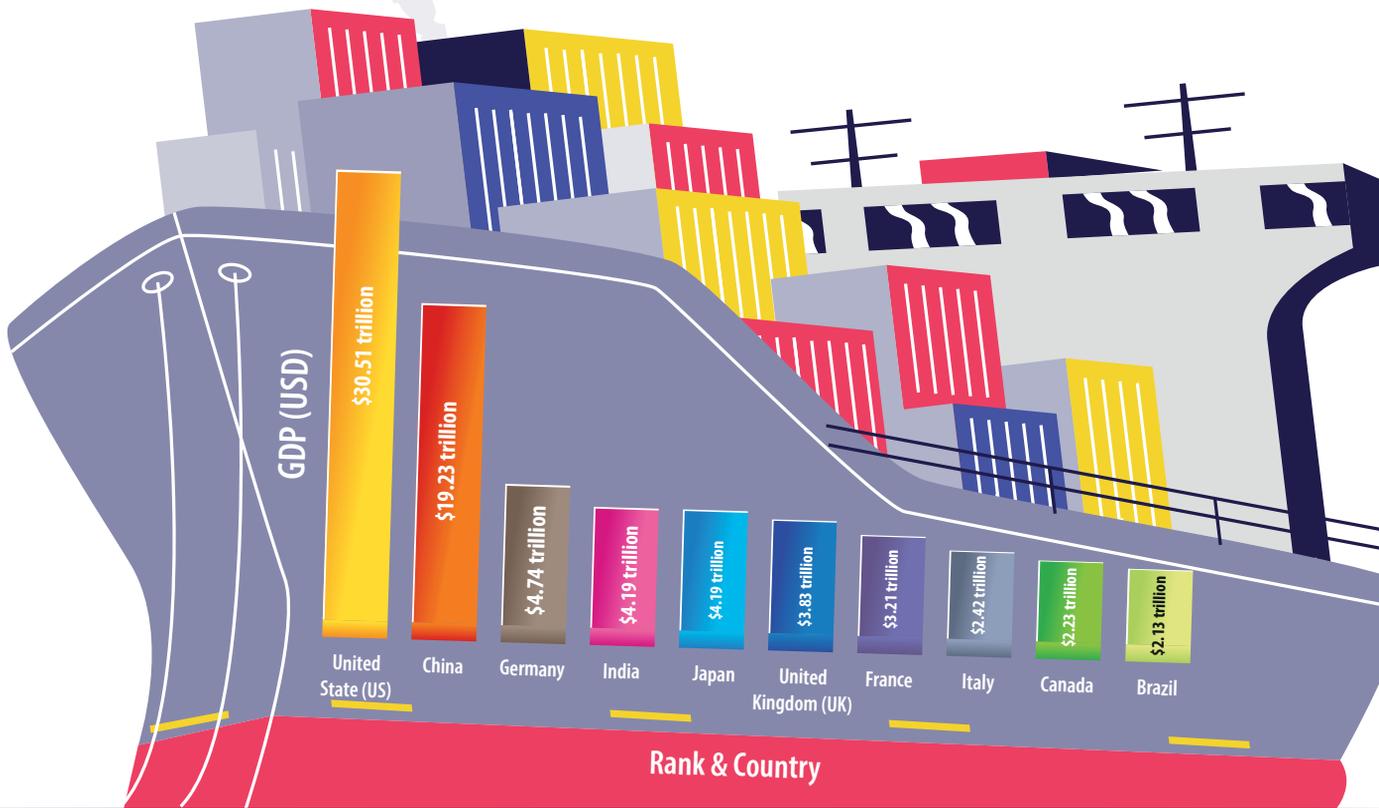
The first-ever full-length feature film on the CA profession, *'Well Done C.A. Sahab!'*, had its

special premiere before the ICAI Council and was magnificently screened with its cast and crew during the CA Day celebrations, for the aspiring CAs & whole CA fraternity to witness and cherish this cinematic ode to their profession. The film vividly captures the trials and triumphs of three aspiring CAs and their mentor, offering an inspiring tribute to every student who dares to dream and perseveres against the odds. CA. Charanjot Singh Nanda, President, ICAI, lauded the film for authentically portraying the emotional journey of becoming a Chartered Accountant, calling it a historic milestone and a proud moment for the entire fraternity.



India at #4

Exploring the Future of India's Economy through
Global and National Lenses



India has become...



4th Largest Economy

With a GDP of USD 4.19 trillion in 2025, surpassing Japan's economy.



4 Trillion-dollar Economy

With per capita income doubling from USD 1,438 in 2013-14 to USD 2,880 in 2025.



World's fastest-growing Economy

Only country expected to clock over 6% growth in the next two years.

Source: Data is compiled from the reports of IMF, NITI Aayog & PIB

From Humble Trillions to Global Titans: India doubles GDP since 2015, eyes \$5.5 Trillion Milestone to leapfrog Germany as the 3rd Largest Economy by 2028

According to NITI Aayog’s approach paper titled “*Viksit Rajya for Viksit Bharat @2047*”, India has made a remarkable transformation, rising from being labeled among the ‘Fragile Five’ economies to securing a place among the world’s top five economies within just a decade.

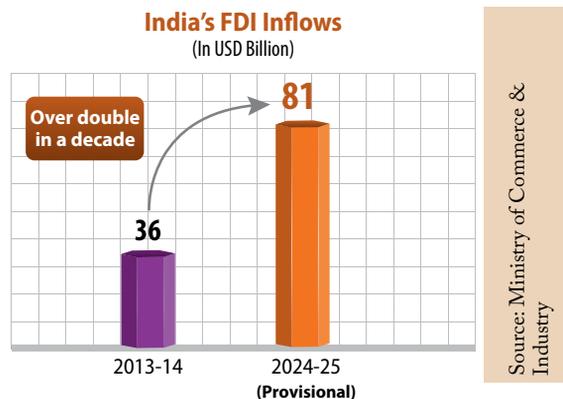
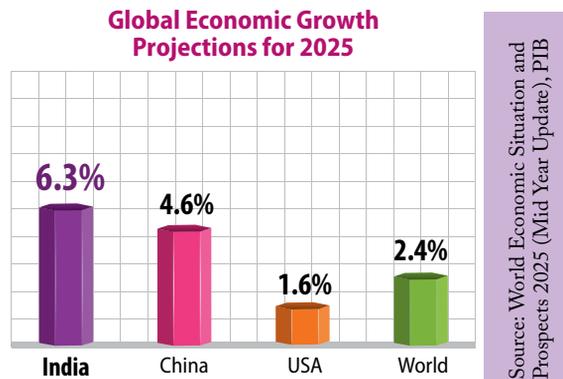
India aims to become a high-income country by 2047, a goal supported by its strong potential for growth

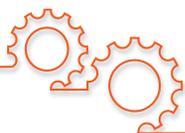
According to the World Bank, high-income countries are defined as those with an annual per capita income exceeding USD 14,005 (2024–25). India aims to become a USD 30 trillion economy with a per capita income of USD 18,000 by 2047, according to NITI Aayog’s “*Vision for Viksit Bharat @ 2047: An Approach Paper.*”

To achieve the vision of a Viksit Bharat by 2047, a comprehensive framework of strategic interventions and reforms has been proposed, centered around six key building blocks. These building blocks are:

1. Macro-Economic Goals and Strategy
2. Empowered Citizens
3. A Thriving and Sustainable Economy
4. Technology and Innovation Leadership
5. A Global Leader, Vishwa Bandhu
6. Enabling Factors – Governance, Security, and Justice Delivery

Key Indicators to Watch:





Key Economic Engines Behind India's Rise

Demographic Dividend	Strong Domestic Demand & Services Boom	Fiscal Discipline + Capital Expenditure
<ul style="list-style-type: none"> 65% of India's population is working-age By 2050: 1 in 6 global workers will be Indian Young workforce = sustained productivity & growth 	<ul style="list-style-type: none"> Digital economy: UPI, Aadhaar, fuel inclusion Services exports crossed \$383B IT, e-commerce, and fintech drive consumption-led growth 	<ul style="list-style-type: none"> FY24 capex: ₹11.1 lakh crore → infrastructure & job creation Balanced deficit - focused on growth Sustainable fiscal strategy 

Timeline

“India's Ascent: The Journey to Becoming the Fourth-Largest Economy”

<p>1. The Starting Point: From Scarcity to Strategy</p> <ul style="list-style-type: none"> Post-independence challenges: Partition, low literacy, poor infrastructure Centralized Five-Year Plans Focus on self-reliance, public sector, import substitution Laid foundations for agriculture, education, and industry 	<p>3. The Tech Boom and Services Surge</p> <ul style="list-style-type: none"> Rise of IT and ITeS sector Bangalore becomes a global tech hub Young, English-speaking Workforce fuels growth Growth in remittances, BPOs, and software exports 	
<div style="display: flex; justify-content: space-around;"> <div style="background-color: #0070c0; color: white; border-radius: 50%; padding: 10px; width: 150px; height: 150px; display: flex; align-items: center; justify-content: center;"> <p style="font-size: 24px; margin: 0;">1947– 1990</p> </div> <div style="background-color: #ffc000; color: white; border-radius: 50%; padding: 10px; width: 150px; height: 150px; display: flex; align-items: center; justify-content: center;"> <p style="font-size: 24px; margin: 0;">1991</p> </div> <div style="background-color: #c00000; color: white; border-radius: 50%; padding: 10px; width: 150px; height: 150px; display: flex; align-items: center; justify-content: center;"> <p style="font-size: 24px; margin: 0;">1995– 2010</p> </div> <div style="background-color: #008080; color: white; border-radius: 50%; padding: 10px; width: 150px; height: 150px; display: flex; align-items: center; justify-content: center;"> <p style="font-size: 24px; margin: 0;">2010– 2020</p> </div> </div>	<p>2. Major Turning Point in Indian Economy</p> <ul style="list-style-type: none"> BoP crisis sparks landmark reforms Under the then PM Narasimha Rao and the then FM Manmohan Singh <ul style="list-style-type: none"> LPG model adopted License Raj ends, FDI flows in Private sector and entrepreneurship take off 	<p>4. Demand & Demography</p> <ul style="list-style-type: none"> Rising middle class boosts consumption Digital & startup boom gains pace Key initiatives: Make in India, Digital India, Startup India Rural push via Jan Dhan, UPI, Skill India

Currency Stability

- **Relatively stable INR** = attractive to FDI & portfolio flows
- Currency strength = **investor confidence & macro resilience**



Geo-Economic Advantage & China+1 Alternative

- **PLI schemes** boost electronics, pharma, semiconductors
- **Global giants** to manufacture in India
- **FY24 FDI: \$81B** → India as global supply chain hub



5. Resilience and Reform in Post-COVID Era

- **Tech Adoption**
- PLI schemes boosted manufacturing
- India as a **China-plus-one alternative** in global supply chains
- Record FDI inflows, unicorn growth, infrastructure investment



7. What Lies Ahead?

- Goal: **\$5 trillion economy and beyond**
- Opportunities in **green finance, AI, semiconductors, and fintech**
- Continued focus on **inclusive growth, skilling, innovation, and infrastructure**
- India aims to become a **Viksit Bharat (Developed Nation) by 2047**



2020–
2025

2024–
2025

Beyond
2025

6. India at #4: Ahead of Japan

- **GDP growth** amid global challenges
- **Services & digital sectors** leading
- Manufacturing, clean energy, exports gain traction
- **India becomes 4th largest economy**





CA. Anisha Jain

Member of the Institute

Leadership Beyond Numbers: How Financial Professionals Can Shape Tomorrow's Business World

The modern business landscape has fundamentally shifted, requiring financial professionals to step beyond traditional boundaries and embrace strategic leadership roles. This transformation demands more than technical expertise; it requires the ability to navigate digital disruption, engage diverse stakeholders, and build

sustainable competitive advantages. Through personal experiences and industry observations, this article explores how Chartered Accountants can evolve from financial gatekeepers to strategic visionaries. Having met top corporates, change makers, visionaries, and experts as a business journalist, I present a bird's-eye view from this vantage point on how these leaders developed leadership capabilities, fostered innovation, remained agile, and created value in an increasingly complex world.

From Number Crunchers to Business Builders

Traditionally, finance professionals were often seen as the gatekeepers who said “no” to creative ideas, focusing primarily on compliance and cost control. Their responsibilities revolved around number crunching, financial analysis, and management, rarely venturing beyond the confines of the balance sheet and P&L.

Today, the landscape has transformed dramatically. Finance professionals now stand at the very core of organizational strategy and innovation, shaping the future of businesses across the globe. Consider Vaibhav Taneja, Tesla's CFO, who earned an astounding ₹1,200 crores in 2024, firmly positioned in the front seat as a key navigator of one of the most disruptive firms of this century or the legendary late Rakesh Jhunjhunwala, whose investment acumen built a fortune exceeding ₹60,000 crores. These examples underscore how Chartered Accountants possess a dynamic qualification that empowers them to soar in any industry.

From industrial giants like Kumar Mangalam Birla and financial visionaries like Deepak Parekh, to banking leaders such as Naina Lal Kidwai and IT stalwarts like T.V. Mohandas Pai, Indian CAs have consistently demonstrated their ability to lead and innovate across finance, industry, and technology. This shift didn't happen overnight. It emerged from necessity as businesses grappled with unprecedented challenges: global pandemics, climate change, technological disruption, digital adaptation and changing social expectations. Organizations discovered that their survival depended not just on financial management, but on strategic thinking, stakeholder engagement, and adaptive leadership i.e., areas where our analytical skills and systemic thinking proved invaluable.

The Changing Dynamics

i. The Tech Reset

I recall my first seminar on AI in 2018, when I was utterly lost in the technical language and could not see the connection between

this and my profession. Skip to the present, and I am assisting clients in deploying AI-based financial reporting to perception analysis and reputation management. This is an individual experience that many of us have had, the breakneck speed of technological change that at first appeared to be marginal but soon became central to our work lives.

The most important lesson I have learned is that we do not have to be technologists, but we need to know how technology presents opportunities and risks to our organizations. As artificial intelligence will be able to process thousands of transactions in seconds, we will not be valued by processing data but by interpreting insights, making strategic suggestions, and ensuring long term implications.

Think about how routine accounting tasks have changed with robotic process automation. Instead of perceiving this as a threat, progressive professionals have used automation to concentrate

on more valuable tasks such as strategic analysis, risk assessment, and business partnership. The most successful of us have learned to work with technology, not against it.

ii. The Stakeholder Revolution

The transition to stakeholder capitalism is one of the most significant changes that I have witnessed in the recent years. This is not just a change in corporate social responsibility; it is a paradigm shift in what business is about and what value means.

The modern leaders have to find their way through a maze of expectations that entail the interests of shareholders, employees, customers, governments, communities, and the environment. It requires a different type of analytical thinking, one that considers many bottom lines and balances sustainability with profitability in the short run.

This development requires a wider range of measures to financial professionals. The traditional KPIs such as ROI and ROCE are not to be ignored, but they have to be supplemented with the indicators of employee engagement, customer trust, societal impact, and geopolitical risk.

Financial returns are no longer the only indicator of true business success. It is characterized by the capacity of an organization to acquire and maintain the best talent, establish long-term customer relations, work successfully with governments and make a difference to the greater good.

iii. Globalization Meets Localization

The interconnectedness of contemporary business has its challenges and advantages. Although with the unprecedented growth of global markets, revolving around them exposes organizations to complex risks and cultural considerations. The lessons learned in a multi-national

“Financial returns are no longer the only indicator of true business success. It is characterized by the capacity of an organization to acquire and maintain the best talent, establish long-term customer relations, work successfully with governments and make a difference to the greater good.”

team environment have helped me understand that effective leadership needs to be based on cultural intelligence as well as financial insight.

Disruptions in the supply chain in the recent past have underscored the needs to develop resilient business models capable of responding to shifting global realities. Leaders need to strike a balance between global integration and flexibility, and reduction of risks in their operation. This will entail scenario planning, stakeholder analysis, and strategic thinking far beyond traditional financial analysis.

Leadership 2.0: Preparing for What's Next

i. Leadership Development as Investment

To be sustainable, existing organizations should develop future leaders. But that development of leadership is not only the mandate of the organization but also of an individual leader. We need to be ready to share our time, knowledge, and experience to help develop other individuals.

Experiential learning should be integrated with some formal training as a good strategy to

develop a leadership approach. This can be in the form of tough assignments, cross functional exposure, and exposure to seniors leadership positions. The trick is to put people in scenarios that challenge them outside their personal comfort zone and also offer guidance and support.

In the case of financial professionals, leadership training must focus on technical skills, as well as soft skills. Leadership does not just entail action: it has been portrayed through networking encounters, self-marketing, self-branding actions as well. This encompasses strategic thinking, communication, emotional intelligence and stakeholder management. These abilities are becoming more and more vital as we assume more strategic roles in our organizations.

ii. Mentoring as a Leadership Practice

One of the most fulfilling parts of my career has been mentoring, both as a mentee and as a mentor. The chance to exchange experiences, look for and offer advice, and aid in the growth of others generates value that goes well beyond short-term financial gains. However, dedication, openness, and a sincere interest in the success of others are necessary for effective mentoring.

I have learned as much from my mentoring relationships as I have gained from them. Working with less experienced coworkers has allowed me to stay up to date on fresh viewpoints, cutting-edge methods, and emerging trends. My own leadership skills have been enhanced by this reciprocal learning, which has also assisted me in remaining current in a setting that is changing quickly.

Effective mentoring requires clear expectations, regular communication, and mutual commitment. Mentors must be

willing to share both successes and failures, provide honest feedback, and create opportunities for growth. Mentees must be proactive in seeking guidance, applying lessons learned, and contributing to the relationship.

iii. Willing to Unlearn and Re-learn

Fostering cultures that support continuous learning and development requires focused intent and ongoing effort. Such cultures welcome experimentation and value all results as learning opportunities, including successes and failures.

Embracing learning organizations promotes diversity of thought, interdisciplinary collaboration, and actively supports personal and professional growth through formal training, informal learning, and outside development activities.

Providing professional development calls for leaders to actively model the learning they expect by developing their own capabilities, gathering feedback, and being open to new ideas. Such approaches ensure psychological safety for others to acknowledge knowledge gaps and pursue development opportunities.

The Human Side of Future Leadership

i. Emotional Intelligence in the Digital Age

The more technology takes up the task of those repeat actions, the more valuable human skills, such as emotional intelligence, are expected to become. Leadership in a complex, ambiguous scenario involves skills to decode and manage emotions, not only our own but also that of others.

My experience has taught me that emotional intelligence is not only about being nice or caring but it also concerns dealing with conflicts, building trust, and understanding human

“In the age of greater transparency and stakeholder accountability, authenticity has become a leadership requirement.

Individuals desire to be led by leaders who are authentic, consistent, and in line with their professed values.”

motivations. These skills are crucial in stakeholder engagement, the management of change as well as team performance.

Emotional intelligence requires self-awareness, practice, and feedback. This involves knowing our personal hot buttons, learning to read social cues, and developing skills to deal with tough conversations. In many cases, this requires analytical professionals to step out of their comfort zones and tolerate uncertainty.

ii. Authentic Leadership in Uncertain Times

In the age of greater transparency and stakeholder accountability, authenticity has become a leadership requirement. Individuals desire to be led by leaders who are authentic, consistent, and in line with their professed values. It involves being vulnerable, understanding oneself, and being able to acknowledge mistakes.

My leadership philosophy is based on honesty, integrity, and consistency. This implies openness in problems, acknowledging my ignorance in certain areas, and seeking assistance when necessary. This approach may seem risky but it creates trust and credibility that are good sources of leadership effectiveness.

Authentic leadership is not about being perfect, it is about being

real. This involves acceptance of our weaknesses, the need to learn and also to keep on improving. This can be a challenge to financial professionals, in that it requires us to get out of our comfort zones and into the muddy waters of human relationships and organizational dynamics.

iii. Purpose-Driven Leadership

Contemporary professionals, especially the younger generations, want their work to have meaning and purpose. Leaders should be capable of explaining the ways in which individual roles can be related to the wider organizational aims and contribution to the society. This involves knowing and explaining the reason behind strategic decisions and business operations.

Purpose-driven leadership is the alignment of individual values with organizational values and assisting others in deriving meaning in their work. This involves knowing what motivates each person, giving them a chance to grow and make a difference, and establishing links between everyday tasks and larger goals.

Preparing for an Uncertain Future

i. Embracing Artificial Intelligence as Partner

The emergence of artificial intelligence poses challenges and opportunities to leaders. Instead of being afraid of AI, we should also learn to use its potential, preserving human control and moral principles. This involves technical knowledge, strategic planning and changing management skills.

My strategy towards AI implementation is to enhance human abilities instead of substituting human judgment. This entails determining the activities that can be automated and saving jobs that need creativity, emotional intelligence, and strategic thinking.

The aim is to develop human-AI collaborations that take advantage of the strengths of each other.

Ethical considerations, data privacy, and algorithmic bias must be taken into consideration in order to implement AI successfully. Leaders should make sure that AI systems are transparent, accountable and in line with organizational values. This involves continuous monitoring, stakeholder involvement and continuous improvement.

ii. Leading in Hybrid Environments

The transition to remote and hybrid working environments has altered the collaboration patterns and organizational functioning to its core. Leaders need to establish emerging skills in how to lead distributed teams and sustain organizational culture and productivity in virtual workplaces.

Working remotely has led me to strongly embrace the essence of purposeful communication, the establishment of trust, and the leadership of results. This demands alternative performance management, team building and professional development. The trick is to keep human relationships and use technology as a tool for collaboration and communication.

Hybrid workplaces can provide higher flexibility and work life integration and allow access to international talent. Nonetheless, they also come with a series of challenges involving equity, inclusion, and the organization culture. Leaders should be active in solving these issues and maximizing the advantages of flexible work arrangements.

iii. Sustainability as a Strategic Imperative

Environmental and social issues have shifted into the mainstream of strategic priorities. Leaders

need to learn how to incorporate sustainability in business strategy and still sustain financial performance and competitive position.

The attitude towards sustainability must focus on long-term value creation rather than short-term cost-optimization. This includes the knowledge of stakeholder expectations, evaluation of environmental and social risks, and the opportunities of sustainable innovation. The aim is to develop business models that are beneficial to all stakeholders and also help in the overall well-being of the society.

Sustainability needs to be measured, reported, and improved. Leaders should also build the capacity to monitor ESG performance, report on progress to stakeholders, and adjust strategies in response to evolving expectations and needs.

Conclusion: The Journey Continues

The shift of our profession to strategic leaders rather than financial gatekeepers is one of the most important changes in the history of business. This transformation demands that we build new skills, become comfortable with ambiguity, and leave our customary comfort zones. Nevertheless, it also opens up new possibilities of value creation, innovation, and contribution to society like never before.

The path to strategic leadership excellence is individual and continuous. It involves lifelong learning, risk-taking, and service to others. Successful leaders will be the ones who will be able to integrate analytical rigor with emotional intelligence, strategic thinking with operational excellence, and financial acumen with human understanding.

In the future, authentic, purpose-driven leadership will become even more important. Organizations that

“The future is with people who can look beyond the figures to the human stories behind them, who can juggle competing interests whilst still having a clear moral compass and who can motivate others to deliver extraordinary performance.”

will succeed will be those whose leaders are able to manage complexity, inspire others, and generate value for all stakeholders through the highest levels of integrity and professionalism.

To the people who are willing to take this journey, it is important to note that leadership is not about knowing all the answers but rather it is about asking the right questions, getting the best out of people and creating an environment where people can achieve success. The world requires leaders who are able to break the divide between analytical thinking and human understanding, financial performance and social impact, and current realities and future possibilities.

The future is with people who can look beyond the figures to the human stories behind them, who can juggle competing interests whilst still having a clear moral compass and who can motivate others to deliver extraordinary performance. This is our chance and our task as the future generation of business leaders.



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Building Tomorrow's Leaders for a Thriving Economy

"The function of leadership is to produce more leaders, not more followers." - Ralph Nader

In the tumultuous symphony of modern economies, where volatility, complexity, and disruption now form the new normal, leadership is no longer a prerogative of the select few but an imperative for the many. As global paradigms shift and emerging economies like India ascend toward superpower status, the most valuable currency is not capital, technology, or even innovation. It is leadership -

capable, courageous, and conscientious leadership.

As finance professionals, corporate custodians, and institutional visionaries, we must nurture and engineer a new breed of leaders - leaders who are not merely efficient managers but inspired nation-builders. These torchbearers must master economic levers and possess the moral fibre, intellectual curiosity, and cultural sensitivity needed to steer our economies toward inclusive and sustainable prosperity.

The Architecture of Future Leadership

Let us be unequivocal: tomorrow's economy will not be built by yesterday's thinking. As we stand at the confluence of geopolitics, artificial intelligence, and climate urgency, the leadership we require must evolve from tactical guardianship to transformational stewardship.

Traits that will define tomorrow's leaders:

- **Adaptive Intelligence:** Beyond IQ and EQ lies AQ - the Adaptability Quotient. The leader of tomorrow must be at ease with uncertainty, evolve through ambiguity, and harness chaos into opportunity.
- **Moral Courage:** In a world besieged by ethical dilemmas and stakeholder activism, leaders must be guided by integrity, transparency, and empathy, even when it is inconvenient.
- **Global Mindset with Local Soul:** The ability to think globally while

acting locally will define leaders who can scale businesses without losing cultural resonance.

- **Digital Dexterity:** Fluency in data, AI, and emerging technologies is no longer optional. Leaders must not only deploy tech but also demystify and democratise it across their organisations.
- **Collaborative Capital:** Hierarchies are fading; ecosystems are thriving. Tomorrow's leaders will win not by command and control but by influence, partnerships, and collective intelligence.

Lessons from the Corporate Trenches

In my journey across multiple sectors - from FMCG, manufacturing and telecom to media/advertising and infrastructure - I have witnessed leadership in its most dynamic, demanding, and sometimes disillusioning avatars. In the various chairs I have occupied, I have often had to make decisions that weren't black or white but rather 51:49, requiring both precision and prudence.

Let me offer a reflection born not from the boardroom but from a boarding gate.

Once, I found myself in a delayed flight scenario. The delay was long, the passengers agitated, and answers were few. Yet, what amazes me was how calmly and transparently the airline staff responded. It was evident that there were no perfect or accurate answers, yet they communicated and tried to answer everyone with reassurance. I learnt a profound lesson of leadership that day, which values presence over perfection.

This echoes a broader truth I've learned - leaders aren't always expected to have answers, but they are expected to show up. I reflected on this recently during my address at the University of Delhi, where I shared that visibility and engagement matter even more than certainty. It's not the turbulence but the tenor of your response that defines you.

This learning has also manifested in high-stakes professional scenarios. For instance, during a critical acquisition across two culturally distinct geographies,

the balance sheet dynamics were robust, yet the ground-level integration posed existential risks. Finance alone could not solve the problem. What worked was listening to people, respecting legacy, bridging languages, not merely in dialect but in intention, and aligning divergent aspirations. It wasn't a transaction; it was a transformation.

That's the future of leadership: orchestrating alignment without enforcing uniformity. Think conductor, not dictator.

Building a Leadership Pipeline: From Chalkboards to Boardrooms

Addressing the pipeline is one of the major things when we are talking about future leaders. Leaders are nurtured and made with deliberate, systematic, and inclusive interactions.

1. Education that elevates, not just instructs.

- Rote memory will never build the quality of leadership. The quality of leadership in a person is the outcome of reflection, resilience, and real-world experience.
- Case-based learning from both failures and successes and integrating it helps to foster leadership in a person.
- Encourage internships that expose students to ambiguity, not just algorithms.
- Invite cross-sector mentorships where an engineer learns from an economist and a CA shadows a poet.

2. Corporate grooming beyond KRAs

- True leadership potential is often concealed in surprising places - within the hardworking project manager, the compassionate HR leader, and the inquisitive financial analyst.
- Switch roles among different functions and locations.

- Encourage questioning and exploration, not only obedience and routine.
- Create leadership platforms that allow ideas to flow from all tiers, not just the executive level.

3. Institutionalising values

- A thriving economy must be built on a solid foundation of values.
- Introduce "*Ethics in Action*" labs in every leadership program.
- Promote a culture of whistleblowing as a sign of strength, not betrayal.
- Create zero-tolerance policies against toxic leadership behaviours.

India's Moment: The Economic Mandate for Leadership

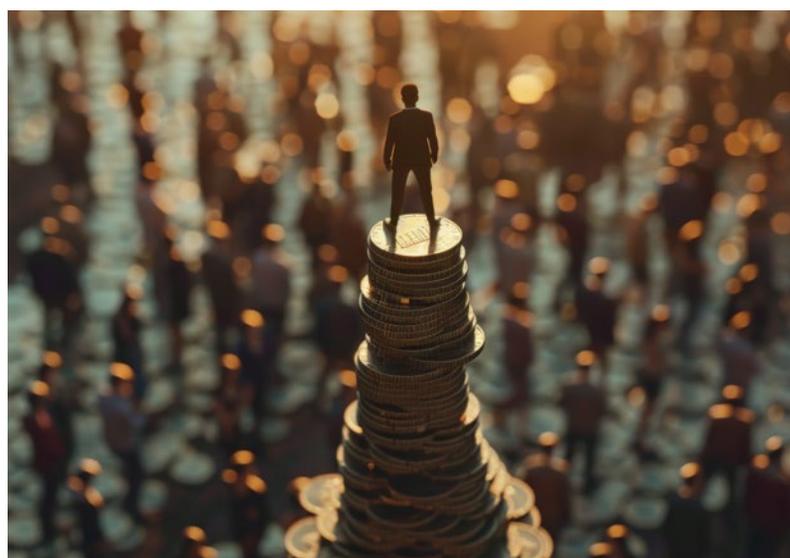
India, today, stands at a unique historical crossroads. Leveraging its demographic advantage, robust physical and digital infrastructure, and diplomatic influence, it is set to become one of the globe's leading three economies. However, this climb requires skilled guides.

Our economic framework, encompassing green energy shifts and digital public assets such as Aadhaar

“India, today, stands at a unique historical crossroads. Leveraging its demographic advantage, robust physical and digital infrastructure, and diplomatic influence, it is set to become one of the globe's leading three economies.”

and UPI, requires a cadre of innovative and implementation-focused leaders. The finance department, in particular, is experiencing a revival. As pointed out in my latest Forbes article, the CFO position has transitioned from a compliance regulator to a strategic guide. This requires not only financial intelligence but also emotional strength, foresight, and skillful communication. I've frequently mentioned that CAs are more than just number analysts - we are storytellers. We are not just risk managers - we are builders of resilience. We do not adhere to rules - we create policy and define purpose.

We should not overlook our impact. When a CA emphasizes ESG metrics, it creates a ripple effect throughout the supply chain. When a finance leader advocates for gender equality in recruitment, it reshapes organizational





standards. When a CA guides a rural entrepreneur, it elevates not just the business but the whole ecosystem.

Leadership Is Not a Title - It's a Temperament

Peter Drucker once said: *"Management is doing things right; leadership is doing the right things."*

This distinction is critical in today's era of performative success. Leadership is not about showmanship, but about stewardship. A leader walks the floor, not just the boardroom. A leader listens before they speak. A leader takes accountability even when it's tempting to deflect. A leader cultivates more leaders, not followers.

Analogies from Nature: The Bamboo and the Banyan

Nature, in its quiet wisdom, offers profound metaphors for leadership.

- **The Bamboo:** It spends years growing roots underground, silently building strength. Then, in weeks, it shoots up to great heights. Leadership, too, is subterranean before it is seen.
- **The Banyan:** It grows not only upward but outward, sending roots

from branches to support others. It creates shade, shelter, and strength. Great leaders do the same.

These are not poetic indulgences. These are principles I have witnessed in boardrooms where long-term vision triumphed over short-term earnings and where empathy led to higher productivity than efficiency alone ever could.

What can ICAI and the Profession Do?

As members of the ICAI, we are not bystanders in this narrative - we are protagonists.

Let us commit to:

- Leadership literacy as a part of our process - not just managerial, but moral and societal.
- Diversity accelerators, including women and underrepresented communities and regional voices.
- Digital transformation is a leadership mandate, not just an IT initiative.
- Mentorship movements that create ripple effects across generations.

We must also lobby for the infusion of greater public leadership,

encouraging finance professionals to step more into government advisory roles, public policy, and non-profit leadership.

The Leader in the Mirror

Leadership, for all its external dimensions, is deeply internal. It is forged in solitude as much as in seminars. In my journey, the moments that shaped me the most were not the ones featured on magazine covers but those filled with doubt, dilemmas, and decisions. Saying "no" to an easy deal because it compromised a value. Standing up for a junior team member when it wasn't politically prudent. Leaping into an unfamiliar industry, trusting learning over legacy.

These were not headline moments, but they were defining ones.

A Leadership Renaissance Beckons

If I may sum up, leadership is not a sprint - it is an inheritance. As economies transform, industries morph, and societies awaken, the call to leadership has never been louder. Let us respond - not with timidity, but with tenacity. Not with echo chambers but with empathy. Not with self-interest but with shared purpose. For in every young finance professional and in every silent contributor to the profession of CA, there lies the dormant seed of leadership. It is our sacred task to nurture it - for ourselves, for our organisations, and for India's thriving economy we all dream of.



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From Vision to Value: Redefining Leadership in the age of Disruption

Leadership in the modern era demands far more than directional guidance. It requires resilience, adaptability, and the ability to create competitive advantage amid chaos. This article explores how effective leaders are navigating the “new world order” characterized by geopolitical volatility, digital disruption, and generational shifts. Drawing upon real-world insights and professional experience, it outlines the strategic role of leaders in translating vision into reality, building future-ready teams, and anchoring purpose in an age of uncertainty. The article provides how CAs can evolve from financial experts to strategic changemakers. These reflections are especially relevant in today’s VUCA (volatility, uncertainty, complexity & ambiguity) world, where India’s CAs have the opportunity to lead global transformation narratives.

The New World Order: Navigating Turbulence with Tenacity

The global leadership landscape has undergone tectonic shifts. The post-pandemic world continues to be shaped by:

- **Technological convergence** - AI, Blockchain, and IoT redefining business models
- **Climate consciousness** - ESG obligations now sit at the core of boardroom agendas
- **Geo-political realignments** - Supply chain nationalism and trade recalibration
- **Workforce evolution** - Millennials and Gen Z demanding purpose and flexibility

Leadership today is not about commanding from the top but orchestrating from the center. Command-and-control is giving way to “collaborate-and-coach.” The successful leader is now part strategist, part change agent, and part culture builder.

Leadership must be reimagined, not as authority, but as influence; not as control, but as enablement.

For Chartered Accountants, this is a pivotal moment. With a unique grounding in business logic, financial acumen, governance, and analytical thinking, CAs can evolve into enterprise leaders.

“In times of rapid change, the learners inherit the earth.” — Eric Hoffer

The Evolving Role of the CA as a Strategic Leader

Traditionally perceived as financial gatekeepers, Chartered Accountants today are stepping up as enterprise navigators. CAs bring a distinctive edge: they understand financial truths, business realities, and governance imperatives. These

Key shifts in the CA leadership archetype:

Traditional CA	Strategic CA Leader
Risk Averse	Risk Aware
Back-office function	Boardroom influencer
Cost controller	Value creator
Compliance-centric	Innovation-enabler

attributes, when combined with agility and digital thinking, make them ideal candidates to lead disruptive transformations.

Reflection – Leading AI Strategy as a CA

As a Chartered Accountant leading a group-wide AI transformation, I’ve steered AI initiatives, not just building models, but defining strategic use cases, ensuring data quality, and maintaining ROI discipline. Our training in systems thinking, risk management, and governance gives us a unique edge. It enables us to approach emerging technologies in a systematic and calibrated manner to drive real business value.

Leadership begins where comfort zone ends. For CAs, stepping into

strategy, product, and innovation roles is no longer optional, it's essential.

Vision Without Execution is Hallucination: Strategy in Action

A powerful vision inspires, but only execution delivers value. Modern strategic leadership involves three critical dimensions:

a. Sensemaking

Leaders must interpret complex signals, economic, social, and technological, and anticipate the next curve. For example, proactive investment in AI is no longer optional but essential for staying competitive.

b. Strategic Re-alignment

Bridging the gap between vision and execution means ensuring that operational objectives, KPIs, capital allocation, and talent strategies are all aligned.

c. Agility and Iteration

In a VUCA world, strategic plans must allow for iterative experimentation. Agile leadership means making small bets, learning quickly, and pivoting as needed.

Professional Example – Transforming Adani Airports Experience Through Digital Innovation and AI

At Adani Digital, we envisioned building India's first integrated digital travel experience through *Adani One*. This platform allows passengers to book flights, cabs, duty-free items, lounges, and more, unifying disparate travel touchpoints into a seamless journey. But the real transformation came from integrating AI across our airport operations. We used AI to predict passenger footfall based on seasonality, events, and weather; optimize boarding gate allocation to reduce delays; and enhance surveillance and safety through computer vision. What began as a vision became a new operational standard. The initiative proved that visionary leadership in today's context must also

champion integration, iteration, and institutionalisation of innovation.

Building Competitive Advantage: A Leadership Imperative

Competitive advantage today is not just about product or pricing, it's about speed, culture, and adaptability.

a. Culture as Strategy

Peter Drucker's maxim that "culture eats strategy for breakfast" has never been truer. Purpose-driven cultures outperform purely profit-driven ones, especially with younger employees.

b. Speed to Learn vs. Speed to Market

Firms that learn faster outperform those who scale faster. Leadership must build learning organizations with empowered teams.

c. Digital Transformation with Purpose

It's not about digitizing for efficiency alone, but for resilience and experience, whether that's customer-facing (CX) or internal (EX).

Professional Example – AI for Power Generation Forecasting in Renewables

Renewables are at the centre of world's energy transition. But volatility in wind, solar irradiance, and grid behaviour makes planning a constant challenge. In our renewables vertical, we deployed AI-based forecasting models to predict solar and wind energy generation. These models ingest weather, irradiance, and historical load data to improve scheduling accuracy, reduce grid penalties, and optimize trading decisions. This created a unique competitive edge—not just by reducing imbalance charges, but by improving market responsiveness. The leadership challenge wasn't just about building the model—it was about aligning operations, regulatory, and tech teams to trust and use the

“Leaders must interpret complex signals, economic, social, and technological, and anticipate the next curve. For example, proactive investment in AI is no longer optional but essential for staying competitive.”

intelligence while fostering a culture of innovation & adoption.

Leading in the Age of AI, ESG, and Stakeholder Capitalism

Strategic leadership now sits at the intersection of technology, trust, and transformation.

a. AI: From Automation to Augmentation

Leadership must embrace AI not as a threat to jobs but as a force multiplier for productivity. Ethical considerations, algorithmic bias, and governance will become Board-level priorities.

b. ESG Leadership

A robust ESG strategy is now tied directly to cost of capital, investor sentiment, and brand equity. The CA's role in ESG reporting, integrated thinking, and assurance is becoming indispensable.

c. Stakeholder vs. Shareholder Capitalism

Today's leaders are judged not just by returns but by impact. Employee well-being, environmental responsibility, and social equity are no longer optional.

Professional Example – AI-Driven ESG and Operations at Ports

Adani ports business presented a rich canvas to deploy AI for both operational efficiency and ESG impact. For instance, in one of our port terminals, we are

“A robust ESG strategy is now tied directly to cost of capital, investor sentiment, and brand equity. The CA's role in ESG reporting, integrated thinking, and assurance is becoming indispensable.”

experimenting to leverage AI-powered computer vision to monitor emissions on real time, flagging anomalies and ensuring compliance. Simultaneously, we have deployed AI for berth allocation optimization, reducing turnaround time and cutting fuel emissions. Here, ESG is not a separate track, it is embedded in operational KPIs. In today's era, leadership must break silos between compliance, sustainability, and business.

Developing Tomorrow's Leaders: The CEO's New KPI

Future-readiness requires not just capability but capacity building. Leadership development must move from classroom theory to in-field action. Key strategies include:

- **Reverse Mentoring:** Learning from digital natives inside the organisation.
- **Cross-functional Rotations:** Building T-shaped leaders with wide and deep skills.
- **Succession Pipelines:** Creating readiness at every level, not just the top.

Personal Example – Empowerment over Control

In my entrepreneurial journey of launching and scaling a farm-to-fork retail venture, I learned that scalable leadership is less about control and more about trust. Delegating core decisions to team leads, while providing coaching frameworks and clarity around performance expectations, fostered a culture of ownership. This, in turn, accelerated growth and culminated in a profitable exit. The lesson has stayed with

me across subsequent roles: leaders grow when they create space for others to lead.

At Adani AI Labs, we run a reverse mentoring program where young data scientists mentor senior leaders on AI trends. It's a two-way street: wisdom meets freshness.

Leadership pipelines are not built overnight. But by fostering autonomy, creating learning loops, and rewarding risk-taking, we can develop resilient future leaders.

Crisis Leadership: The Ultimate Test of Strategy

The true test of leadership lies not in times of comfort, but when turbulence strikes.

The last five years have thrown multiple curveballs: COVID-19, supply chain shocks, war tensions. In crisis, leadership is truly tested.

Three traits make the difference:

1. **Clarity** – Regular, transparent updates remove panic
2. **Speed** – Decisions must be made with 80% information
3. **Empathy** – People-first approaches win loyalty and trust

One insight: Decisiveness beats delay, even if the first decision needs course correction later.

Lessons from the Trenches: Reflections from Practice

Having led strategic and AI-driven transformations across enterprises over the past two decades, marked by successes, setbacks, and reinventions, I share here some key personal takeaways. These reflections are intended to guide and inspire emerging leaders as they navigate their own paths forward:

- Vision is important, but traction is divine.
- Empowerment beats oversight.
- Upskill constantly as leaders need to evolve faster than technology.
- Metrics matter, but meaning drives teams.
- Sometimes, legacy systems are easier to modernize than legacy

mindsets. Invest in the latter more than the former.

- Leadership is not a job. Its a journey.

Conclusion: Leading with Purpose in a Perpetually Uncertain World

As India surges forward in this decade of opportunity, the demands on leadership will only grow. From climate adaptation to AI ethics, from public trust to investor scrutiny, leaders must juggle growth, governance, and generational change.

The road ahead is uncertain, but not unclear. Leadership in this new world order requires a combination of:

- Strategic clarity
- Cultural humility
- Digital fluency
- Unshakeable ethics

As India positions itself as a global economic force, Chartered Accountants have a once-in-a-generation opportunity to step up, not just as finance leaders but as nation-builders. Chartered Accountants are uniquely placed to lead this evolution. With the right mix of strategic exposure, tech fluency, and purpose-led thinking, they can be the architects of tomorrow's institutions.

Let us lead not just with vision, but with values that turn that vision into enduring value.

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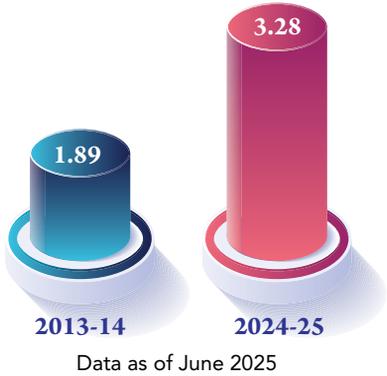
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Unlocking India: Growth, Grit, and Global Ambitions

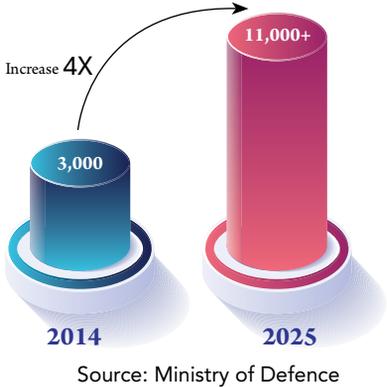
Capex by CPSEs Grows About 74%

CPSE by CAPEX (in ₹lakh Crore)



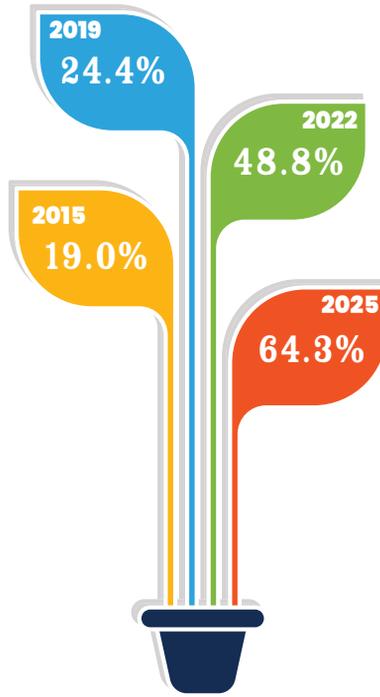
Nari Shakti in Action: Women Officers Rise

Women Officers Across the Services(Army, Navy & Airforce):



World's Fastest Social Protection Expansion

Social Protection Coverage

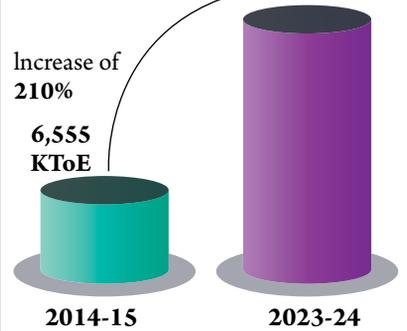


- ILO ranks India 2nd in the world for social protection
- 94 crore+ lives secured, global recognition achieved

Data as of June 2025

Clean Energy Output Triples Since 2014!

Energy generated from Solar, Wind and Others (Excluding Large Hydro): 20,289 KToE



Source: Energy Statistics 2025 by MoSPI

Bioenergy Superpower: India Outpaces Rest of the World!

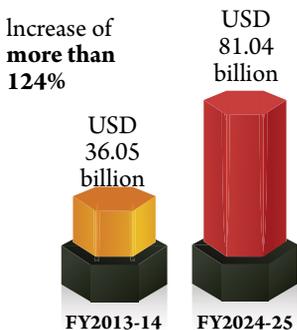
Shares of global bioenergy growth by country and region, 2023 to 2030 (in%)



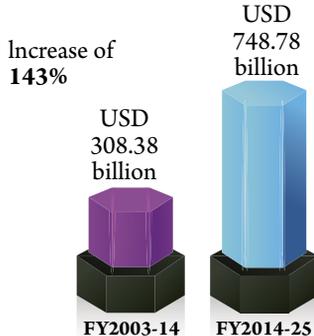
Source: International Energy Agency (Feb, 2025)

Global Confidence in India Peaks: FDI Footprint Doubles

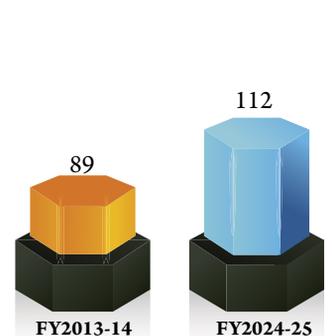
FDI Inflows



11-Year FDI Inflows

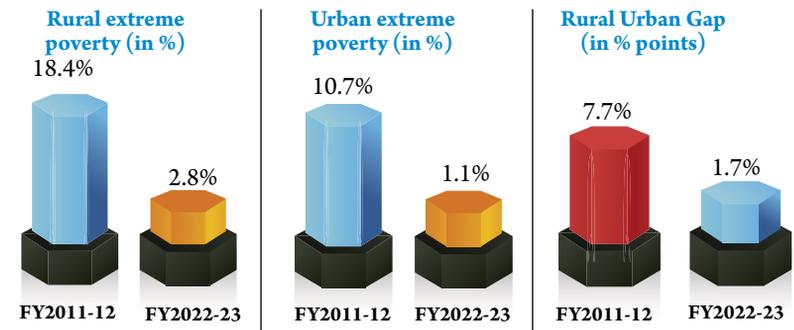


Number of Source Countries for FDI



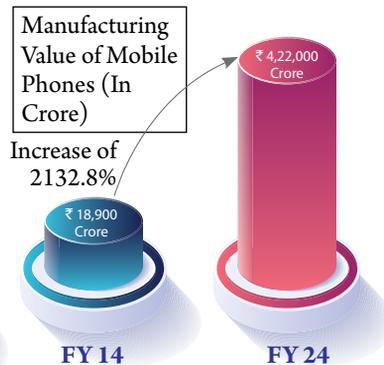
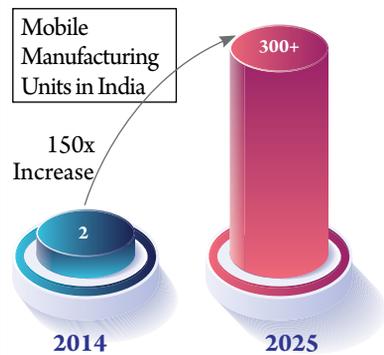
Source: Ministry of Commerce & Industry

India Bridges the Gap: World Bank Confirms Historic Reduction in Rural-Urban Poverty Divide



Source: Energy Statistics 2025 by MoSPI

From Near Zero to Industry Hero: India's Mobile Manufacturing Surge



12 lakh jobs created over the last decade

Source: Ministry of Electronics & IT

India's Wild Guardians Expand-A 411% Rise in Community Reserves!

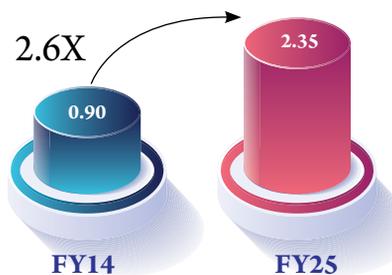
Number of Community Reserves



Source: Ministry of Environment, Forest and Climate Change

Direct Benefits, Direct Growth: India's per Capita GDP Reaches ₹2.35 Lakh in FY25!

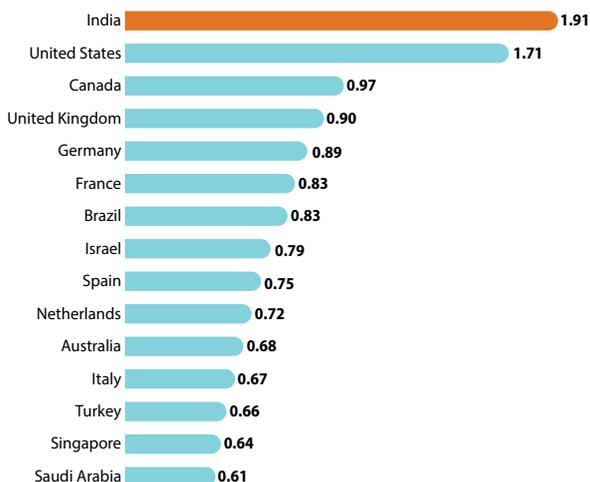
Per Capita GDP (in Rs. Lakh)



Source: SBI Research (Feb, 2025)

India's Women Outpace the World in AI Skill Penetration!

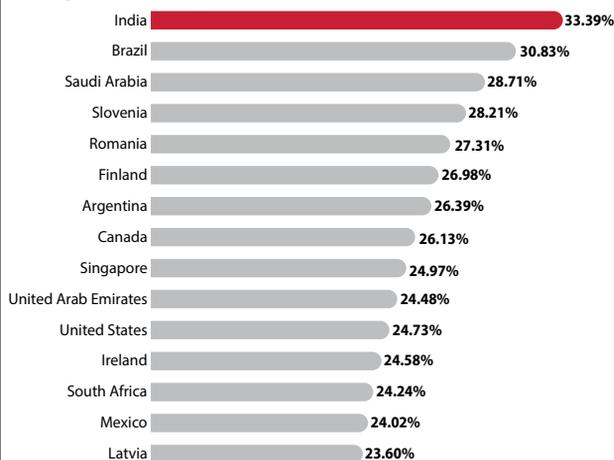
Relative AI skill penetration rates for Women:



Source: Stanford Artificial Intelligence (AI) Index 2025

India's AI Boom: Fastest Growth in AI Talent Hiring Globally!

Relative AI hiring rate year-over-year ratio by Geographic area, 2024



Source: Stanford Artificial Intelligence (AI) Index 2025

Finovation

A Timeline of India's FinTech Evolution

Key Insights & Game-Changing Facts

1991–2000

Liberalization & Foundations of Digital Finance

1991 Entry of Private & Foreign Banks

As of 2025, India now has **21 licensed private sector banks**, many leading digital banking innovations.

1996 NSDL Established & Demat Introduced

As of FY25, over **4.92 crore** demat accounts are active on NSE—a 20.5% jump from last year.

1998 Internet Banking Launched by ICICI Bank

India was among the first in Asia to offer digital banking for retail users in the 90s.

1949–1991

Era of Government Control

1949 RBI Nationalized Banking Regulation Act

India's central banking framework was laid in 1949 with RBI's nationalization, ensuring financial stability for a new nation.

1969 Nationalization of 14 Major Banks

These banks controlled **85% of all bank deposits**—a crucial step in taking banking to rural India.

2004 RTGS Launched

2005 NEFT Introduced

India's real-time and batch-based transfers started here—handling **billions of transactions** every month now.

2008 NPCI Formed

NPCI powers everything from **RuPay and UPI to FASTag and Bharat BillPay**—forming India's payments backbone.

2010–2016

FinTech Acceleration Begins

2010 Aadhaar Introduced & IMPS Launched

Over **1.2 billion Indians** enrolled, making Aadhaar the **world's largest digital ID system**.

2014 Jan Dhan Yojana Launched

Over **53 crore accounts** opened, with **55% by women**—a milestone in financial inclusion.

2016 UPI Launched

UPI now handles **₹23.49 lakh crore/month**, with **16.58 billion transactions in Oct 2024** alone.

2000–2010

Laying Digital Infrastructure

2007 Laid the foundation of GIFT City

India's first **International Financial Services Centre (IFSC)**, designed to rival global financial hubs! With **regulatory flexibility, tax benefits, and cutting-edge infrastructure**, it has already attracted **35+ fintech companies**, making it a rising powerhouse for **fintech innovation**.

Source: Data is compiled from the reports of RBI, PMJDY, PIB & NPCI

2020-2023

DPI Maturity & Innovation

2020 COVID-19 Spurs Digital Usage

2022 Digital Rupee Pilot Launched

India's CBDC is being tested across **15 banks** to explore use in wholesale and retail.

2023 UPI LITE X & Credit on UPI

Now you can pay without the internet using **UPI LITE X** or even access a **credit line via UPI!**

2016-2020

Digital India & Unicorn Surge

2016 First FinTech Unicorn (Paytm)

India now has **26 FinTech unicorns**, valued at **\$90 billion** total, with 1 decacorn.

2017 GST & Aadhaar-Bank Linking

2019 Regulatory Sandbox Introduced by RBI

Allows **FinTech Startups to test innovative financial products** in a controlled environment, with **live customers but relaxed regulations**.

2020 OCEN Launched

Open Credit Enablement Network is India's "**UPI for credit**"— that **digitally unbundles the MSME lending process**. By connecting lenders, tech platforms, and borrowers through standardized APIs, OCEN enables **loan disbursements within minutes**, democratizing access to finance for micro and small enterprises.

2024

Future: AI, Automation & Sustainable Finance

2025 & Beyond Emerging Trends

- **AI-powered analytics & Regtech** driving smarter compliance
- **Blockchain + CBDCs** changing how money is stored and transferred
- **Green & ESG-focused FinTechs** gaining investor interest
- **Global Expansion:** UPI now live in France, with more nations coming soon
- Continued growth of **Decentralized Finance (DeFi)**
- **Quantum Computing's** potential impact on finance

ICAI's Tech Trail

1990 Early IT Adoption

Set up fully equipped computer centers across all Regional Offices.

2013 Digital Language Lab

Launched to enhance students' communication skills.

2014 Digital Breakthroughs

- **ICAI Now App & Knowledge Gateway** launched
- **Google Hangout Live Session** initiated
- **Digital Learning Hub** launched for global learners.

2019 Launched Self Service Portal & UDIN (Conceptualised in 2011)

2023 Forensic Standards Upgrade

Revised Forensic Accounting & Investigation Standards (FAIS) and Implementation Guide released; made mandatory from July 1, 2023.

2024 Smart Tech & AI Leap

- **Smart Classrooms** launched at IT centers
- **CA-GPT** AI Tool launched with 19+ modules
- **e-Office Platform** launched for paperless governance
- **'AI in ICAI'** Committee & dedicated website launched

2025 Launched ICAI AI Agent

A next-generation, AI-powered digital workspace



CA. Vaishal Dalal

Member of the Institute

Turning Vision into Reality: Learning to Lead Without a Map

Leadership often evokes images of boardrooms, strategic blueprints, and grand speeches. But in reality, leadership begins long before titles and designations are handed out. It starts with a mindset, a willingness to step forward in uncertainty, to take responsibility when things go wrong, and to build trust when direction is unclear. True leadership is forged not in comfort but in action. It's a choice made repeatedly: to rise above setbacks, to see potential in people before they see it in themselves, and to move forward with conviction, even when the road is unmarked.

In today's fast-moving world, the nature of leadership has evolved. It is no longer about commanding from the front but about enabling from within. Great leaders aren't necessarily the loudest voices in the room; they are often the most attentive listeners. They don't merely chart the course; they build the ship while sailing it. Their focus isn't only on where to go, but how to bring people along with them in a way that's meaningful, sustainable, and human.

We often assume leaders are born with answers, but more often, they are shaped by questions; questions they weren't afraid to ask, even when no one had answers. In an era where change is the only constant and information moves faster than clarity, leadership is less about control and more about alignment. It is not about knowing everything, but about learning endlessly, listening openly, and responding with intent. Today, leadership is no longer static; it's not a destination, it's a motion. The leaders of tomorrow will be those who remain in motion: learning, listening, adjusting, and leading by example.

Whether you're at the beginning of your journey or somewhere in the middle of it, the path forward isn't about being perfect. It's about being

real, staying open, and having the courage to move, even when the direction isn't fully clear yet. I've never had a boss. Never reported to a manager, followed corporate protocol, or waited for a promotion. But over the past decade, I've led teams, built structures, faced markets I didn't fully understand, and made decisions without handbooks or benchmarks. In doing so, I learned one fundamental truth: leadership doesn't begin with answers. It begins with action. Not the kind of action that headlines success stories, but the daily, deliberate kind, making things work when you have more belief than clarity, more effort

than experience. Leadership, I've learned, is not about being in control. It's about taking responsibility.

Leadership Without the Labels

Starting young often sounds glamorous. But when you're 21 and building something from scratch in a field you've never studied, the weight of responsibility shows up quickly. No one gives you a playbook when you're an entrepreneur. You have to write your own, usually by trial.

I remember, early on, standing at rickshaw stands in Ahmedabad,



trying to convince drivers to let us install tiny shelves inside their autos for magazines we created ourselves. We wrote, designed, printed, and distributed every copy. The idea didn't succeed as we had hoped. But it taught us something priceless: start fast, fail faster, and learn fastest. Those moments didn't look like leadership. But they were. Because leadership is often disguised as experimentation, effort, and an endless loop of adjusting and moving on. It's not about waiting to feel ready; it's about showing up before you are.

From CA to CEO: Discipline Meets Curiosity

I cleared my Chartered Accountancy exams in the first attempt. That milestone opened doors, most of which I chose not to walk through. I didn't want to work within systems. I wanted to build my own. But what CA gave me was something more enduring than career choices. It gave me structure. In advertising, the pace is frenetic. Ideas change by the hour. Clients pivot mid-campaign. Markets evolve overnight. Amidst this, my training in CA gave me a compass. It taught me how to evaluate risks, maintain consistency under pressure, and make long-term decisions with limited data.

The world of media might seem like a contradiction to the world of finance. But for me, they balanced each other. One gave me agility and the other gave me grounding. Between 2015 and 2018, I traveled more than I stayed still. Sleepless train rides, back-to-back city meetings, and a dozen stories of wrong stations missed connections, and improvised stays. I slept in train corridors because there were no confirmed tickets. Those years were anything but comfortable. But they were necessary. Because it's in discomfort that consistency is tested. And leadership, to me, is a test of consistency, of showing up when no one expects you to, of working when it's easier to pause. Even through exhaustion and uncertainty, the goal remained clear: Build something new every day, every client meeting

mattered, and every presentation was a chance. Even the rejections taught us what not to do. That steady repetition, unseen, uncelebrated, laid the foundation of everything that followed.

As the business grew, my role had to shift. From doing everything myself to enabling others to do better. That meant listening more than speaking. Trusting more than checking. Letting go of perfection so others could learn, lead, and contribute in their own way. It's not always easy. Especially when your instinct is to solve. But true leadership isn't about solving every problem. It's about building people who can. I began to understand that leadership wasn't about control. It was about clarity. If the team knows the direction, they don't need handholding. If they know the mission, they'll find their own method.

Crisis Builds Culture

When the pandemic hit, like most businesses, we were scared. But one thing was clear: we weren't going to abandon our team. We decided that there would be no layoffs, salary cuts and compromise on culture. Instead, we expanded our services, diversified rapidly, and relied heavily on our people. We adapted fast, not because

“Today, Leadership is no longer static; it's not a destination, it's a motion. The leaders of tomorrow will be those who remain in motion: learning, listening, adjusting, and leading by example.”

we had the answers, but because we trusted each other to figure out together. That time period taught me that culture is not built in strategy meetings; it's built on how you show up for your team when things go wrong. The way you respond to fear, uncertainty, and risk is what people remember. That's what builds belief.

Popular culture often romanticizes the idea of the solo genius. But in reality, leadership is rarely about one person. It's a relay, not a sprint. And your job as a leader is not to run every lap, but to build people who run faster, smarter, and more fearlessly than you did.

I've been fortunate to work with people who brought in fresh perspectives, bold ideas, and sharper instincts. Some of the best decisions we've made came from voices that were not the loudest,





but the most thoughtful. Leadership, to me, is about making space for others to shine. It's not about being the best in the room. It's about building a room full of people who are better than you at what they do.

Adaptive Leadership

Markets shift, teams evolve, what worked last year can fail tomorrow. So leaders must stay in motion. Rigid plans age quickly. Adaptive leadership is not about being reactive; it's about being ready. That means letting go of methods that no longer serve the mission. It means being open to feedback, especially when it's uncomfortable. It means acknowledging mistakes, learning from them, and moving on with humility. Some of my toughest decisions came after failed experiments. But those failures never stopped us. Because leadership is not about being right all the time. It's about being accountable all the time.

People often associate leadership with scale, more clients, more cities, and bigger numbers. But I believe the real marker of leadership is depth, not breadth. It's how deeply your team trusts you. How honest are they in meetings? How willingly they take ownership, not because they're told to,

but because they care. At our agency, I've seen that the strongest culture comes not from perks or parties, but from presence. When leaders are accessible. When tough conversations are welcomed. When feedback flows in all directions.

Leading Without the Loudspeaker

Leadership doesn't require a stage. Some of the most powerful moments I've experienced have been in 1:1s, in quiet problem-solving sessions, and in simple check-ins with teammates. We often think of leadership as big announcements and bold moves. But sometimes, it's just being there. Listening and backing your team without conditions. Saying, "I don't know either, but let's figure it out together."

If there's one belief that has kept me going, it's this: you don't need to have it all figured out to start. Leadership is not about certainty. It's about courage. Not the loud kind, but the consistent kind. The kind that shows up even when things don't go your way. The kind that adjusts, learns, and continues to move. The kind that makes space for others to rise. Turning vision into reality isn't a straight path. It's full of wrong turns, late trains, unexpected

stops, and surprising destinations. But if you stay honest, stay curious, and stay committed to your people, the map writes itself.

Because leadership is not a destination. It's how you walk the road. And perhaps, the greatest lesson of all is this: leadership is never finished. It evolves with every person you hire, every risk you take, and every failure you recover from. It lives in the moments you stay silent so others can speak. It grows when you let go of needing credit and focus instead on creating impact. It's not a title, it's a tendency. A constant pull towards responsibility, towards improvement, towards people. Leadership is waking up one more day, choosing to show up, and leading with both heart and head, because your team deserves nothing less. Leading without a path is uncomfortable. It means facing risk, not just of failure, but of being misunderstood or getting it wrong. But it also builds strength. It teaches you to listen, to adapt, and to lead from values, not just goals. You learn to create structure where none exists, and to stay grounded in your vision even as the methods shift.

The best leaders aren't those who know the whole route; they're the ones who didn't stop walking when the road disappeared. In doing so, they don't just reach their destination; they create new paths for others to follow. That's the real legacy of leadership: not having all the answers, but being willing to explore the unknown and bring others along. As John Quincy Adams once said, "*If your actions inspire others to dream more, learn more, do more and become more, you are a leader.*" And that is, in the end, what leadership without a map truly becomes: a journey worth taking, and one worth leaving behind.

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CA. Sajal Gupta

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The Evolving Landscape of Strategic Management in India

In India's strategic management sphere, a paradigm shift is underway, undergoing a significant transformation. This transformation is fueled by digital innovation, sustainability imperatives, and the integration of global business practices. Strategy has emerged as a crucial aspect of business operations, with companies recognizing the need for strategic planning to stay competitive in a rapidly changing market. The

profession has evolved significantly over the years, with professionals from diverse backgrounds contributing to the development of innovative strategies that drive business growth and success.

The focus on eco-friendly practices and ethical governance is redefining corporate strategies, making them not just profitable but also sustainable. Diverse sectors, including corporate, non-profit, government, and technology, seek strategy professionals to drive growth and innovation.

The Strategy Consulting market size is projected to grow USD 79.90 billion by 2032, exhibiting a CAGR of 5.70% during the forecast period (2024 - 2032). The future of strategic management in India is vibrant, demanding a blend of traditional wisdom and modern agility, positioning the nation as a burgeoning hub of strategic excellence on the global stage.¹

Introduction

In the dynamic landscape of Indian business, Strategy has emerged as a crucial aspect of business operations, with companies recognizing the need for strategic planning to stay competitive in a rapidly changing market. This profession has evolved significantly over the years and undergone a remarkable

transformation, with professionals from diverse backgrounds contributing to the development of innovative strategies that drive business growth and success.

The rapid pace of technological advancements, heightened competition, volatile markets, and resource constraints have all increased the complexities of modern management. These factors have increased external pressures on businesses while diminishing their internal agility to adapt. Consequently, strategic management's purview has broadened significantly, becoming a vital facet of business operations that guides leaders in steering organizational activities towards the right path.

Strategy is not just about grand visions, but it is about connecting the dots between markets, competition, capabilities, and resources. The essence of effective strategic management lies in formulating and executing an organization's vision and goals. Strategic leadership is a rare commodity, with studies indicating that less than 10% of leaders possess

such skills. It is imperative for professionals to acquaint themselves with esteemed strategic frameworks like Porter's Five Forces, SWOT analysis, the Balanced Scorecard, and the Blue Ocean Strategy. The more tools in your toolbox, the more equipped you are to approach any strategic challenge.

This article aims to provide an overview of the strategy profession in India, highlighting its history, current landscape, significance, key roles, and the skills required to excel in this field of Strategic Management.

History and Evolution of Strategy as a Profession

The concept of strategy has been around for centuries, with its roots in the ancient civilizations like the Greeks and Romans employing strategic thinking to achieve their goals. In India, the concept of strategy has been present in various forms, such as the ancient Indian philosophy of "Dharma" that emphasizes the importance of strategic planning and decision-making. However, the modern concept of strategy as a profession began to take shape in India in the

¹ <https://www.marketresearchfuture.com/reports/strategy-consulting-market-6980>



post-independence era, particularly in the 1950s and 1960s, when Indian businesses started to adopt Western management methodologies or practices.

The concept of strategic management gained prominence in the mid-20th century, with scholars like Peter Drucker, Michael Porter, and Igor Ansoff laying the foundations of modern strategic thinking. Their contributions on competitive advantage, strategic planning, and market diversification provided the framework for businesses worldwide, including those in India, to navigate complex market dynamics.

Current Landscape of Strategy Profession in India

In India's vibrant business ecosystem, the strategy profession has undergone significant transformations in recent years, with strategy becoming an integral component of business operations across various sectors. Management consulting firms play a crucial role in disseminating strategic management principles and providing advisory services to firms of all sizes. Both established conglomerates and growing startups in India are increasingly recognizing the value of strategic thinking in driving sustainable growth and competitive advantage. According to a study by the Strategic Management Society, the number of

strategy professionals in India is expected to grow by 15% annually from 2024 to 2028².

In response to this growing demand for strategic expertise, Indian business schools are curating and offering specialized courses in strategic management and related disciplines. These programs or educational offerings are designed to arm the next generation of strategy professionals with the knowledge and skills needed to tackle the complexities of the modern business landscape. The programs focus on developing critical thinking, problem-solving, and analytical skills, as well as the ability to adapt to changing market conditions and technological advancements. *There are over 50 MBA programs in India that offer specializations in strategy, with many top-tier universities offering such programs.*

The digital revolution has further revolutionized strategic management practices in India. Cutting-edge tools like data analytics, artificial intelligence, and machine learning are equipping businesses with the capability to make informed decisions, streamline operations, and forecast market movements with unprecedented accuracy.

Case Study: Recent data reveals a shift in the way Indian professionals are crafting their online personas.

“The essence of effective strategic management lies in formulating and executing an organization's vision and goals. Strategic leadership is a rare commodity, with studies indicating that less than 10% of leaders possess such skills.”

An analysis by LinkedIn of over 45 million profiles in India uncovered a trend: buzzwords like “strategic,” “excellent,” and “certified” have fallen out of favor since 2017. In their place, “skilled” has made its debut, climbing swiftly to the top three, both in India and on the global stage. This linguistic evolution reflects a broader emphasis on demonstrable abilities over abstract personal qualities in the professional narrative of India's workforce.

Pathway to Success in the Strategy Profession in India

A successful strategy career requires more than just technical acumen, it demands a blend of continuous learning, adaptability, and building meaningful relationships. By embracing a holistic approach, understanding industry nuances, and remaining steadfast in the face of challenges, individuals can truly unlock the secrets to thrive in the dynamic world of strategy.

For Chartered Accountants, the transition into strategy roles can be seamless. Their financial acumen, analytical thinking, and understanding of compliance and risk management position them strongly for roles in corporate strategy, M&A advisory, and strategic finance. Many organizations seek CAs for roles like Strategic Finance Manager, FP&A Lead, and Internal Strategy Consultant, where they evaluate capital allocation, growth investments, and long-term planning.

² <https://www.strategicmanagement.net/publications-resources/strategic-management-explorer/sms-2024-annual-report/>

- **Educational Foundation:** A degree, with its specialization in strategy, stands as a coveted degree, offered by prestigious universities. Additionally, specialized programs like Master's in Strategy or Strategic Management and Master's in Data Analytics or Business Analytics further enrich one's strategic expertise.
- **Professional Certifications:** Complementing formal education, certifications serve as tangible validations of proficiency. Certifications such as SMP (Strategic Management Professional Certification), Certified Business Strategist (CBS), and Certification in Risk Management Assurance (CRMA), offer targeted skill enhancement in strategic planning, mastering strategy concepts, and risk management, respectively. Proficiency in data analytics tools like Tableau, PowerBI, and advanced Excel also holds significant value.
- **Continuous Learning:** Platforms like Coursera, edX, and LinkedIn Learning often have courses on strategic management, business models, and related topics. Learning is essential for staying abreast of evolving trends and practices in strategic management and related domains.
- **Essential Skills:** A strategist's toolkit is incomplete without

robust analytical abilities to decipher complex data, coupled with stellar communication skills to articulate insights and influence stakeholders. Leadership acumen is crucial for guiding cross-functional teams, while soft skills such as empathy, collaboration, and negotiation foster a harmonious work environment and facilitate consensus-building.

Strategic Demand Across Industries

In today's fast-paced and competitive business landscape, strategy professionals are in high demand across various sectors in India. These professionals play a crucial role in driving growth, success, and innovation within organizations. The following points to explore the sectors where strategy professionals are in demand, highlighting the key roles they play, and the skills required to excel in these positions. *As per a statistic, India is home to over 100 strategy consulting firms, with many more startups and small firms emerging in the sector.*³

- **Corporate Organizations:** Strategy professionals are responsible for developing and implementing business strategies that drive growth and success. They work closely with senior management to identify market trends, analyze competitors, and develop strategies that position the organization for long-term success.

- **Non-Profit Organizations:** NPOs, such as the United Nations and local charities, employ strategy professionals to develop and implement strategies that maximize impact with limited resources. These professionals must be able to think creatively and develop innovative solutions to complex problems, often with limited budgets and resources.
- **Government Agencies:** Government agencies, such as the Ministry of Finance and the Ministry of Commerce, employ strategic professionals to develop and implement policies that drive economic growth and development.
- **Technology Domain:** The fast-paced tech and internet sector, home to giants like Google and Meta (formerly Facebook), demands strategy professionals to steer product innovation and market expansion. Indian tech companies like Infosys and Tata Consultancy Services (TCS) have created dedicated strategy units to explore digital transformation opportunities for clients. Similarly, startups like Zerodha and CRED have built internal strategy teams focused on user acquisition, pricing models, and business scalability.

Case Study:

Reliance Jio's strategy revolutionized the Indian telecom sector through aggressive pricing policy, digital infrastructure investments, and a customer-centric approach. By offering free data initially and later bundling services, it disrupted legacy players. Strategic vertical integration, from fiber networks to content (JioCinema, JioTV), has made it a benchmark in India's digital transformation journey.

Key Roles and Opportunities

In the realm of strategy as a profession in India, professionals occupy pivotal roles across various sectors encompass diverse responsibilities aimed at driving organizational growth and success. According to Zippia, there are 16,000 job opportunities generated every year



³ <https://www.consultancy.in/rankings/top-consulting-firms-in-india-by-area-of-expertise/strategy>

in strategic management, with a yearly growth rate of 5%.

One such role is that of the *Strategy Consultant*, who collaborates with clients to identify business opportunities and devise strategies to harness them effectively. Often employed by prestigious consulting firms, these consultants offer actionable recommendations grounded in thorough analysis. *Business Development Manager* is another role which helps in identifying and nurturing business prospects, forging key relationships, and spearheading organizational growth initiatives through the implementation of strategic plans.

CAs are increasingly taking up roles like M&A Strategists, Corporate Development Leads, and Strategic Finance Business Partners, where they help evaluate investment opportunities, streamline financial operations, and support board-level decision-making. Their understanding of financial statements, cost analysis, and risk frameworks adds depth to strategic initiatives.

In the domain of marketing and advertising, *Strategic Planners* serve as linchpins, bridging the realms of brand strategy and consumer behavior understanding. Tasked in developing and executing marketing strategies, these professionals are instrumental in shaping brand narratives and driving market penetration. Tech and consumer goods companies often enlist the expertise of *Product Strategy Managers* to steer the strategic trajectory of product lines. Responsible for conceptualizing and implementing product strategies, these managers play a vital role in ensuring product relevance and market competitiveness.

These key roles underscore the diverse landscape of strategy professions in India, each contributing uniquely to organizational success and innovation. As the strategic landscape continues to evolve, these professionals remain at the forefront, driving strategic initiatives and navigating dynamic

market landscapes with ingenuity and expertise.

Comprehensive Guide to Potential Career Progression

From entry-level roles to senior executive positions, a strategy career offers a diverse range of opportunities to develop skills, gain experience, and build a reputation in the industry. Whether you are interested in working in a corporate setting, a consulting firm, or an entrepreneurial venture, a career in strategy can provide a rewarding and challenging path for those who are passionate about strategic planning and execution. This career map not only underscores the importance of industry exposure and niche expertise but also highlights the continuous learning imperative to navigate the ever-evolving business landscape.

- **The Foundation (0-3 years):** As Strategy Analysts, newcomers immerse themselves in data analysis and presentation crafting, gaining a solid grasp of industry frameworks. Simultaneously, Market Research Analysts dedicate their efforts to dissecting consumer and competitor data, identifying trends that inform strategic decisions.
- **Developing Expertise (3-7 years):** Progressing to Strategy Consultants at esteemed firms, professionals deliver tailored recommendations to diverse clients. Business Development Managers emerge as the architects of growth, cultivating partnerships and spotting opportunities, while Strategic Planners in marketing agencies translate consumer insights into compelling brand strategies.
- **Leadership Roles (7-15 years):** In senior roles, Strategy Managers and Directors within corporate strategy teams orchestrate major projects, mentoring the next generation of analysts and aligning initiatives with organizational objectives. Product Strategy Managers navigate the product lifecycle, guiding tech and consumer goods companies through

“In today's fast-paced and competitive business landscape, strategy professionals are in high demand across various sectors in India. These professionals play a crucial role in driving growth, success, and innovation within organizations.”

the competitive landscape.

- **Strategic Visionaries (15+ years):** At the executive level, the Chief Strategy Officer (CSO) plays a pivotal role in shaping and executing the company's strategic endeavors alongside the CEO. The VP of Business Development scouts for long-term growth avenues, exploring new partnerships, acquisitions, or markets.

Conclusion

The future of strategic management in India is both promising and complex, offering a world of opportunities for those who are willing to adapt, innovate, and lead their organizations to sustainable success in the dynamic Indian market. There are tremendous opportunities in this profession as research from LinkedIn survey shows that Creative Strategist is one of the top fastest growing jobs in India.⁴ It is undergoing a transformative journey, shaped by rapid technological advancements, shifting market dynamics, and evolving societal expectations. As businesses grapple with the complexities of the digital age and embrace sustainability imperatives, the role of strategy professionals becomes increasingly vital.

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⁴ <https://www.linkedin.com/pulse/linkedin-jobs-rise-2024-25-most-in-demand-roles-india-qk3dc/>



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ITC on Construction Costs: A Post-Budget Review in Light of the Supreme Court's Safari Retreats Case

The decision of the Hon'ble Supreme Court in the case "Chief Commissioner of Central Goods and Service Tax & Ors. Vs Safari Retreats Private Ltd. & Ors. (Supreme Court of India)" is an eye opener for all taxpayers in regard to availability of Input Tax Credits on Construction Cost. Although the credit of the same is blocked under section 17(5), Clause (c) and (d), the Hon'ble Apex Court has very carefully analysed the meaning of 'plant and machinery' and 'plant or machinery' and the availability ITC. In the following paragraphs, the judgement and its implication and grey areas are analysed in detail.

The Hon'ble Supreme Court of India made several key observations regarding the constitutional validity of Section 17(5)(c) and (d) of the CGST Act, 2017, and the issue of Input Tax Credit (ITC) in the case of the "Chief Commissioner of Central Goods and Service Tax & Ors. Vs Safari Retreats Private Ltd. & Ors. (Supreme Court of India)". Although the review petition is filed by the revenue before the Hon'ble Apex Court, the aforesaid judgment of the Hon'ble Apex Court shall be a game changer in relation to the availability of Input Tax Credits on Construction Cost. However, the Finance Bill 2025 has proposed an amendment in clause (d) of Section 17(5) of the CGST Act, 2017 wherein the phrase "plant or machinery" has been substituted by "plant and machinery" retrospectively with effect from 1st July, 2017 [Refer clause 119 of the Finance Bill 2025]. In this article, by analysing the provisions of Section 17(5), Clause (c) and (d), of the CGST Act, 2017 in light of the Hon'ble Apex Court's Judgment, the author wishes to share his views on the validity of the Apex Court's verdict

after enactment of the retrospective amendment proposed in the Finance Bill, 2025.

What the provisions say

The Goods and Services Tax Laws were envisaged to have seamless flow Input Tax Credits. However, in reality, in many cases, the ITC is denied or blocked even if it is for the purpose of furtherance of business. Section 17(5) of the CGST Act, 2017 is a non-obstante provision in the Act which deals with blocked ITC on certain expenses even though it is otherwise available as per the Act. In Section 17(5), Clause (c) and Clause (d) are dealing with disallowance of ITC on construction activity. For reference, I wish to quote the provisions below:

"17(5) Notwithstanding anything contained in sub-section (1) of Section 16 and sub section (1) of Section 18, input tax credit shall not be available in respect of the following, namely:
.....

(c) works contract services when supplied for construction of an immovable property (other than plant

and machinery) except where it is an input service for further supply of works contract service;

(d) goods or services or both received by a taxable person for construction of an immovable property (other than plant or machinery) on his own account including when such goods or services or both are used in the course or furtherance of business.

Explanation.—For the purposes of clauses (c) and (d), the expression "construction" includes re-construction, renovation, additions or alterations or repairs, to the extent of capitalisation, to the said immovable property;"

Apparent meaning of the aforesaid provision:

By reading the aforesaid provisions of the CGST Act, 2017 the following can be derived:

1. Works Contract Services procured for construction of immovable property is not available for ITC, if capitalised in books of accounts. However, ITC is allowable if works

contract service is availed for further supply of works contract services. Also, ITC is available in respect of Plant and Machinery.

2. Goods or Services or both, received for construction of immovable property on own account is not available for ITC if the same is capitalised in books of accounts. However, ITC is available if goods and/or services are used for construction of “plant or machinery”.

So, the legislature has used the term “plant or machinery” in the exclusion portion of Clause (d) of Section 17(5). Further, in the said provision, though meaning of the term “plant and machinery” is defined, no definition in GST laws was provided in regard to “plant or machinery”. From an apparent reading, one can interpret that if goods and/or services are procured for construction of “plant” or “machinery”, then ITC is allowed.

Issues for consideration before the Apex Court:

1. Whether the definition of “plant and machinery” in the explanation appended to Section 17 of the CGST Act applies to the expression “plant or machinery” used in clause (d) of sub-section (5) of Section 17?
2. If it is held that the explanation does not apply to “plant or machinery”, what is the meaning of the word “plant”? and
3. Whether Clauses (c) and (d) of Section 17(5) and Section 16(4) of the CGST Act are unconstitutional?

Key Observations by the Hon’ble Apex Court:

1. The explanation to Section 17(5) defines “plant and machinery”. However, nowhere in the CGST Act is “plant or machinery” defined. Clause (c) and Clause (d) of the CGST Act do not exclude every class of immovable properties from the applicability of ITC. As per

Clause (c), if the construction is of “plant and machinery”, the benefit of ITC will accrue. Similarly, under Clause (d), if the construction is of “plant or machinery”, ITC will be available.

2. As per the well settled principle of interpretation of taxing statute, there is no scope to give any meaning to Clause (c) of Section 17(5) other than its plain and natural meaning. The “plant and machinery” is defined in the explanation to Section 17(5) of the CGST Act, 2017. Works contract service is also defined in the CGST Act. Therefore, there is nothing to add or subtract from the Clause (c) of Section 17 of the CGST Act. As ITC is a creation of legislature, it can exclude specific categories of goods or services from ITC and such exclusion, per se, will not defeat the object of the CGST Act.
3. The phrase “plant and machinery” is used in the CGST Act at several different places. However, the term “plant or machinery” is only used in Section 17(5)(d) of the CGST Act. Therefore, it has been inferred that the legislature has intentionally used the expression “plant or machinery” in Clause (d)

of Section 17(5) of the CGST Act, 2017. Therefore, the expression “plant and machinery” and “plant or machinery” cannot have the same meaning.

4. The expression “plant or machinery” can either be “plant” or “machinery”. Nowhere in the GST Laws is the word “plant” defined. To derive the meaning of the term “plant”, the Hon’ble Apex Court has referred some judgments like *COMMISSIONER OF INCOME-TAX, AP VERSUS TAJ MAHAL HOTEL [1971 (8) TMI 2 - SUPREME COURT]* and *COMMISSIONER OF INCOME-TAX VERSUS ANAND THEATRES [2000 (5) TMI 4 - SUPREME COURT]*. In this regard, the Apex Court has held that dominant functionality test shall be carried out to determine whether a building can be considered as a “plant” or not. If it is found on facts that a building has been so planned and constructed so as to serve an assessee’s special technical requirements, it will qualify to be treated as ‘plant’. For the purpose of Section 17(5)(d), ‘plant’ should not be given a restrictive meaning to exclude land, buildings etc. The Hon’ble Apex Court has considered the Mall as a plant because by constructing





it, the service provider generates taxable service on which GST liability is discharged. Therefore, by using the building, taxable output services are generated and in those cases the Hon'ble Apex court has stated that the Mall shall be treated as a "plant". For this purpose, the Hon'ble Apex court has taken the reference from income tax laws as well.

5. The activity of renting or leasing buildings is already covered under Schedule-II of the CGST Act, 2017 as supply of service. Even the activity of construction of building is a supply of service if the total consideration is collected before getting the Completion Certificate. Therefore, a building can be considered as "plant" and ITC can be availed for construction of such building if the same is used for further supply of services like renting, leasing etc. However, if the building is used for own use, then ITC will not be available.
6. Further, in regard to the constitutional validity of Section 17(5) Clause (c) and (d), the Apex Court has relied upon the decision in the case of Union of India & Ors. Versus VKC Footsteps India Pvt. Ltd. - 2021 (9) TMI 626 - Supreme Court

and held that the provisions of Section 17(5), Clause (c) and Clause (d) do not meet the test of reasonable classification, which is a part of Article-14 of the Constitution of India. To satisfy the test, there must be an intelligible differentia forming the basis of the classification, and the differentia should have a rational nexus with the object of legislation. It is further held that the right of ITC is conferred only by the Statute; therefore, unless there is a statutory provision, ITC cannot be enforced. It is a creation of a statute, and thus, no one can claim ITC as a matter of right unless it is expressly provided in the statute. It cannot be disputed that the legislature can always carve out exceptions to the entitlement of ITC under Section 16 of the CGST Act.

7. Moreover, the Hon'ble Apex Court has also analysed the meaning of the term 'On his Own Account' used in Clause (d) of Section 17(5). In this regard, Clause 32 of the judgment of the Hon'ble Apex Court is worth noticing which I wish to quote herein below:

"32. Clause (d) of Section 17(5) is different from clause (c) in various aspects. Clause (d) seeks to exclude from the purview of sub-section (1)

of Sections 16 and 18, goods or services or both received by a taxable person to construct an immovable property on his own account. There are two exceptions in clause (d) to the exclusion from ITC provided in the first part of Clause (d). The first exception is where goods or services or both are received by a taxable person to construct an immovable property consisting of a "plant or machinery". The second exception is where goods and services or both are received by a taxable person for the construction of an immovable property made not on his own account. Construction is said to be on a taxable person's "own account" when (i) it is made for his personal use and not for service or (ii) it is to be used by the person constructing as a setting in which business is carried out. However, construction cannot said to be on a taxable person's "own account" if it is intended to be sold or given on lease or license."

This judgement is a landmark decision in regard to availability of ITC on construction activity, which are blocked under Section 17(5) Clause (c) and (d) of the CGST Act. It is observed that the Hon'ble Apex Court has settled the position of Clause (c) of Section 17(5) and stated that the legislature has the power to disallow ITC in relation to certain categories of Goods and/or Services. The said clause disallows ITC on Works Contract Services if used for Construction of Immovable Property other than "Plant and Machinery". Therefore, ITC on Works Contract Services used for Construction of Plant and Machinery is allowed.

However, in regard to Clause (d), the Hon'ble Apex Court has identified two important questions required to be asked before disallowing ITC which are :

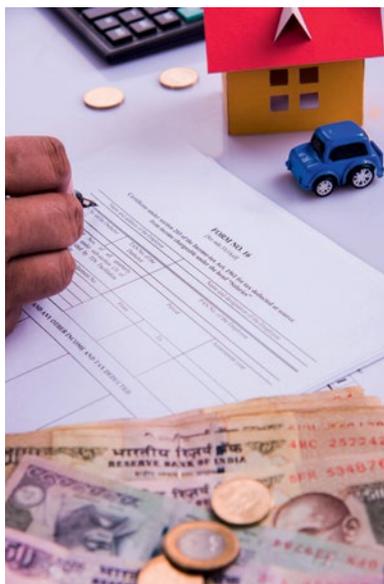
- i. Whether ITC in relation to Goods and/or Services procured are in relation to construction of "plant" or "machinery"?
- ii. Whether the Construction of immovable property is on OWN ACCOUNT?

Amendments proposed in the Finance Bill 2025:

The GST Council in their meeting held on 21.12.2024 has recommended to replace the phrase “plant or machinery” with the term “plant and machinery” and accordingly the Finance Bill 2025 has proposed a key amendment in Clause (d) of Section 17(5) where in the word “plant or machinery” has been proposed to be replaced to “plant and machinery” retrospectively with effect from 1st July 2017. Therefore, the intention of the government is very clear i.e., to negate the judgment of the Apex Court. Here, the main question is whether the proposed amendment will at all be able to supersede the Hon’ble Apex Court’s Judgement. Let us analyse:

First of all, retrospective amendments are not expressly forbidden as per the Constitution of India. Therefore, it cannot be said that retrospective amendments are expressly unconstitutional. However, time and again the judiciaries have decided to strike down the retrospective amendments in laws as unfair.

Moreover, the Hon’ble Supreme Court has interpreted the law as was in force at the time of pronouncement of the verdict. Later on, by way of bringing a retrospective amendment, the exchequer cannot negate the



interpretation made by the Apex Court based upon the law for the time being was in force. Further, the reason for bringing an amendment mentioned in GST Council’s meeting is to align it with the intent of the government which took long years after implementation of the GST law.

The questions still unanswered:

In the given case, the retrospective amendment proposed in the Finance Bill 2025 is to replace the wordings “plant or machinery” with “plant and machinery”. The definition of ‘plant and machinery’ is already present in the proviso to Section 17(5) Clause (d) and therefore, there shall be no scope to interpret the definition of “plant” as analysed by the Hon’ble Supreme Court. To that extent, it will be in favour of the revenue. However, there shall be lot more questions which remain unresolved in respect of Section 17(5)(d) like:

- i. The said clause has stated that the construction shall be on “own account”. What does this “own account” mean? Here, it is not denied that ITC is not available if somebody constructs a building for his/her residence. However, if a factory is getting constructed where taxable products are going to be manufactured, can it be said that the construction is done on ‘own account’. Moreover, if a service provider builds up his office from where taxable services will be provided, can it be said that the construction is on ‘own account’. Interestingly, Clause (c) of Section 17(5) never tells that construction shall be on own account. Therefore, even after the retrospective amendment, difference shall still remain between Clause (c) and Clause (d) of Section 17(5) in regard to the term “own account” and one can still refer to Safari’s case to refer the views of the Hon’ble Apex Court.
- ii. Moreover, both Clause (c) and Clause (d) of Section 17(5) directs that the ITC is denied

if works contract services or goods or services procured are for construction of immovable property. Now, upto what extent can this provision disallow credit? Suppose, a company has applied for a bank finance for a project which includes a significant or majority part as cost for construction of factory shed. For obtaining the finance, the company has to carry out various surveys, get valuations etc. which do not have direct nexus to construction but are required for obtaining the loan. Are these credits denied under Clause (c) or (d) of Section 17(5)? The situation may not yet be envisaged by the law makers.

- iii. As per GST laws, Composite Supply of Works Contract is a Service. If that is so, then what would be the utility of Clause (c) because Clause (d) itself covers goods or services or both. This is also not clear as per the provisions of the section.

Conclusion

The Judgement of the Hon’ble Supreme Court is a welcome judgement which can be an eye opener for all of us in the industry and profession. It cannot be a straitjacket case that the credit is not available on construction of immovable property. We need to analyse each and every case and decide whether credit can be availed or not. However, the retrospective amendment proposed in the Finance Bill will change the scenario to the extent of definition of “plant” as analysed by the Hon’ble Apex Court. However, there are lots of issues which may arise in future in regard to disallowance of ITC under Clause (c) and Clause (d) of Section 17(5). A careful and conscious decision shall be taken by the Industry on case-to-case basis instead of simply disallowing ITC on construction activity.

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Enhancing GST Compliance: The Role of GSTR-1 and GSTR-1A in Streamlining Tax Reporting

With the introduction of GST, the tax structure has been simplified, and a unified market has been created. It has transformed the way businesses operate, particularly in terms of compliance and reporting. Since its introduction, various forms and returns have been introduced. Among these, GSTR-1 and GSTR-1A are essential, as they play a crucial role in the tax return filing process. Although

GSTR-1A was suspended after GST implementation in 2017, it was reintroduced through the 53rd GST Council Meeting dated 22nd June 2024 and through CBIC Notification No. 12/2024 – Central Tax dated 10th July 2024.

To enable registered taxpayers ensure accuracy in their sales reporting and tax liabilities and to reduce discrepancies between GSTR-1 and GSTR-3B, a correction mechanism for GSTR-1, i.e., Form GSTR-1A, has been reintroduced. This article allows for exploration of how GSTR-1 provides comprehensive sales data, while GSTR-1A facilitates necessary amendments, ensuring accurate tax filings and improving transparency in the GST System. The recent reintroduction of GSTR-1A in 2024 further emphasizes its importance in reconciling discrepancies and enhancing compliance for businesses.

GSTR-1

Section 37(1) read with Rule 59 of the CGST Act, 2017 prescribes Form GSTR-1. GSTR-1 is a monthly or quarterly return that every registered person under GST must file. This return contains details of all outward supplies of goods and services made by the taxpayer. Essentially, it is a detailed record of sales transactions carried out by a business during a specific period.

The key features of GSTR-1 are as under:

- All registered taxpayers under GST, except those registered under the Composition Scheme, must file GSTR-1.
- Businesses with an annual turnover of up to ₹5 crore have the option to file GSTR-1 on a quarterly basis. Others must file it monthly.

- The due date for monthly filers is 11th of the subsequent month.
- The due date for quarterly filers is 13th of the month following the quarter.
- The details to be furnished include the invoices issued during the period, debit and credit notes issued in the period, and the details of export sales, including deemed exports, B2B (Business to Business), and B2C (Business to Consumer) sales, along with respective details.
- Any errors in previous filings can be corrected by making amendments in subsequent GSTR-1 filings.

Amendment in Form GSTR-1

In Sub-Rule (4) of Rule 59 of the CGST Rules, 2017, the following amendment

has been made via CBIC Notification No. 12/2024 – Central Tax dated 10th July 2024, with effect from 1st day of August 2024, in Form GSTR-1 —

- (4) The details of outward supplies of goods or services or both furnished in FORM GSTR-1 shall include the
- (a) invoice wise details of all –
 - (ii) inter-State supplies with invoice value more than “Rs. 1 lakh” made to the unregistered persons;
 - (b) consolidated details of all - (ii) State wise inter-State supplies with invoice value “Rs. 1 lakh” made to unregistered persons for each rate of tax;

The limit of Rs. 2.5 lakh has been substituted with Rs. 1 lakh in sub-clause (ii) of clause (a) of sub-rule (4) and sub-

clause (ii) of clause (b) of sub-rule (4) of rule 59 of the CGST Rules, 2017.

Consequently, amendments are made in Tables 5 and 7 of Form GSTR-1. A similar threshold is prescribed for Form GSTR-1A. This will increase the compliance in the case of B2C interstate supplies.

Understanding GSTR-1A

During the 53rd GST Council meeting held on 22nd June 2024, a new optional facility in Form GSTR-1A was recommended, allowing taxpayers to add or amend details filed in GSTR-1 for a tax period before filing their GSTR-3B for the same period. GSTR-1A was reintroduced

as a correction mechanism for GSTR-1 in order to help registered taxpayers to ensure accuracy in their sales reporting and tax liabilities and to reduce discrepancies between GSTR-1 and GSTR-3B.

With the suspension of GSTR-2 and GSTR-3 in the current GST filing system, GSTR-1A was no longer in use. The reconciliation process has since been streamlined, and the requirement for GSTR-1A was effectively removed. The GST Council has periodically made changes to the GST return filing process to make it more efficient. The removal of GSTR-1A and suspension of GSTR-2 and GSTR-3 are part of these reforms. Now, the reconciliation

of outward and inward supplies is largely managed through GSTR-1 and GSTR-3B filings, along with the Input Tax Credit (ITC) reconciliation via GSTR-2A and GSTR-2B.

On 18th June 2024, APIs were introduced by the GST Network, indicating a possible reintroduction of the GSTR-1A Form and its implementation soon on the GST portal. Although GSTR-1A was suspended after GST implementation in 2017, it was reintroduced through the 53rd GST Council Meeting, dated 22nd June 2024, and through Central Board of Indirect Taxes & Customs (CBIC) Notification No. 12/2024 – Central Tax dated 10th July 2024.

Since the implementation of GST in 2017, GSTR-1A has been in existence but the same was never implemented. Following Notifications and Circulars were issued regarding the same.

S. No.	Notification/ Circular	Remarks
1	Notification No. 10/2017 - Central Tax dated 28 th June, 2017	The reference of GSTR-1A was mentioned in Chapter VIII Returns - Point No. 59.(4) stating that "The details of inward supplies added, corrected or deleted by the recipient in his Form GSTR-2 under section 38 or Form GSTR-4 or Form GSTR-6 under section 39 shall be made available to the supplier electronically in Form GSTR-1A through the common portal and such supplier may either accept or reject the modifications made by the recipient and Form GSTR-1 furnished earlier by the supplier shall stand amended to the extent of modifications accepted by him."
2	Notification No. 45/2017 -Central Tax dated 13 th October, 2017	The substitution of Table 4 of GSTR-1A i.e. "Zero rated supplies made to SEZ and deemed exports" was done through this Notification.
3	Circular No. 15/15/2017 - GST dated 6 th November, 2017	The due date for furnishing of FORM GSTR-1A for July 2017 has been extended. Therefore, the details in FORM GSTR-1A shall be made available to the supplier from the 1 st of December to the 6 th of December, 2017 for the month of July 2017.
4	Notification No. 19/2022 - Central Tax dated 28 th September, 2022	The FORM GSTR-1A, FORM GSTR-2 and FORM GSTR-3 of the said rules was omitted.
5	Notification No. 12/2024 - Central Tax dated 10th July, 2024	Bringing various amendments in the rules of CGST Rules, 2017 by inserting the words "GSTR-1A" in Clause (f) of Rule 21, Clause (a) of sub-rule (2A) of Rule 21A, Clause (a) of sub-rule (4) of Rule 36, Rule 37A, Clause (e) of sub-rule (1) of Rule 40, Sub-rule (3) of Rule 48, Sub-rule (1) of Rule 60, Rule 78, Sub-rule (1) of Rule 88C, Proviso to clause (b) of sub-rule (1) of rule 96, sub-rule (2) of rule 96, sub-rule (2) of rule 96A, Clause (c) of sub-rule (1) of Rule 163. After sub-rule (1) of Rule 59, the proviso has been inserted stating that "Provided that the said person may, after furnishing the details of outward supplies of goods or service or both in FORM GSTR-1 for a tax period but before filing of return in FORM GSTR-3B for the said tax period, at his own option, amend or furnish additional details of outward supplies of goods or services or both in FORM GSTR-1A for the said tax period electronically through the common portal, either directly or through a Facilitation Centre as may be notified by the Commissioner."

S. No.	Notification	Remarks
		<p>After sub-rule (4) of Rule 59 a new sub-rule i.e. sub-rule (4A) has been inserted stating that the additional details or the amendments of the details of outward supplies of goods or services or both furnished in FORM GSTR-1A may, as per the requirement of the registered person, include the</p> <p>(a) invoice wise details of inter-state and intra-state supplies made to the registered persons and inter-state supplies with invoice value more than one lakh rupees made to the unregistered persons;</p> <p>(b) consolidated details of intra-state supplies made to unregistered persons for each rate of tax and State wise inter-state supplies with invoice value upto one lakh rupees made to unregistered persons for each rate of tax;</p> <p>(c) debit and credit notes, if any, issued during the month for invoices issued previously.”</p> <p>After clause (ii) of sub-rule (7) of Rule 60 a new clause (iia) has been inserted stating that the additional details or amendments in details of outward supplies furnished by his supplier in FORM GSTR-1A filed between the day immediately after the due date of furnishing of FORM GSTR-1 for the previous tax period to the due date of furnishing of FORM GSTR-1 for the current tax period.”</p>
S. No.	Advisory and FAQs	Remarks
6	Advisory for Form GSTR-1A dated 26 th July, 2024 and	An Advisory for Form GSTR-1A has been issued on 26 th July, 2024.
7	Detailed manual and FAQs on filing of GSTR-1A dated 1 st August, 2024.	A detailed manual and FAQs on filing of GSTR-1A has been issued on 1st August, 2024.

“ If there is a need to change the GSTIN of a recipient for a supply that was reported in Form GSTR-1 for a tax period, the change can only be made in the subsequent tax period using Form GSTR-1. ”

Key Features of GSTR-1A

The main features of Form GSTR-1A are as follows:

- GSTR-1A is an optional feature and can only be submitted once for a specific tax period.
- The taxpayer's liability in GSTR-3B for a specific tax period will be impacted by any modifications made in GSTR-1A.
- The recipient will have access to input tax credit (ITC) for the supplies declared or modified by the suppliers through GSTR-1A in the GSTR-2B for the subsequent tax period.
- Taxpayers who file Form GSTR-1 on a monthly basis can access Form GSTR-1A on the portal every month starting from the due date of filing Form GSTR-1 or the actual filing date of Form GSTR-1, whichever is later. Form GSTR-1A will be available until the corresponding Form GSTR-3B for the same tax period is actually filed. It's important to note that a taxpayer cannot file Form GSTR-1 for a month until Form GSTR-3B for the previous month is filed.
- From a liability standpoint, the combined impact of the details declared or updated through Form GSTR-1A, along with the details declared in Form GSTR-1, will be automatically reflected in Form GSTR-3B for the same tax period as Form GSTR-1.
- The Form GSTR-1A will be accessible quarterly after the actual filing of Form GSTR-1 (Quarterly) or the due date of filing of Form GSTR-1 (Quarterly), whichever comes later, and will remain accessible until the actual filing of Form GSTR-3B of the same tax period for QRMP taxpayers.
- Any supplies that are reported in Form GSTR-1 of the present tax period, including those disclosed in IFF for the initial month (M1) and second

month (M2) of a quarter, are eligible for amendment through the corresponding Quarterly GSTR-1A.

- The details provided in GSTR 1A (Quarterly) and the details submitted in Form GSTR-1 (Quarterly) (or through IFF of Month M1 and M2, if submitted) will be automatically transferred to Form GSTR-3B (Quarterly) for the same tax period from a liability standpoint.
- It is emphasized that there will not be a separate facility for amending records submitted through IFF for the months

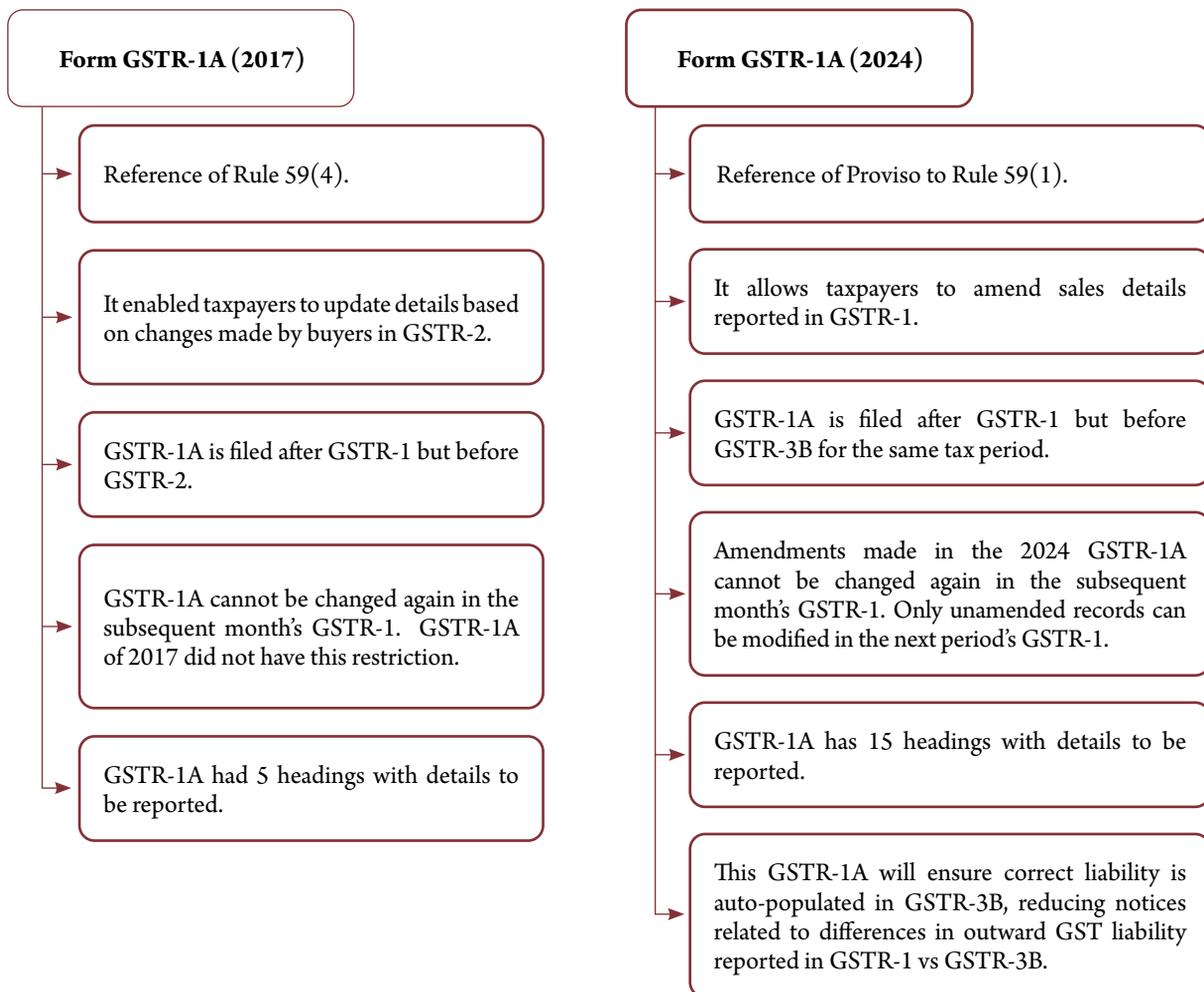
M1 and M2 during the months M1 and M2.

- If there is a need to change the GSTIN of a recipient for a supply that was reported in Form GSTR-1 for a tax period, the change can only be made in the subsequent tax period using Form GSTR-1.
- GSTR-2B will include the supplies already generated as well as all the supplies declared by the suppliers in GSTR-1A. Any supplies declared or amended in Form GSTR-1A will be included in the next open Form GSTR-2B.

Differences between GSTR-1 and GSTR-1A

- 1. Filing Requirement:** GSTR-1 is mandatory for all registered taxpayers. In contrast, GSTR-1A is optional and is used only for making amendments.
- 2. Purpose:** GSTR-1 is filed to report details of outward supplies made during a tax period. GSTR-1A, on the other hand, is used to amend discrepancies based on feedback received from the recipients.
- 3. Due date of filing:** GSTR-1 must be filed by the 11th day of the month following the relevant tax period. Taxpayers

Let's deep dive into some of the major differences in the Form GSTR-1A released in 2017 and 2024.



In summary, while both versions serve to amend GSTR-1 details, the 2024 GSTR-1A has some key differences in terms of timing, amendment rules, and impact on GSTR-3B liability.



with an annual turnover of up to ₹5 crore have the option to file it quarterly. GSTR-1A can be filed after the submission of GSTR-1 and before the filing of GSTR-3B.

4. Late Fees: Late fees are applicable for delayed filing of GSTR-1. However, there is no concept of late fees for GSTR-1A, as it is an optional facility provided to taxpayers.

Despite having the above said differences in GSTR-1 and GSTR-1A, both have some similarities, i.e., the details of outward supplies of goods or services or both furnished in FORM GSTR-1/ GSTR-1A shall include the invoice-wise details of all inter-state supplies with invoice value more than Rs. 1 lakh made to the unregistered persons and consolidated details of all state wise inter-state supplies with invoice value Rs. 1 lakh made to unregistered persons for each rate of tax.

Consequently, amendments are made in Table 5 and 7 of Form GSTR-1 and GSTR-1A.

Conclusion

The reintroduction of GSTR-1A is a pivotal step towards enhancing GST compliance for businesses in

India. It is a proactive measure that significantly enhances compliance for businesses by allowing timely corrections, improving accuracy in reporting, and streamlining the ITC claims process. The understanding of GSTR-1 and GSTR-1A is essential for businesses to ensure compliance with GST regulations in India. While GSTR-1 is a mandatory return detailing all outward supplies, GSTR-1A serves as an optional tool for amending discrepancies reported by the recipients. By enabling timely corrections and reducing discrepancies between GSTR-1 and GSTR-3B, it not only simplifies the filing process but also fosters a more transparent and efficient tax environment.

The step of bringing GSTR-1A is highly appreciable. The GST authorities eventually decided to bring a mechanism or give a facility to the registered person to make corrections in the returns filed by them. It is a matter of debate again that the recipient might be given a chance to participate in this new mechanism of making corrections amendments, as it was available in the original previous version of GSTR 1A.

We hope authorities may also introduce a new return GSTR-3C (or any suitable name), which will reflect

“ While GSTR-1 is a mandatory return detailing all outward supplies, GSTR-1A serves as an optional tool for amending discrepancies reported by the recipients. ”

on the portal of the recipient after the due date of GSTR-3B, so that the recipient could immediately come to know about the deposit of tax against all the supplies received in that tax period. It will help to bring to the notice of all stakeholders that GST is duly deposited against the supplies shown in the GSTR-1 by a registered person or not. This can minimize the Fake invoices issues, ITC issues & other related issues. It would be of great help in avoiding unnecessary issuance of notices and litigations under various provisions of the GST Act, 2017.

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Insights into Self-Assessment under GST

Since its implementation in 2017, GST has unified India's indirect taxation system, replacing a fragmented regime. Businesses still face compliance challenges, especially with self-assessment under Section 59, which requires accurate tax calculation and reporting. The GST framework includes various assessment types and allows for rectification of errors under Section 39(9). Recent developments, like Form GSTR-1A, aim to improve accuracy and reduce compliance burdens. Despite challenges, continuous updates to the GST

system reflect a commitment to enhancing transparency, compliance, and efficiency in tax administration, contributing to India's economic growth.

Since its implementation on July 1, 2017, the Goods and Services Tax (GST) has revolutionized indirect taxation in India by consolidating multiple taxes into a unified system. Despite amendments and updates, businesses face challenges such as audits, investigations, and demand notices, leading to litigation and compliance burdens. As the GST Appellate Tribunal is awaited, disputes escalate to High Courts with significant pre-deposits. Navigating the complexities of GST compliance, particularly in terms of self-assessment, remains a critical challenge for businesses across the country.

Before the introduction of GST, India operated under a fragmented tax regime comprising Central Excise, Service Tax, and VAT, each governed by its own set of rules and compliance requirements. This decentralized approach often resulted in overlapping taxes, cascading effects, and compliance burdens, especially for businesses operating across different states. In the early 90's, the assessment used to happen in the presence of Central Excise officer, however, the same has been placed by the self-assessment regime wherein the taxpayer can assess their liabilities on their own and pay the taxes to the government. The self-

assessment regime has been continued subsequently on the introduction of Service Tax, Sales Tax, and VAT regime. Due to multiple taxes, the taxpayer used to self-assess their liabilities under the respective act.

The GST's implementation sought to address the challenges of multiple assessments by unifying India into a single market with a uniform tax structure. The GST framework operates through three primary components: Levy, Assessment provisions, and Tax recovery/payment. These components collectively aim to streamline tax administration, ensure uniformity in tax rates, and facilitate easier compliance for taxpayers.

Overview of Assessment under GST

Assessment under GST is pivotal for determining a taxpayer's liability and ensuring compliance with statutory obligations. In terms of Section 2(11) of the CGST Act, 2017 (hereinafter referred to as 'Act'), "assessment" means a determination of tax liability under this Act and includes self-assessment, re-assessment, provisional assessment, summary assessment and best judgement assessment.

The Act contemplates the following types of Assessments under different sections of the Act:

1. Self-assessment (Section 59)
2. Provisional assessment (Section 60)
3. Scrutiny of returns filed by registered taxable persons (Section 61)
4. Assessment of non-filers of returns (Section 62)
5. Assessment of unregistered persons (Section 63)
6. Summary assessment in certain special cases (Section 64).

While self-assessment (Section 59) and provisional assessment (Section 60) places the responsibility on taxpayers to calculate and report their tax liabilities, other provisions such as scrutiny of returns (Section 61), assessment of non-filers (Section 62), assessment of unregistered persons (Section 63), and Scrutiny Assessment (Section 64) empower tax authorities to validate the declarations made under self-assessment.

In addition, the law has also given powers to proper officers to demand and recover the unpaid or short-

“The GST’s implementation sought to address the challenges of multiple assessments by unifying India into a single market with a uniform tax structure.”

paid taxes under Section 73, 74 and 76 of the CGST Act, 2017. While some sections like 60, 62, and 63 stand independently, others such as 61 and 64 rely on Sections 73 or 74 for a coherent outcome. Collectively, these sections form what can be referred to as the “GST Assessment Framework”.

Self-assessment: Key principles and procedures

Self-assessment is central to GST compliance, mandated under Section 59 of the Act which provides that “Every registered person shall self-assess the taxes payable under this Act and furnish a return for each tax period as specified under section 39”.

Key Objectives of GST Assessment

The overarching objectives of GST assessment are multifaceted:

- **Ensure compliance:** Encourage taxpayers to comply with GST laws and file accurate returns.
- **Revenue protection:** Safeguard government revenue by identifying and addressing tax evasion.
- **Simplification:** Provide a clear and consistent framework for assessing tax liabilities.
- **Transparency:** Enhance transparency in the tax assessment process, making it easier for taxpayers to understand and comply.

Types of self-assessments under GST

GST prescribes different types of self-assessment procedures tailored to various categories of taxpayers. These include:

Sl.No.	Type of Self-assessment	Section	Rule	Form
1	Self-Assessment by Regular Assesse and Casual Taxable Person	39(1)	61	Form GSTR 3B
2	Self-Assessment by Composition Dealer	39(2)	62	Form GSTR 4
3	Self-Assessment by Non-Resident Taxable Person	39(5)	63	Form GSTR 5
4	Self-Assessment of OIDARS provided by person located outside India to non-taxable person in India	39(1)	64	Form GSTR 5A
5	Self-Assessment by ISD	39(4)	65	Form GSTR 6
6	Self-Assessment of Tax Deducted at Source	39(3)	66	Form GSTR 7
7	Self-Assessment of Tax Collected at Source	52(4)	67	Form GSTR 8
8	Self-Assessment for purpose of Refund by persons having UIN	39(1)	82	Form GSTR 11

Each category of taxpayer is required to comply with specific rules and forms to ensure accurate reporting and timely compliance with GST regulations.

What consists of self-assessment?

The self-assessment process involves a meticulous evaluation of various aspects, including:

1. Whether to obtain registration if crossing the threshold or opting for voluntary registration under Section 25(3).
2. Determining if activities constitute taxable supplies under GST.
3. Classifying supplies as goods or services.
4. Identifying the nature of supply (inter-state or intra-state).
5. Deciding the liability to pay tax under Forward Charge Mechanism (FCM) or Reverse Charge Mechanism (RCM).
6. Calculating the taxable value.
7. Applying the correct tax rate.

8. Assessing the eligibility for exemptions.

9. Verifying the admissibility of input tax credit, calculating eligible credit, and determining reversals.

10. Computing the net tax liability.

11. Allocating availed credits and evaluating the need for separate registrations.

12. Managing restricted credits as per GST regulations.

13. Assessing if supplies qualify as exports, zero-rated supplies, or other categories.

14. Evaluating the applicability and amount of eligible refunds.

As the GST regime endorses the self-assessment, it requires each registered person to calculate their tax liabilities in compliance with the Act and disclose these along with the method of computation through periodic returns on the GST common portal i.e., the tax dues determined (i.e., liability) is reported in statement filed under Section 37 and liability reported

is discharged in returns filed under Section 39, either by way of utilisation of credit available or cash deposited.

The self-assessment process is not merely an administrative formality but a legal obligation that requires accurate computation and reporting of tax liabilities. Any errors or discrepancies discovered post-filing can be rectified under Section 39(9) of the Act, subject to specified conditions and within prescribed timelines.

Rectification of the returns furnished and Impact on tax liabilities

In terms of Section 39(9) of the Act, “where any registered person after furnishing a return under sub-section (1) or sub-section (2) or sub-section (3) or sub-section (4) or sub-section (5) discovers any omission or incorrect particulars therein, other than as a result of scrutiny, audit, inspection or enforcement activity by the tax authorities, he shall rectify such omission or incorrect particulars in such form and manner as may be prescribed, subject to payment of interest under this Act.”

Proviso to Section 39(9) of the Act provides that rectification of any omission or incorrect particulars is permissible until the 30th day of November following the relevant financial year’s end or the actual date of filing the annual return, whichever is earlier.

Let’s break down the time limits with an example involving Mr. A, who reported a supply with a taxable value of Rs. 52,000/- in his tax invoice dated 23-02-2023, but inadvertently recorded only Rs. 25,000/- in both GSTR-1 and GSTR-3B returns for March 2023.

- **Scenario 1:** If Mr. A files his annual return for FY 2022-23 on 31-12-2023, he can rectify this invoice error on or before 30th November 2023.

“The self-assessment process is not merely an administrative formality but a legal obligation that requires accurate computation and reporting of tax liabilities.”

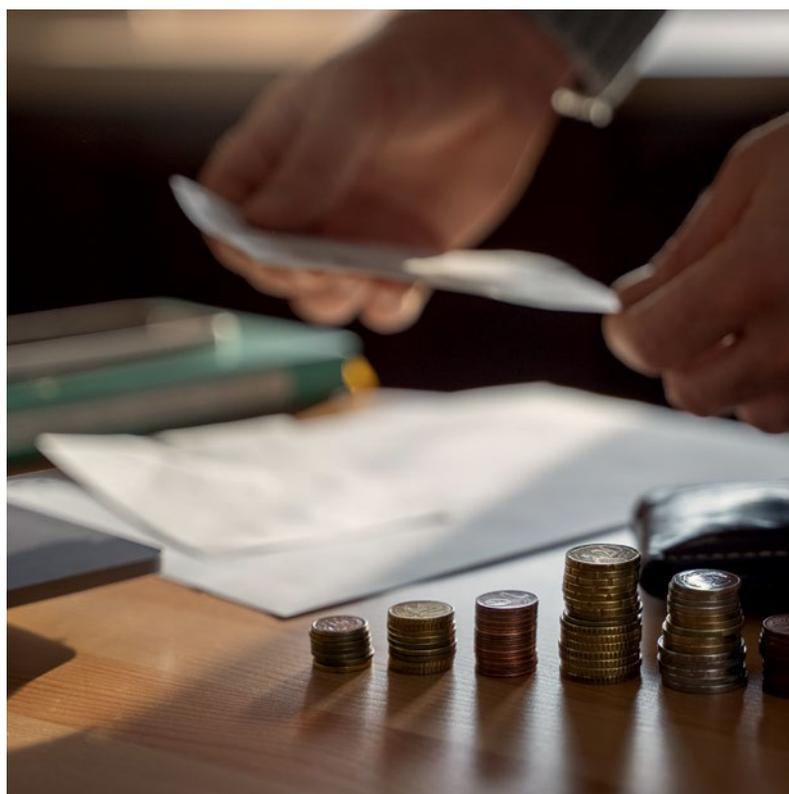
- **Scenario 2:** If Mr. A files his annual return for FY 2022-23 on 31-10-2023, the rectification deadline for this invoice would be 31st October 2023.

From the above, it is inferred that, in no case will the last date to rectify extend beyond 30th November following the end of the FY.

If rectification reveals a higher tax liability than originally paid, interest¹ is levied at 18% per annum from the original due date of the tax payment

to actual payment date. Conversely, if the reassessed liability is lower than taxes paid, a refund² can be claimed using Form GST RFD-01³ within two years from the tax payment date, with interest payable at 6% per annum if the refund is delayed beyond 60 days from the application’s receipt.

Self-assessment in GST involves rectifying discrepancies in GSTR-1 through specific tables like 9A, 9C, 10, 11A, 11B, 14A, and 15A. However, unlike GSTR-1, GSTR-3B does not have separate tables for reporting past month discrepancies. Para 4 of circular no. 26/26/2017-GST dated 29-12-2017 clarifies that these differences should be reported on a net basis along with current month values in appropriate tables like 3.1, 3.2, 4, and 5. These guidelines underscore the principle of self-assessment, emphasizing that it does not imply unsupervised self-administration.



1 Section 50 of the Act

2 Section 54(8) of the Act

3 Rule 89 of the CGST Rules, 2017 (hereinafter referred to as ‘Rules’)



Recovery of unpaid self-assessed taxes

In situations where taxes reported in GSTR-1 exceed those discharged in GSTR-3B, or when additional liabilities arise due to factors like the reversal of input tax credit (such as in the case of unsold flats in a construction project), questions arise about the method of recovery. Specifically, whether recovery should be through direct action by the proper officer or through procedures outlined in Section 73 or 74 of the Act.

Section 75(12) of the Act grants the proper officer authority to recover unpaid self-assessed tax or interest overriding Section 73 or 74. An explanation⁴ to the above provision states that “self-assessed tax” includes taxes due on outward supplies reported in GSTR-1 but not included in GSTR-3B. Referring to Section 78, “Initiation of recovery proceedings,”

“Section 75(12) of the Act grants the proper officer authority to recover unpaid self-assessed tax or interest overriding Section 73 or 74.”

any outstanding tax may be recovered under Section 79, “Recovery of tax,” if rectification is not made within three months. Despite these provisions, judicial precedents such as *Refex Industries Ltd. v. ACCE*⁵ and *UoI v. LC Infra Projects Pvt. Ltd.*⁶ have emphasized the need for tax authorities to issue prior notices before initiating recovery actions. This judicial scrutiny aims to safeguard taxpayer rights and ensure procedural fairness in tax recovery processes.

Taxpayers are advised to exercise caution in reporting their tax liabilities

accurately in both GSTR-1 and GSTR-3B. Timely rectification of errors and discrepancies is crucial to avoid interest liabilities and potential recovery actions by tax authorities.

Developments and Enhancements in GST Self-Assessment

The 53rd GST Council has recently introduced Form GSTR-1A which allows taxpayers to amend or add details in Form GSTR-1 before filing Form GSTR-3B for the same tax period. This initiative aims to facilitate corrections in tax declarations promptly, thereby improving the accuracy of returns and reducing compliance burdens.

Conclusion

In conclusion, the GST self-assessment framework plays a pivotal role in India’s indirect tax regime by empowering taxpayers to calculate, report, and pay their tax liabilities in a transparent and efficient manner. While the system aims to simplify tax compliance, challenges such as complex legal provisions, procedural nuances, and technological dependencies persist. Continuous updates and enhancements to the GST assessment framework underscore the Government’s commitment to addressing these challenges and ensuring the smooth functioning of the tax system. By fostering compliance, protecting revenue, and promoting transparency, GST aims to contribute to India’s economic growth while ensuring fairness and accountability in tax administration.

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⁴ Inserted vide The Finance Act, 2021 dated 28-03-2021 w.e.f. 01-01-2022

⁵ 2020 (74) GSTR 274 (Mad.)

⁶ 2020 (81) GSTR 281 (Kar)



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Introduction

In today's dynamic business environment, management accounting must address a range of contemporary challenges, including the impact of technological advancements, geopolitical risks, global recessions, and climate change. The integration of AI and automation offers significant benefits in data analysis and decision-making but introduces complexities in data management, skill requirements, and regulatory compliance. Geopolitical uncertainties require agile risk management strategies to handle currency fluctuations, supply chain disruptions, and regulatory changes. Global recessions demand rigorous cost control, cash flow management,

Management Accounting in Tempestuous Time: Pathway to Sustainability Amid Global Disruptions

In the modern business landscape, management accounting faces challenges from technology, geopolitical risks, economic downturns, and climate change. Effective integration of AI demands robust data governance and new skills. Geopolitical uncertainties and recessions require agile risk management and cost control. Climate change emphasizes the need for precise environmental cost management and sustainability reporting. Recent corporate failures highlight the importance of accurate financial reporting and risk management. Advanced control metrics and dashboards are crucial for executives to navigate disruptions, ensure financial stability, and drive strategic growth.

and strategic decision-making to maintain financial stability. Meanwhile, climate change necessitates accurate environmental cost management, sustainability reporting, and strategic investment in green initiatives. This framework provides a comprehensive approach to management accounting in modern times, guiding organizations to navigate these evolving disruptions and achieve financial stability and strategic growth.

Management Accounting in Modern Times – A Practical Framework

In today's dynamic business environment, management accounting faces the dual challenge of leveraging technological advancements like AI and automation while managing risks from geopolitical uncertainties, economic recessions, and climate change. These factors demand advanced data analysis and decision-making capabilities, agile risk management strategies, rigorous cost control, and comprehensive environmental

reporting. This framework addresses these contemporary issues, guiding organizations in maintaining financial stability and driving strategic growth amidst evolving disruptions.

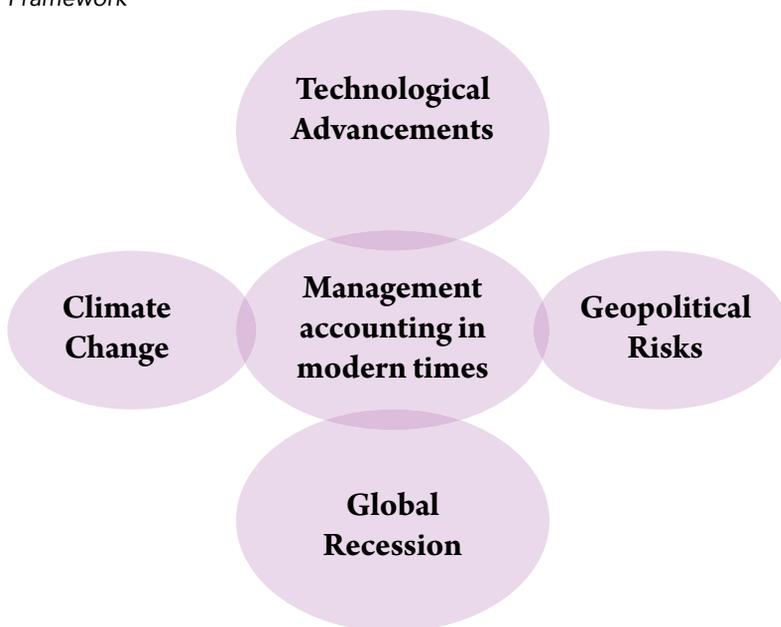
Technological Advancements (AI/GPT)

Integrating Artificial Intelligence (AI) and Generative Pre-training Transformer (GPT) technologies in business processes brings significant potential benefits, such as increased efficiency, improved decision-making, and enhanced data analysis capabilities. However, it also presents several challenges for management accounting practices, including:

■ Data Management and Quality

AI and GPT technologies rely heavily on large datasets for training and analysis. Ensuring data quality, accuracy, and consistency is crucial, as poor data can lead to incorrect insights and decisions. Management accountants must implement robust data governance frameworks to manage data integrity.

Figure 1: Management Accounting in Modern Times – A Practical Framework



■ Skills and Expertise

The adoption of AI and GPT requires management accountants to possess new skills, such as data analytics, machine learning, and an understanding of advanced algorithms. The traditional accounting skill set is evolving, and accountants need to adapt to these technological advancements and stay current with emerging tools and methodologies.

■ Ethical Considerations and Bias

AI systems can inadvertently introduce biases if they are trained on biased data. This can lead to unethical or unfair outcomes in financial reporting, decision-making, and risk assessment. Management accountants must be vigilant in identifying and mitigating potential biases in AI models and ensure that ethical standards are upheld.

■ Transparency and Explainability

AI and GPT technologies can be complex and operate as “black boxes,” making it difficult to understand how decisions or predictions are made. This lack of transparency can be a challenge in management accounting, where explaining and justifying financial data

and decisions is essential. Accountants need to work with data scientists and IT professionals to develop models that are explainable and auditable.

■ Regulatory Compliance and Governance

The use of AI and GPT technologies in financial processes must comply with existing accounting standards, regulations, and industry-specific requirements. As regulatory frameworks evolve to address the implications of AI, management accountants must ensure that their practices remain compliant and that adequate controls are in place.

■ Integration with Existing Systems

Integrating AI and GPT technologies with existing accounting systems and processes can be complex and costly. It requires careful planning and collaboration between finance, IT, and other departments to ensure seamless integration and minimal disruption to operations.

■ Security and Privacy

The use of AI and GPT technologies involves handling sensitive financial

“ In today’s dynamic business environment, management accounting faces the dual challenge of leveraging technological advancements like AI and automation while managing risks from geopolitical uncertainties, economic recessions, and climate change. ”

and personal data. Ensuring data security and privacy is critical, as breaches can lead to significant financial and reputational damage. Management accountants must work closely with cybersecurity experts to implement strong security measures and protect data.

Geopolitical Risks

Geopolitical risks, which include political instability, trade tensions, regulatory changes, and regional conflicts, present significant challenges for management accounting practices. These risks can have a profound impact on business operations, financial performance, and strategic planning. Here are the key challenges that geopolitical risks pose for management accounting:

■ Currency Fluctuations and Exchange Rate Risk

Geopolitical events can lead to significant volatility in currency exchange rates. For multinational companies, this creates challenges in managing currency exposure and accurately forecasting financial performance.

Management accountants must develop strategies to hedge against currency risk and adjust financial statements for exchange rate fluctuations.

■ Supply Chain Disruptions

Political instability or changes in trade policies can disrupt supply chains,



“The use of AI and GPT technologies in financial processes must comply with existing accounting standards, regulations, and industry-specific requirements.”

affecting the availability and cost of raw materials and components. Management accountants need to assess the financial impact of these disruptions, such as increased costs or delays, and incorporate these considerations into budgeting and forecasting.

■ Regulatory and Compliance Uncertainty

Geopolitical risks often lead to changes in regulations, such as tariffs, sanctions, or new trade agreements. These changes can impact a company's operations and financial reporting requirements. Management accountants must stay informed about regulatory developments and ensure compliance with local and international laws.

■ Risk Assessment and Scenario Planning

The unpredictability of geopolitical events makes risk assessment and scenario planning more complex. Management accountants must develop robust risk assessment frameworks that consider various geopolitical scenarios and their potential financial impacts. This includes stress-testing financial models and creating contingency plans.

■ Cost Management and Budgeting

Geopolitical risks can lead to unexpected costs, such as tariffs,

increased security expenses, or higher insurance premiums. Management accountants must incorporate these potential costs into budgeting processes and identify areas where cost-saving measures can be implemented to offset these impacts.

■ Investment and Capital Allocation Decisions

Geopolitical risks can affect investment decisions and the allocation of capital. For example, political instability in a region may deter investment or necessitate the relocation of operations. Management accountants play a crucial role in evaluating the financial viability of investments under different geopolitical conditions and advising on optimal capital allocation.

■ Reputation and Brand Risk

Companies operating in politically sensitive regions may face reputational risks if they are perceived as supporting or being complicit with controversial political actions. Management accountants must consider the potential financial impact of reputational damage, including potential loss of customers, legal liabilities, and increased costs related to public relations efforts.

■ Financial Reporting and Disclosure

Geopolitical risks may necessitate additional disclosures in financial reports, particularly regarding

exposure to certain regions, regulatory risks, and the potential impact on future financial performance. Management accountants must ensure that these disclosures are accurate, comprehensive, and comply with relevant accounting standards.

Global Recession

A global recession poses numerous challenges for management accounting practices, as it typically leads to economic downturns, reduced consumer spending, and increased financial uncertainty. These challenges require management accountants to adopt more cautious and flexible approaches to financial planning, reporting, and decision-making. Here are the key challenges that a global recession presents:

■ Revenue and Profitability Pressures

During a recession, businesses often experience declines in sales and profitability due to reduced consumer and business spending. Management accountants need to adjust revenue forecasts and assess the impact on profitability. They must identify areas where cost reductions can be made without compromising essential operations.

■ Cost Management and Budgeting

With revenue pressures, cost control becomes critical. Management accountants must scrutinize all expenses, prioritize essential spending, and identify areas where costs can be cut. This includes renegotiating contracts, optimizing supply chains, and delaying non-critical capital expenditures.

■ Cash Flow Management

A recession can lead to cash flow constraints as customers delay payments or default. Management accountants must closely monitor cash flow, manage working capital, and ensure sufficient liquidity to meet short-term obligations. This may involve revising credit policies, managing receivables more aggressively, and optimizing inventory levels.

■ Risk Management and Financial Stability

The increased economic uncertainty during a recession heightens financial and operational risks. Management accountants must enhance risk assessment frameworks, including stress testing financial models under various recession scenarios. They should also evaluate the company's financial stability and solvency, considering potential impacts on debt covenants and financing costs.

■ Valuation and Asset Impairment

A recession can lead to a decline in asset values, necessitating asset impairment reviews. Management accountants must evaluate the recoverable amounts of tangible and intangible assets, including goodwill, and recognize impairments where necessary. Accurate asset valuation is crucial for financial reporting and investor communication.

■ Strategic Decision Support

During a recession, companies may need to make strategic decisions such as divesting non-core assets, restructuring operations, or pursuing mergers and acquisitions. Management accountants provide critical financial analyses and scenario planning to support these decisions, helping to identify viable options and potential risks.

■ Financial Reporting and Disclosure

A global recession can affect the assumptions and estimates used in financial reporting, such as revenue recognition, inventory valuation, and provisions for bad debts. Management

accountants must ensure that financial statements accurately reflect the economic conditions and comply with relevant accounting standards. They also need to provide transparent disclosures about the impact of the recession on the company's financial position and performance.

■ Stakeholder Communication and Investor Relations

Effective communication with stakeholders, including investors, employees, and customers, is crucial in times of economic uncertainty. Management accountants play a role in crafting clear and accurate financial communications, providing updates on the company's financial health and strategic responses to the recession.

Climate Change

Climate change poses unique and multifaceted challenges for management accounting practices. As businesses and societies become increasingly aware of the environmental impact of their activities, management accountants must adapt to new requirements, standards, and expectations. The key challenges include:

■ Environmental Management Cost

Identifying and managing environmental costs, such as energy consumption, waste management, and emissions, can be complex. Management accountants must develop methods to accurately measure these costs and integrate them into traditional cost accounting systems. This includes accounting for direct costs (e.g., compliance with environmental regulations) and indirect costs (e.g., potential future liabilities or reputational damage).

■ Sustainability Reporting and Compliance

Many companies are now required or encouraged to report on their environmental impact, including

“As businesses and societies become increasingly aware of the environmental impact of their activities, management accountants must adapt to new requirements, standards, and expectations.”

carbon emissions, resource usage, and other sustainability metrics. Management accountants must be familiar with frameworks such as the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-related Financial Disclosures (TCFD). They need to ensure accurate, consistent, and transparent reporting that complies with these standards and meets stakeholder expectations.

■ Risk Assessment and Scenario Planning

Climate change introduces new risks, such as physical risks (e.g., extreme weather events) and transition risks (e.g., changes in regulations and market demand). Management accountants must incorporate these risks into financial models and scenario planning exercises. This includes assessing the financial implications of potential regulatory changes, shifts in consumer preferences, and the physical impacts of climate change on operations.

■ Valuation of Assets and Liabilities

Climate change can affect the valuation of assets and liabilities. For example, assets in industries with high carbon footprints may face “stranding” risks, where they become obsolete or significantly devalued due to regulatory changes or market shifts. Management accountants must consider these factors in asset valuation, impairment testing, and the calculation of liabilities, such as environmental remediation costs.

■ Investment and Capital Allocation

Companies are increasingly considering environmental, social, and governance (ESG) criteria in their investment and capital allocation decisions. Management accountants play a critical role in evaluating the financial viability of green investments, such as renewable energy projects, and assessing the long-term sustainability of business strategies. This includes calculating the return on investment (ROI) for sustainability initiatives and considering the potential for long-term cost savings or revenue generation.

■ Cost of Carbon and Emissions Accounting

As governments and markets implement carbon pricing mechanisms (e.g., carbon taxes, cap-and-trade systems), management accountants must account for these costs in financial planning and analysis. They need to track and report on the company's carbon emissions, understand the financial impact of carbon pricing, and develop strategies to reduce emissions and mitigate associated costs.

■ Stakeholder Engagement and Communication

Investors, customers, and other stakeholders are increasingly interested in companies' environmental performance and sustainability efforts. Management accountants must work closely with corporate communications and investor relations teams to provide clear and accurate information about the company's climate-related risks, opportunities, and actions. This includes participating in the preparation of sustainability reports and responding to inquiries from stakeholders.

Impact of Erroneous Management Accounting & Risk Analysis in the Post-Pandemic Era

In the post-pandemic era, several corporate entities faced significant

challenges, and some even collapsed due to errors in management accounting and inadequate risk analysis. The rapid and unprecedented changes in global markets, supply chains, and consumer behavior exposed vulnerabilities in companies that failed to adapt their financial and risk management practices.

■ Case Study: Wirecard

Wirecard, a German payment processing company, collapsed in 2020 after it was revealed that €1.9 billion in cash was missing from its balance sheets. The company's downfall was attributed to fraudulent accounting practices and a lack of robust internal controls. The scandal highlighted the importance of accurate financial reporting and the role of management accounting in providing reliable financial information.

■ Case Study: Luckin Coffee

Luckin Coffee, a Chinese coffee chain, experienced rapid growth and was touted as a strong competitor to Starbucks in China. However, in 2020, the company admitted to fabricating sales data, leading to a major financial scandal. The lack of transparency and poor risk management led to severe reputational damage, delisting from the NASDAQ, and significant financial losses.

■ Case Study: Arch egos Capital Management

Arch egos Capital Management, a family office, collapsed in early 2021 after failing to meet margin calls, leading to a loss of billions of dollars for several global banks. The firm's excessive use of leverage and failure to adequately assess and manage risk were key factors in its downfall. This incident underscored the importance of effective risk management and accounting controls in financial institutions.

These cases demonstrate the critical role of management accounting and risk analysis in ensuring corporate governance and financial stability. Companies that fail to implement

robust accounting practices and comprehensive risk assessment frameworks are more susceptible to errors, fraud, and financial distress, especially in times of economic uncertainty and rapid change. The lessons from these collapses emphasize the need for accurate financial reporting, strong internal controls, and proactive risk management strategies to navigate the complexities of the modern business environment.

Emerging Control Metrics & Suggested Dashboards for C-Suite Professionals & Board Members

As businesses navigate a complex and rapidly changing environment, C-suite professionals and board members require timely and accurate information to make informed decisions. Emerging control metrics and advanced dashboards can provide valuable insights into the company's performance, risks, and strategic direction. Below are some key metrics and dashboard features that can enhance decision-making at the highest levels.

1. Key Financial Metrics

■ Revenue and Profitability Analysis

- Metrics: Revenue growth rate, gross profit margin, net profit margin, EBITDA
- Suggested Dashboard: A financial overview dashboard that displays real-time revenue and profitability metrics, along with variance analysis against forecasts and prior periods.

■ Cash Flow Management

- Metrics: Operating cash flow, free cash flow, cash conversion cycle
- Suggested Dashboard: A cash flow dashboard showing cash inflows and outflows, liquidity ratios, and trends in working capital.



2. Operational Efficiency Metrics

■ Productivity and Efficiency

- Metrics: Labor productivity, asset utilization, overall equipment effectiveness (OEE)
- Suggested Dashboard: An operations dashboard featuring key efficiency metrics, production schedules, and bottleneck analysis.

■ Supply Chain Performance

- Metrics: Supplier lead time, order fulfillment rate, inventory turnover
- Suggested Dashboard: A supply chain dashboard tracking supplier performance, inventory levels, and logistics metrics.

3. Risk Management Metrics

■ Financial Risk Indicators

- Metrics: Debt-to-equity ratio, interest coverage ratio, credit risk exposure
- Suggested Dashboard: A risk management dashboard highlighting key financial risks, stress test results, and scenario analysis.

■ Operational and Compliance Risks

- Metrics: Incident frequency, compliance breach incidents, regulatory compliance scores

- Suggested Dashboard: A compliance and risk dashboard that monitors regulatory adherence, incidents, and internal audit findings.

4. Strategic Performance Metrics

■ Innovation and R&D

- Metrics: R&D expenditure as a percentage of sales, number of new product launches, innovation pipeline value
- Suggested Dashboard: An innovation dashboard tracking R&D investments, project progress, and market introduction timelines.

■ Market and Customer Metrics

- Metrics: Customer acquisition cost (CAC), customer lifetime value (CLV), Net Promoter Score (NPS)
- Suggested Dashboard: A customer experience dashboard displaying customer satisfaction scores, retention rates, and market share.

5. Sustainability and ESG Metrics

■ Environmental Impact

- Metrics: Carbon footprint, energy consumption, waste reduction
- Suggested Dashboard: An ESG dashboard showcasing environmental impact metrics, sustainability

initiatives, and compliance with environmental regulations.

■ Social and Governance Metrics

- Metrics: Employee engagement scores, diversity and inclusion metrics, corporate governance ratings
- Suggested Dashboard: A corporate responsibility dashboard highlighting social and governance performance, CSR activities, and stakeholder engagement.

Concluding Remarks

In today's complex business environment, management accounting must address challenges from technological advancements, geopolitical risks, economic downturns, and climate change. The integration of AI and automation requires robust data governance and upskilling, while geopolitical uncertainties and recessions demand agile risk management and cost control. Environmental sustainability calls for accurate cost management and adherence to reporting standards. Post-pandemic failures highlight the need for precise financial reporting and risk management. Advanced control metrics and dashboards are crucial for C-suite professionals to make informed decisions and drive strategic growth.

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Navigating Goodwill and Impairment in Business Combinations: An Analysis

Goodwill arises in business combinations when the purchase price exceeds the fair value of net assets acquired. It is tested for impairment rather than amortized, using qualitative or quantitative assessments. The International Accounting Standards Board (IASB), through its Business Combinations—Disclosures, Goodwill, and Impairment

project, has refined impairment testing by eliminating redundant steps and improving transparency. The 2024 Exposure Draft proposes amendments to IFRS 3 and IAS 36 to enhance disclosure and refine impairment assessments. These changes aim to address stakeholder concerns, improve financial reporting, and provide better insights into the performance of acquired businesses.

Goodwill and impairment are critical concepts in accounting for business combinations. Goodwill represents the excess payment made to acquire a company over the fair value of its identifiable net assets. It's an intangible asset not amortized but tested periodically for impairment. A qualitative assessment can indicate if a full (quantitative) test is needed. The quantitative test involves identifying reporting units, assigning assets/liabilities, and comparing the unit's fair value to its carrying amount. Recent rules removed the second step of comparing implied and carrying goodwill. Key factors include testing timing, trigger events, fair value methods, and links to other asset impairments.

Brief History of Project

The IASB issued IFRS 3 in 2004 and revised it in 2008, followed by a post-implementation review in 2013–2014, with findings published in 2015. To address concerns raised,

the IASB launched the Business Combinations—Disclosures, Goodwill, and Impairment project, releasing a Discussion Paper in 2020 and conducting stakeholder outreach. Based on feedback, it developed new proposals and issued an Exposure Draft in March 2024 for public comment.

Background- Exposure Draft

The Exposure Draft proposes changes to IFRS 3 and IAS 36 to improve transparency and effectiveness. It aims to enhance disclosures on the performance of business combinations and refine the impairment testing of cash-generating units with goodwill, addressing issues identified in the post-implementation review of IFRS 3.

Proposed Amendments to IFRS 3

Rationale For Proposed Amendments

When one company acquires another, investors seek clarity on the goals of the management behind the acquisition

and whether those goals are achieved in the subsequent years. This helps assess if the acquisition was effective, including pricing, integration, and expected benefits. Without such information, investors often rely on impairment tests, raising concerns that goodwill impairments are recognized too late. Preparers are concerned that the proposals may require disclosure of commercially sensitive information, increasing litigation risk. To address this, the IASB proposes an exemption allowing companies to withhold certain details if disclosure would seriously prejudice key acquisition objectives. The IASB also proposes limiting performance disclosures to strategic acquisitions to avoid disclosure overload.

The key proposed changes to IFRS 3 include:

1. **New disclosure requirements:**
 - Information about the entity's acquisition-date key objectives and related targets for strategic business combinations, and the extent to which those objectives and targets are being met.

- Quantitative information about the synergies expected to arise from a business combination. Example, revenue synergies, cost synergies, and other types of synergies.
 - To require an entity to disclose for each category of synergies:
 - The estimated amounts or range of amounts of the expected synergies.
 - The estimated costs or range of costs to achieve these synergies.
 - The time from which the benefits expected from the synergies are expected to start and how long they will last.
2. Exempting entities from disclosing some of this information in specific circumstances where it could prejudice the achievement of the entity's key objectives.
 3. Replacing the requirement to disclose the primary reasons for a business combination with a requirement to disclose the strategic rationale.

Strategic Business Combinations

The acquirer must disclose information about each strategic business combination as reviewed by key management personnel (as defined in

IAS 24 Related Party Disclosures). The required disclosures include:

1. Year of Acquisition:

- **Key Objectives and Targets:** Disclose acquisition-date key objectives and related targets, either as a range or point estimate.

2. Year of Acquisition and Subsequent Reporting Periods:

- **Performance Against Objectives:** Disclose the extent to which acquisition-date key objectives and targets are being met. This includes:
 - i. Actual performance data reviewed to assess whether objectives and targets are being met.
 - ii. A statement indicating whether actual performance meets the acquisition-date objectives and targets.

3. Duration of Disclosure:

- The acquirer must continue to disclose this information as long as key management personnel review the actual performance against the acquisition-date objectives and targets.

4. Non-Review and Cessation of Review:

- If key management personnel have not started and have no

plan to review the achievement of the objectives and targets, disclose this fact and the reasons.

- If the review stops before the end of the second annual reporting period after the year of acquisition, disclose this fact and the reasons. If key management personnel continue to receive information based on the original metric during this period, disclose that information as well.

The IASB proposes that acquisitions that meet any one of these thresholds would be strategic acquisitions:

(a) Most Recent Annual Reporting Period Before Acquisition Date:

(i) Acquiree's Operating Profit or Loss \geq 10% of Acquirer's Consolidated Operating Profit or Loss **OR**

(ii) Acquiree's Revenue \geq 10% of Acquirer's Consolidated Revenue

(b) Assets Acquired (Including Goodwill) as of Acquisition Date \geq 10% of Acquirer's Total Assets in Consolidated Statement of Financial Position as of Most Recent Reporting Period

Resulted in Acquirer Entering New Major Line of Business or New Geographical Area of Operations

Quantitative

Qualitative

Identifying Information to Disclose

Key disclosures required include

Disclosure	Details
General Information	Name and description of the acquiree, acquisition date, percentage of voting equity interests acquired, and primary reasons for the business combination.
Acquisition Date Fair Value of the Total Consideration Transferred	Fair value of total consideration transferred, including contingent consideration arrangements, and basis for determining acquisition-date fair value.
Contingent Consideration Arrangements	Basis for determining the amount recognized, estimate of range of outcomes (undiscounted), or if a range cannot be estimated, the reasons why.
Acquired Receivables	Fair value, gross contractual amounts, and best estimate of contractual cash flows not expected to be collected.
Contingencies	Amounts recognized and nature of assets and liabilities arising from contingencies.
Partial and Step Acquisitions	Fair value of noncontrolling interest and valuation techniques used.
Revenue and Earnings of the Acquiree	Revenue and earnings of the acquiree since the acquisition date, and pro forma revenue and earnings of the combined entity for public companies.

Exemptions from Disclosure

- **Commercially Sensitive Information:** Entities are exempt from disclosing commercially sensitive or proprietary information to protect competitive advantage and confidential strategies.
- **Litigation Risk:** Entities may be exempt from disclosing information that could lead to legal risk or litigation, as such details might be used against them in legal proceedings.

To ensure transparency and accountability, entities claiming exemptions would be required to disclose:

1. The fact that an exemption has been applied.
2. The specific disclosure requirement(s) for which the exemption has been claimed.
3. The nature of the information omitted and the reasons for claiming the exemption.

Other Proposed Amendments to IFRS 3

Aligning with IFRS 19: Subsidiaries without Public Accountability—Disclosures

The proposed amendments aim to align IFRS 3 with the forthcoming IFRS 19 standard. Key disclosure requirements under the proposal include:

1. Disclosures about the strategic rationale for a business combination.
2. Information about the expected synergies from the business combination.
3. The contribution of the acquired business to the reporting entity’s revenue and profit or loss.
4. The discount rate used in calculating the value in use for impairment testing purposes.

Effective Date and Early Application: The IASB will set the effective date after reviewing feedback, but early

application is allowed to enhance disclosure transparency and adopt the new requirements sooner.

Proposed Amendments to IAS 36: Rationale:

Stakeholders raised two main concerns regarding impairment testing:

- Impairment losses on goodwill are often not recognized promptly. This delay is frequently due to the shielding of goodwill from impairment by the headroom in an existing business with which an acquisition is integrated. Additionally, management’s overoptimism can contribute to delayed recognition.
- The impairment test can be expensive and time-consuming.

To address these issues, the IASB proposes targeted changes to IAS 36 to improve goodwill impairment testing, aiming to reduce shielding and over-optimism, and enhance transparency and reliability.

Key Concern	Proposed Amendment	Details	Objective
Shielding of Goodwill from Impairment	Clarification on goodwill allocation to CGUs	The proposed amendments clarify how goodwill should be allocated to cash-generating units (CGUs) for impairment testing purposes. This change ensures that goodwill is appropriately assigned to the CGUs that benefit from the synergies of the business combination.	Reduce the potential for shielding goodwill from impairment by ensuring a fair and transparent allocation process.
Management Over-Optimism	Mandatory disclosure of the reportable segment for CGUs containing goodwill	Entities will be required to disclose the reportable segment in which a CGU containing goodwill is included. This disclosure provides additional insights into the impairment testing process.	Improve transparency and enable users to assess the reasonableness of management’s assumptions.
Constraints on Cash Flow Projections	Removal of restrictions on including future restructuring and asset improvements	The amendments remove the constraint on incorporating cash flows from future restructuring or asset improvements when calculating an asset’s value in use. Entities can include such cash flow projections if they meet specific criteria.	Provide a more realistic assessment of an asset’s value by allowing future cash flows that align with planned restructuring and improvements.
Pre-Tax vs. Post-Tax Inputs	Removal of the requirement to use pre-tax cash flows and discount rates	Entities will no longer be required to use pre-tax cash flows and discount rates when calculating value in use. Instead, they may use either pre-tax or post-tax inputs, aligning with their internal valuation practices.	Enhance flexibility and consistency with common valuation methods used by entities.

The following example demonstrates how the proposed amendments impact the allocation of goodwill and the potential for shielding goodwill from impairment.

Fact Pattern:

Entity P operates a chain of fitness centers. It operates separate centers for gym facilities and yoga classes. It identifies two operating segments – gym facilities and yoga classes. Each fitness center is identified as a Cash Generating Unit (CGU).

Entity P does not have any presence in City Y. To enter the market in City Y, in January 20Y1, it acquires a fitness center for yoga classes (Center Y) from Entity Q in City Y. It recognizes goodwill of INR 1.5 crore from the acquisition of Center Y. Center Y will be a part of the operating segment of yoga classes.

Entity P's management does not monitor goodwill separately for internal management purposes. It monitors each center separately for internal management purposes.

The carrying amounts as of 31 December 20Y1 are as below:

- Net assets of Center Y (excluding goodwill) INR 8 crore
- Goodwill allocated to Center Y INR 1.5 crore
- Net assets of the operating segment – yoga classes INR 60 crore

The recoverable amount (value in use) of Center Y is INR 9 crore. The recoverable amount (value in use) of the operating segment – yoga classes is INR 75 crore.

Analysis:

Under the existing requirements:

Entity P does not monitor goodwill for internal management purposes. Therefore, under the current requirements, it can allocate the goodwill recognized on the acquisition of Center Y to the operating segment – yoga classes

as that is the highest level set by at which goodwill can be allocated.

- The carrying amount of the net assets of the operating segment – yoga classes as at 31 December 20Y1 is INR 60 crore.
- The carrying amount of the net assets of the operating segment – yoga classes, including goodwill recognized on the acquisition of Center Y, as at 31 December 20Y1 is INR 61.5 crore. The recoverable amount of this operating segment is INR 75 crore. Therefore, no impairment is recognized.

Under the proposed approach:

The business associated with the goodwill that is monitored for internal management purposes is the CGU of Center Y. Therefore, the goodwill is allocated to the CGU of Center Y for impairment testing.

- The carrying amount of the CGU of Center Y, including goodwill, is INR 9.5 crore (i.e., INR 8 crore + INR 1.5 crore). The recoverable amount of the CGU of Center Y is INR 9 crore.
- Therefore, Entity P is required to recognize an impairment loss of INR 0.5 crore, which will be allocated to goodwill.

Thus, under the existing requirements, due to the headroom available in the operating segment – yoga classes, goodwill is shielded from impairment. Under the proposed requirements, this shielding is reduced.

The IASB has proposed amendments to address concerns about the cost and complexity of impairment testing, specifically relating to the calculation of value in use. The key impacts are:

1. Inclusion of Uncommitted Future Cash Flows:

- **Current Restrictions Removed:** The proposed amendments remove the restriction on including cash flows from uncommitted future restructuring or asset enhancement. Previously, IAS 36.33 and IAS 36.44 prohibited these estimates in cash flow projections.

- **Impact:** This change allows for a more realistic and internally consistent projection of cash flows, aligning impairment tests with the cash flow projections used for internal decision-making.

2. Reduction in Cost and Complexity:

- **Simplified Budget Adjustments:** By allowing the inclusion of future restructuring and enhancement cash flows, the need to adjust management's financial budgets or forecasts specifically for impairment testing is reduced.

- **Impact:** This simplification is expected to lower the cost and complexity associated with the impairment testing process.





3. Future Cash Flows:

- **Requirements Maintained and Expanded:** Future cash flows must still be estimated based on the asset's current condition. However, estimates can now include:
 - i. Cash outflows are necessary to maintain the asset's current economic benefits.
 - ii. Cash flows associated with potential restructurings, improvements, or enhancements.
- **Impact:** This allows for a more comprehensive and accurate reflection of the asset's future economic potential.

4. Treatment of Restructuring Provisions:

- **Provisions Recognized in Accordance with IAS 37:** When an entity becomes committed to a restructuring and recognizes a provision for it, the calculation of value in use should:
 - i. Include future cash inflows and outflows reflecting the cost savings and benefits from the restructuring.
 - ii. Exclude future cash outflows for the restructuring itself.
- **Impact:** This ensures that the value in use calculations reflect the economic benefits of restructurings without double-counting the associated costs.

The IASB has also proposed amendments to IAS 36.80 to enhance the accuracy of goodwill impairment testing:

Clarification of Allocation Level:

- Amend IAS 36.80(a) to specify that goodwill must be allocated to the lowest level at which the associated business is monitored for internal management purposes.

New Paragraphs:

- **Paragraph 80A:** Ensure entities first apply IAS 36.80(a) to determine the lowest monitoring level for the business associated with the goodwill.
- **Paragraph 80B:** Apply IAS 36.80(b) only after determining the lowest monitoring level, setting the highest permissible level for goodwill allocation.

Impact:

- Prevents defaulting to operating segment level allocation when goodwill is not separately monitored.
- Ensures more precise and stringent impairment testing, reducing the risk of shielding goodwill from impairment.

Value in Use Calculation

1. The proposed amendments to IAS 36 changes the value in use calculation, a key part of impairment testing, to better estimate the present value of future cash flows from an asset or CGU, including goodwill.

Removing Constraints on Cash Flow Projections:

- The current version of IAS 36 prohibits entities from including cash flows from future restructuring or asset improvements when calculating an asset's value in use.
- The proposed amendments remove this constraint, allowing entities to incorporate cash flow projections from planned future restructuring or asset improvements, provided they meet certain criteria.
- This change aligns the standard with common valuation practices and reflects the economic reality that entities often undertake restructuring or asset improvements to enhance future cash flows.

2. Eliminating the Requirement for Pre-Tax Inputs:

- Currently, IAS 36 requires entities to use pre-tax cash flows and pre-tax discount rates when calculating value in use.
- The proposed amendments remove this requirement, permitting entities to use either pre-tax or post-tax inputs, whichever is more consistent with their internal valuation practices.
- This change provides greater flexibility and aligns the standard with common valuation practices, where post-tax inputs are often used.



The proposed amendments to value in use aim to improve the relevance and reliability of impairment testing by aligning with common valuation practices, allowing post-tax inputs and future restructuring cash flows. To ensure transparency, entities must disclose key assumptions and judgments used in the calculation. Implications and Next Steps

Conclusion

The evolving landscape of goodwill and impairment accounting in business combinations reflects the increasing need for transparency, reliability, and practicality in financial reporting. The IASB's proposed amendments to IFRS 3 and IAS 36 aim to address long-standing concerns related to the impairment testing process, including management over-optimism, goodwill shielding, and the cost and complexity of assessments. These changes not only improve financial statement disclosures but also align accounting practices with economic realities.

■ Managerial Implications

For financial managers and corporate decision-makers, the amendments reinforce the importance of strategic accountability in acquisitions. Enhanced disclosure requirements ensure that investors and stakeholders gain clearer insights into the rationale and performance of business combinations, leading to more informed decision-making. The adjustments to

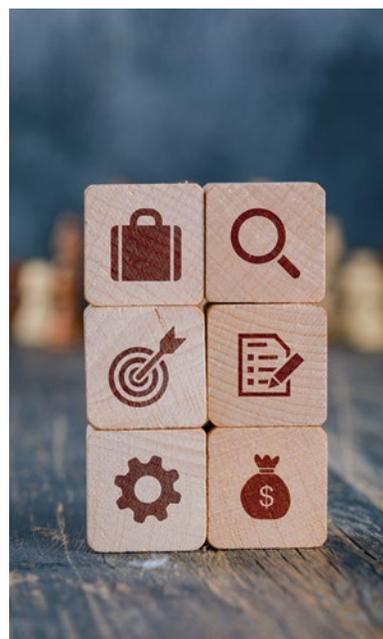
impairment testing, such as removing constraints on future cash flows and allowing post-tax inputs, provide greater flexibility in valuation and risk assessment. However, companies must also navigate the balance between transparency and the protection of commercially sensitive information.

■ Contributions of the Study

This study contributes to the broader discourse on financial reporting by critically evaluating how the IASB's amendments refine impairment testing and enhance disclosure quality. By analyzing these changes, the study provides a valuable reference for accountants, auditors, and regulators in understanding the implications of evolving accounting standards. The modifications to impairment testing criteria and disclosure requirements highlight a shift toward more investor-centric financial reporting.

■ Current Developments and Next Steps

In March 2024, the IASB published an Exposure Draft proposing amendments to IFRS 3 and IAS 36. As of February 2025, it continues redeliberating key areas, including improved disclosures, exemptions for sensitive information, and targeted changes to address goodwill shielding and over-



optimism, reaffirming its focus on transparency and practical implementation.

■ Scope for Further Investigation

While the amendments show progress, future research should assess their real-world impact on reporting, investment decisions, and corporate behavior. Studies should also examine cost-benefit trade-offs and how companies adapt, helping refine standards to stay practical, transparent, and stakeholder-focused.

References

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- *Snapshot: Exposure Draft Business Combinations—Disclosures, Goodwill and Impairment* retrieved from <https://www.ifrs.org/content/dam/ifrs/project/goodwill-and-impairment/exposure-draft-2024/iasb-ed-2024-1-bcdgi.pdf>



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Career as an Information System (IS) Auditor for Chartered Accountants

With the world moving fast towards digitalization, the Information System (IS) Auditor has become an essential part of businesses today. Chartered Accountants can get a chance to find exciting and rewarding careers with opportunities in this sector that can leverage their financial expertise to make IT systems secure, efficient, and compliant with regulations. This article focuses on the diverse career landscape of an IS Auditor, the competent skills that are required, and the possible career path for the CAs.

Information System Auditors: The Diverse Job Description

Initially, auditors pertained to only financial audits. In today's businesses, where technology has central assistance in functioning the work process, the auditing domain is quite extensive. IS Auditors validate the effectiveness of the IT controls, verify compliance with prevailing regulatory requirements, and ensure the safeguarding of sensitive information from prevalent cyber threats. This is particularly crucial in modern organizations, as most activities depend on technology.

Securing Critical Infrastructure

IS Auditors form the main line of defense in protecting significant critical infrastructure, viz. Banking, Financial Services & Insurance (BFSI), Power & Energy, Transport, Strategic & Public Enterprises, Telecom, Government and Health sector. These infrastructures are essential in the operation of society and the economy and, thus, are considered the prime attack targets from cyber-space. The auditors are, therefore, mandating that an evaluation be made for the security and resilience of this infrastructure to improve protection and preparedness, maintain conformity to industry benchmarks and regulations, and

conduct risk assessments. Their job has an important role in ensuring that there are no disturbances that would have undesired effects.

Addressing Privacy Concerns

Privacy concerns have become critical in the modern data-centric world. IS Auditors play a key role in ensuring that organizations comply with privacy regulations such as the General Data Protection Regulation (GDPR), Income Tax Act, Sarbanes Oxley Act and other allied regulatory compliance. They audit the controls adopted by organizations regarding personal data, ensuring that the organizations maintain a balance between severe protection of personal information and privacy considerations for individuals. IS Auditors support the organization in adopting leading practices about privacy, continually conducting assessments regarding privacy impact, and proposing remedial actions to be taken in the mitigation of risks concerning privacy. This approach benefits an organization in gaining the trust of customers and stakeholders and guarding its reputation.

Skills and Qualifications Required

For CAs who want to make the shift and become an IS Auditor need to have a

mix of basic accounting knowledge and IT. The most important requirements for this include the following:

Technical Proficiency: Essentially, for this kind of role, knowledge of IT systems, networks, databases, and principles of cybersecurity is primary. Knowledge of relevant tools and software is essential for auditing and security assessments. IS Auditors must be knowledgeable in using technologies and platforms because this capability will allow them to identify vulnerabilities and recommend effective solutions. More importantly, this knowledge will help them communicate effectively with IT professionals, enabling the practical and workable implementation of their findings and recommendations. One needs to have the skills to analyze sophisticated systems and information to identify gaps and areas for improvement. Therefore, IS Auditors should be good at problem-solving and critical-thinking. Analytical skills are essential for interpreting the findings of an audit to show specific trends so that recommendations are made. Attention to detail is crucial for an IS Auditor, as even the smallest error in execution can lead to significant security and compliance issues for the organization.

Regulatory Knowledge: Knowledge of diverse laws and regulations governing information security and



privacy is necessary. This includes understanding how such regulations impact the business, its business processes, and, consequently, its IT systems. IS Auditors need to be abreast of regulatory changes and advise their organizations on the requirements to comply with new legislation. This knowledge helps the organization avoid legal and monetary penalties, thus gaining trust among its stakeholders.

Communication: The IS Auditors should be able to communicate appropriately with both technical and non-technical people. They must be capable of communicating and expressing their audit findings and recommendations clearly and convincingly. Their communication skills will help them in coordinating relationships among the departments within the organization, with external auditors, and regulators. The IS Auditor should also be able to write detailed reports on the audit performed with a proper recording of the findings and clear recommendations to be provided.

Certifications: Certifications such as Diploma in Information Systems Audit (DISA), Certified Information Systems Auditor (CISA), Certified Information Security Manager (CISM), Certified in Risk and Information Systems Control (CRISC), Certified Information Systems Security Professional (CISSP), Cybersecurity Practitioner (CSXP), or Certified Internal Auditor

(CIA) added significant credibility to the profession. These designations indicate professional commitment and a high level of standing for that individual. Additionally, obtaining these certifications often requires passing tough exams and accumulating relevant work experience, which further boosts the IS Auditor's qualification and marketability.

Key Responsibilities

The responsibilities of an IS Auditor are manifold and involve most areas of IT and business processes:

Risk Assessment and Management: IS Auditors spot potential risks associated with information systems and design strategies to mitigate them. This includes the assessment of the probability and impact of all sorts of various threats and, thereby, formulating robust risk management frameworks. To do this, they have to be 'one step ahead' through constantly monitoring the technology scene and tweaking strategies. This approach helps address potential problems before they escalate into serious issues.

Adherence and Compliance: Ensuring that the IT systems remain in compliance with laws, regulations, and current industry standards is one of the foremost roles of IS Auditors. They need to keep up with changing regulations, which necessarily include those established by the Information Technology (IT) Act, the General

Data Protection Regulation (GDPR), the Health Insurance Portability and Accountability Act (HIPAA), and the Sarbanes-Oxley Act of 2002 (SOX). This involves a deep understanding of the regulatory environment, translating requirements into practical policies and procedures that enable the entity's operation.

Security of Systems and Networks:

In evaluating security measures, it is crucial to measure security regarding data breaches or cyber-attacks and any other form of security threats. Such measurement includes assessment of firewalls, encryption methods, access controls, and all manner of security protocols. IS Auditors have to ensure that they test such measures regularly, so far as to ensure they are working correctly, by recommending updates or amendments for making improvements when required. Such an aspect of their role is critical because sensitive information ought to be kept intact and confidential.

Audit Planning and Execution: IS Auditors formulate complete audit plans, execute the audit process entirely, and communicate the findings to the stakeholders. This requires comprehensive documentation, control tests, and recommendations on the way forward. Proper planning for an audit entail grasping the organization's objectives, risks, and regulatory requirements. IS Auditors must also be able to prioritize and focus on the key critical areas in auditing.

Continuous Monitoring and Improvement: Implement constant monitoring mechanisms for continued compliance and security. IS Auditors also advise on improvements to increase the effectiveness and efficiency of IT controls. This has to be through the advanced mechanisms, methodologies, and tools of real-time performance and security monitoring. It is one such philosophy that IS auditing is built around. It is one aspect that could help organizations stay several steps ahead of emerging threats and other changing regulatory requirements.

Career Growth Opportunities

IS Auditors are in high demand across sectors such as banking, healthcare, government, and technology. New technologies are bound to throw up new challenges and, simultaneously, a plethora of opportunities for IS Auditors. Career progression in this field can lead to senior positions such as IT Audit Manager, Chief Information Security Officer (CISO), and IT Governance Manager. As technology continues to evolve, Information Systems Auditors will remain at the forefront of innovation and security within businesses.

Financial Institutions

IS Auditors have essential responsibilities in financial institutions to make sure that sensitive financial data is safeguarded and adhered to with a lot of strict regulatory requirements. They assess the security of online banking systems, payment processing systems, and customer data management systems. Cybercriminals always focus their activities on financial institutions because of the magnitude of valuable information that can be used for fraud and theft. Auditors who can fill this critical role of preventing fraud and protecting customers' data against cybercrime attacks are IS Auditors.

Healthcare Providers

In the healthcare industry, IS Auditors are charged with the responsibility of protecting patient data and ensuring compliance with regulations governing it, like HIPAA. They evaluate the security level of electronic health records, medical device control systems, and patient management systems. The healthcare industry is adopting digital technologies to improve service delivery and increase operational efficiency; simultaneously, the scope for maintaining effective information security practices grows. IS Auditors help healthcare organizations safeguard the confidentiality and integrity of the information related to

the patients and obtain compliance with legal and regulatory requirements.

Government Agencies

IS Auditors in government agencies must protect sensitive information and ensure compliance with established governmental regulations and standards. They review security compliance for governmental databases, communication systems, and platforms for public service. Furthermore, they play a crucial role in maintaining backup and disaster recovery plans for government operations and business enterprises. IS Auditors in government agencies work in a complex regulatory environment and have to deal with various stakeholders to achieve the result.

Tech Companies

In technology companies, IS Auditors analyze software products, cloud services, and internal IT infrastructure for security. They act according to industry standards. However, these organizations work on a highly competitive basis; therefore, information security remains management's prime focus. IS Auditors help such organizations to build secure products and services, protect their intellectual property, and sustain customers' trust. They also ensure that organizations will implement standards of data privacy regulations and industry requirements.

Challenges and Considerations

While the career path of an IS Auditor is promising, it comes with several challenges. Lifelong learning is required to update oneself with the ever-changing landscape of technology and new threats in the environment. Hence, IS auditors need to stay informed about trends in cybersecurity, new laws, and best practices to act effectively. Thus, this is an exhausting process of active learning, but it is very much needed for the continuing integral life of information systems. Another major challenge comes from potential changes in regulations.

IS Auditors must stay updated with new laws and standards so that they maintain their organization's compliance and mitigate the risk of legal and financial liabilities. These regulation changes affect an organization's operations directly; hence, IS Auditors should lead proactively. They need to interpret and apply complex rules within the context of the organization, which indeed makes this an exciting challenge. It can also be tricky to find the right balance between strong security and operational efficiency. IS Auditors need to ensure that security will not conflict with an organization's ability to execute. That requires an understanding of the business operations of a firm and an ability to design feasible solutions that maintain the balance between security and operability. IS Auditors must be good at managing relationships with various stakeholders to gain their support for security initiatives.

Conclusion

A career as an Information Systems Auditor provides a unique opportunity for Chartered Accountants to apply their financial acumen in the realm of IT and cybersecurity. In today's world, when organizations are on a spree to enhance and adopt methods to maintain information security and regulatory compliance, demand for skilled IS Auditors will continue to increase. This career path provides Chartered Accountants, who are passionate about technology and committed to protecting digital assets, with professional satisfaction and career growth. By embracing the challenges and opportunities in this evolving field, Chartered Accountants can achieve both personal and professional fulfillment.

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Equity Incentives: A Guide to Sweat Equity and ESOP

Equity incentives like Sweat Equity and Employee Stock Ownership Plans (ESOPs) are powerful tools for aligning employees' interests with business growth. Sweat equity offers shares to key employees in exchange for their contributions, such as intellectual property or expertise, making it ideal for cash-strapped startups. ESOPs, on the other hand, are formal plans that distribute shares over

time to a broader pool of employees, promoting retention and long-term engagement. Both options have pros and cons, including tax implications, ownership dilution, and regulatory compliance. In India, these mechanisms have gained popularity, particularly among startups, with specific legal frameworks governing their use and offering potential tax benefits.

Introduction

In the corporate world, compensation goes beyond just salary; businesses now offer ownership stakes to employees through different instruments. Two of the most popular mechanisms are Sweat Equity and Employee Stock Ownership Plans (ESOPs). These instruments align employees' interests with the company's growth and offer a tangible sense of ownership in the company. Let's dive into the specifics of both Sweat Equity and ESOP, exploring their definitions, differences, benefits, challenges, compliance requirements, and taxation implications.

Meaning of Sweat Equity and ESOP

Sweat Equity: Sweat equity refers to shares issued by a company to its employees or directors as a reward for their commitment, contributions, or expertise in the organization. Rather than being paid in cash, employees receive equity (ownership shares) in the business, reflecting the value of their "sweat" or hard work. This method is widely used by startups that may not have the cash flow to pay high salaries but want to retain

key personnel through ownership incentives. These shares can also be issued in exchange for intangible benefits, such as intellectual property, know-how, or other crucial contributions.

ESOP (Employee Stock Ownership Plan): An ESOP is a structured plan that allows employees to own shares of the company they work for. Typically, an ESOP is created as a trust, where the company sets aside shares for distribution to employees over time. Employees can either buy these shares at a predetermined price or acquire them at no cost, based on performance, tenure, or other criteria. The primary goal of ESOPs is to offer a long-term incentive for employees, ensuring that they have a stake in the company's success, as well as aligning their interests with the company's growth.

Difference Between Sweat Equity and ESOP

While Sweat Equity and ESOPs may seem similar because they both offer ownership in the company, there are key differences in how they are structured, distributed, and valued.

Pros and Cons of Selecting Sweat Equity vs. ESOP

Choosing between Sweat Equity and ESOP requires a careful assessment of the company's needs, employee expectations, and long-term objectives. Both have their advantages and drawbacks.

Pros of Sweat Equity

- 1. Cost-Effective for Cash-Strapped Companies:** For startups or early-stage businesses with limited capital, issuing sweat equity provides a way to compensate key contributors without immediate cash outlay.
- 2. Direct Recognition of Contributions:** Sweat equity directly rewards employees for specific contributions, which can be highly motivating for individuals who play a significant role in the company's development.
- 3. Aligns Long-Term Interests:** Since employees hold ownership stakes, they become more invested in the company's long-term success.

4. **Flexible Issuance:** There is no formal plan or structure, so sweat equity can be issued to specific individuals based on the company's needs.

Cons of Sweat Equity

1. **Dilution of Ownership:** Issuing sweat equity results in a dilution of the founder's or other shareholders' ownership, which can be problematic if done excessively.
2. **Valuation Challenges:** Determining the fair market value of sweat equity can be complex, especially for early-stage startups.
3. **Tax Implications:** In some jurisdictions, employees may be taxed on the value of sweat equity at the time of issuance, creating a potential financial burden.
4. **Limited to Key Personnel:** Sweat equity is typically reserved for top executives or contributors, leaving the broader employee base out of such rewards.

Pros of ESOP

1. **Employee Motivation and Retention:** ESOPs provide a structured, long-term incentive plan that encourages employees to stay with the company and perform better.
2. **Tax Advantages for the Company:** In some countries, contributions

to ESOPs can be tax-deductible for the company, providing a financial incentive for implementation.

3. **Broad-Based Ownership:** ESOPs typically extend ownership to a larger pool of employees, which can foster a more collaborative, ownership-driven work environment.
4. **Gradual Vesting:** The vesting period in ESOPs allows the company to distribute ownership over time, minimizing the risk of immediate dilution.

Cons of ESOP

1. **Complexity and Cost:** Setting up and maintaining an ESOP involves legal, administrative, and compliance costs, making it more complicated than issuing sweat equity.
2. **Employee Expectations:** The potential for employees to cash out may create pressure for the company to perform well consistently, as declining share prices can lead to dissatisfaction.
3. **Dilution Over Time:** Like sweat equity, ESOPs result in ownership dilution, though it is spread over a broader group of employees.
4. **Regulatory Oversight:** ESOPs are often subject to strict regulations and compliance measures, which

can increase administrative burdens on the company.

Compliance Requirements for Sweat Equity and ESOP

Both Sweat Equity and ESOPs require adherence to various legal and regulatory requirements. The compliance obligations differ significantly between these two mechanisms.

Compliance for Sweat Equity

1. **Board and Shareholder Approval:** In most jurisdictions, the issuance of sweat equity requires approval from the company's Board of Directors, as well as its shareholders.
2. **Disclosure Requirements:** The company must provide full disclosure regarding the issuance of sweat equity shares, including details about the recipient, the valuation, and the rationale for issuance.
3. **Valuation Standards:** Companies must adhere to fair market valuation standards when determining the number of shares to be issued as sweat equity.
4. **Statutory Limits:** Some countries impose limits on the percentage of equity that can be issued as sweat equity within a specific period.

Aspect	Sweat Equity	ESOP
Definition	Issued to employees in recognition of non-cash contributions such as intellectual property or expertise.	A formal plan under which employees can acquire shares over time.
Purpose	Rewards specific efforts or intangible contributions.	Encourages long-term participation and retention.
Structure	Direct issuance of shares at discounted or no cost.	Shares are held in a trust and distributed over time.
Eligibility	Typically reserved for key employees or directors who have made significant contributions.	Available to a broader pool of employees, including all full-time staff.
Valuation	Valued based on the company's current worth or the specific contribution.	Pre-determined valuation and pricing.
Ownership Transfer	Direct ownership upon issuance.	Ownership transferred gradually or upon certain events (vesting).
Flexibility	Highly flexible, based on individual contributions.	More structured, with uniform guidelines for share distribution.

“ In most jurisdictions, the issuance of sweat equity requires approval from the company’s Board of Directors, as well as its shareholders. ”

5. **Reporting:** Issuance of sweat equity must be reported to regulatory bodies and may need to be reflected in the company’s financial statements.

Compliance for ESOP

1. **Plan Documentation:** Companies must prepare a detailed ESOP plan that outlines the terms of the stock ownership plan, including eligibility, vesting periods, and distribution mechanisms.
2. **Regulatory Approval:** ESOPs often require regulatory approval from authorities such as securities boards or labour ministries.
3. **Trust Setup:** In many jurisdictions, an ESOP must be administered through a trust, which holds the shares on behalf of the employees until they are vested.
4. **Annual Reporting:** Companies must provide annual reports on the ESOP, including details of the shares allocated, the current valuation, and employee participation.
5. **Compliance with Securities Laws:** Issuance of shares under an ESOP must comply with applicable securities laws, including disclosure requirements and restrictions on trading.

Taxation in Sweat Equity and ESOP

The tax treatment of Sweat Equity and ESOPs varies across jurisdictions, but some general principles apply globally.

Taxation in Sweat Equity

1. **At Issuance:** In some countries, the value of sweat equity is taxed as income in the hands of the recipient

at the time of issuance. The tax is based on the fair market value of the shares issued.

2. **At Sale:** When employees eventually sell the sweat equity shares, they may be liable for capital gains tax. The gain is calculated as the difference between the sale price and the market value at the time of issuance.
3. **Tax Deductions for the Company:** Some countries allow companies to claim tax deductions for the issuance of sweat equity if it is part of employee compensation.

Taxation in ESOP

1. **At Allocation:** In most cases, employees are not taxed when shares are allocated under an ESOP, as they are not immediately vested or sold.
2. **At Vesting:** Depending on the jurisdiction, employees may be taxed on the value of the shares at the time they vest or when they are sold.
3. **Capital Gains:** When employees sell their vested shares, they may be subject to capital gains tax. The gain is typically the difference between the sale price and the FMV on exercise date.
4. **Tax Benefits for the Company:** In many jurisdictions, contributions made by companies to ESOPs are tax-deductible, providing a financial incentive to implement the plan.

Ideal Preference: When to Choose Sweat Equity or ESOP

The choice between Sweat Equity and ESOP depends on various factors, including the stage of the business, the objectives of the company, and the type of employees being incentivized.

When to Choose Sweat Equity

1. **Early-Stage Startups:** For cash-strapped startups that rely heavily on key personnel to build intellectual property, sweat equity

is an ideal choice. It provides immediate rewards for high-value contributions without the need for significant cash outflows.

2. **Small, Agile Teams:** Sweat equity works well for smaller teams where individual contributions can be easily identified and directly tied to business growth, allowing for more tailored and impactful equity allocation.

Specific Insights on Sweat Equity and ESOP in the Indian Market

In India, both Sweat Equity and Employee Stock Ownership Plans (ESOPs) have gained significant traction, especially with the rise of startups and growing entrepreneurial culture. However, these instruments are governed by specific regulations that companies must adhere to.

1. Sweat Equity in India

- **Regulatory Framework:** The issuance of sweat equity shares is governed by Section 54 of the Indian Companies Act, 2013, and the Securities and Exchange Board of India (SEBI) regulations for listed companies. Unlisted companies are governed by the Ministry of Corporate Affairs guidelines.
- **Eligibility:** Only permanent employees, directors, and promoters are eligible to receive sweat equity. In India, sweat equity shares are issued as a reward for non-monetary contributions like intellectual property, technical know-how, or other intangible assets.
- **Statutory Limits:** Companies in India can issue sweat equity up to 15% of the paid-up equity capital in a year or shares worth ₹5 crore, whichever is higher. However, the overall ceiling for sweat equity is capped at 25% of the company’s paid-up equity capital.
- **Popular in Startups:** Sweat equity is widely used by Indian



startups as a tool to attract and retain talent, especially when cash compensation is limited.

2. ESOPs in India

- **Regulatory Framework:** ESOPs in India are governed by the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 for listed companies, and under the Companies Act, 2013 for unlisted ones.
- **Vesting and Lock-In:** In India, ESOPs generally have a vesting period of one year, and companies often impose additional lock-in periods to ensure employees' long-term commitment.
- **Taxation in ESOPs:** Employees in India are taxed at two points:
 - **At Exercise:** The difference between the fair market value and the exercise price is considered a perquisite and taxed as part of the employee's income.
 - **At Sale:** When the employee sells the shares, capital gains tax is applicable. Short-term capital gains (if sold within 24 months) are taxed at a higher rate than long-term capital gains.
- **Adoption Among Corporates:** ESOPs are widely adopted by Indian tech companies, fintech startups, and unicorns such as

Paytm, Zomato, and Flipkart, offering significant ownership to employees to incentivize loyalty and growth.

3. Trends in India

- **Rising Popularity in Startups and SMEs:** Both ESOPs and sweat equity are becoming increasingly common in the Indian startup ecosystem. They serve as an effective tool to attract top talent in a competitive job market, especially in technology and high-growth sectors.
- **Government Incentives:** The Indian government has been providing various incentives, such as deferring the payment of ESOP-related taxes for employees of startups recognized by the Department for Promotion of Industry and Internal Trade (DPIIT). This has further increased ESOP adoption in Indian startups.
- **Valuation Sensitivities:** Valuation plays a critical role in Indian ESOPs and sweat equity agreements, as most startups operate at high valuations but with volatile stock prices. Employees are often conscious of the timing of their equity exercise to avoid tax liabilities during market downturns.

“ In India, both Sweat Equity and Employee Stock Ownership Plans (ESOPs) have gained significant traction, especially with the rise of startups and growing entrepreneurial culture. ”

4. Compliance Considerations

- **Fair Valuation:** For sweat equity, Indian companies must ensure compliance with fair market value assessments. This often requires certified valuation reports and approval from the board and shareholders.
- **Reporting Requirements:** Both sweat equity and ESOP issuance must be reported to the Registrar of Companies (RoC) and SEBI for listed companies. Non-compliance may result in penalties.
- **Lock-In Restrictions:** The government mandates lock-in periods for sweat equity shares, ensuring employees and directors remain with the company for a specified period.

5. Tax Implications in India

- **Sweat Equity:** In India, sweat equity is taxed as perquisite income at the time of allotment, and the difference between the fair market value and the issue price is considered taxable income. When the shares are sold, capital gains tax is applicable.
- **ESOPs:** The tax implications of ESOPs involve both the perquisite tax at the time of exercise and the capital gains tax at the time of selling the shares. However, there have been discussions around tax deferral for ESOPs in startup ecosystems to make it more employee-friendly.

6. Ideal Use Cases in India

- **Sweat Equity:** Best suited for early-stage startups and businesses that rely heavily on the technical skills and contributions of founders or key team members.
- **ESOP:** Suitable for more established Indian startups and mid-sized companies that aim to create a broader ownership base among employees, promoting long-term retention.

Example of ESOP

A company, namely **Company A**, decides to set up an ESOP to retain employees.

- **Employee's Offer:** 1,000 shares allocated at an exercise price of ₹50 per share.
- **Fair Market Value (FMV):** ₹100 per share at the time of exercise.
- **Vesting Period:** 4 years (25% each year).

Scenario: After 4 years, the employee exercises all 1,000 shares.

- **Total Exercise Cost:** ₹50,000 (1,000 shares × ₹50).
- **Sale Price:** ₹150 per share.
- **Profit on Exercise:** ₹50,000 (₹100 – ₹50 × 1,000) (FMV on exercise date – Exercise Price)
- **Profit on Sale:** ₹50,000 (₹150 – ₹100 × 1,000) (Sale Price - FMV on exercise date)

The employee benefits from the appreciation in share value while the company retains a committed employee.

Example of Sweat Equity

A startup, namely **Company B**, rewards its CTO with Sweat Equity for developing a proprietary software.

- **Company Valuation:** ₹10 crore.
- **Sweat Equity Issued:** 2% of the company (₹20 lakh worth of shares).
- **Fair Market Value:** ₹200 per share.

“ESOPs have proven to be a cornerstone for employee retention and long-term engagement in mid-to-late-stage startups and established businesses.”

- **Number of Shares Issued:** 10,000 (₹20 lakh ÷ ₹200).

Scenario: The CTO receives 10,000 shares valued at ₹200 each. If the company's valuation rises to ₹20 crore after a year:

- **Value of Sweat Equity:** ₹40 lakh (2% of ₹20 crore).
- **Benefit to CTO:** ₹20 lakh gain.

Conclusive Remarks

In the Indian ecosystem, both ESOPs and Sweat Equity have emerged as pivotal tools for fostering employee engagement, incentivizing talent, and driving organizational growth. While they cater to different business needs and stages, their impact on the Indian startup and corporate landscape is undeniable.

1. Sweat Equity:

- Sweat Equity is a valuable mechanism for early-stage startups to attract and retain key talent without immediate cash outflows.
- It works exceptionally well in industries reliant on intellectual property, innovation, or niche expertise.
- In India, regulatory frameworks such as the Companies Act, 2013, provide clear guidelines for issuance, ensuring transparency. However, compliance requirements and valuation complexities remain challenges for small businesses.
- For example, a tech startup issuing ₹20 lakh in Sweat Equity can secure crucial technical

contributions, which, when valued in future funding rounds, can yield exponential returns.

2. ESOPs:

- ESOPs have proven to be a cornerstone for employee retention and long-term engagement in mid-to-late-stage startups and established businesses.
- The structured nature of ESOPs aligns employee goals with the company's growth, fostering a culture of ownership.
- With SEBI regulations and favourable tax policies for DPIIT-recognized startups, ESOPs have become increasingly attractive. However, challenges like the dual taxation model (at exercise and sale) need simplification to enhance their appeal.
- For instance, an employee receiving ESOPs worth ₹5 lakh at issuance could see their value grow to ₹20 lakh upon company growth, significantly boosting morale and financial benefits.

Final Insights

The growing adoption of both mechanisms in India highlights their critical role in bridging the talent gap and fostering innovation in the dynamic startup ecosystem. While Sweat Equity suits startups seeking immediate contributions, ESOPs are ideal for businesses aiming to create a collaborative and ownership-driven work environment. To maximize their potential, further simplification of taxation and compliance processes will be key in ensuring broader adoption across industries.

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Service level Agreements: Important Aspects – An Analysis

Service Level Agreements (SLA) are documents that give an outline to agreed commitments between service provider(s) and service recipients or clients. SLAs set an expectation level that a client would expect a service provider to deliver and details the point of contacts during service delivery and metrics by which the effectiveness of processes is monitored and approved. Modern business arrangements, where outsourcing of services and product

delivery has become a norm, are governed by agreed service performance metrics commonly known as SLAs.

In the 21st century, marked by rapid advancements in Information Technology, increasing digitization, and the growing use of Artificial Intelligence (AI) across global economies, modern-era companies commonly employ Service Level Agreements (SLAs) to uphold customer service standards and outline specific remedies or deductions in case those service parameters are not met.

Below are the broad contents of SLAs:

- Expectation from vendor by service-recipient.
- Metrics to measure service delivery vis-à-vis expectations.
- Remedial measures if service delivery expectations do not meet expectations.
- Penalties if service delivery expectations do not meet expectations.

Example of an SLA

A Ltd. which is a service provider of IT support services viz. LAN set-up, internet access and hardware service support enters a contract with P Ltd. which is into trading of garments at PAN-India level. One of the points

in the SLA mentions that A Ltd. shall provide 24X7 service support to P Ltd. This means that even if there is a support requirement by P Ltd. related to say LAN issue on a Sunday or a public holiday, then too A Ltd. shall also render services to their client i.e., P Ltd. In case of default by A Ltd., where metrics are not adhered to, remedial measures including penalty would be levied based on terms of the SLA.

Requirement for having SLA

SLAs summarize the basic tenets of a contract and hence form an integral part of the contract. An SLA pulls together information on all the contracted services and their agreed-upon expected reliability into a single document.

SLAs clearly state metrics, responsibilities, and expectations so that, in the event of issues with the service, neither party can plead ignorance, and helps avoid litigations.

Any significant contract without SLAs is open to deliberate or inadvertent misinterpretation. SLAs protect both parties in the agreement.

SLAs should align with the technology and business objectives of engagement with the management. Misalignment will have a negative impact on pricing, quality of service delivery, and customer experience resulting in litigations in the future and consequent loss of business.

With SLAs in place, there is a mutual understanding between clients and service providers/vendors with regards to service expectations, allowing team members to know the issues faced and which needs to be addressed, manage customer expectations from vendor's side, and various benefits in terms of structured approach to solve day-to-day problems faced by client's business.

In modern business scenarios, it is a necessary and non-negotiable instrument to ensure the success of business transactions for day-to-day operations with minimum hassles.

Benefits of SLAs

- Ensures strong client relationships

SLAs try to address concerns over risks which invariably improve trust among clients and help ensure strong client relationships for vendors.

■ Formalization of processes

Business environments involve formality, whether it is India or abroad, and SLAs add to this requirement by having a formal and documented process-cum-metrics for performance delivery and measurement.

Example: No vendor would like to entertain issues multiple times a day on the same problem which will reflect badly on their service expertise. SLAs help having cogent conversations based on agreed upon terms in writing.

■ Boost to productivity and team morale

SLAs ensure that business requests which are critical to operations are attended first to ensure minimal impact on operations. This ensures productivity as employees know what is critical to address, when and how to address it, and continued operations ensure success and boosts the team's overall morale.

SLAs Vs. KPIs: Difference

1. Difference in metrics

SLAs define a future course of action between vendor and clients i.e., it involves external parties to the agreement.

KPIs measure employee productivity within an organization, i.e., a measurement of the team and team members performance against agreed standards, i.e., it involves internal parties to agreed standards of operations.

2. Freedom to agreement on metrics

In the case of SLAs, an external element is always involved due to the participation of vendors in the agreement process. Additionally, the terms are typically reviewed by internal and/or external legal counsels. Therefore, there is flexibility to finalize SLAs through mutual consensus before sign-off.

KPIs, being internal to organizations, have lesser degree of control as far as freedom to agree is concerned as it is between a head of the department or superior-subordinate agreement based on predefined parameters for internal evaluation and performance targets.

3. Scope

SLAs, typically, could be broader in scope as a vendor may be providing a host of services to a client. For example, SLAs for providing IT support services could involve services related to desktops, laptops, servers, mobiles as well as data security, data privacy and encryption services, on-line or off-line mode of services, services provided at head-office or PAN-India or even at a global level.

KPIs, typically, are narrower in scope with specific metrics that will help ensure that processes and teams coordinate and deliver requisite internal targets on a periodic basis.

4. Reviews

SLAs need review either annually or on change of operational events necessitating re-visit of SLAs terms and metrics of performance between vendors and clients which again shall go through legal review process as done initially.

KPIs need review as and when required since it is internal to an organization.

Challenges

■ Tracking issues

SLA metrics used for tracking and measurement would invariably need to be backed by data which may be voluminous in the case of global organizations. This may pose challenges in tracking the issues and pinpointing actual cause and resolution of issues.

■ Metrics alignment

SLA metrics must align with the capabilities and objectives of the clients and service providers to ensure success. Ever changing business scenarios require deep-thinking and practical approaches to design measurable and practicable SLA metrics which align

“SLAs clearly state metrics, responsibilities, and expectations so that, in the event of issues with the service, neither party can plead ignorance, and helps avoid litigations.”

with long-term goals and vision of organizations.

■ Lack of flexibility

In today's business environment, the bottom-line is whether SLAs have met the expectations or not. There is no partial acceptability of services by customers: therefore, service delivery is perceived as either 0% or 100% by the service providers.

■ Co-operation

Successful drafting of SLAs requires sign-off from top management on either side of the negotiating table; therefore, co-operation is necessary and can be challenging sometimes.

Framing correct SLAs

As a thumb-rule to setting SLAs, avoid arbitrariness in setting up the same and try to be as precise and concise as possible. It is important to measure the right performance metrics and capture the business processes so that SLAs can prove to be a yardstick to measure performance over a period. Finally, periodic review of SLAs in light of the changing business environment and needs helps to have relevant SLAs in the contract.

Let us learn more about the same below:

■ Starting point of SLAs

If the organization has a current set of SLAs, the best starting point is reviewing the same and jotting down the performance against existing metrics and then evaluating the need

“The SLA is a customer-centric template that focuses on simplicity and leverage, specifically for similar contracts where the same or similar industry-based customer services are provided to clients.”

for improvements. The updated list of SLAs should align with the organization's goals and objectives and encompass all stakeholders who are relevant to the organization.

■ Feedback

Feedback from existing clients/customers should form an important consideration while reviewing SLAs. Pertinent questions must be raised viz.

- What is working well?
- Which areas need improvement?
- What can help to deliver and satisfy clients?
- Are we offering the right services or package of services to clients?

■ Draft

The next step is to draft the SLAs given above, taking into account the background and the feedback received. It is important to be precise and concise, eliminating irrelevant services that do not add value to clients.

Most importantly, based on the feedback received, new areas of services should be added to ensure client/customer satisfaction and bring value to their businesses.

■ Support

A successful SLA sign-off needs consultation and consensus with the top management and the client's. It is, therefore, important to get their buy-

in and incorporate their vision during the drafting process so that the sign-off is smooth and less time-consuming on either side.

Best practices

Mastering the art of drafting SLAs is a journey and with each SLA draft, one improves incrementally. However, certain tips can be especially helpful, and may be termed as “Best Practices” for an amateur drafter of SLAs.

- It is important to have measurable SLAs so that team members on either side can track the same and ensure an efficient turnaround of objectives.
- One must ensure that measurements and reporting systems also incorporate exceptional situations viz. dependency on third-party, system down-time, possibility of delay from client's end etc.
- Simple and clear well-defined nomenclatures help keep the SLAs concise, precise, and brief.
- Break-down large complex SLAs into simpler and measurable SLAs.
- Update SLAs as frequently as possible to ensure that client's considerations are incorporated.
- High priority items must be identified, measured and tackled

on a priority basis. For example, if it is an IT service provider, attending to printer-issues may not always be a high priority area but if the same becomes a recurring issue, it can turn into a persistent problem for the client, which may result in unnecessary escalations.

- Flexibility should be inherent in SLAs and help ensure reviews and updates.
- Customize the SLAs based on each client's requirements and business operations.

Types of SLAs

■ Customer-based SLA

As the heading suggests, the SLA is a customer-centric template that focuses on simplicity and leverage, specifically for similar contracts where the same or similar industry-based customer services are provided to clients.

Example: A customer-based SLA for all clients in the warehousing industry would have similar requirements.

■ Service-based SLA

Similar to customer-based SLAs, service-based SLAs focus on similar type of services required by clients but across different industries. This helps in replicating the SLA template for a multitude of clients requiring



similar services but across different industries.

Example: A service-based SLA for resolution of printer-related issues which can remain consistent across different industries and could be used to help set up standard SLAs for resolution of tickets.

■ Multi-level SLA

This template offers adequate flexibility to customize as per client requirements by addition of service conditions to address different customers within an organization.

Such SLAs try to address customers across hierarchy from top-management to ground-level workers in operations, address issues at specific levels and at group levels, specific to a particular corporate entity within industries, and hence would be more granular compared to other two types of SLAs seen above.

SLA metrics to consider for drafting

It is important that SLAs monitor appropriate metrics to ensure overall success. The right data is a pre-requisite to know if the service arrangement is serving both the parties to the SLA. Too many metrics may make the SLA unviable and different services

may require different metrics for serviceability. Please note that the below are universally accepted industry metrics, and the same could cater to each client or industry-specific needs to prepare mutually acceptable SLAs.

■ Uptime

Uptime refers to the number of working hours when services are in place and working for the client, and measurability is in % terms e.g., 99% for 30 days for an 8-hour workday means 0.3 days or 2.4 hours in a month of down-time which may be acceptable in industries.

■ Error rates

Error rates track service failures, which could be in terms of the percentage of time when services by the vendor could not be delivered, resulting in missing deadlines, delays in updates, negative interactions with the client, escalations to top management on either side, and defects in services.

■ Response time

Response time refers to the acceptable time for a service provider to log and respond to the client's issue.

■ Resolution time

Resolution time refers to the acceptable time for a service provider

“It is important that SLAs monitor appropriate metrics to ensure overall success. The right data is a pre-requisite to know if the service arrangement is serving both the parties to the SLA.”

between log-in time and resolution of the issue raised by a client i.e., turnaround time.

■ First call resolution rate

This means the percentage of resolutions by the vendor that are done in the first attempt itself, which speaks of the quick turnaround and good serviceability from the service provider's perspective.

■ Updates and security

Data privacy by the vendor cannot be compromised under any circumstances, and regular updates in services provided, be it antivirus patches, ERP updates, or statutory compliances, must be adhered to, including local and global laws which are non-negotiable.

Indemnification clause – Is the clause necessary?

A pertinent question to ask is whether the indemnification clause from vendor's side should be made a part of SLAs or the main contract?

In practical experience, vendors do include indemnification clauses as a part of SLAs. However, wider practice would be to make it a part of the general contract as well.

If included, the indemnification clause is an important part of SLA, given it provides compensation to the client in case of any loss or breach of serviceability which may include litigation costs, restoration costs because of breach of SLAs and could have vital impact on the business of the



“ In case of very high-stake disputes, reference to arbitration by vendor or client at a mutually agreed place of dispute resolution by an experienced arbitration authority or expert could also be incorporated. ”

service providers. Therefore, the same must be drafted carefully if it is made a part of SLA.

Dispute resolution mechanism

The business world is a practical world, and it is necessary that disputes between clients and service providers are minimal. However, in the worst-case scenario, if there are major disputes, it is necessary to build safeguards within SLAs to resolve the disputes quickly.

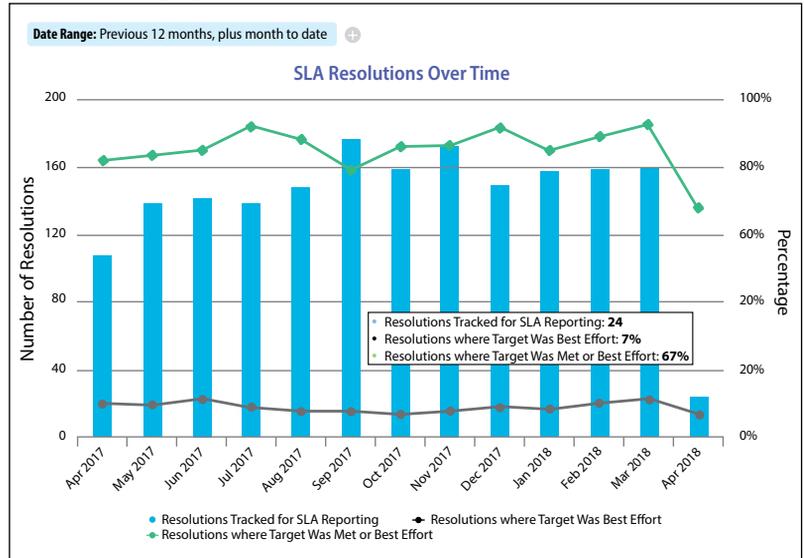
SLAs may incorporate an escalation matrix whereby, based on the gravity of issues faced and turnaround time to address the same, the issues from vendor or client’s side could be escalated to higher authorities at the service provider and/or recipient’s level.

In case of very high-stake disputes, reference to arbitration by vendor or client at a mutually agreed place of dispute resolution by an experienced arbitration authority or expert could also be incorporated. The core idea should be to avoid litigation costs and time that arise in dispute resolution by courts, which will be harmful for the reputation and bottom-lines of organizations on either side.

Whether graphs/charts can be a part of SLA?

SLA metrics would always be measurable and could be numeric, but charts and/or graphs would be helpful to emphasize or demonstrate a critical point of view or practice and if agreeable to both parties of the SLA.

Below are graphical representations of SLA resolutions over time for demonstration purposes.

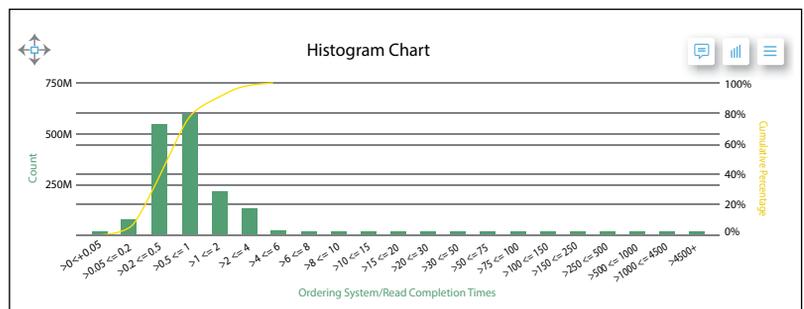


Source: <https://www.xurrent.com/product-updates/sla-resolutions-over-time>

SLA Management with Target Response and Severity Level

Severity Level	Description	Target Response
1. Outage	<ul style="list-style-type: none"> SaaS Server Barked own Your text here 	Immediate
2. Critical	<ul style="list-style-type: none"> Major risk server downtime Your text here 	Within 10 Minutes
3. Urgent	<ul style="list-style-type: none"> End customer impact initiation Your text here 	Within 20 Minutes
4. Important	<ul style="list-style-type: none"> Your text here 	Your text here
5. Monitor	<ul style="list-style-type: none"> Impactful in the future 	Business day

Source: <https://www.slideteam.net/sla-management-with-target-response-and-severity-level.html#images-1>



Source: <https://docs.virtana.com/en/infrastructure-observability-docs/io-user-guide/reports/chart-types/sla-status-charts.html#sla-status-charts> (as on 15.07.2025)

ISO standards of SLA¹

Drafting is a skill learnt by extensive reading and practical experience. The motive behind this article is to inculcate essential skills to draft SLAs which will be useful right from an articleship trainee to a seasoned practitioner in his/her field.

To draw insights into ISO level standards to refer to while drafting SLA agreements, below are useful standards applicable to SLAs accepted industry-wide:

- Standardized SLA templates need to be in existence in every organization and this should include the basics of contract drafting elements viz.
 - Definition of the document and its scope

- Attention to details
- Base level requirements essential for engaging and sustaining client relationships
- Fire-fighting mechanism in case of escalations
- Dispute resolution clauses necessary to save the engagements
- Termination clauses
- SLA is a living document which needs to be kept up-to-date as per the changing business dynamics.
- SLA templates must include a clear definition of services, expected service quality in terms of measurable metrics, turnaround time (TAT), service costs which are easily quantifiable for the clients.

- Most importantly, for vendor and clients, there must be a clear description of how the service delivery is to be monitored, measured in terms of compliance requirements with expected service levels.

Conclusion

SLAs are core to most agreements between service providers/vendors and service recipients/clients in modern businesses and must be made keeping the fundamentals of contract management in mind.

SLAs not only prove useful as reference points to monitor and measure performance-based vendor management but can also be an effective risk management tool, through appropriate construction of SLAs and incorporation of clauses related to indemnity and arbitration in case of any losses and/or disputes in the long-run.

It is advisable to review SLAs with technical, legal, and commercial teams to ensure that they foolproof, and that any loose ends are addressed before execution/sign-off by either party.

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Transforming Financial Services: The Role of Fintech in Empowering Chartered Accountants and Allied Professionals

This article explores the transformative impact of Fintech on Chartered Accountants (CAs) and allied professionals in financial services. It analyses practical applications across auditing, taxation, advisory and compliance, discussing trends, challenges and future opportunities. Key findings include enhanced efficiency through AI-driven auditing,

blockchain's role in secure transactions and the rise of robo-advisors. Challenges like data privacy and regulatory compliance are examined, alongside opportunities in decentralized finance (DeFi) and sustainable finance. Embracing Fintech equips professionals to navigate complexities, innovate and enhance client service, positioning them as leaders in a digitally evolving financial landscape.

Introduction

In the rapidly evolving landscape of financial services, the emergence of Financial Technology (Fintech) stands as a transformative force reshaping traditional practices and opening new avenues for innovation. Fintech encompasses a broad spectrum of technologies and innovations that leverage digital advancements to enhance the delivery and accessibility of financial services. From blockchain and artificial intelligence (AI) to digital currencies and robo-advisors, Fintech solutions are revolutionizing how financial transactions are conducted, managed and analyzed.

The significance of Fintech in the financial services industry cannot be overstated. It not only improves operational efficiencies and reduces costs but also enhances customer experiences by providing personalized and efficient financial solutions. Fintech has democratized access to financial services, empowering individuals and businesses with tools that were once exclusive to large institutions. This democratization is

fostering financial inclusion globally, bridging gaps in access to banking and investment opportunities.

Understanding Fintech

Financial Technology, commonly known as Fintech, encompasses a diverse range of innovations that leverage digital advancements to enhance and automate financial services. Initially coined to describe the integration of technology into financial processes, Fintech now represents a dynamic sector driving significant industry disruption and innovation.

Meaning and Scope of Fintech

Fintech refers to any technological innovation that aims to improve and automate the delivery and use of financial services. It spans a wide spectrum of applications, including payment systems, lending platforms, investment management, and digital banking solutions. Fintech innovations often focus on enhancing efficiency, accessibility and transparency within financial transactions and services.

Evolution and Historical Development of Fintech

The evolution of Fintech can be traced back to the early 2000s with the rise of online banking and payment systems (Manasov et al., 2018), which marked the beginning of digital transformation in finance. Over the years, technological advancements, regulatory changes and consumer demand have accelerated the growth of Fintech, leading to the emergence of new players and business models in the financial services industry.

Key Technologies and Innovations Driving Fintech

- 1. Blockchain:** A decentralized ledger technology that ensures secure, transparent and immutable transactions. Blockchain has revolutionized areas such as payments, supply chain finance and digital identities by eliminating intermediaries and reducing transaction costs. Cryptocurrencies like Bitcoin and Ethereum, along with stablecoins and CBDCs, facilitate financial inclusion and challenge traditional banking models.

2. **Artificial Intelligence (AI) and Machine Learning:** AI-powered algorithms enable data analysis, predictive analytics and personalized financial recommendations. In Fintech, AI enhances fraud detection, credit scoring, and customer service automation, improving operational efficiency and customer experience.
3. **Data Science:** It involves analyzing large datasets to extract insights and inform decision-making. In Fintech, it aids in understanding customer behaviour, managing financial risks and analyzing market trends. Data science also streamlines regulatory compliance through automated data collection and analysis, ensuring accuracy and efficiency in adhering to regulations.

Relevance to CAs and Allied Professionals

Financial Technology integration into various domains of financial services not only enhances operational efficiency but also introduces new methodologies and tools that redefine client engagement and service delivery (Fülöp et al., 2022).

Fintech allows to leverage advanced technologies like AI, blockchain and data analytics to enhance auditing procedures, optimize tax planning strategies, offer personalized financial advisory services, and ensure regulatory compliance (Faes et al., 2022). Embracing Fintech enables professionals to stay competitive in a rapidly evolving industry landscape driven by technological innovation (Nasir et al., 2021).

Impact of Fintech on Various Domains

1. **Auditing:** Automated auditing tools powered by AI and machine learning algorithms enable CAs to conduct more thorough and efficient audits. These technologies can analyze vast datasets quickly, detect anomalies, and provide insights that enhance audit quality and reduce risk.

2. **Taxation:** Fintech solutions streamline tax compliance processes through automated reporting and real-time data analysis. AI-driven tax software can interpret complex tax codes, optimize deductions, and facilitate accurate tax filings, thereby improving efficiency and minimizing errors.
3. **Financial Advisory:** Robo-advisors and digital wealth management platforms powered by Fintech offer personalized investment advice and portfolio management strategies based on client preferences and risk profiles. These platforms utilize AI algorithms to analyze market trends, manage asset allocation, and optimize investment decisions.
4. **Compliance:** Fintech solutions enhance regulatory compliance by automating compliance monitoring, reporting and risk assessment processes. Blockchain technology ensures transparent and immutable records, facilitating regulatory audits and improving transparency in financial transactions.
5. **Algorithmic Trading:** It uses complex AI algorithms to execute trades at optimal times based on market data and pre-set criteria. This technology enables high-frequency

“ Fintech solutions streamline tax compliance processes through automated reporting and real-time data analysis. ”

trading, improves market efficiency and allows for sophisticated trading strategies that were previously inaccessible to individual traders and smaller firms.

Practical Applications of Fintech

i. Automated Auditing Processes and AI-driven Analytics

- **Real-time Data Analysis:** AI algorithms can analyze vast amounts of financial data in real-time, detecting anomalies and patterns that may indicate potential risks or errors.
- **Predictive Analytics:** Machine learning models can forecast financial trends and identify emerging risks based on historical data, enhancing audit planning and risk assessment.
- **Enhanced Accuracy and Efficiency:** Automated auditing reduces manual effort and human error, improving audit accuracy and allowing CAs to



focus on strategic analysis and client advisory.

Real-World Example: A global audit firm adopts AI-powered audit analytics software to enhance audit procedures for multinational clients. The software analyses financial transactions, identifies irregularities, and provides actionable insights that improve audit quality and compliance.

Implementation Strategy: CAs can integrate AI-driven audit tools into their practice by investing in specialized software solutions or partnering with technology providers specializing in audit automation. Training staff in data analytics and AI applications is crucial to leverage these technologies effectively.

ii. Blockchain Technology for Secure Transactions and Smart Contracts

- **Secure Transactions:** Blockchain ensures secure and tamper-proof transaction records, reducing fraud and enhancing trust in financial transactions.
- **Smart Contracts:** Self-executing contracts coded on blockchain automate contract terms and conditions enforcement, ensuring compliance and reducing transaction costs.
- **Immutable Records:** Blockchain provides an immutable audit trail of transactions, facilitating regulatory compliance and simplifying audit processes.

Real-World Example: A financial institution implements blockchain technology to streamline cross-border payments, reducing transaction times and costs while ensuring transparency and compliance with international regulations.

Implementation Strategy: CAs can explore partnerships with blockchain technology providers or develop in-house expertise in blockchain



development and integration. Educating clients on the benefits of blockchain technology for transaction security and compliance can facilitate adoption.

iii. Robo-Advisors and Their Role in Investment Management

- **Risk Assessment:** Robo-advisors assess client risk tolerance and investment goals through automated questionnaires and data analysis.
- **Portfolio Management:** Algorithms optimize asset allocation based on market conditions and client preferences, rebalancing portfolios to maintain desired risk-return profiles.
- **Cost Efficiency:** Robo-advisors typically offer lower fees compared to traditional human advisors, making investment management accessible to a broader range of investors.

Real-World Example: A wealth management firm integrates a robo-advisor platform to offer personalized investment advice and portfolio management services to tech-savvy millennials. The platform uses AI to analyze market trends and adjust asset allocations in response to market fluctuations.

Implementation Strategy: CAs can partner with robo-advisor platforms or develop proprietary robo-advisor solutions tailored to client needs. Educating clients on the benefits of automated investment management and demonstrating transparency in algorithmic decision-making are crucial for client trust and adoption.

Challenges and Considerations

i. Data Privacy and Cybersecurity Concerns

- **Data Breaches:** The interconnected nature of digital financial transactions increases the risk of data breaches and cyberattacks.
- **Regulatory Compliance:** Stricter data protection regulations (e.g., DPDP, GDPR, CCPA) require robust security measures to safeguard client information. DPDP (Digital Personal Data Protection) aims to protect the personal data of individuals by establishing a comprehensive framework for data privacy and security. It mandates stringent measures for data handling, storage, and sharing, ensuring that organizations adhere to robust data protection standards to

safeguard personal information from misuse and breaches.

- **Client Trust:** Maintaining client trust through secure data handling practices is crucial for maintaining reputation and compliance.

ii. Regulatory Compliance and Legal Implications

- **Compliance Challenges:** Adhering to diverse regulatory frameworks across jurisdictions poses compliance challenges for global operations.
- **Regulatory Uncertainty:** Emerging technologies like blockchain and digital currencies often outpace regulatory guidance, leading to uncertainty and legal risks.
- **Audit and Reporting Requirements:** Meeting regulatory audit and reporting requirements necessitates comprehensive understanding and integration of Fintech solutions.

iii. Ethical Considerations in AI and Algorithmic Decision-Making

- **Algorithmic Bias:** AI algorithms may unintentionally perpetuate biases based on historical data, impacting fairness in decision-making processes.
- **Transparency:** Ensuring transparency in AI-driven decisions is crucial for accountability and client trust.
- **Ethical Use of Data:** Respecting privacy rights and ethical standards in data collection, usage, and storage is imperative.

iv. Strategies for Mitigating Risks and Overcoming Challenges

- **Invest in Cybersecurity:** Adopt robust cybersecurity measures, including encryption, multi-factor authentication and regular security audits.
- **Stay Informed:** Stay updated on regulatory changes and industry

standards to ensure compliance and mitigate legal risks.

- **Ethics Training:** Provide ongoing training on ethical considerations in AI and algorithmic decision-making to promote responsible use of technology.
 - **Collaborate with Experts:** Partner with legal advisors and cybersecurity experts to navigate regulatory complexities and address compliance challenges effectively.
- v. **Dependencies on Third Party:** The recent issue with Microsoft has highlighted the significant dependencies on third-party service providers in the technological ecosystem. Any glitches or failures in these services can have substantial impacts on business operations, causing disruptions and raising concerns about the resilience and reliability of outsourced technology solutions.

Current Trends in Fintech

The Fintech sector is experiencing rapid growth, both in India and globally. Currently, the Indian Fintech market is valued at approximately \$80 billion and is projected to reach \$150 billion by 2025 and \$420 billion by 2029 (Patel, 2024). Globally, the Fintech market is valued at around \$1.2 trillion, with expectations to grow significantly, driven by technological advancements and increased adoption of digital financial services. Key trends shaping the Fintech landscape include the rise of digital payments, the proliferation of blockchain technology and the growing use of artificial intelligence for personalized financial services. These trends highlight the vast potential of, and opportunities within the Fintech sector, offering substantial growth prospects for businesses and professionals alike.

i. Decentralized Finance (DeFi)

- **Peer-to-Peer Transactions:** DeFi platforms facilitate direct transactions between users without intermediaries,

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enabling faster and cheaper financial services.

- **Lending and Borrowing:** Smart contracts on blockchain platforms enable automated lending and borrowing of cryptocurrencies, providing liquidity and earning interest.
- **Tokenization:** Assets such as real estate or commodities are tokenized and traded on blockchain platforms, enhancing liquidity and accessibility for investors globally.

ii. Digital Banking

- **Mobile Banking:** Increasing adoption of mobile apps for banking transactions, payments and account management.
- **Neobanks:** Digital-only banks offering streamlined services with lower fees and enhanced user experience compared to traditional banks.
- **Open Banking:** APIs allow third-party developers to build applications and services around financial institutions' data, promoting innovation and competition in the banking sector.

iii. ESG Integration

Castro et al., 2020 suggested that Environmental, Social and Governance (ESG) factors are becoming integral to investment decisions and financial services:

- **Sustainable Investing:** Investors prioritize companies with strong ESG practices, influencing asset allocation and investment strategies.



- **ESG Reporting:** Fintech solutions enable transparent reporting and measurement of ESG metrics, supporting regulatory compliance and stakeholder engagement.
- **Green Finance:** Fintech platforms facilitate investments in renewable energy projects and sustainable development initiatives, aligning with global sustainability goals.

iv. Impact of Digital Currencies and Stablecoins on Financial Markets

- **Cryptocurrencies:** Bitcoin, Ethereum and other cryptocurrencies serve as alternative assets and mediums of exchange, challenging traditional fiat currencies.
- **Stablecoins:** Stablecoins pegged to fiat currencies provide stability and facilitate cross-border transactions with reduced volatility.
- **Central Bank Digital Currencies (CBDCs):** Governments explore CBDCs as digital representations of fiat currency, aiming to enhance financial inclusion and payment efficiency.

v. Emerging Technologies and Future Implications

- **Artificial Intelligence (AI):** Continued advancements in AI enable personalized financial advice, risk assessment and fraud detection.

- **Internet of Things (IoT):** IoT devices gather real-time financial data for predictive analytics and personalized services.
- **5G Technology:** High-speed connectivity enhances mobile banking capabilities and supports real-time transaction processing.

Stimulating Debate and Innovation in Fintech

i. Controversial Topics in Fintech

- **Privacy vs. Transparency:** Balancing the need for data privacy with the transparency requirements of blockchain and AI-driven technologies.
- **Regulatory Oversight:** The adequacy of existing regulations to address emerging Fintech innovations such as decentralized finance (DeFi) and digital currencies.
- **Ethical Use of AI:** Concerns about algorithmic bias, accountability and the ethical implications of AI-driven decision-making in financial services.

ii. Debate on Scalability and Democratization of Financial Services

- **Financial Inclusion:** Leveraging Fintech to reach underserved populations and provide affordable banking, credit and investment opportunities.

- **Challenges in Adoption:** Overcoming barriers such as digital literacy, infrastructure limitations and regulatory constraints to ensure widespread adoption of Fintech solutions (Shahrokhi, 2008).
- **Impact on Traditional Institutions:** How Fintech disrupts traditional banking models and challenges established financial institutions to innovate and remain competitive.

iii. Opportunities for Innovation and Collaboration

- **Cross-Industry Collaboration:** Partnerships between financial institutions, technology firms and startups to co-develop innovative solutions.
- **Emerging Technologies:** Exploring the potential of AI, blockchain, IoT and 5G to create new financial products, improve customer experiences, and enhance operational efficiency.
- **Entrepreneurship and Startups:** Incubators, accelerators, and venture capital funding support the growth of Fintech startups, driving entrepreneurial innovation in the industry.

Embracing these discussions and collaborations allow stakeholders to shape the future of Fintech responsibly, address challenges effectively, and capitalize on opportunities to innovate and improve financial services for a global audience (Bajwa et al., 2022).

Future Directions and Opportunities in Fintech

The future of Financial Technology (Fintech) promises continued disruption and innovation, presenting new opportunities and challenges.

i. Predictions for the Future of Fintech

- **Integration of AI and Machine Learning:** AI will play an

increasingly crucial role in automating financial processes, enhancing predictive analytics, and personalizing customer experiences.

- **Expansion of Blockchain Applications:** Beyond cryptocurrencies, blockchain technology will revolutionize supply chain finance, digital identities, and decentralized applications (dApps) in various industries.
- **Rise of RegTech and Compliance Automation:** Fintech solutions will continue to streamline regulatory compliance processes, reducing costs and improving transparency.

ii. Emerging Areas of Opportunity for CAs and Professionals

- **Advanced Data Analytics:** CAs can leverage data analytics tools to gain deeper insights into financial trends, predict market movements and optimize client strategies.
- **Cybersecurity and Risk Management:** As cyber threats evolve, professionals skilled in

“CAs can partner with robo-advisor platforms or develop proprietary robo-advisor solutions tailored to client needs.”

cybersecurity will be in high demand to safeguard sensitive financial data and transactions.

- **ESG and Sustainable Finance:** CAs can advise clients on integrating Environmental, Social and Governance (ESG) factors into investment strategies and financial reporting, aligning with global sustainability goals.

iii. Strategies for Staying Ahead in a Rapidly Evolving Landscape

- **Continuous Learning and Skill Development:** Stay updated with emerging technologies and industry trends through ongoing education, certifications and professional development programs.

- **Embrace Collaborative Partnerships:** Collaborate with Fintech startups, technology providers and regulatory experts to co-develop innovative solutions and navigate regulatory complexities.
- **Enhance Client-Centric Services:** Adopt client-centric approaches by offering personalized financial advice, leveraging AI-driven insights and enhancing digital customer experiences.
- **Invest in Robust Cybersecurity:** Implement robust cybersecurity measures, including encryption, secure authentication and proactive threat detection, to protect client data and maintain trust.

By staying informed, adaptable and strategic, professionals can effectively harness the potential of Fintech to drive sustainable growth and client success in the future (Mention, 2019).

Conclusion

India's Fintech sector is rapidly expanding, with over 9,000 Fintech startups contributing to its growth. According to Patel (2024), the sector has captured 14% of global funding and ranks second in deal volume. It is projected to reach \$150 billion by 2025 and \$420 billion by 2029. In 2022, Indian Fintech startups raised \$5.65 billion, making it the second most-funded startup sector in the country.

The success of India's Fintech landscape is supported by a robust regulatory framework. The India Stack, which includes a set of APIs, and the JAM Trinity (Jan Dhan Yojana, Aadhaar, and mobile connectivity) have been pivotal in driving financial inclusion. Jan Dhan Yojana has enrolled over 508.9 million beneficiaries, and Aadhaar has issued over 1.3 billion IDs, streamlining identification processes (Patel, 2024).



Looking ahead, the Reserve Bank of India's Payments Vision 2025 sets ambitious goals for digital payments, including tripling transaction volumes, achieving a 50% CAGR in mobile-based transactions, increasing PPI transactions by 150%, and expanding card acceptance infrastructure to 25 million by 2025. These initiatives highlight the pivotal role digital payments will play in India's financial future. In conclusion, the evolution of Financial Technology (Fintech) represents a transformative shift in the financial services industry, offering CAs and professionals unprecedented opportunities for growth and innovation.

Additionally, upcoming compliance regulations for blockchain, AI, and data privacy will further enhance the role of Chartered Accountants, making their expertise increasingly crucial in navigating the evolving Fintech landscape.

Summary of Key Findings and Insights

Fintech innovations, such as AI-driven analytics, blockchain technology and robo-advisors, are revolutionizing traditional practices across auditing, taxation, financial advisory and compliance. These technologies enhance operational efficiency, improve accuracy, and empower professionals to deliver more personalized and effective services to clients. The integration of digital currencies and stablecoins is reshaping financial markets, offering new avenues for investment and transaction efficiency.

Implications of Fintech for CAs and Allied Professionals

Embracing Fintech enables professionals to enhance client service delivery, optimize risk management strategies and navigate regulatory complexities more effectively. By leveraging advanced technologies and staying ahead of industry trends, CAs can position themselves as trusted

advisors capable of addressing the evolving needs and expectations of clients in a digital-first era.

Final Thoughts on Embracing Fintech for Sustainable Growth

To achieve sustainable growth in an increasingly competitive landscape, it is imperative for CAs and professionals to embrace Fintech wholeheartedly. This entails continuous learning and adaptation of emerging technologies, fostering a culture of innovation within firms and collaborating with Fintech startups and technology providers to co-create solutions that meet client demands and regulatory requirements. By investing in robust cybersecurity measures, maintaining ethical standards in AI and data usage, and prioritizing client-centric service models, CAs can not only mitigate risks but also capitalize on the vast opportunities presented by Fintech. Ultimately, embracing Fintech is not just about adopting new tools—it's about transforming professional practices, enhancing client outcomes, and shaping the future of financial services in a sustainable and responsible manner.

As we look ahead, the journey of Fintech integration for CAs and allied professionals is one of ongoing evolution and adaptation. By staying informed, proactive and client-focused, professionals can navigate the complexities of Fintech with confidence, driving growth, innovation and value creation for clients and stakeholders alike.

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Indian FinTech Sector - Emerging Trends, Opportunities, and Challenges (An Analytical Study Based on SWOT Technique)

India's vast unbanked and underbanked population has positioned it as a dynamic and promising landscape for the global FinTech industry. With the rapid advancement of digital technologies, India's FinTech sector has witnessed remarkable growth over the past decade and is poised for further expansion in the coming years. This article delves into the sector's

role, current landscape, and emerging trends while also outlining its various segments. It further incorporates the key priorities for India's FinTech ecosystem by 2047, as outlined by the Governor of the Reserve Bank of India (RBI) at the Global FinTech Fest in August 2024. To provide a comprehensive and realistic assessment of India's FinTech domain, the article employs the 'SWOT' analysis framework. Additionally, it concludes with insightful and impactful recommendations to enhance the sector's development and sustainability.

'FinTech' is a sunshade term invented in the recent past that symbolize technological novelties having a good-looking attitude on financial services. Today, the 'FinTech' market or sector is watched as a game modifier and disruptive innovation that is proficient in shaking up the old-style financial market.

According to the 'Financial Stability Board (FSB)' of the Bank of International Settlements (BIS), the term 'FinTech' is a technologically enabled innovation in financial services that could result in new business models, applications, processes, or products with an associated material effect on financial markets, financial institutions, and financial services. It is notable that the same definition has been adopted by the RBI and has been used in several publications/reports.

India now stands in the transformation era, where technology, knowledge, and skill will be the locomotives to encounter the ambitions of the 1.4

billion people of our country. In the words of Shri Ajay Kumar Choudhary (Non-Executive Chairman and Independent Director of NPCI), "India is among the fastest growing fintech markets in the world. As of 2024, it is estimated to be around USD 110 Billion, and by 2029, it is projected to reach an impressive around USD 420 Billion at a CAGR of 31%. Boosting over 9000 fintech entities, India ranks 3rd globally in terms of the highest number of fintech entities and commands 14% of startup funding in the country. Threat of fintech in India is 87%, which is well above the global average of 67%." Thus, we can say that these companies are also changing the monetary and technological-based financial environment of India. Additionally, the Indian FinTech sector is greatly helping the underserved society with innovative services.

The RBI, IRDAI, and SEBI are the key regulatory bodies that regulate FinTech companies in India. To identify opportunities and challenges

associated with the FinTech sector, a FinTech Department had been established by the RBI in January 2022. On the other hand, the 'FinTech WG' has also been constituted by the RBI for FinTech growth and regulations. The FinTech WG is working on a framework to develop and manage the FinTech ecosystem in our country.

Different Segments of Indian FinTech Sector – These segments can be categorized as under:

Lend Tech Companies

These firms specialize in offering various financial solutions, including fixed-term financing, corporate cards, trade finance, Buy Now Pay Later (BNPL) services, gold and auto loans, personal loans, and Peer-to-Peer (P2P) lending. Notably, P2P lending eliminates intermediaries, directly connecting borrowers with lenders. It is also known as crowd lending, which can be categorized into donation-based, investment-based, and reward-based models. Some of the examples

of Lend Tech companies include Razorpay and Google Pay, etc.

Pay Tech Companies

These firms facilitate digital transactions through advanced platforms, making up the largest segment of FinTech in India. PayTech solutions offer Application Programming Interface (API) integration, enhancing seamless and secure payments. Some examples include Google Pay, PhonePe, etc, as well as payment gateways, card networks, and payment security providers like Paytm, etc.

WealthTech Companies

These firms provide wealth and expense management services through robo-advisors, mutual fund platforms, and investment research tools. Some examples include Groww, Zerodha, etc.

Reg Tech Companies

These firms specialize in regulatory technology solutions, streamlining compliance processes for financial institutions and businesses. They offer services such as fraud detection, Know Your Customer (KYC) verification, digital onboarding, Anti-Money Laundering (AML) compliance, risk management, and banking regulations. Some examples of the companies include Ascent, IBM, Forter, MetricStream, etc.

Agri Tech Companies

These firms offer comprehensive agricultural solutions, including customized farm advisory, market linkages, and digital commerce platforms. Through mobile applications, farmers can access agronomy content, receive real-time insights, and enhance productivity. Some AgriTech companies include CropIn, DeHaat, etc.

Insurance Tech Companies

These firms specialize in digital insurance solutions, offering services such as employee insurance, electronic insurance, policy administration, and insurance product configuration. By

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leveraging technology, they enhance accessibility, efficiency, and customer experience in the insurance sector. Prominent InsurTech companies include PolicyBazaar, Acko, etc.

NFT Tech Companies

The Non-Fungible Token (NFT) sector is an emerging segment within India’s FinTech landscape. These companies create unique digital ledgers using tokenization, enabling secure ownership and authentication of digital assets. Some examples of the NFT platforms include WazirX NFT, OpenSea, etc.

Facts and findings of this study are based on the four slices of SWOT technique, and these can be enumerated as below:

Strengths

After the life-threatening era of the global COVID-19 pandemic, the Government of India is taking essential and innovative steps according to the altering requirements of the FinTech zone of our country. Due to such efforts, the Indian FinTech sector is growing regularly and reaching new heights in the current changing compass of time.

Marvelous evolution in terms of internet access and mobile admission due to improvements in skills, knowledge and technology. According to the report published in October 2024 of TRAI, India is the 2nd largest internet-user base in corresponding numbers, and this base has had a direct impression on the demand for digitized financial

services. This user base in India has grown by 199 million in the last three years. Additionally, there are about 969.60 million total internet subscribers in our country.

The hasty formation of Rs. 40 crore “JAN-DHAN-ACCOUNTS” has confirmed extensive financial inclusion, which provides a powerful platform for Indian FinTech sector. At present, India is at the forefront of the FinTech revolution. Several empowering forces have come together to strengthen this revolution. It is also important that this FinTech revolution is a merger of government-led initiatives and enabling regulatory frameworks of financial regulators like the RBI, SEBI, etc.

India’s ‘Digital Public Infrastructure’ has rapidly expanded, making India a leader in this era of innovation, which delivers robust support in the promotion of the FinTech sector of India. Indians have actively comprised advanced solutions like Bharat Bill Payment System, BNBL, UPI, etc. In the context of UPI, India maintains its position as the global leader in instant payments, accounting for 46% of all instant payment transactions. The RBI said in its annual report for FY 2024-25 that we will begin working in FY 2025 towards taking UPI to 20 countries with a completion timeline of FY 2029.

To provide innovative solutions in the financial sector, a tech platform for frictionless credit as Unified Lending Interface (ULI) has also been started for the whole country by the RBI on 26th August 2024. Earlier, it was launched in August 2023 as a pilot project aimed to bring about efficiency in the lending process in terms of reduction in cost, quicker disbursement, and scalability. Experts say that similar to UPI, ULI will transform the lending landscape in our country. It will facilitate a seamless and consent-based flow of digital information, and it will cut down the time taken for credit appraisal, especially for smaller and rural borrowers. Notable that the ULI

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developed by the RBI’s innovation hub has been designed on the basis of a “Plug and Play” approach.

Auspicious demography of society having a hunger for advanced technology in the financial sector. To meet the diverse requirements of our developing economy, the FinTech ecosystem of India is continuously growing on behalf of AI and ML-driven lending, digital money & payments, DBs & DBUs, blockchain innovations, mobile banking, etc.

In May 2024, the much-awaited final framework and guidelines for setting up Self-Regulatory Organizations in the FinTech sector (SRO-FT) were released by the RBI. An SRO-FT recognizes the multiple streams and businesses in this sector, like Account Aggregators, Peer-to-Peer Business, etc. and it sets standards for the conduct of FinTech firms operating in India.

An exclusive two-hour window “FINQUIRY” has also been launched by the RBI on 26th June, 2024. This initiative aims to offer a platform for FinTech players to seek clarity, rationality, and lucidity and discuss FinTech-related debriefings and curious directly with RBI administrators. The transformative control of FinTech innovations, attached with the promise of financial inclusion and consumer protection, sets a strong basis for Indian FinTech Companies for the future.

Weaknesses

Although the Indian Fintech sector is growing regularly, but due to some weaknesses and deficiencies, this sector could not achieve desirable targets in comparison to the international progress. As we know that, there is a deficiency of financial literacy and awareness regarding innovative and technology based financial services in our country. On the other hand, the absence of proper knowledge of technologies and their uses/functions creates so many constructive hurdles in the growth of this sector. Also, we can see the emotional attachment of Indians to “cash,” which generates barriers to promote innovative cashless approaches. The lack of timely enactment of regulatory controls is also a big weakness of this sector. The absence of trust and confidence in new financial technologies also produces a frightened environment in society.

Opportunities

As a striving and go-getting country, India has mammoth opportunities in the FinTech sector. At present, the availability of strong and auspicious government initiatives tied up with the momentous escalation in the number of FinTech startups. On the other side, the Internet dominates Indian society, seeking more digitized financial services that will provide huge opportunities for this sector. Fluctuating and changing Indian customers’ inclinations, leanings, likings, testes, penchants etc., are also offering huge chances for the development of the Fintech Sector. The rural area of the economy denotes enormous and under-utilized opportunities for FinTech companies.

The ‘Internet of Things (IoT)’ also represents a frontier of opportunity for the Indian FinTech companies because IoT devices surrounded with instruments and connectivity competences are redesigning the payment echo-system by permitting unified dealings. At present, all new business entities are trying to replace the traditional financial system with

the help of innovative, effective, and efficient methods by applying new technologies.

The journey towards India @100 in 2047 is jam-packed for the FinTech ecosphere of our country, with enormous potential and opportunities. In the direction of promoting the Indian FinTech Sector, three major aspects have been highlighted by Shri Shakti Kanta Das, Governor, RBI at the Global Fintech Fest – Mumbai as of 28th August, 2024 are as under:

- Setting the 5 priorities for India @100 / 2047:
 - Online Financial Inclusion;
 - Digital Public Infrastructure;
 - Consumer Protection and Cyber Security;
 - Sustainable Finance; and
 - Global Integration and Cooperation.
- Technologies for the future; and
- Regulatory Architecture for FinTech.

Missions led by the Government of India like ‘Financial Inclusion’, ‘Digital India’ etc., are driving innovations and modernization. These are also providing glaring and magnificent opportunities to the Indian FinTech Startups. As Artificial Intelligence and Machine Learning proficiencies continue to advance, their possible submissions in governing compliance, investment recommended facilities, and algorithmic transactions are predicted to further redefine the FinTech landscape of India. The Global International Financial Services Centre (GIFT) is also emerging as a healthy gateway for India’s Fintech ecosystem to provide global financial services.

Challenges

Nowadays, traditional financial institutions of India are not able to catch up with FinTech on account of their leisureier implementation of change, inheritance matters, and monitoring. Additionally, a few areas/parts of our country do not have

sufficient internet networks, and they do not have the required associations to utilize computerized cash administration. Also, capital access is still a big challenge for Indian FinTech companies. Cost-related problems for users as well as business firms also generate a threat for this sector.

Lack of talented personnel forces, competent specialists, and their retention is also a big challenge. Educating customers about the benefits of FinTech solutions takes a lot of money and time. Penetrating competition and unbendable rivalry with banks, NBFCs, etc. is an immense challenge to survive in the financial sector.

Non-adherence to regulations has led to the shutdown and restrictions of several prominent FinTech and crypto asset exchange companies in India. Regulatory non-compliance and supervisory issues have resulted in severe actions, including bans and operational halts. Additionally, rapid shifts in economic conditions further complicate the landscape, making regulatory alignment crucial. The rising instances of fraud, including data breaches, cyber-attacks, and privacy leaks, not only pose security risks but also erode consumer trust and damage the reputation of FinTech firms.

Suggestions

To stun and knock out the present and emerging hurdles/ challenges of the Indian Fintech sector, FinTech companies must implement robust data protection measures including regular security audits, encryption, access controls, data quality management processes, data validation, cleansing etc., to address their data security-related challenges. India's FinTech ecosystem is in awful need of "Single-Umbrella Legislation and Stable Legal Framework". Focus on user retention is also needed. In this context, a survey says that about 71% of new app users stop using the app within a week after downloading or using it.

Considering the evolution in the Indian FinTech sector, more active

“The ‘Internet of Things (IoT)’ also represents a frontier of opportunity for the Indian FinTech companies because IoT devices surrounded with instruments and connectivity competences are redesigning the payment echo-system by permitting unified dealings.”

and effective regulations should be implemented by the regulators. There is an essential prerequisite to establish and preserve customer's conviction and faith towards cashless approaches.

As India approaches 2047, the vision for "VIKSIT BHARAT" and its related background regarding India's FinTech territory requires solid assurance, innovative thinking, and deliberate guidance. Sustainable and orderly development of this sector needs an appropriate and delicate balance between innovations and prudence. There is also a repetitive requirement to recognize, appreciate, and evaluate the innovative segments and steps being taken by the FinTech players. FinTech companies can overcome retention-related challenges by incorporating social elements into their user communication and rolling out personalized push notifications from time to time and more.

Conclusion

It can be stated that the Indian FinTech sector is in transition, and the country has not fully contained digital solutions for financial needs nor fully rejected the traditional financial and banking system. It is also a concrete fact that strengths in this sector are greater in comparison to the weaknesses. This situation provides so many opportunities to explore the huge potential of the FinTech sector. But on the other hand,

this transitional period creates so many obstacles/problems/challenges before the Indian FinTech ecosystem. Therefore, more effective and long-term plans and policies should be formed and implemented to promote India as a FinTech – driven country.

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The Essence of Cybersecurity in Financial Sector

The use of technology in the financial sector is an integral part of modern operational strategy. Financial services are central for economic development. Financial institutions store the data of billions of customers as well as financial transactions on an everyday basis. Cyber security is crucial in the financial sector because cyber-attacks are rising across the world which is costing up to 10% of the global GDP. This article aims to discuss various sources of cybercrimes including AI attacks, malwares, DoS and DDoS

attacks, misconfiguration, third party risks, social engineering, and insider threats. It highlights the importance of cyber risk management in preventing financial losses, protecting sensitive data, maintaining business reputation, and ensuring customers' trust. Finally, it examines the development of a comprehensive cyber risk framework for the financial sector.

Introduction

Cyber theft is the illicit access and use of digital devices, networks, data, and information. The aim of cyber threats includes financial gains, disruption of networks, harassments, interference with regulatory systems and governments, and terrorist activities. They create multiple vulnerabilities and enable the exploitation of people, organizations, and governments. While digital devices and services provide numerous benefits and ease of doing business, they also introduce new kinds of risks.

Financial systems play a vital role in the development of nations. Globally, banks and financial institutions have digitalized infrastructure to enhance competitiveness and ease of doing business. Digital technologies have reshaped the entire financial industry by automating operations for efficient management and faster financial transactions, providing better customer services via internet banking, mobile applications, BHIM UPI payments, mobile wallets, digital debit and credit cards, chat bots, and AI assistants that interact with customers. The financial

digital landscape has become more convenient for the customers to carry out financial transactions and activities.

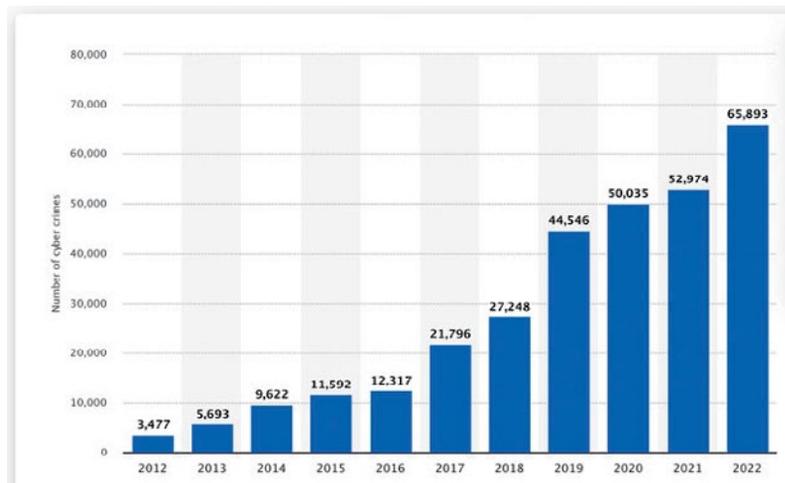
However, the digital landscape is vulnerable to cyber-attacks that can lead to more concerns about the safety and

Figure 1: Ranking countries by Cybercrime Threat level



Source: Global cybersecurity index 2024

Figure 2: Number of cybercrimes reported across India from 2012 to 2022



Source: Statista 2025

security of personal, social, and financial affairs. According to the ITU (2024), the Global Cybersecurity Index report 2024 portrays that all countries including developed and emerging economies are hotspots for cybercrimes, with India ranking amongst the top 10 globally (Figure 1). Figure 2 depicts India's trend of cybercrimes registered from 2012 to 2022. The Indian Cybercrime Coordination Center (14C) reported an average of 7,000 cyber complaints daily in May 2024. India's National Cybercrime Reporting Portal (NCRP) reported a total of 8,50,034 digital financial fraud complaints, with a total

amount of 11,269.38 crore rupees lost due to cyberfraud in the first half of 2024. Steve Morgan (2020) stated that cybercrime costs are growing at a rate of 15 percent yearly, projected to reach 10.5 trillion USD by 2025. Therefore, it is essential to understand various sources of cybercrimes and conduct assessments to ensure the efficient implementation of cybersecurity measures.

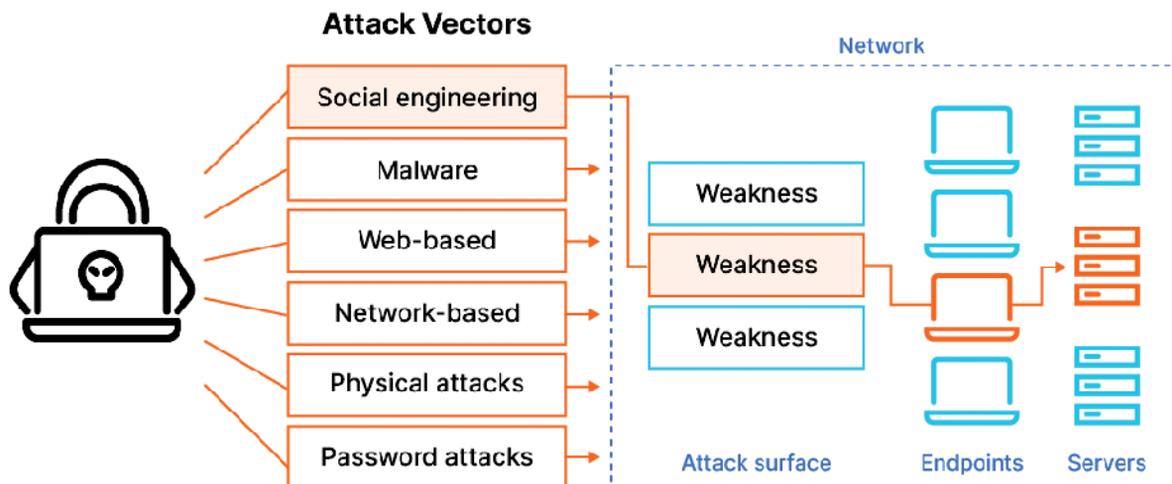
Key Sources of Cyber Risk

Cyberattack or threat is a pathway for cyber hackers to get illegitimate access of computers and networks to exploit network vulnerabilities. Attack vector

or threat vector enables hackers to obtain sensitive and confidential data of an organization by delivering malicious malware into the system and network. Vector attacks include malware attacks, web attacks, network attacks, physical attacks, password attacks, internal threats, and social engineering attacks. In this section, some important cyber risk vulnerabilities have been presented.

- **Artificial Intelligence (AI)** is the most sophisticated technology which uses machine learning and complex algorithms to mimic human intelligence. No doubt, AI is greatly advantageous for the organization and customers due to its ability to process large amount of data and provide solutions, but it also enables advanced cyber-attacks. Cyber attackers use AI capabilities to wreak havoc on sensitive data belonging to organizations and individuals. AI algorithms are proficient in identifying and exploiting the network vulnerabilities, making cyber attackers more efficient to recognizing patterns in security system and enabling them to execute perfect attack on networks. There are multiple AI cyber-attacks including AI-powered social engineering, AI-powered

Figure 3: Attack Vectors

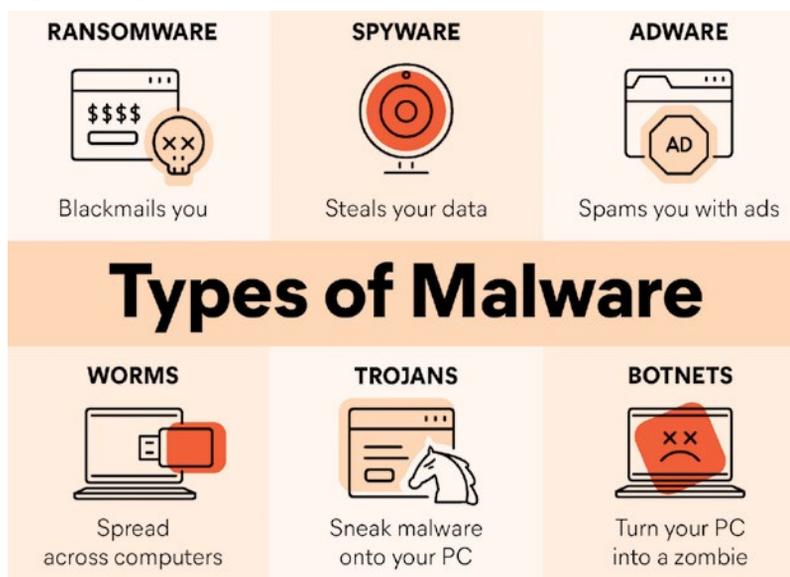


Source: <https://appomni.com/saas-glossary/attack-vector/aware>

fishing attacks, deepfakes, and malicious GPT. For instance, AI-powered chatbots are intelligent agents that can inject malicious malwares into the network while going undetected. AI-generated malwares are capable of designing personalized fishing attacks that are not easy to detect. The use of social media and online platforms is inevitable today. Cyber attackers adopt AI algorithms to propagate false information and spread rumors, manipulating public behavior towards the credibility of financial firms. The National Cyber Security Centre (NCSC) of the UK reported that AI will certainly increase the volume of attacks and heighten the impact of cyber risk. They also stated that AI makes it easier to attack networks.

- **Malware** is a malicious software intentionally developed by cyber criminals to harm and exploit computer devices, networks, and servers to obtain personal, financial, and business data. Malware spreads via email attachments and links, advertisements on websites, virus, apps, infected drives, and text messages (McAfee). Malicious software has numerous forms including viruses, ransomware, spyware, adware, trojan horses, scareware, and worms. Cyber criminals use malicious software to steal, encrypt, decrypt, delete and alter sensitive data belonging to individuals, organizations, and the government.
- **Denial of Service (DoS)** is a malicious cyber-attack designed to disrupt the normal functioning of devices, servers, and networks with the aim of crashing or repudiating access to the user. Cyber criminals target specific devices, websites, networks, and servers by flooding them with illegitimate requests to crash normal functions, resulting in slowdowns, crippled websites, disrupted networks, and preventing access for legitimate users. DoS can be carried out either through

Figure 4: Types of Malware



Source: <https://www.avast.com/c-malware>

“Cyberattack or threat is a pathway for cyber hackers to get illegitimate access of computers and networks to exploit network vulnerabilities.”

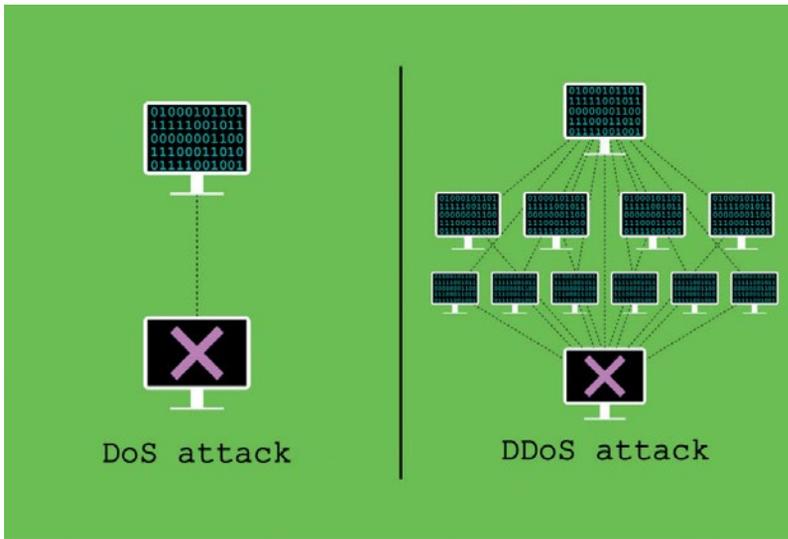
a buffer overflow attack or a flood attack. A buffer overflow attack involves consuming disk memory and CPU time to slowdown or crash a device or network. The flood attack involves sending an excessive amount of traffic to crash or slow down the system, preventing access for legitimate users.

- **Distributed Denial of Service (DDoS)** works similar to DoS but is launched from different systems in different locations. It is a more complex attack, executed from different systems simultaneously to flood the network with traffic, making it difficult for legitimate user to trace or mitigate.
- **Misconfiguration** means the settings of a system, network, and security being erroneously

configured. Misconfigurations weaken the systems and networks that result in vulnerability or damage to the whole business data. Misconfiguration happens due to numerous reasons, including coding, weak passwords, erroneous firewalls, outdated software, and unsecured cloud storage. Erroneous configuration is the root cause of data breaches and is easy to exploit and block networks and applications.

- **Social Engineering** is the psychological manipulation of people to obtain sensitive information and access to personal devices. Social engineering attacks are very common in the financial sector. Cybercriminals use these tactics to obtain financial information like bank account numbers, passwords, debit card and credit card numbers, and OTP. Cybercriminals use these tactics through emails, text messages, and phone calls, claiming that your account will be blocked if you don't deposit a certain amount, or that you have won lottery money but need to deposit a specific amount in a specific account. They may also claim that an incorrect amount was

Figure 5: DoS v/s DDoS Attacks



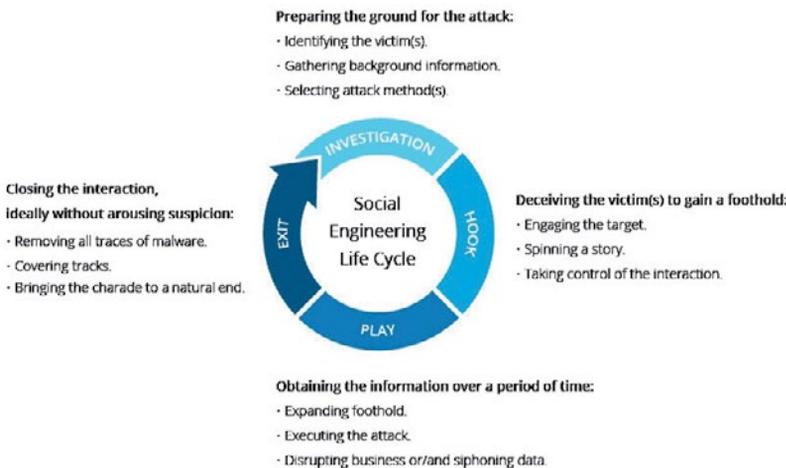
Source: <https://www.ipvanish.com/blog/dos-vs-ddos/>

credited to your account and demand repayment, threatening legal action. Sometimes, cybercriminals threaten people by sharing personal information, photos, and videos to obtain personal and financial benefits. Social engineering is an attack on people's behavior rather than an attack on systems.

- **Insider Threats** arise from a person who has legitimate access to an organizations' resources, including networks, systems, and databases. Insider threats are a main concern for all organizations globally

because they are more dangerous than external cybercriminals. These threats are either intentional or unintentional, but they exploit the organization. Ponemon Institute (2022) published the 2022 Cost of Insider Threats Global Report, stating interesting facts about a total of 6,803 insider threats within 278 organizations. 56% of these threats happened due to negligence which costed \$6.6 million per incident; 26% were from malicious insider, costing \$4.1 million per incident and 18% were from credential theft,

Figure 6: Social Engineering Life Cycle



Source: <https://www.imperva.com/learn/application-security/social-engineering-attack/>

“ **Social Engineering is the psychological manipulation of people to obtain sensitive information and access to personal devices. Social engineering attacks are very common in the financial sector.** ”

costing \$4.6 million per incident. Financial services firms are paying the highest average cost of \$21.25 million per incident.

- **Third Party Risk** arises from external firms that supply IT services. Third party services place a vital role in supply chain management to provide an enhanced customer experience. Globally, 60% of firms are working with over 1,000 third parties. Either directly or indirectly, firms have been experiencing increasing breaches of sensitive and confidential data shared with third parties. Ponemon Institute (2017) reported that the 56% of firms experienced data breaches by their vendors with an average growth of 7% over the previous year. Financial and insurance firms operating with vendors are experiencing high level of data breaches (RiskRecon, 2018).

Importance of Cyber Risk Management

The financial sector landscape has transformed from bricks to digital. Customers are also experiencing digital services with the penetration of smartphones, which provide easy and convenient access for fulfilling their needs and wants. Therefore, cybersecurity is very important in today's digital era, particularly in the financial industry.

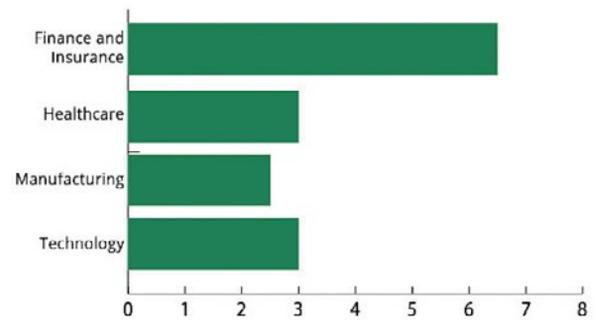
- **Protection of Data:** Banks and other financial services providers handle billions of financial transactions and customers every day through digital means. Digital finance makes it easy to carry

Figure 7: Highly concerning insider attacks



Source: Securonix, (2024)

Figure 8: Most effected sectors by Third party vendors



Source: RiskRecon, (2018)

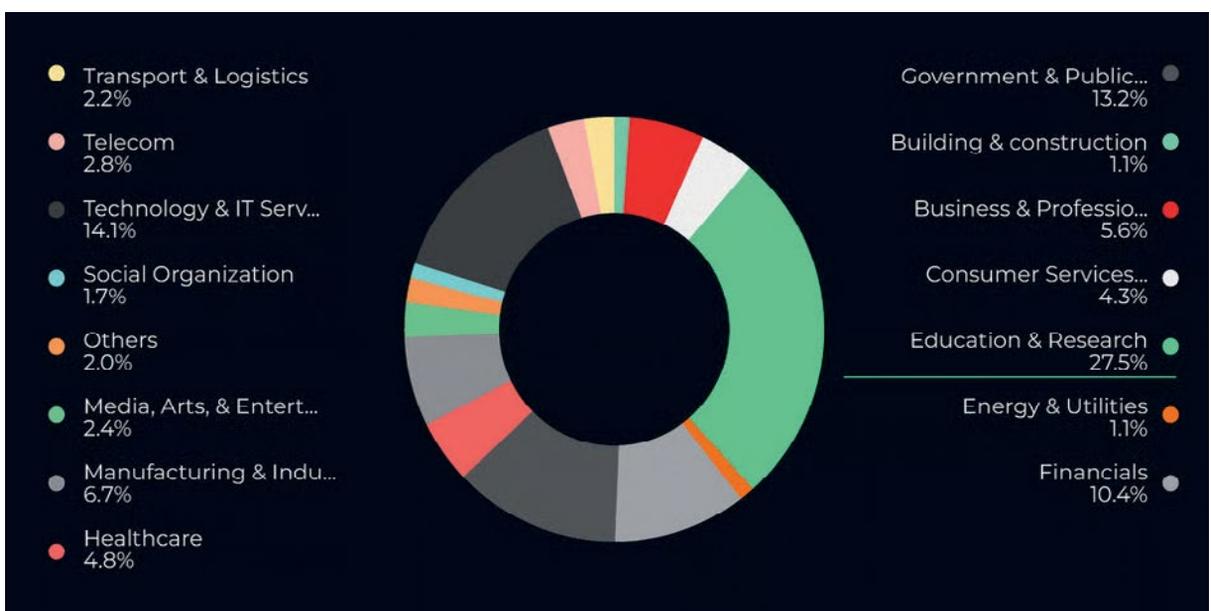
out any value of transactions. As technology grows, new kinds of cybercrimes are also growing across the world. The financial industry is experiencing a flood of cyber-financial frauds and complaints that worry the customers as well as financial firms about protecting the sensitive data of their businesses and customers. Cybercriminals are using new tactics to attack the digital landscape to obtain sensitive and important data for financial and psychological advantage. Data is vital for any business's sustainability, especially financial

firms, which are the key players in the economy. India witnessed a total of 593 data breach cases in the first six months of 2024, including 388 cases of data breaches, 107 cases of data leaks, 39 cases of malwares, and 59 cases of access sales. Therefore, data protection is a major concern for every financial firm.

- **Protection of financial losses:** IMF (2024) reported that globally, cybercrimes have doubled after the COVID-19 period. Cyber incidents are directly costing around \$28

billion for financial firms, which is expected to rise up to 10% of the global GDP. In India, a total of ₹177 crore was lost in cyberattack for the FY 2023-24, which is twice the loss in the previous FY 2022-23. Cyber-related financial losses have been substantially increasing year after year in India. For instance, ₹44.22 crore in FY 2019-20, ₹50.10 crore in FY 2020-21, and ₹80.33 crore in FY 2021-22. These statistics portray the importance of ensuring financial security from cyberattacks.

Figure 9: Cyber data breach across sectors



Source: India Breach Report by Folconfeed



■ **Protection of Business Reputation:** Data breaches highly impact the reputation of a business, especially small businesses.

Cybercriminals target an organization to disrupt its entire business operations, which puts it at a greater risk of losing money, customers' trust, competitive advantage, and growth opportunities, ultimately impacting the reputation of the business. Building a reputation takes many years, but destruction can happen in minutes. Therefore, protecting sensitive data and ensuring comprehensive cybersecurity enhances business reputation, which is very important for financial firms because they act as agents of economic development.

■ **Ensuring customers' trust:** Cybersecurity is vital for ensuring customers' trust. Cyberint (2024) found that 60% of customers stop shopping online after a data breach, 83% of customers stop using financial apps due to data breach, and 81% of customers expressed the need for a stringent security system for further use of digital services. This shows the importance of cybersecurity in building customer trust. Cybercrime and data breaches have

a significant impact on reputation and customers' loyalty. The financial sector is highly vulnerable to cybercrimes. Therefore, customers' data protection and cyber risk mitigation are vital to ensure customers' sustainable use of digital finance.

Comprehensive Cyber Security Framework

Information technology is an integral part of the modern financial system that helps to gain a competitive advantage and enrich customer experience. Financial stability is paramount for any economy. In the digital epoch, data breaches and cyberattacks on banks and other financial institutions are growing across the world's economies. Especially after COVID, the financial landscape has been substantially digitalized. The digital landscape is posing new kinds of risks and challenges. To protect sensitive data, reputation, and ensure customers' trust, the financial sector needs to strengthen its cybersecurity framework.

Cybersecurity management in the financial sector must be comprehensive and dynamic depending on the evolution of technology and challenges. A cybersecurity framework is a set of rules and regulations that aim to protect

“ A cybersecurity framework is a set of rules and regulations that aim to protect against illegitimate attacks through continuous assessment of attacks and resolution with an immediate responsive system. ”

against illegitimate attacks through continuous assessment of attacks and resolution with an immediate responsive system. To keep the entire digital landscape safe, a cybersecurity policy should be broader than mere IT security. The technological landscape varies from firm to firm. Hence, it is essential to understand the inherent risks and implement appropriate security measures in compliance with the governing mechanism, such as a centralized security management system, data access control, encryption of sensitive data, implementing security protocols in web and mobile apps, regular security updates, training employees, and educating customers.

■ **Robust control system:** A cyber





control system aims to focus on reliable and stable control algorithms that are not easily tampered with by illegitimate users. Every firm has a unique digital infrastructure, so the control mechanism should be designed based on their risk profile, like implementing strong firewalls for web and mobile applications, continuously updating the software and networks, and encrypting important and sensitive data. Implementation of a multilayer protocol to prevent malware and DDoS attacks is crucial. The adoption of AI and machine learning algorithms enables continuous assessment, including identifying, assessing, and auto-responsive systems. Blockchain technology is a shared immutable ledger that enhances integrity and transparency among the stakeholders.

- **Regulatory compliance:** From time to time, the government and regulatory authorities enact laws and amendments to protect all stakeholders, based on the type of challenges and risks arising in the digital environment. In India, the Information Technology Act 2000, Information Technology Rules 2021, and National Cyber Security Rules 2023 address all cyber-based issues and matters. In addition, the RBI is the regulatory body for banks

and issued cybersecurity guidelines in 2016 that were amended and new master guidelines were implemented from 1st April 2024. Further, SEBI also issues and implements guidelines to protect investors from cyber-attacks.

- **Third-party risk controls:** Third parties play a vital role in supply chain management. Financial firms should concentrate on third party vendors related to data breaches who provide IT services and have legitimate access to sensitive financial data and systems. Financial institutions should draft stringent guidelines for third-party vendors to protect sensitive data and business reputation.
- **Training employees:** Creating awareness and educating staff about cyber-attacks and their consequences is very crucial. Hence, banks, financial institutions, the RBI, and the government should provide training for staff. This helps to mitigate cyber risk and financial losses.
- **Educating customers:** Most financial losses occur due to customers' lack of knowledge about safeguarding the credentials of debit cards, credit cards, internet banking, and BHIM UPI. Banks and financial institution should educate customers about various cyber-attacks and security measures

for safeguarding sensitive financial data such as login credentials, OTP, debit and credit card details, and tracking financial transactions.

Conclusion

Cybersecurity is pivotal for the financial sector, which handles a large quantum of financial transactions and stores financial information about customers. While digital infrastructure facilitates enhanced customer service, cyber-attacks are also evolving with new tactics like infiltrating malware and DDoS attacks into the digital landscape to damage networks and businesses. Therefore, financial institutions should adopt comprehensive cybersecurity measures to prevent and mitigate cyber-attacks. A multilayer security approach and advanced technologies like AI, machine learning, and blockchain are essential for efficient cybersecurity management.

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AI enabled Audit Sampling – Unlocking the power of VBA Automation

This article focuses on how Chartered Accountants can use AI to generate different kinds of samples for auditing. The core concept explained in this article is the generation of quick VBA codes for the generation of different kind of samples through different prompts. AI can be used to create Random, Stratified, Risk-Based, and Predictive Samples. This article also explains how AI can help in continuously

identifying red-flagged transactions without waiting for the Periodic Audit. Further, it elaborates on the key skills and care we need to adapt, adopt, and take for AI enabled Audit in future.

Introduction

The field of auditing has significantly changed over the years, due to massive advancements in technology. The most important advancement in recent times is the use of Artificial Intelligence (AI) into different audit processes & procedures. One of the most important things which auditors need to do is to collect Audit Sample to form an effective opinion with regards to the books of accounts maintained by businesses. However, the question arises - Can we use AI to generate samples? The answer is Yes!! In this article, we will understand how we can use Artificial Intelligence to generate VBA codes that will quickly generate various kinds of samples for us which will help us to improve and enhance audit quality and accuracy.

What is VBA?

VBA (Visual Basic for Applications) is a programming language that is inbuilt in Microsoft Excel and other Office applications. VBA helps us to automate repetitive tasks, analyze data, work with multiple office applications, and complete time-taking tasks in minutes, making it a very powerful tool for increasing office & business productivity. VBA can be used by

professionals to streamline tasks in their own office and provide solutions to complex client problems.

Understanding Audit Sampling

As we all know, Audit Sampling is a technique used by auditors to extract a subset from larger data to form conclusions for the entire population. While there are many techniques already available, they are time consuming and subject to human errors. There are many solutions available in the market. However, they may be costly for small and medium sized auditing firms. AI has become a gamechanger in this regard.

With good prompting and skills, we can easily generate VBA codes through AI which can be used in Excel, the platform we are all friendly with. All they need to do is write a proper prompt to explain steps in a simple natural language, and AI will generate the code in VBA Language to generate various kinds of samples. This saves time and unnecessary costs to purchase software for generating samples. One important benefit is that the samples can be customized from business to business. Thus, it gives

flexibility and scalability in Audit Sampling for auditing firms.

The Role of AI in Audit Sampling

Let us understand how AI can help us to generate different kinds of sample selection.

1. Enhanced Sample Selection

AI can help us to write complex formulas and VBA codes to analyze large datasets quickly and identify the areas of concern and risk which were earlier too time consuming and resource hungry. Now, the same formulas and VBA codes can be generated through the use of different AI tools like ChatGPT, Gemini, Perplexity, and so on. We just need to explain about the Column Structure of our Master Data with AI Tools, and define the kind of sample we want. It will suggest us formulas and VBA codes that will give and generate the desired sample in new sheets. This will help us form a better opinion about the fairness of the statement of accounts and detect material misstatements, as our sample will be more representative, error-free, and regular.

Let's understand this with examples of how AI can help you create VBA

codes to generate different kinds of audit samples.

Example 1: Random Sampling

Random Sampling is one of the most widely used methods to select an unbiased sample. This method ensures every item in the population has equal chance of getting selected. Let us understand if AI can help us to generate VBA code for random sampling.

Prompt to AI:

I have Vendor Transactions in a sheet with the name 'Transactions'. The sheet has the following columns.

1. Transaction ID
2. Date
3. Vendor
4. Amount
5. Category
6. Payment Method
7. Risk Score

Please write a VBA Code that will select random rows from this Dataset representing 10% of the entire population. These rows should be copied to a new sheet named as 'Random Sample'.

VBA Code Generated by AI:

```
Sub RandomSampling()
    Dim ws As Worksheet
    Dim wsSample As Worksheet
    Dim lastRow As Long
    Dim sampleSize As Long
    Dim i As Long
    Dim selectedRows As Collection

    ' Initialize collection to store
    ' selected rows
    Set selectedRows = New
    Collection

    ' Set the worksheet containing the
    ' data
    Set ws = ThisWorkbook.
    Sheets("Transactions")
    lastRow = ws.Cells(ws.Rows.
    Count, "A").End(xlUp).Row

    ' Calculate sample size
    ' (10% of total transactions)
    sampleSize = Application.
    WorksheetFunction.
    RoundUp((lastRow - 1) * 0.1, 0)

    ' Randomly select rows
```

“ VBA can be used by professionals to streamline tasks in their own office and provide solutions to complex client problems. ”

```
For i = 1 To sampleSize
    selectedRows.Add Int((lastRow -
    1) * Rnd + 2)
```

```
Next i
```

```
' Create a new sheet for the
' random sample
```

```
Set wsSample = ThisWorkbook.
Sheets.Add
```

```
wsSample.Name = "Random Sample"
```

```
' Copy headers to the new sheet
ws.Range("A1:E1").Copy
Destination:=wsSample.
Range("A1")
```

```
' Copy selected rows to the new
' sheet
```

```
For i = 1 To selectedRows.Count
    ws.Rows(selectedRows(i)).
    Copy Destination:=wsSample.
    Rows(i + 1)
```

```
Next i
```

We will use the following Vendor Data throughout this article.

Transaction ID	Date	Vendor	Amount	Category	Payment Method	Risk Score
1001	01-01-2023	ABC Suppliers	50,000	Raw Materials	Bank Transfer	0.2
1002	05-01-2023	XYZ Traders	1,20,000	Machinery	Cheque	0.8
1003	10-01-2023	LMN Logistics	75,000	Transportation	Online Payment	0.5
1004	15-01-2023	ABC Suppliers	55,000	Raw Materials	Bank Transfer	0.3
1005	20-01-2023	PQR Inc.	2,00,000	Machinery	Bank Transfer	0.9
1006	25-01-2023	XYZ Traders	1,25,000	Machinery	Cheque	0.7
1007	30-01-2023	LMN Logistics	80,000	Transportation	Online Payment	0.6

MsgBox "Random sample generated successfully!", vbInformation

End Sub

Output

Transaction ID	Date	Vendor Name	Amount (INR)	Category
1005	20-01-2023	PQR Inc.	2,00,000	Machinery

Example 2: Stratified Sampling

Stratified Sampling is a method to select a grouped or clustered or categorized sample. We have to ensure that the Sample Data should have items from each cluster. Let us understand if AI can help us to generate a VBA Code for Stratified Sampling.

We have to choose the sample in such a manner that samples represent each category such as "Raw Materials," "Machinery," and "Transportation". Let us use AI to generate a VBA Code that will do this for us.

Prompt to AI:

"I have Vendor Transactions in a sheet with the name 'Transactions'. The sheet has the following columns.

1. Transaction ID
2. Date
3. Vendor
4. Amount
5. Category
6. Payment Method
7. Risk Score



Please write a VBA Code that will select 2 transactions from each category. These rows should be copied to a new sheet named as 'Stratified Sample'".

VBA Code Generated by AI:

```
Sub StratifiedSampling()
    Dim ws As Worksheet
    Dim wsSample As Worksheet
    Dim lastRow As Long
    Dim i As Long
    Dim category As String
    Dim dict As Object
    Dim rng As Range
    Dim cell As Range

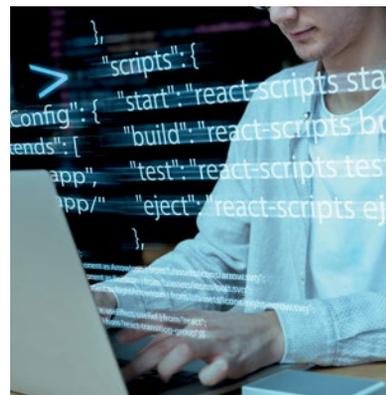
    ' Create a dictionary to store categories and their counts
    Set dict = CreateObject("Scripting.Dictionary")

    ' Set the worksheet containing the data
    Set ws = ThisWorkbook.Sheets("Transactions")
    lastRow = ws.Cells(ws.Rows.Count, "A").End(xlUp).Row

    ' Loop through the dataset to count transactions per category
    For i = 2 To lastRow
        category = ws.Cells(i, 5).Value
        If Not dict.Exists(category) Then
            dict.Add category, 0
        End If
        dict(category) = dict(category) + 1
    Next i

    ' Create a new sheet for the stratified sample
```

“ While Auditing, one of the key considerations which auditing firms need to take into account is the risks identified in the previous periods. ”



```
Set wsSample = ThisWorkbook.Sheets.Add
wsSample.Name = "Stratified Sample"

' Copy headers to the new sheet
ws.Range("A1:E1").Copy Destination:=wsSample.Range("A1")

' Select 2 transactions from each category
For Each category In dict.Keys
    Dim count As Long
    count = 0
    For i = 2 To lastRow
        If ws.Cells(i, 5).Value = category And count < 2 Then
            ws.Rows(i).Copy Destination:=wsSample.Rows(wsSample.Rows.Count, "A").End(xlUp).Row + 1
            count = count + 1
        End If
    Next i
Next category

MsgBox "Stratified sample generated successfully!", vbInformation
```

End Sub

Output

Transaction ID	Date	Vendor Name	Amount (INR)	Category
1001	01-01-2023	ABC Suppliers	50,000	Raw Materials
1004	15-01-2023	ABC Suppliers	55,000	Raw Materials
1002	05-01-2023	XYZ Traders	1,20,000	Machinery
1005	20-01-2023	PQR Inc.	2,00,000	Machinery
1003	10-01-2023	LMN Logistics	75,000	Transportation
1007	30-01-2023	LMN Logistics	80,000	Transportation

Example 3: Risk-Based Sampling

Risk-based sampling focuses on high-risk transactions, such as large amounts, transactions with new vendors, or unusual payment methods.

Risk-Based Sampling is a method to select transactions that are more risk-prone. They may represent data above a certain amount, or irregular and unusual payment methods. Let us understand if AI can help us to generate a VBA Code for Risk-Based sampling.

We have to choose the sample in such a manner that represent Amounts greater than INR 1,00,000, or Transactions with vendors with fewer than 5 transactions, or Transactions paid via cash or cheque. Let us use AI to generate a VBA Code that will do this for us.

Prompt to AI:

"I have Vendor Transactions in a sheet with the name 'Transactions'. The sheet has the following columns.

1. Transaction ID
2. Date
3. Vendor
4. Amount
5. Category (Not shown in the above table)

6. Payment Method

Please write a VBA Code that will select:

1. Transactions with Amounts greater than INR 1,00,000.
2. Transactions with vendors with fewer than 5 transactions.
3. Transactions paid via cash or cheque.

These rows should be copied to a new sheet named as "Risk-Based Sample".

VBA Code Generated by AI:

```
Sub RiskBasedSampling()
    Dim ws As Worksheet
    Dim wsSample As Worksheet
    Dim lastRow As Long
    Dim i As Long
    Dim vendorCount As Long
    Dim highRiskRows As Collection

    ' Initialize collection to store high-risk rows
    Set highRiskRows = New Collection

    ' Set the worksheet containing the data
    Set ws = ThisWorkbook.Sheets("Transactions")
```



```
lastRow = ws.Cells(ws.Rows.Count, "A").End(xlUp).Row
```

```
' Loop through the dataset to identify high-risk transactions
```

```
For i = 2 To lastRow
```

```
    vendorCount = Application.WorksheetFunction.CountIf(ws.Range("C2:C" & lastRow), ws.Cells(i, 3).Value)
```

```
    If ws.Cells(i, 4).Value > 100000 Or _
```

```
    vendorCount < 2 Or _
```

```
    ws.Cells(i, 5).Value = "Cash" Or _
    ws.Cells(i, 5).Value = "Cheque"
```

```
Then
```

```
    highRiskRows.Add i
```

```
End If
```

```
Next i
```

```
' Create a new sheet for the risk-based sample
```

```
Set wsSample = ThisWorkbook.Sheets.Add
```

```
wsSample.Name = "Risk-Based Sample"
```

```
' Copy headers to the new sheet
```

```
ws.Range("A1:E1").Copy Destination:=wsSample.Range("A1")
```

```
' Copy high-risk transactions to the new sheet
```

```
For i = 1 To highRiskRows.Count
```

```
    ws.Rows(highRiskRows(i)).Copy Destination:=wsSample.Rows(i + 1)
```

```
Next i
```

```
MsgBox "Risk-based sample generated successfully!", vbInformation
```

End Sub

Output

Transaction ID	Date	Vendor Name	Amount (INR)	Category
1002	05-01-2023	XYZ Traders	1,20,000	Cheque
1005	20-01-2023	PQR Inc.	2,00,000	Bank Transfer
1006	25-01-2023	XYZ Traders	1,25,000	Cheque

2. Predictive Analytics

While Auditing, one of the key considerations which auditing firms need to take into account is the risks identified in the previous periods. The risks identified in the previous years can be the most prioritized transactions which we have to select for sampling without caring for the value of the transactions. AI can help us to predict the potential material misstatements based on past data.

This method ensures that risk-prone areas are always selected for sample. Let us understand if AI can help us to generate a VBA Code for such Predictive Analysis.

Prompt to AI:

“I have Vendor Transactions in a sheet with the name ‘Transactions’. The sheet has the following columns.

1. Transaction ID
2. Date
3. Vendor
4. Amount
5. Category (Not shown in the above table)
6. Payment Method (Not shown in the above table)
7. Risk Score

Please write a VBA Code that will select Transactions with transactions with a risk score greater than 0.7. These rows should be copied to a new sheet named as ‘High-Risk Transactions.’”

VBA Code Generated by AI:

```
Sub PredictiveAnalytics()
    Dim ws As Worksheet
    Dim wsSample As Worksheet
    Dim lastRow As Long
    Dim i As Long
    Dim highRiskRows As Collection

    ' Initialize collection to store high-risk rows
    Set highRiskRows = New Collection

    ' Set the worksheet containing the data
    Set ws = ThisWorkbook.Sheets("Transactions")
    lastRow = ws.Cells(ws.Rows.Count, "A").End(xlUp).Row

    ' Loop through the dataset to identify high-risk transactions
    For i = 2 To lastRow
        If ws.Cells(i, 5).Value > 0.7 Then
            highRiskRows.Add i
        End If
    Next i

    ' Create a new sheet for the high-risk transactions
    Set wsSample = ThisWorkbook.Sheets.Add
    wsSample.Name = "High-Risk Transactions"

    ' Copy headers to the new sheet
    ws.Range("A1:E1").Copy
```

Destination:=wsSample.Range("A1")
 ' Copy high-risk transactions to the new sheet

```
For i = 1 To highRiskRows.Count
    ws.Rows(highRiskRows(i)).Copy
    Destination:=wsSample.Rows(i + 1)
Next i
```

MsgBox "High-risk transactions identified successfully!", vbInformation

End Sub

3. Continuous Auditing

Continuous Auditing is a method to continuously monitor transactions throughout the financial year against some pre-specified criteria. This method ensures anomalies are automatically red flagged. With Continuous Auditing, the action can be taken immediately as and when the issue arises rather than waiting for the periodic audit.

Let us see if AI can help us to generate a VBA Code in Continuous Auditing.

Prompt to AI:

“I have Vendor Transactions in a sheet with the name ‘Transactions’. The sheet has the following columns.

1. Transaction ID
2. Date
3. Vendor
4. Amount
5. Category (Not shown in the above table)
6. Payment Method

Please write a VBA Code that will select Transactions with Amounts greater than INR 1,00,000.

These rows should be copied to a new sheet named as “Flagged Transactions”.

VBA Code Generated by AI:

```
Sub ContinuousAuditing()
    Dim ws As Worksheet
```

```

Dim wsSample As Worksheet
Dim lastRow As Long
Dim i As Long
Dim flaggedRows As Collection

' Initialize collection to store flagged
rows
Set flaggedRows = New Collection

' Set the worksheet containing the
data
Set ws = ThisWorkbook.
Sheets("Transactions")

lastRow = ws.Cells(ws.Rows.Count,
"A").End(xlUp).Row

' Loop through the dataset to identify
flagged transactions
For i = 2 To lastRow
    If ws.Cells(i, 4).Value > 100000
Then
        flaggedRows.Add i
    End If
Next i

' Create a new sheet for the flagged
transactions
Set wsSample = ThisWorkbook.
Sheets.Add
wsSample.Name = "Flagged
Transactions"

' Copy headers to the new sheet
ws.Range("A1:E1").Copy
Destination:=wsSample.Range("A1")

' Copy flagged transactions to the
new sheet
For i = 1 To flaggedRows.Count
    ws.Rows(flaggedRows(i)).Copy
Destination:=wsSample.Rows(i + 1)
Next i

```



MsgBox "Flagged transactions identified successfully!", vbInformation

End Sub

Output

Transaction ID	Date	Vendor Name	Amount (INR)	Category
1002	05-01-2023	XYZ Traders	1,20,000	0.8
1005	20-01-2023	PQR Inc.	2,00,000	0.9

Challenges and Considerations

While AI offers us many benefits, there are a lot of challenges before we use it. Auditors must consider these factors:

1. Data & Prompt Quality:

The output we receive from any AI tool depends on the quality of data and the efficacy & completeness of the prompt we write. If we lack in any of these, the quality of formulas and codes may not be effective and may not give the results desired by us. Auditors must ensure that they should use complete & reliable data, write proper prompts, and verify the results before actual implementation.

2. Comparative AI Tools:

There is an influx of AI tools on an everyday basis. The auditors should be well verse with the capacities and capabilities of different AI tools. Some tools are good in creating content, while others are goods at writing codes. Auditors should keep themselves updated with different tools and we cannot avoid AI tools anymore, and they are here to exist whether we adapt to it or not.

3. Ethical and Privacy Concerns:

We should be very particular in what we share with AI tools. Even while generating VBA Codes, we should share the Data Structure for the Excel or sample Data. We should never expose the credentials of our client as confidentiality is the core ethic for which Chartered Accountants are respected for.

Conclusion

AI is going to change the way we conduct audit. It is going to impact every aspect of audit. Audit Sampling is just one aspect. It will impact Audit Evidence, Audit Procedures, Audit Planning, and Reporting. Let us keep ourselves updated and ready to learn the different AI tools and see how we can use it for better auditing and consulting for our clients. Let's use AI to raise the quality of auditing and take it to the optimum level.

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CA. Vidhi Ashokbhai Vasani
Member of the Institute

Exploring Green Bonds and Debt Service Reserve Accounts (DSRA): A Sustainable Financing Solution

The integration of Green Bonds with Debt Service Reserve Accounts (DSRA) presents a robust, sustainable financing solution aimed at funding environmentally beneficial projects while ensuring financial stability. Green bonds, dedicated to fund projects with positive

environmental impacts, coupled with DSRA, which act as financial reserves to cover debt service payments during periods of financial stress, offer a unique synergy. DSRA provides additional security for investors, mitigating risks associated with green bond investments, and enhancing creditworthiness, ultimately fostering market confidence and facilitating the mobilization of capital towards sustainable development goals.

Introduction

In recent years, there has been a growing global emphasis on environmental sustainability and combating climate change. In response to this urgency, financial instruments like green bonds have gained traction as a means of funding projects with positive environmental impacts. Concurrently, Debt Service Reserve Accounts (DSRA) continue to play a crucial role in ensuring the stability and reliability of bond investments. This article aims to provide an in-depth exploration of green bonds, their significance in promoting sustainability, alongside the function and importance of DSRA in supporting these financial instruments.

Green Bonds: Concept and Evolution

Green bonds are a specialized type of debt instrument specifically earmarked to finance projects with environmental benefits. These projects typically include renewable energy initiatives, energy efficiency improvements, sustainable transportation infrastructure, and climate adaptation measures. The issuance of green bonds has seen

exponential growth in recent years, reflecting heightened awareness and commitment to sustainability across the public and private sectors.

i. Origin of Green Bonds

The concept of green bonds originated in the early 2000s as a response to the need for innovative financing mechanisms to address climate change and environmental degradation. The first green bond was issued by the European Investment Bank (EIB) in 2007, followed by other development banks and multilateral institutions. These early issuances laid the groundwork for the establishment of standards and frameworks governing green bond issuance and verification.

Green bonds are fixed-income financial instruments designed to fund projects with environmental benefits. They are typically issued by governments, corporations, or financial institutions to raise capital for initiatives such as renewable energy, clean transportation, and energy-efficient infrastructure. Investors are attracted to green bonds

due to their potential for positive environmental impact and financial returns.

Key Features of Green Bonds

- **Use of Proceeds:** Green bonds allocate proceeds exclusively to environmentally sustainable projects, verified through rigorous criteria and reporting standards.
- **Certification:** Issuers often seek certification from independent organizations to validate the green credentials of their bonds, enhancing transparency and credibility.
- **Investor Demand:** Growing awareness of climate change and environmental issues has driven increasing demand for green bonds among investors seeking socially responsible investment opportunities.

ii. Market Growth and Standardization

The green bond market has witnessed significant expansion, with issuances ranging

“Green bonds serve as a vital tool for mobilizing capital towards environmentally sustainable projects and initiatives.”

from sovereign entities and municipalities to corporations and financial institutions. Key drivers of this growth include regulatory incentives, investor demand for sustainable investments, and a growing recognition of the financial risks associated with climate change. To promote market integrity and transparency, organizations like the Climate Bonds Initiative (CBI) have developed voluntary standards and certification processes to verify the environmental integrity of green bond proceeds.

Role of Green Bonds in Promoting Sustainability

Green bonds serve as a vital tool for mobilizing capital towards environmentally sustainable projects and initiatives. Their issuance facilitates the transition to a low-carbon economy, fosters innovation in clean technologies, and supports the achievement of climate mitigation and adaptation goals outlined in international agreements such as the Paris Agreement.

i. Environmental Impact and Accountability

■ **Project Funding:** Green bonds provide dedicated funding for projects that contribute to environmental sustainability, such as renewable energy generation, energy-efficient buildings, sustainable agriculture, and clean transportation infrastructure.

■ **Reporting and Transparency:** Issuers of green bonds are typically required to provide detailed reporting on the use of

proceeds and the environmental impact of funded projects. This transparency enhances accountability and investor confidence, ensuring that capital is deployed effectively towards genuine sustainability objectives.

ii. Market Development and Innovation

■ **Market Expansion:** The growth of the green bond market has catalysed innovation and diversification in sustainable finance, attracting a broader range of investors and issuers. This expansion includes the emergence of thematic bonds targeting specific environmental objectives, such as biodiversity conservation and water resource management.

■ **Financial Performance:** Research suggests that green bonds can offer competitive financial returns while simultaneously generating positive environmental outcomes. Investors increasingly recognize the long-term value proposition of integrating environmental, social, and governance (ESG) factors into their investment decisions, driving demand for green financial products.

Debt Service Reserve Accounts (DSRA) in Green Bond Issuance

Despite their focus on sustainability, green bonds are subject to the same

financial considerations and risk management practices as traditional bonds. Debt Service Reserve Accounts (DSRA) play a critical role in mitigating credit risk and ensuring the timely repayment of bondholders, thereby safeguarding the integrity of green bond investments.

i. Purpose and Function of DSRA

■ **Risk Mitigation:** DSRA serves as a financial buffer to cover debt service obligations in the event of revenue shortfalls, unexpected expenses, or other adverse circumstances. By maintaining a reserve fund, issuers enhance investor confidence and reduce the likelihood of default, thereby lowering the cost of borrowing.

■ **Compliance and Assurance:** The establishment of DSRA demonstrates issuers' commitment to fulfilling their financial obligations and maintaining the creditworthiness of green bonds. Compliance with DSRA requirements is often a condition for obtaining credit ratings and accessing capital markets on favourable terms.

ii. Mechanics of DSRA

■ **Funding:** DSRA funding typically occurs at the time of bond issuance, with a portion of bond proceeds allocated to establish the reserve account.

Debt Service Reserve Account (DSRA)



- Meet the scheduled repayments
- Avoiding defaults

The required DSRA amount is determined based on various factors, including bond ratings, debt service coverage ratios, and market conditions.

■ **Management:** Once established, the DSRA is held in a segregated account and managed by a trustee or designated financial institution on behalf of bondholders. The trustee monitors the reserve account and ensures compliance with the terms outlined in the bond indenture.

■ **Release and Replenishment:** DSRA funds are released to cover debt service payments when necessary, such as in the event of revenue shortfalls or unexpected expenses. After a withdrawal from the reserve account, issuers are typically required to replenish the DSRA to its original level over time, either through excess revenues or additional bond proceeds.

iii. Significance of Municipal Bonds and DSRA in Public Finance

Municipal bonds and DSRA play critical roles in financing public infrastructure and services, supporting economic development, and enhancing the quality of life for communities. Their significance extends beyond the realm of public finance to encompass broader economic and social implications.

■ Infrastructure Investment

Economic Stimulus: Municipal bonds fund a wide range of infrastructure projects, including transportation, water and sewer systems, schools, and public facilities. These investments create jobs, stimulate economic growth, and enhance productivity by improving the efficiency and reliability of essential services.

Long-Term Sustainability: Infrastructure investments financed through municipal



bonds contribute to the long-term sustainability of communities by modernizing aging infrastructure, promoting environmental sustainability, and enhancing resilience to natural disasters and climate change.

■ Investor Considerations

Tax Advantages: In India, municipal bonds that are specifically notified by Central government under Section 10(15)(iv)(h) of the Income Tax Act offer significant tax advantages.. This makes them an attractive investment option, especially for individuals in higher tax brackets looking for tax-efficient returns. These bonds are typically issued by local government entities to finance urban infrastructure projects, providing stable returns with relatively low risk.

Certain municipal bonds in India may qualify for tax exemptions, but the benefits depend on the type of bond and the investor's eligibility. While some bonds may offer tax-free interest income, capital gains tax could apply upon sale, with potential advantages for long-term holdings. However, tax benefits are subject to specific regulations and should be assessed based on prevailing tax laws. Investors

should carefully evaluate the tax implications before investing. With growing government initiatives like the Smart Cities Mission, municipal bonds present a promising avenue for tax-efficient, long-term investment in India's evolving infrastructure landscape.

Risk and Return Profile: While municipal bonds are generally considered low-risk investments compared to corporate bonds or equities, they are not without risk. Factors such as credit quality, interest rate fluctuations, and issuer-specific risks can impact bond performance and investor returns. DSRA provides an additional layer of security for bondholders by safeguarding against potential defaults or payment delays

iv. Integration with Green Bond Frameworks

■ Alignment with Sustainability

Objectives: DSRA provisions are incorporated into the overall framework of green bond issuance to ensure consistency with sustainability principles and best practices. Issuers may stipulate that DSRA funds are exclusively used to support eligible green projects or activities, further reinforcing the environmental integrity of green bonds.

- **Investor Confidence and Due Diligence:** The presence of DSRA provides investors with an additional layer of protection and assurance, enhancing the attractiveness of green bonds as an investment option. Investors conducting due diligence on green bond offerings carefully evaluate the adequacy and management of DSRA funds to assess credit risk and potential returns.

Advancing Sustainable Finance through Collaboration and Innovation

The convergence of green bonds and DSRA represents a significant opportunity to advance sustainable finance principles and accelerate the transition to a more resilient and environmentally responsible global economy. Collaboration among stakeholders, including issuers, investors, regulators, and standard-setting bodies, is essential to harnessing the full potential of green bonds and DSRA in addressing climate change and promoting sustainable development.

i. Regulatory Support and Market Confidence

- **Regulatory Frameworks:** Governments and regulatory authorities play a crucial role in providing incentives and guidance for green bond issuance, including tax incentives, disclosure requirements, and regulatory oversight. Clear and consistent regulatory frameworks help build investor confidence and foster market growth while ensuring the integrity and credibility of green financial markets.
- **Market Innovation:** Continued innovation in financial products and mechanisms, such as green bonds and DSRA, is essential to meet the evolving needs

“The convergence of green bonds and DSRA represents a significant opportunity to advance sustainable finance principles and accelerate the transition to a more resilient and environmentally responsible global economy.”

of investors and issuers in the transition to a sustainable economy. Market participants are exploring new structures, such as sustainability-linked bonds and transition bonds, to address emerging sustainability challenges and opportunities.

Example:

A renewable energy developer company in India, seeks to finance the construction of a solar power plant in the state of Rajasthan. The project aims to contribute to India's renewable energy targets and reduce carbon emissions. The company raise capital through the issuance of green bonds and establish a Debt Service Reserve Account (DSRA) to ensure timely debt repayment.

The company effectively utilizes green bonds and Debt Service Reserve Accounts (DSRA) to finance a renewable energy project in India. The integration of these instruments not only facilitates the mobilization of capital for environmentally sustainable projects but also enhances investor confidence and contributes to India's broader sustainability agenda. This demonstrates the potential of green finance initiatives to drive positive environmental and financial outcomes in India's evolving economy.

ii. Investor Engagement and Impact Measurement

- **ESG Integration:** Institutional investors are increasingly

integrating environmental, social, and governance (ESG) factors into their investment strategies and decision-making processes. By considering ESG criteria, investors can assess the long-term sustainability and resilience of their portfolios, driving demand for green bonds and other sustainable investments.

- **Impact Measurement and Reporting:** Robust impact measurement methodologies and reporting frameworks are essential for evaluating the environmental effectiveness and social relevance of green bond projects. Standardized metrics, such as carbon emissions avoided, energy savings, and biodiversity conservation, enable investors to assess the tangible outcomes of their investments and track progress towards sustainability goals.

Conclusion

Green bonds and Debt Service Reserve Accounts (DSRA) represent powerful tools for mobilizing capital towards environmentally sustainable projects and initiatives. By aligning financial objectives with environmental priorities, green bonds facilitate the transition to a low-carbon economy while providing investors with attractive investment opportunities. DSRA plays a critical role in mitigating credit risk and ensuring the reliability of bond investments, thereby safeguarding the integrity of green financial markets. Through collaboration, innovation, and collective action, stakeholders can harness the full potential of green bonds and DSRA to address climate change, promote sustainable development, and build a more resilient and equitable future for all.

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Voluntary Contribution to the Chartered Accountants' Benevolent Fund (CABF)

The Institute, through CABF, tries to help the members or dependents in distress. Mentioned below is the List of Members and Firms who voluntarily contributed ₹1,00,000 or more to the CABF.

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	Name: CA. HARI NAGRANI Membership No.: 087486 Amount: 500000		Name: CA. PAWAN KUMAR Membership No.: 080691 Amount: 101000
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	Name: CA. KAPIL GARG Membership No.: 505760 Amount: 251000		Name: CA. RAM AWATAR KILA Membership No.: 082768 Amount: 100000
	Name: CA. RAJAGOPAL SANKARAIYAH Membership No.: 024894 Amount: 200000		Name: CA. VIKAS MEHRA Membership No.: 094421 Amount: 100000
	Name: CA. SHASHANK AGARWAL Membership No.: 536670 Amount: 200000		Name: CA. PAUL MICHAEL ALVARES Membership No.: 105754 Amount: 100000
	Name: CA. RAHUL JAGDISH JAJOO Membership No.: 603218 Amount: 200000		Name: CA. SUDHIR SONI MURLIDHAR Membership No.: 041870 Amount: 100000
	Name: CA. AMIT KUMAR BAJAJ Membership No.: 218685 Amount: 200000		Name: VARA PRASADA RAO U Membership No.: 025027 Amount: 100000

	Name: CA. MANISH BANSAL
	Membership No.: 500339
	Amount: 100000

	Name: CA. NALIN JAIN
	Membership No.: 503498
	Amount: 100000

	Name: CA. KULBHUSHAN SHARMA
	Membership No.: 508574
	Amount: 100000

	Name: CA. NIKHIL AGGARWAL
	Membership No.: 504274
	Amount: 100000

	Name: CA. PRATISH GOEL
	Membership No.: 546275
	Amount: 100000

	Name: CA. TARUN GUPTA
	Membership No.: 507892
	Amount: 100000

	Name: CA. RAHUL AGRAWAL
	Membership No.: 558411
	Amount: 100000

	Name: CA. ANKIT MEHRA
	Membership No.: 507429
	Amount: 100000

	Name: CA. KRISHAN KUMAR JAIN
	Membership No.: 086087
	Amount: 100000

	Name: CA. TARUN KUMAR GUPTA
	Membership No.: 091151
	Amount: 100000

Firms contributed to CABF

Details of Firms which Contributed to CABF

Name: V G G & CO
Firm Reg. No.: 031985N
Amount: 500000

Name: MEGA & ASSOCIATES
Firm Reg. No.: 007541N
Amount: 150000

Name: N D KAPUR & CO
Firm Reg. No.: 001196N
Amount: 100000

Name: S N DHAWAN AND CO LLP
Firm Reg. No.: 000050N/N500045
Amount: 500000

Name: CHACHAN & LATH LLP
Firm Reg. No.: 015012N/N500098
Amount: 111111

Name: AGGARWAL SARAWAGI AND CO
Firm Reg. No.: 016765N
Amount: 100000

Name: M L KEJRIWAL & CO
Firm Reg. No.: 008234N
Amount: 251000

Name: SURESH & ASSOCIATES
Firm Reg. No.: 003316N
Amount: 101000

Name: N K SARAF AND ASSOCIATES
Firm Reg. No.: 21945N
Amount: 100000

Name: S S KOTHARI MEHTA AND CO LLP
Firm Reg. No.: 000756N/N500441
Amount: 200000

Name: A N GARG & CO
Firm Reg. No.: 004616N
Amount: 101000



Q Can a Chartered Accountant in practice use/fix a monogram of the Institute on any column/wall located inside the office or on professional documents?

No, in view of the Council directions under Clause (7) of Part-I of the First Schedule to the Chartered Accountants Act, 1949, a Chartered Accountant in practice is not permitted to use/fix a monogram of the Institute on any column/wall located inside the office or on any professional documents.

Q Whether a Chartered Accountant in practice can use expression like Income Tax Consultant, Cost Accountant, Company Secretary, Cost Consultant, or a Management Consultant?

No, Council direction under Paragraph 2.14.1.7(ii) of Clause (7) of Part-I of the First Schedule to the Chartered Accountants Act, 1949, appearing in Volume-II of the Code of Ethics prescribes that it is improper for a Chartered Accountant to state on his professional documents that he is an Income-tax Consultant, Cost Accountant, Company Secretary, Cost Consultant, or a Management Consultant.

Q Whether Companies in which Chartered Accountants have been appointed as directors on their Board can publish description about the Chartered Accountant's expertise, specialization and knowledge in any particular field or add appellations or adjectives to their names in the prospectus or public announcements issued by these companies?

The Council's attention has been drawn to the fact that more and more companies are appointing Chartered Accountants' as directors on their Boards. The prospectus or public announcements issued by these companies often publish descriptions about the Chartered Accountants' expertise, specialization and knowledge in any particular field or add appellations or adjectives to their names. Attention of the members

in this context is invited to the provisions of Clause (6) and (7) of Part-I of the First Schedule to the Chartered Accountants Act, 1949.

In order that the inclusion of the name of a member of the Institute in the prospectus or public announcements or other public communications issued by the companies in which the member is a director does not contravene the above noted provisions, it is necessary that the members should take necessary steps to ensure that such prospectus or public announcements or public communications do not advertise his professional attainments and also that such prospectus or public announcements or public communications do not directly or indirectly amount to solicitation of clients for professional work by the member. While it may be difficult to lay down a rigid rule in this respect, the members must use their good judgement, depending upon the facts and circumstances of each case to ensure that the above noted provisions are complied with both in letter and spirit.

It is advisable for a member that as soon as he is appointed as a director on the Board of a company, he should specifically invite the attention of the management of the company to the aforesaid provisions and should request that before any such prospectus or public announcements or public communication mentioning the name of the member concerned, is issued, the material pertaining to the member concerned should, as far as practicable be got approved by him.

Q Whether a practicing Chartered Accountant can be a partner or designated partner in a Limited Liability Partnership, which is not doing professional work, but is in the commercial activities?

Yes, there is no bar for a member to go in for ISO certification or other similar certifications. However, the member cannot use the expression like "ISO Certified" on his professional documents, visiting cards, letterheads, or signboards, etc.

Q Can a Chartered Accountant in practice also practice as an Advocate?

Yes, Council direction under Paragraph 2.14.1.7(v) under Clause (7) of Part I of the First Schedule to the Chartered Accountants Act, 1949, appearing in Volume-II of Code of Ethics prescribes that a Chartered Accountant in practice who is otherwise eligible may practice as an Advocate subject to the permission of the Bar Council but in such cases, he should not use designation 'Chartered Accountant' in respect of the matters involving the practice as an advocate. In respect of other matters, he should use the designation 'Chartered Accountant' but he should not use the designation 'Chartered Accountant' and 'Advocate' simultaneously.

Q Whether a Chartered Accountant in practice can use the designation 'Corporate Lawyer'?

No, a Chartered Accountant in practice is not permitted to use the designation 'Corporate Lawyer'.

Q Can a Chartered Accountant in practice/Firm of Chartered Accountants post the particulars of himself/itself on a website?

Yes, the Council has approved the detailed guidelines for posting the particulars on the Website by Chartered Accountants in practice and firm(s) of Chartered Accountants in practice.

Q Whether website of any Chartered Accountant can provide a link to the website of ICAI, its Regional Councils and Branches, and also to the websites of Govt./Govt. Departments/Regulatory authorities and other professional bodies?

Yes, it is permitted that the website may provide link to the Website of ICAI, its Regional Councils and Branches, and also to the Websites of Govt./Govt. Departments/Regulatory authorities and other professional bodies.

Q Whether the information contained in the website of the Chartered Accountants and/or Chartered Accountants' firms can be circulated on their own or through e-mail or by any other mode or technique?

Paragraphs 3.3.3 and 3.3.4 of Council Guidelines for Advertisement, 2008, appearing in Volume-II of Code of Ethics, state that the Chartered Accountants and/or Chartered Accountants' firms should ensure that none of the information contained in the website be circulated on their own or through e-mail

or by any other mode or technique except on a specific "pull" request. The Chartered Accountants and/or Chartered Accountants' Firms would ensure that their websites are run on a "pull" model and not a "push" model of the technology to ensure that any person who wishes to locate the Chartered Accountants or Chartered Accountants' firms would only have access to the information and the information should be provided only on the basis of specific "pull" request.

Q Whether the name of clients or fees charged be mentioned on the website of Chartered Accountant or Chartered Accountants Firm?

Names of clients and fee charged cannot be given. However, disclosure of names of clients and/or fees charged may be made on the website where it is required by a regulator, whether or not constituted under a statute, in India or outside India, provided that such disclosure is only to the extent of requirement of the regulator and is made only till such period that the member works under the purview of such regulator/such requirements of the regulator are in force. The fact that the disclosure is being made due to requirement of regulator has to be made below the disclosure itself.



Treatment and presentation of Perpetual Loan under Ind AS framework.

A. Facts of the Case

1. A company (hereinafter referred to as 'the Company') is a Government of India (GoI) undertaking under the control of the Ministry of Defence, with 100% equity shareholding held by the GoI. The Company is primarily engaged in the construction and repair of ships and submarines, fulfilling the requirements of the defence and maritime sectors in India.

2. The Government of India sanctioned a financial restructuring (FR) package of ₹824.90 crores in financial year (F.Y.) 2010-11, which has been implemented by the Company, clearing its legacy liabilities (a copy of the sanction letter dated March 23, 2011 has been supplied by the querist for the perusal of the Committee). As part of this package:

- ₹452.68 crores were granted as aid for clearing outstanding liabilities, including bank dues, employee arrears, tax arrears, and other obligations.
- The existing government loan with accrued interest and guarantee fees amounting to ₹372.22 crores was converted into a loan in perpetuity with zero interest.

3. *Accounting Standards and Policies followed by the Company:*

The Company was preparing its financial statements in accordance with IGAAP, i.e., Accounting Standards notified

under the Companies (Accounting Standards) Rules, 2021 (as amended) by the Ministry of Corporate Affairs (MCA), till F.Y. 2023-24. The accounting policies framed by the Company as per the IGAAP have been applied consistently over the years till F.Y. 2023-24. At its Board Meeting held on 27th November, 2024, the Board has accorded approval for implementation of Indian Accounting Standards (Ind AS) from F.Y. 2024-25. Accordingly, the Company is implementing Ind AS from F.Y. 2024-25 with preparation of its opening Ind AS Balance Sheet as on April 01, 2023, comparative Balance Sheet for F.Y. 23-24 and first Ind AS financial statements from F.Y. 2024-25.

4. *Issue – Classification of ₹ 372.22 crores Perpetual Loan in books of account by the Company.*

The loan of ₹ 372.22 crores was classified as 'Long-term Borrowings' under 'Non-Current Liabilities' in the balance sheet prepared as per IGAAP till F.Y. 2023-24. Of the total ₹ 541.21 crores in borrowings as of March 31, 2023, this loan in perpetuity constitutes a major portion, alongside another loan sanctioned in F.Y. 2018-19, which is repayable over 8 years with a 2-year moratorium.

5. The querist has informed the views of the Company as follows:

(a) *No Repayment Obligation:* The loan of ₹ 372.22 crores, sanctioned without interest or repayment terms, has no stipulated repayment schedule. This, in essence,

positions the loan as an investment by the Gol, taking on the characteristics of equity.

(b) *Controlling Interest:* The Company is wholly owned by the Gol, and the conversion of this loan into a perpetual one can be viewed as a strategic decision akin to a permanent financial contribution, similar to a promoter's equity investment. It mirrors the nature of shareholder funds, with no expectation of repayment.

(c) *Substance over Form:* The principle of 'substance over form', as outlined in Accounting Standard (AS) 1, 'Disclosure of Accounting Policies' suggests that the loan should be treated based on its economic substance rather than its legal form. Despite its legal designation as a loan, the absence of repayment obligations suggests that it functions as equity, warranting classification under shareholders' funds.

(d) *No Conditions for Fulfilment:* The Government's sanction does not impose any future repayment conditions or restrictions on further borrowings, or other typical loan covenants. This reinforces the argument for its treatment as an equity-like instrument.

B. Query

6. On the basis of above, the querist has sought the opinion of the Expert Advisory Committee of the Institute of Chartered Accountants of India on the following issues:

- (i) What is the treatment of perpetual loans under Ind AS?
- (ii) Under Ind AS, can the perpetual loan be classified as 'Equity'? If yes, please explain the recognition criteria, classification and presentation requirements surrounding perpetual loans under Ind AS.

C. Points considered by the Committee

7. The Committee notes that the basic issue raised by the querist relates to accounting treatment of perpetual loan under Ind AS. The Committee has therefore, considered only this issue and has not examined any other issue that may

arise from the Facts of the Case, such as, accounting for another loan sanctioned in F.Y. 2018-19, which is repayable over 8 years with a 2-year moratorium, accounting for funds amounting to Rs. 452.68 crores granted as grant-in-aid for clearing outstanding liabilities and obligations of the Company and payments made thereagainst for clearing the outstanding liabilities and obligations, adjustment for netting of interest receivable against interest payable, accounting under Accounting Standards (AS), notified under the Companies (Accounting Standards) Rules, 2021 including accounting treatment of perpetual loan, preparation of first Ind AS balance sheet and comparative figures for F.Y. 2023-24, transition to Ind AS and adjustments arising therefrom as well as disclosures required in first Ind AS financial statements, etc. Further, the Committee has expressed its opinion purely from the accounting perspective and not from the perspective of legal interpretation of sanction letter, etc. Further, the Accounting Standards referred hereinafter are Indian Accounting Standards, notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended/ revised from time to time.

8. At the outset, the Committee notes from the financial restructuring sanction letter of Gol dated March 23, 2011 as follows:

" ...

- (a) By giving grants-in-aid amounting to Rs. 452.68 crores (Rupees four hundred fifty two crores and sixty eight lakhs) to clear the legal liabilities.
- (b) For converting the Government loans and interest and Government guarantee fee against Bank loan amounting to Rs. 372.22 crores (Rupees three hundred seventy two crores and twenty two lakhs) as loan in perpetuity with no interest.

2. As per the approval of the Government and advice of the Ministry of Finance, the above financial restructuring package of Rs. 824.90 crores will be implemented as follow:

Sl. No.	Particulars	Amount as on 31.12.2009 (Rs. In Crore)	Effect to be given
1.	Government Loan	149.87	The existing principal amount of loan of Rs.149.87 crores (already outstanding in Government books) be converted as loan in perpetuity with no interest.
2.	Outstanding Interest payable to Government	157.37	The outstanding interest amounting to Rs.157.37 crores be provided as a fresh loan in perpetuity with no interest. However, this will be netted against interest receivable from the company. This will not involve cash outgo and therefore, will not make impact on the expenditure side.

Sl. No.	Particulars	Amount as on 31.12.2009 (Rs. In Crore)	Effect to be given
3.	Government Guarantee Fee against Bank loan	64.98	Rs.64.98 crores as outstanding guarantee fee payable to the Government be converted as loan in perpetuity with no interest. This will not involve cash outgo and makes no impact on the expenditure celling.
4.	All other liabilities towards MAT, Corporate Tax Liability, One time Assistance for ongoing projects, implementation of VRS, liquidation of Bank dues, payment of statutory dues to Government of Andhra Pradesh, payment of outstanding dues, custom duty, arrears etc.	452.68	All these items required to be paid in full.

- ...
5. The expenditure will be debit to Major Head 2852 – Industries - 80.800, 03.01.50 for Grants-in-Aid and Major Head 6858 - Loan for Engineering Industries – 03.190, 03.03.55 for Loan in Perpetuity under Demand No.20 of the Ministry of Defence (Civil) for the financial year 2010-11. ”

From the above, the Committee notes that while Rs. 452.68 crores to clear the legal liabilities and obligations of the Company has been given as ‘grant-in-aid’ by the Gol, the term ‘grant-in-aid’ has not been used for the sanction of Rs. 372.22 crores; rather it has been granted as a fresh loan in perpetuity with no interest for existing outstanding Gol loans and interest thereon and outstanding guarantee fee paid by Gol against bank loans. The Committee also notes that the Company has no repayment obligation with regard to ‘loan in perpetuity.’ Further, the Committee notes that the Company was presenting the sanction of Rs. 372.22 crores as ‘long-term borrowings’ till the F.Y. 2023-24 prior to transition to Ind AS. Accordingly, in this context, the Committee has presumed that the Company has appropriately considered the same as not in the nature of government grant (forgivable loan) as per Ind AS 20, ‘Accounting for Government Grants and Disclosure of Government Assistance’ or under the erstwhile AS 12, ‘Accounting for Government Grants’. Therefore, it can be considered that the perpetual loan has been granted by the Gol not in the capacity of ‘Government’ as per Ind AS 20 or AS 12; rather the Gol while sanctioning the perpetual loan is acting in its capacity as 100% shareholder or owner.

9. With regard to the accounting for such a perpetual loan with no interest, the Committee notes the following requirements of Ind AS 32, ‘Financial Instruments: Presentation’ and Guidance Note on Division II- Ind AS Schedule III to the Companies Act, 2013 (Revised 2022):

Ind AS 32

“A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.”

“A financial liability is any liability that is:

- (a) a contractual obligation :
- (i) to deliver cash or another financial asset to another entity; or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) a contract that will or may be settled in the entity’s own equity instruments and is:
- (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity’s own equity instruments; or
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity’s own equity instruments. For this purpose, rights, options or warrants to acquire a fixed number of the entity’s own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own

non-derivative equity instruments. Apart from the aforesaid, the equity conversion option embedded in a convertible bond denominated in foreign currency to acquire a fixed number of the entity's own equity instruments is an equity instrument if the exercise price is fixed in any currency. Also, for these purposes the entity's own equity instruments do not include puttable financial instruments that are classified as equity instruments in accordance with paragraphs 16A and 16B, instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and are classified as equity instruments in accordance with paragraphs 16C and 16D, or instruments that are contracts for the future receipt or delivery of the entity's own equity instruments.

As an exception, an instrument that meets the definition of a financial liability is classified as an equity instrument if it has all the features and meets the conditions in paragraphs 16A and 16B or paragraphs 16C and 16D.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.”

“15 The issuer of a financial instrument shall classify the instrument, or its component parts, on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

16 When an issuer applies the definitions in paragraph 11 to determine whether a financial instrument is an equity instrument rather than a financial liability, the instrument is an equity instrument if, and only if, both conditions (a) and (b) below are met.

- (a) The instrument includes no contractual obligation:
 - (i) to deliver cash or another financial asset to another entity; or
 - (ii) to exchange financial assets or financial liabilities with another

entity under conditions that are potentially unfavourable to the issuer.

- (b) If the instrument will or may be settled in the issuer's own equity instruments, it is:
 - (i) a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or
 - (ii) a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments. ...”

“25 A financial instrument may require the entity to deliver cash or another financial asset, or otherwise to settle it in such a way that it would be a financial liability, in the event of the occurrence or non-occurrence of uncertain future events (or on the outcome of uncertain circumstances) that are beyond the control of both the issuer and the holder of the instrument, such as a change in a stock market index, consumer price index, interest rate or taxation requirements, or the issuer's future revenues, net income or debt-to-equity ratio. The issuer of such an instrument does not have the unconditional right to avoid delivering cash or another financial asset (or otherwise to settle it in such a way that it would be a financial liability). Therefore, it is a financial liability of the issuer unless:

- (a) ...
- (b) the issuer can be required to settle the obligation in cash or another financial asset (or otherwise to settle it in such a way that it would be a financial liability) only in the event of liquidation of the issuer; or
- (c) ...”

“AG7 A contractual right or contractual obligation to receive, deliver or exchange financial instruments is itself a financial instrument. A chain of contractual rights or contractual obligations meets the definition of a financial instrument if it will ultimately lead to the receipt or payment of cash or to the acquisition or issue of an equity instrument.”

“AG13 Examples of equity instruments include non-puttable ordinary shares, some puttable instruments (see paragraphs 16A and 16B), some instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation (see paragraphs 16C and 16D), some types of preference shares (see paragraphs AG25 and AG26), and warrants or written call options that allow the holder to subscribe for or purchase a fixed number of non-puttable ordinary shares in the issuing entity in exchange for a fixed amount of cash or another financial asset. An entity’s obligation to issue or purchase a fixed number of its own equity instruments in exchange for a fixed amount of cash or another financial asset is an equity instrument of the entity (except as stated in paragraph 22A). However, if such a contract contains an obligation for the entity to pay cash or another financial asset (other than a contract classified as equity in accordance with paragraphs 16A and 16B or paragraphs 16C and 16D), it also gives rise to a liability for the present value of the redemption amount (see paragraph AG27(a)). An issuer of non-puttable ordinary shares assumes a liability when it formally acts to make a distribution and becomes legally obliged to the shareholders to do so. This may be the case following the declaration of a dividend or when the entity is being wound up and any assets remaining after the satisfaction of liabilities become distributable to shareholders.”

Guidance Note on Division II- Ind AS Schedule III

“8.2.1.6. ... Ind AS 32 defines an equity instrument as “any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities”. The accounting definition of ‘Equity’ is principle based as compared to the legal definition of ‘Equity’ or ‘Share’, such that any contract that evidences residual interest in an entity’s net asset is termed as ‘Equity’ irrespective of whether it is legally recognized as a ‘Share’ or not. Accordingly, all instruments (including convertible preference shares and convertible debentures) that meet the definition of ‘Equity’ as per Ind AS 32 in its entirety and when they do not have any component of liability, should be considered as having the nature of ‘Equity’ for the purpose of Ind AS Schedule III. Such instruments shall be termed as ‘Instruments entirely equity in nature.’”

The Committee notes from the above that a financial instrument is required to be classified on initial recognition as a financial liability, a financial asset or an equity

instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument in Ind AS 32. The Committee further notes that the key features in determining whether a financial instrument is a financial liability are (a) the existence of a contractual obligation of one party (issuer) to deliver cash or another financial asset to another party (holder of the instrument), (b) existence of contractual obligation to exchange financial assets or financial liabilities with the holder under conditions that are potentially unfavourable to the issuer, or (c) if the instrument will or may be settled in the issuer’s own equity instruments, whether it is a derivative or non-derivative instrument and whether it includes any contractual obligation for the issuer to deliver a variable number of its own equity instruments. When an instrument requires mandatory redemption (in terms of principal or interest) by the issuer for a fixed or determinable amount, a contractual obligation to deliver cash at redemption exists and, therefore, the instrument includes, and is presented as, a financial liability. The Committee also notes from the requirements of the Guidance Note that any contract that evidences residual interest in an entity’s net asset is termed as ‘Equity’ irrespective of whether it is legally recognised as a ‘Share’ or not; and that all instruments that meet the definition of ‘Equity’ as per Ind AS 32 in its entirety and when they do not have any component of liability, should be considered as having the nature of ‘Equity’ and shall be termed as ‘Instruments entirely equity in nature’.

10. In the extant case, the Committee notes that since the liabilities of Rs. 372.22 crores have been converted in a perpetual loan with no interest payment or repayment of principal amount within a specified time, there is neither a contractual obligation to pay cash or other financial asset nor to exchange financial assets or financial liabilities with the holder under conditions that are potentially unfavourable to the Company, as envisaged in the definition of ‘financial liability’ as per Ind AS 32. Further, since there is no fact in the extant case suggesting that the loan will or may be settled in the issuer’s own equity instruments, the evaluation related to conversion in entity’s own equity instruments is not applicable. Accordingly, the Committee is of the view that the perpetual loan in the extant case does not meet the definition of financial liability as per the requirements of Ind AS 32.

Furthermore, since the perpetual loan is not to be settled in the Company’s own equity instruments and as discussed above, neither there is a contractual obligation to deliver cash or another financial asset to another entity nor to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company, the perpetual loan fulfills the conditions of an equity instrument as per paragraph 16 of Ind AS 32. Therefore, as per the requirements of the Guidance Note on Schedule III, the perpetual loan representing a contract or instrument evidencing residual interest in the Company’s

net assets should be considered as having the nature of 'Equity' and shall be termed as 'Instruments entirely equity in nature' in the financial statements of the Company.

11. With regard to presentation of the same in the financial statements, the Committee notes the requirements of Ind AS 1, 'Presentation of Financial Statements' and Guidance Note on Division II- Ind AS Schedule III to the Companies Act, 2013 (Revised 2022) as follows:

Ind AS 1

"Statement of changes in equity

Information to be presented in the statement of changes in equity

106 An entity shall present a statement of changes in equity as required by paragraph 10. The statement of changes in equity includes the following information:

...

(d) for each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately (as a minimum) disclosing changes resulting from:

(i) ...

...

(iii) transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners and ..."

"109

Changes in an entity's equity between the beginning and the end of the reporting period reflect the increase or decrease in its net assets during the period. Except for changes resulting from transactions with owners in their capacity as owners (*such as equity contributions*, reacquisitions of the entity's own equity instruments and dividends) and transaction costs directly related to such transactions, the overall change in equity during a period represents the total amount of income and expense, including gains and losses, generated by the entity's activities during that period."

(Emphasis supplied by the Committee.)

Guidance Note on Division II- Ind AS Schedule III

"8.2.1.7. Instruments entirely equity in nature, may be presented as a separate line item on the face of the Balance Sheet under 'Equity' after 'Equity Share Capital' but before 'Other Equity', as shown below:

Name of the Company.....

Balance Sheet as at.....

(Rupees in.....)

Particulars	Note No.	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital			
(b) Instruments entirely equity in nature			
(c) Other Equity			

In the Statement of Changes in Equity, the reconciliation for instruments entirely equity in nature should be presented as below:

STATEMENT OF CHANGES IN EQUITY

Name of the Company.....

(Rupees in.....)

A. Equity Share Capital

...

B. Instruments entirely equity in nature *

(a) Compulsorily Convertible Preference Shares

...

(c) [Instrument] (Any other instrument entirely equity in nature)
(1) Current reporting period

Balance at the beginning of the current reporting period	Changes in [Instrument] due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in [Instrument] during the current year	Balance at the end of the current reporting period

(2) Previous reporting period

Balance at the beginning of the previous reporting period	Changes in [Instrument] due to prior period errors	Restated balance at the beginning of the previous reporting period	Changes in [Instrument] during the previous year	Balance at the end of the previous reporting period

...

** It may be emphasized that whether an instrument qualifies in its entirety for classification as 'equity' depends on the terms and conditions associated with it, evaluated based on the criteria given in para 16 of Ind AS 32. It is assumed that Compulsorily Convertible Preference Shares and Compulsorily Convertible Debentures in the above illustrative disclosure qualify for classification as entirely equity however, companies should assess terms and conditions specific to their instruments for deciding whether they are entirely equity in nature."*

From the above, the Committee is of the view that the Company should comply with the above-reproduced and other presentation requirements of Ind AS 1 and the Guidance Note on Division II- Ind AS Schedule III to the Companies Act, 2013, issued by the ICAI with regard to perpetual loan in the extant case.

D. Opinion

12. On the basis of above, the Committee is of the following opinion on issues raised in paragraph 6 above:

- (i) & (ii) As per the requirements of Ind AS 32 and the Guidance Note on Schedule III to the

Companies Act, 2013, the perpetual loan in the extant case should be considered as having the nature of 'Equity' and shall be termed as 'Instruments entirely equity in nature' in the financial statements of the Company, as discussed in paragraphs 9 and 10 above. Further, the Company should comply with the presentation requirements of Ind AS 1 and the Guidance Note on Division II- Ind AS Schedule III to the Companies Act, 2013, issued by the ICAI in this regard, as discussed in paragraph 11 above.

1.	The Opinion is only that of the Expert Advisory Committee and does not necessarily represent the Opinion of the Council of the Institute.
2.	The Opinion is based on the facts supplied and in the specific circumstances of the querist. The Committee finalised the Opinion on 7 th January, 2025. 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-three 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/Index.aspx .
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 June – July 2025 for the reference of Faculty/Students & Members of the Institute.

1. Accountancy

Accounting of Sale of Fertilizers and Related Subsidy by Dolphy D'Souza. *BCAJ*, July 2025, pp. 64-67.

Ind AS and the Indian Banking Sector: A Comprehensive Journey Through Transparency and Transformation by Chetan Saraogi. *Banking finance*, July 2025, pp. 38-43.

2. Audit

LLMs in Audit – A Double-Edged Algorithm by Chetan Lunkar. *BCAJ*, July 2025, pp. 37-40.

3. Economics

Relationship Between Income Inequality and Economic Growth: A Re-examination by Priyanka Muchahary and Manish Kumar Sharma. *Economic & Political Weekly*, June 21, 2025, pp. 131-142.

Zero Trust Architecture in Financial Institutions: A Strategic Shift in Cybersecurity by Namita Mishra. *Banking finance*, July 2025, pp. 20-22.

4. Education

Developing Academic Leadership for Transforming Higher Education Institutions of India by Parimal Vyas and Kiran Pandya. *University News*, June 30 - July 06, 2025, pp. 3-13.

5. Information Technology

AI Revolution in Indian Accounting: A Landscape Analysis and Future Trends by Ameet Patel. *BCAJ*, July 2025, pp. 19-25.

6. Management

India's Asset Management Landscape: The Path to Financial Empowerment by Ritesh Kumar Binani. *Banking finance*, July 2025, pp. 44-49.

You Should be Able to Boil your Strategy Down to a Single Clear Visualization by Joao Cotter Salvado and Freek Vermeulen. *Harvard Business Review*, July - August 2025, pp. 98-107.

7. Taxation and Finance

To ERR is Human, to Forgive Divine by Sunil Gabhawalla, Rishabh Singhvi and Parth Shah. *BCAJ*, July 2025, pp. 71-76.

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

CLASSIFIEDS

6113 Mumbai-based FCA CoP Aged 72, 49 years' experience in Industry & Practice Seeks professional work on Partnership/Retainer basis in CA Firm at Mumbai 9820422001, harshadshah1953@yahoo.com

6114 Gujarat-based 42-year-old firm (www.rkdoshi.com) wishes to open branches in Hyderabad, Kolkata, Delhi, Chennai, Coimbatore & Bhopal. Contact: firm.rkdoshi@gmail.com.

6115 Required Full/Part time CAs as Partners/Retainers, Semi-Qualified, Article Asstts. for Delhi-NCR, Jammu & Kashmir. Contact 9205136037; E-mail: kkg200317@gmail.com

6116 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: bwaho2005@gmail.com

6117 A 45-year-old firm having HO in Kolkata, near Aaykar Bhawan Main Building, with branches in Mumbai, New Delhi, and Bengaluru, invites proposals for merger from sole proprietorship or partnership firms. Mail with a brief profile to banbhattachal@gmail.com

6118 Chennai-based 35-year overseas experienced CA, IP, interested in joining as a replacement to a retiring partner in a partnership firm, also available as retainer in a firm. Contact: 9884227391, cakkbalasubramanian@gmail.com



LEGAL Decisions



INCOME TAX

LD/74/11 ITAT Delhi: ITA No 2016/Del/2024 The Asst. Commissioner of Income Tax vs M/s H & M Hennes & Mauritz Retail Pvt. Ltd. 04th June 2025

ITAT deleted disallowance u/s 37 noting that assessee duly established the business nexus of incurrence of marketing and sales promotion expenditure; Expenditure towards Brand promotion held to be allowed as business expenses; Expenditure incurred towards purchase of indoor interior window, in-store screens, campaign bags, signs, etc. for stores of the assessee located across India held to be business expenditure; Expenditure was incurred towards aligning the interiors/exterior of the Indian stores with the global H&M standards...and thus there was a commercial expediency on the part of the Assessee.

LD/74/12 Delhi High Court: ITA 9/2025 The Prin. Chief Commissioner of Income Tax vs A H Multisoft Pvt. Ltd 30th May 2025

High Court upheld valuation submitted by assessee using DCF method and rejected Revenue's invocation of Sec. 56(2)(viiib); HC rejected Revenue's argument that assessee had negative net worth since assessee held a valuable 20% stake in a company which in turn owned significant stake in radio platform Red FM; Revenue argued that FMV of assessee's equity was arrived by the expert valuer by amalgamation of DCF & NAV method and hence was unacceptable, which the HC dismissed as being devoid of merit; On the issue of disclaimers in valuation report raised by Revenue, HC noted that the disclaimers were general disclaimers and were common in all such reports furnished by experts.

LD/74/13 Delhi High Court: W.P.(C) 3405/2023 Manjeet Kaur Duggal vs The Income tax Officer 29th May 2025

For AY 13-14, High Court set aside notice u/s 148 as being time barred; Even if Revenue's contentions were accepted that no purchase consideration had been paid actually for purchase of shares and the money was received back in cash, there was no material indicating that said transaction was conducted in FY 2012-13; As per HC, only possible escaped income would be the

difference between the purchase and sale consideration; HC noted that impugned purchase consideration was paid in prior year FY 11-12; Alleged escaped amount of Rs 42.97 Lakhs was below threshold limit of Rs 50 Lakhs for attracting the provisions of Section 149(1)(b).

LD/74/14 Delhi High Court: ITA No 546/2023 Sheila Overseas Private Limited Vs. The Prin. Commissioner of Income Tax, Delhi 28th May 2025

High Court deleted addition u/s 68 noting that assessee discharged its onus by providing sufficient explanation for the unsecured loan extended by the Director; pre Finance Act 2022 era, assessee was not required to explain the source of funds other than share application money, share capital and share premium or any such amount of such nature; For AY 15-16, assessee cannot be burdened with requirement to explain the source of funds of its director; Expression "such amount" in Section 68 would necessarily take its colour from the terms share application money, share capital, and share premium.

LD/74/15 ITAT Mumbai: ITA No. 6467/M/2024 Mrs Chanda Runwal Vs. The Asst. Commissioner of Income Tax, Delhi 23rd May 2025

ITAT Mumbai allowed assessee's claim u/s 54F w.r.t purchase of second residential house property on another floor of the same building; AO had denied deduction by noting that assessee had purchased another property within a period of one year after the date of transfer of original asset; As per ITAT, claim u/s 54F can be allowed qua purchase of multiple floors/flats/units being part of one house in the same building or duplex or triplex house consisting of multiple floors/units in same building; ITAT remarked that it cannot be construed that the Assessee has purchased any residential house, other than the new asset, within a period of one year.

LD/74/16 ITAT Mumbai: ITA No. 493/Mum/2025 The Income Tax Officer Vs. Mulchand Ramajor Gupta 23rd May 2025

ITAT confirmed CIT(A)'s addition at ad-hoc 15% of alleged bogus purchases for AY 11-12; AO had made 100% addition of such purchases; As per ITAT, assessee had given sufficient evidences to substantiate the purchases and that the CIT(A) had rightly made the addition at 15% based on various judicial precedents; ITAT remarked that there was no adverse material against the assessee except the report of VAT/Sales Tax department wherein the seller party was identified as Hawala Trader, and that the AO had not made any independent investigation of facts during assessment.

LD/74/17 ITAT Mumbai: ITA No. 1748/Mum/2025 Sterling and Wilson Renewable Energy Limited Vs. The Asst. Commissioner of Income Tax 22nd May 2025

ITAT held that Form 67 and Rule 128(9) are only directory in nature and not mandatory and thus they can be filed even after the filing of return for claiming the Foreign Tax Credit (FTC); The CPC and CIT(A) had denied the benefit of FTC on the ground that the Rule 128(9) was mandatory

in nature; Reliance placed on Madras High Court in case of Duraiswamy Kumaraswamy case, and Chennai ITAT ruling in case of John Arunkumar Diaz v. ITO;

LD/74/18 ITAT Mumbai: ITA No. 6217/MUM/2024 Shripal Raj Lodha Vs. The Dy. Commissioner of Income Tax 20th May 2025

ITAT allowed deduction claim u/s 10(10D) received towards maturity of LIC policy after assignment of key man insurance policy; Policy was assigned by the company to assessee in May 2011 against payment of surrender value, from which date the policy ceased to be a key-man policy but became a regular life insurance policy; Subsequent amendment introduced by the Finance Act, 2013 to the definition of 'Keyman Insurance Policy' which includes assignments made during the term of the policy, cannot be applied retrospectively; ITAT remanded matter only for conducting a factual verification about surrender value and assignment date.

LD/74/19 ITAT Mumbai: ITA No. 6572/MUM/2024 Kokuyo Camlin Limited Vs. The Commissioner of Income Tax 02nd May 2025

ITAT upheld the addition made by CPC which was a prima facie adjustment u/s 143(1) on a debatable issue without providing an opportunity; As per ITAT, omission to grant opportunity does not invalidate the order as the principle of natural justice can be applied subsequently and given the fact that CIT(A) had granted a hearing, the intimation u/s 143(1)(a) cannot be quashed; Remedy u/s 154 was also available for such matters but ITAT was unclear whether assessee had used it; Opines that the

term 'shall' has been interpreted as 'may', hence, CPC order cannot be quashed.

LD/74/20 ITAT Mumbai: ITA No. 1561/MUM/2025 The Dy. Commissioner of Income Tax Vs. Shrem Infraventures Private Limited 28th April 2025

If and when expenses are incurred for business purposes and are Revenue-expenditure in nature, disallowance done by AO held not to be tenable; AO observed that Assessee had claimed expenses of Rs 3.77 Cr. in P&L, and only booked Rs 24 Lakhs as revenue from operations and alleged that assessee had not followed matching principles of accounting; ITAT upheld CIT(A)'s order by noting that CIT(A) had given a categorical finding, discussing each and every aspect of the expenditure incurred; AO's allegation w.r.t disproportionate expense vis-à-vis revenue 'does not hold any water'.

LD/74/21 Gujarat High Court: Civil Application no 3000 of 2024 S K Corporation Vs. The Asst. Commissioner of Income Tax 22nd April 2025

High Court quashed reassessment notice u/s 148 noting that issued beyond the period of limitation, for AY 2014-15; Period of 6 years from the end of relevant AY to issue reassessment notice expired on March 31, 2021 which was further extended to June 30, 2021 by virtue of TOLA; Initial reassessment notice was quashed but subsequently revived after SC ruling in Ashish Agarwal; Notice u/s 148A(b) was issued on 22/05/2022 against which reply was filed on 24/05/2022 but the order under Section 148A(d) was passed on 26/07/2022 i.e., beyond the time limit to issue reassessment notice on 26/05/2022.



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.	Hinduja Tech Limited	Contravention of Regulation 13.1(5) of Foreign Exchange Management (Transfer or Issue of security by a Person resident outside India) Regulations 2017 vide Notification No. FEMA 20(R) (as amended from time to time) for delay in filing of Form ESOP.	15-04-2025	34,104
2.	Sudeep Pharma Private Limited	Contravention of Regulation 7 of the Foreign Exchange Management (Overseas Investment) Regulations, 2022, notified vide Notification No. FEMA 400/2022-RB dated August 22, 2022 for acquisition or transfer by way of deferred consideration.	02-04-2025	61,364
3.	Yashashvi Rasayan Private Limited	Regulation 13.1(3) of Notification No.20(R)/2017-RB dated November 07, 2017 Regulation 4 (2) to Notification No. FEMA 395/2019-RB dated October 17, 2019 for delay in filing of Annual Return on Foreign Liabilities and Assets	10-06-2025	50,000

The section on Legal Decisions has been contributed by CA. Sahil Garud, Disciplinary Directorate. Matter related to FEMA has been contributed by CA. Manoj Shah, CA. Hinesh Doshi, CA. Sudha Bhushan, and C.A Viral Satra, Mumbai.

DISCIPLINARY CASE

Certifying Form STK-2 without ensuring the factual accuracy of contents of the Form in respect of Company's liabilities - Respondent cannot not be absolved of his responsibility in complying with the provisions of Companies Act 2013 and the Rules framed thereunder - Respondent is Guilty of Professional Misconduct falling within the meaning of Item (7) and Item (8) of Part (I) of the Second Schedule to the Chartered Accountants Act, 1949.

Held:

The Respondent has certified Form STK-2 for strike off the name of the Company from the Register of Companies and enclosed the Statement of Account as on 11.03.2019 wherein it shows that Company's Liabilities as 'NIL', however, in the Balance Sheet of the Company for the year ended on 31.3.2018, the audit fees payable to the Complainant is reflected as Rs 31, 275/- under the head 'Current Liabilities'. The Committee noted that in terms of provisions of Section 248(2) of the Companies Act 2013, a Company is mandatorily required to extinguish all its liabilities prior to removal of its name from the Register of Companies and the Respondent was required to ensure the compliance of such provisions of Companies Act. However, in the present case, the Respondent has certified the Statement of Account as on 11.03.2019 wherein the Company's liability is shown as 'NIL'. The Committee also observed that the Respondent in his defence stated that he relied on the indemnity bond provided by the Directors of the Company, wherein the Directors have declared to indemnify any lawful claims against the Company which will arise in the future after the striking off the name of the Company. Respondent by merely relying on the Director of the Company and not making written communication with the Complainant implied that he did not apply due diligence before certifying Form STK-2 and instead he relied solely on the information/documents provided by the Company. While certifying Form STK-2, the Respondent was required to ensure whether the facts/details given in the Form were correct or not. However, the Respondent only relied upon the indemnity bond of the Company and the declaration given in Form STK-2 is found to be incorrect for the reason that the outstanding audit fee payable to the Complainant is reflected in the Balance Sheet for the year ended 31st March 2018. Therefore, the Respondent cannot be absolved of his responsibility in complying with the provisions of the Companies Act 2013 and related Rules made thereunder. Thus, keeping in view of the Guidance Note on Reports or Certificates for Special Purposes and the provisions of the Companies Act, the Committee held the Respondent Guilty of Professional Misconduct falling within the meaning of Item (7) and Item (8) of Part of the Second Schedule to the Chartered Accountants Act, 1949.

[PR/280/2021/DD/298/2021/DC/1608/2022]

Respondent, the auditor of Society wrongly certifying the accounts without any qualification in audit Report in spite of serious irregularities/objections of mismanagement reported by the previous auditor - Respondent remained the auditor of Society for a continuous period of more than 10 years which is violative of Rule 84(1) of the Delhi Cooperatives Societies Rules, 1973 - Held, Respondent is guilty of Professional and Other misconduct under Clause (7) of Part I of Second Schedule and Clause (2) of Part IV of the First Schedule to the Chartered Accountants Act, 1949.

Held:

Respondent was the auditor of a thrift & credit Society (hereinafter, referred to as 'Society') for the period 2003-04 to 2013-14. It was alleged that the Respondent, being the auditor of the Society, in collusion with its management manipulated its accounts and wrongly certified the same without any qualification in his audit report, in spite of serious irregularities/objections of mismanagement reported by the previous auditor in his audit report. The Complainant also objected on the appointment of the Respondent as auditor of the Society for consecutive eleven years. Respondent did not give any clarification or submit any documents for any of the said financial years to rebut the charge of the Complainant and to show that there were no such irregularities existed either in the working or in the Financial Statements of the Society during his tenure of audit. Thus, the Committee was of the view that the Respondent should have given reasoning/clarification/details, or documents on such alleged issues highlighted by the previous auditor to show that the qualification in his audit reports during 2003-04 to 2013-14 was not warranted, which he failed to do. The Committee noted that the Chartered Accountant firm appointed as auditor of the Society was changed after every three years and in the fourth year a different audit firm was appointed and this practice was followed from 2003-04 to F.Y.2013-14, however, the Respondent being the common partner in both the said CA Firms had continued to audit the Society for all these consecutive eleven years. The Committee, seeing the practice adopted in the Society for appointment of an auditor in the light of provisions of the Delhi Co-operative Societies Act, viewed that the purpose behind the provision for change in auditors of Societies after every three years was to ensure that the independence of the auditor is not compromised. Thus, in the extant case, the Respondent by resorting to the practice of auditing the Society for eleven consecutive years during 2003-04 to 2013-14 being the partner of two different firms was viewed as a method adopted to circumvent the law with an intent to continue as auditor of the Society for a period more than what was prescribed in the Delhi Co-operative Societies Rules. Accordingly, the Committee held the Respondent GUILTY of Professional and Other Misconduct falling within the meaning of Clause (2) of Part IV of the First Schedule and Clause (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

[PR/249/2015/DD/230/2015/DC/821/2018]



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Professional Skills Enrichment Committee (PSEC)

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For details, contact: Dr. Sambit Kumar Mishra, Secretary — PSEC, ICAI | 0120-3045994 | psec@icai.in

RESULT OF CHARTERED ACCOUNTANTS EXAMINATION HELD IN MAY 2025

FOUNDATION EXAMINATION

The details of percentage of candidates passed are given below:

GENDER	No. of Candidates Appeared	No. of Candidates Passed	% of Pass	No. of Exam Centres
MALE	43389	7056	16.26%	551
FEMALE	39273	5418	13.80%	
TOTAL	82662	12474	15.09%	

ALL INDIA TOPPERS

PARTICULARS	FIRST RANK	SECOND RANK	THIRD RANK
			
NAME	VRINDA AGARWAL	YADNESH RAJESH NARKAR	SHARDUL SHEKHAR VICHARE
CITY	GHAZIABAD	MUMBAI	THANE
ROLL NO.	583259	613242	637725
MARKS	362 / 400	359 / 400	358 / 400
%	90.5%	89.75%	89.5%

INTERMEDIATE EXAMINATION

The details of percentage of candidates passed are given below:

	Group(s)	No. of Candidates Appeared	No. of Candidates Passed	% of Pass
I	Group – I	97034	14232	14.67
II	Group – II	72069	15502	21.51
III	Both Groups	38029	5028	13.22

ALL INDIA TOPPERS

PARTICULARS	FIRST RANK	SECOND RANK	THIRD RANK	THIRD RANK
				
NAME	DISHA ASHISH GOKHRU	DEVIDAN YASH SANDEEP	YAMISH JAIN	NILAY DANGI
CITY	MUMBAI	AURANGABAD (MH)	JAIPUR	UDAIPUR
ROLL NO.	398790	309468	369862	443366
MARKS	513 / 600	503 / 600	502 / 600	502 / 600
%	85.50	83.83	83.67	83.67

FINAL EXAMINATION

The details of percentage of candidates passed are given below:

	Group(s)	No. of Candidates Appeared	No. of Candidates Passed	% of Pass
I	Group – I	66943	14979	22.38%
II	Group – II	46173	12204	26.43%
III	Both Groups	29286	5490	18.75%

Consequent to declaration of result as mentioned above, 14247 candidates qualified as Chartered Accountants.

The details of top three rank holders on the all-India basis for the FINAL Examination held in May - 2025 with the marks secured by them are also given herewith.

ALL INDIA TOPPERS

PARTICULARS	FIRST RANK	SECOND RANK	THIRD RANK
			
NAME	RAJAN KABRA	NISHTHA BOTHRA	MANAV RAKESH SHAH
CITY	MUMBAI	KOLKATA	MUMBAI
ROLL NO.	105791	137241	164783
MARKS	516 / 600	503 / 600	493 / 600
%	86.00%	83.83%	82.17%

RACK

the Brain

1

Which account is prepared to record the increase or decrease in the value of assets and liabilities when there is a change in the constitution of a partnership firm, such as admission, retirement, or death of a partner?

3

What short-term debt instruments are issued by the Government of India to meet temporary funding needs and are sold at a discount, redeemable at face value upon maturity?

2

Which account is prepared during the dissolution of a partnership firm to record the sale of assets, payment of liabilities, and to determine the resulting profit or loss?

4

What type of bond is issued at a discount, pays no periodic interest, and is redeemed at its face value upon maturity?

5

What is the term for long-term debt instruments issued by companies to raise funds, which are not backed by physical assets or collateral but rely on the creditworthiness and reputation of the issuer?

Answer

JUNE 2025

1. NFT (Non-Fungible Token)
2. VR (Virtual Reality)
3. Metaverse Finance
4. Quantum Computing
5. Green Finance

ANNOUNCEMENT

INVITATION FOR EMPANELMENT AS EXAMINERS FOR CHARTERED ACCOUNTANTS EXAMINATIONS

Applications are invited from eligible members of the Institute and other professionals including academicians of reputed educational institutions, tax and legal practitioners etc., having a flair for academic activities including evaluation of answer books and willing to undertake confidential assignments as a dedicated examiner, for empanelment as examiner in respect of the following papers of the Chartered Accountants Examinations.

Foundation Examination	
Paper-2	Business Laws
Intermediate Examination	
Paper -3	3A: Income Tax Law
	3B: Goods and Services Tax (GST)
Paper -5	Auditing and Ethics
Final Examination	
Paper -2	Advanced Financial Management
Paper -3	Advanced Auditing, Assurance and Professional Ethics

The eligibility criteria for empanelment as examiner are as follows:

- Chartered Accountants with a minimum of five years standing in practice or in service are eligible.
- University Lecturers/Professors with a minimum of five years teaching experience are eligible.
- ICWA, ACS, M.Com, Post Graduates in Economics or Law, MBA (Finance) and other professionals with at least five years experience, either in academic position or in practice or in employment are eligible to apply. Those with work experience having direct relevance to the aforesaid subjects(s) of examination(s) will be preferred.
- Persons above 65 years of age are not eligible.
- Persons who are visually impaired or suffer from such other physical disability that might necessitate taking the assistance of any other person for evaluation of answer books are not eligible.
- Persons who are undergoing CA Course of the Institute are not eligible.
- Persons whose applications were rejected earlier from the Panel are eligible to apply again after a gap of 1 year from the date of rejection.
- Those who are already empanelled with ICAI as examiners need not apply. Their candidature will be considered in the normal course, at the appropriate time.
- Persons associated with the coaching activities are not eligible. Those who have ceased to be associated with the coaching activity, are permitted to apply after a gap of 5 years.

Scales of honorarium for evaluation of answer books

Examination	Paper	Rate (for Digital Evaluation)
Foundation	1 & 2	Rs. 160/- per answer book
Intermediate (IPC)	1, 2, 4 & 5	Rs. 200/- per answer book
Intermediate (IPC)	Sectional papers (Paper 3A, 3B, 6A & 6B)	Rs. 130/- per answer book
Final examination	1, 2, 3, 4, 5 & 6	Rs. 250/- per answer book

Application for empanelment as examiner can be made online at <http://examinerspanel.icaieexam.icaig.org>.

ICAI has implemented the Digital Evaluation (Online Evaluation) of answer books in all the papers of Foundation, Intermediate and Final examinations. Hence, applicants are expected to be comfortable working on computers and also evaluating answer books online. However, requisite training will be provided, before online evaluation assignments are undertaken. Please fill the application online, take a print out, affix your photograph, sign it and send with all the requisite enclosures to the following address:

CA. Anand Kumar Chaturvedi
 Joint Secretary (Exams)
 The Institute of Chartered Accountants of India
 ICAI Bhawan
 Indraprastha Marg
 New Delhi – 110002

Profession in Headlines...

The Daily Guardian

MANN KI BAAT: PM PRAISES CONTRIBUTIONS OF DOCTORS, CAs

TOGETHER NETWORK
NEW DELHI

Prime Minister Narendra Modi on Sunday praised the invaluable contributions of both Doctors and Chartered Accountants (CAs) while addressing the country during the 123rd edition of the monthly program Mann Ki Baat and called attention to how both professions are such "pillars of society," with one being protectors of health and other being guides of economic life.

Importance ahead of July 1, which marks both National Doctors' Day and Chartered Accountants' Day, the Prime Minister said. "On the 1st of July, the day after tomorrow, we honour two very important professions - Doctors and CAs. Both of them are such pillars of society, which make our lives better. Doctors are the protectors of our health and CAs (Chartered Accountants) are the guides of economic life. My best wishes to all the Doctors and Chartered Accountants." Notably, the Prime Minister also drew attention to the importance of protecting and preserving the environment, as the country celebrated World Environment Day earlier, just as one would their health.



PM said, Highlighting various examples of people from across the country, he addressed, "Ramesh Kharmale of Pune... knowing about his work will inspire you a lot. When people take rest at the end of the week, Ramesh ji and his family set out with a

pickaxe and a spade. Do you know where to? Towards the hills of Janar. Be it sunshine or a steep climb, their ascent does not stop. They clear bushes, dig trenches to retain water and sow seeds. They dug 70 trenches in just two months." Talking about another initiative, the PM talked about Ahmedabad city of Gujarat, where the Municipal Corporation has started the 'Mission for Million Trees' campaign. The target is to plant lakhs of trees. A special aspect about this campaign is 'Sindoor Van'. He

also dedicated the campaign to the soldiers who participated in Operation Sindoor. "This forest is dedicated to the bravehearts of Operation Sindoor. Sindoor saplings are being planted in the memory of those brave people who have sacrificed everything for the country. Here, another campaign is being given a new impetus - 'Ek Ped Maa Ke Naam'. Under this campaign, crops of trees have been planted in the country. You too must take part in such campaigns going on in your village or city," he said.

While remembering the horrors of the emergency, the PM also played archival audio of former Prime Ministers Morarji Desai, Babu Jagjivan Ram and Atal Bihari Vajpayee, who described the Emergency as a time of constitutional murder, mass arrests, and the suppression of civil liberties and the press. The PM asserted that every citizen should remember the ones who fought "bravely" against the Emergency and it also inspires us to stay "vigilant" to "safeguard" the Constitution.

दैनिक जागरण

जल्द विश्व की तीसरी बड़ी अर्थव्यवस्था बनेगा भारत : हरदीप पुरी

जागरण संवाददाता, नई दिल्ली: वैश्वीकरण और प्रगतिशील गैर-आजमाएँ एवं शहरी मामलों के मंत्री हरदीप पुरी ने कहा है कि भारत बहुत जल्द जर्मनी को पीछे छोड़ विश्व की तीसरी सबसे बड़ी अर्थव्यवस्था बनेगा जो राह है। अमेरिका, चीन और जर्मनी ही हमसे आगे हैं। इससे पहले हमने ब्रिटेन को पीछे छोड़कर पांचवां और जपान को पीछे छोड़कर चौथा स्थान हासिल किया था। आज ब्रिटेन छठे स्थान पर है। हरदीप पुरी मंगलवार को भारत मंत्रालय में 'वर्ल्ड अकाउंटेंट्स दिवस' पर इंस्टीट्यूट ऑफ चार्टर्ड अकाउंटेंट्स ऑफ इंडिया (आईसीएआइ) द्वारा आयोजित समारोह को संबोधित करते हुए कहा है। उन्होंने भारत को विश्व की आर्थिक महाशक्ति बनाने के लिए 'वर्ल्ड अकाउंटेंट्स दिवस' पर दिए



भारत मंत्रालय में आयोजित वर्ल्ड अकाउंटेंट्स दिवस पर हरदीप पुरी को मूल्यांकित दो इंस्टीट्यूट ऑफ चार्टर्ड अकाउंटेंट्स ऑफ इंडिया और आईसीएआइ की भूमिका को सराहना की। पुरी ने कहा कि जैसे-जैसे राष्ट्र 2047 तक विकसित भारत की ओर बढ़ रहा है, मुझे विश्वास है कि आईसीएआइ और 'वर्ल्ड अकाउंटेंट्स दिवस' में विकास,

की योग्यता विकसित करने की संभावना जल्दी। उन्होंने प्रगतिशील गैर-आजमाएँ के अर्थों में उल्लेख करते हुए कहा कि इससे देश को कच्चे तेल पर निर्भर रहने से मुक्ति मिलेगी। आईसीएआइ की संस्थापक बने हुए पुरी ने कहा कि आज हम न केवल एक संस्थान की विरासत की स्थापना दिवस का उत्सव मन रहे हैं, बल्कि हम यहाँ अखंडता, परिश्रम और राष्ट्र निर्माण को इस भावना का उत्सव मन रहे हैं। इससे पहले आईसीएआइ अध्यक्ष योगेश चरणकुमार सिंह 'नंद' ने कहा कि राष्ट्र निर्माण में एक विश्वसनीय भागीदार के रूप में आईसीएआइ ने हमेशा सकारात्मक योगदान किया है। उन्होंने देश-दुनिया के बीच हुए संबंधों को बहाल करने के लिए आईसीएआइ उपाध्यक्ष योगेश चरणकुमार सिंह ने भी अपने विचार रखे।

आईसीएआइ अध्यक्ष योगेश चरणकुमार सिंह 'नंद' ने कहा कि राष्ट्र निर्माण में एक विश्वसनीय भागीदार के रूप में आईसीएआइ ने हमेशा सकारात्मक योगदान किया है। उन्होंने देश-दुनिया के बीच हुए संबंधों को बहाल करने के लिए आईसीएआइ उपाध्यक्ष योगेश चरणकुमार सिंह ने भी अपने विचार रखे।

दैनिक जागरण

आइसीएआइ के प्रशिक्षण से रुकेंगे वित्तीय अपराध

अश्वक कुमाहर सिंह • जयपुर

नई दिल्ली: वित्तीय अपराध और बैंकिंग फ्राड को रोकने के उद्देश्य से इंस्टीट्यूट ऑफ चार्टर्ड अकाउंटेंट्स ऑफ इंडिया (आईसीएआइ) ने दिल्ली साहित्य पुरे देना को पुलिस और अन्य जांच एजेंसियों को विशेष प्रशिक्षण प्रदान करना शुरू किया है। वह प्रशिक्षण साइबर भोखाधड़ी, मनी लाँड्रिंग और डिजिटल बैंकिंग फ्राड जैसे जटिल वित्तीय अपराधों पर प्रभावी अंकुश लगाने के लिए है। रिजर्व बैंक ऑफ इंडिया के आंकड़ों के अनुसार, 2022-23 में 26,632 करोड़ रुपये के 13,576 बैंकिंग फ्राड दर्ज किए गए, जबकि नेशनल साइबर फ्राड रिपोर्टिंग पोर्टल ने 10,319 करोड़ रुपये के डिजिटल वित्तीय फ्राड को सूचना दी है। इन घटनाओं को बढ़ती संख्या को रोकने के लिए आईसीएआइ



ने अब तक दिल्ली पुलिस साहित्य विभिन्न जांच एजेंसियों के 10,000 से अधिक कर्मियों को प्रशिक्षित किया है। आईसीएआइ के अध्यक्ष योगेश चरणकुमार सिंह 'नंद' ने इस पहल को पुष्टि करते हुए कहा कि वह न केवल जांच एजेंसियों की क्षमता को बढ़ाने में सहायक रही है, बल्कि कई बड़े बैंकिंग फ्राड के मामलों को सुलझाने में भी महत्वपूर्ण भूमिका निभाई है। प्रशिक्षण में साइबर

अपराध की गहन जांच, डिजिटल फोरेंसिक तकनीक और ब्लॉकचेन आधारित वित्तीय लेन-देन की निगरानी जैसे विषय शामिल हैं, जिसका उद्देश्य जांच एजेंसियों को आवश्यक तकनीकी और वित्तीय उपकरणों से लैस करना है। अधिकारियों को वास्तविक केस स्टडीज और प्रयोगिक सत्रों के माध्यम से जटिल वित्तीय अपराधों को समझने और उनके समाधान के लिए रणनीति बनाने का प्रशिक्षण दिया गया। पिछले वर्ष 'हेटराबाद' में नियंत्रक एवं महालेखा परीक्षक (कैम) के सहयोग से 32 दिवसीय विशेष प्रशिक्षण कार्यक्रम आयोजित किया गया था, जिसमें देश भर के 50 वरिष्ठ पुलिस अधिकारियों को डिजिटल लेन-देन के जटिल नेटवर्क को समझने और अपराधियों के छिपे निशानों को ट्रैक करने में सक्षम बनाना गया।

- इन्हें किया जा रहा प्रशिक्षित
• सीरियल फ्राड इन्वेस्टिगेशन ऑफिस (एसएफआइओ)
• आर्थिक अपराध शाखा (ईओडब्ल्यू),
• केंद्रीय अन्वेषक ब्यूरो (सीबीआइ)
• भारत के नियंत्रक एवं महालेखापरीक्षक (कैम)
• कारपोरेट कानून सेवा अकादमी (आईसीएएस अकादमी)
• कारपोरेट मामलों का मंत्रालय
• जीएसटी इंटेलेजेंस महाविद्यालय (डीजीजीआइ)
• स्टेट बैंक ऑफ इंडिया (एसबीआई)
• बैंक ऑफ बड़ौदा (बीओबी)
• हिंदुस्तान पेट्रोलियम कारपोरेशन लिमिटेड (एचपीसीएल)
• इंडियन आयात कारपोरेशन लिमिटेड (आईओसीएल)

FREE PRESS JOURNAL

'AI empowering CAs': ICAI president



Staff Reporter PUNE

The increasing use of artificial intelligence (AI) is revolutionising the accounting profession, making chartered accountants (CAs) more technologically adept and future-ready, said Charanjoit Singh Nanda, president of the Institute of Chartered Accountants of India (ICAI), at the inaugural session of the AI Innovation Summit 2025 in Pune. The two-day national summit, themed "Transforming Accounting, Audit, Tax and Governance," was organised by ICAI at Bantara Bhavan, Baner, and drew participation from more than 1,000 CA members, students, and dignitaries. "AI is the future. Indian Chartered Accountants must not only understand this technology but also learn to harness its full potential. ICAI has launched structured certificate training programmes and is incorporating AI into the CA curriculum from 2027. Over

500 AI training sessions have been held so far, training 25,000 CAs across the country," Nanda said. He emphasised that Chartered Accountants should embrace technologies like AI and Machine Learning without fear. Learning zeal is essential. The Centre has made a Rs20,000 crore investment in research and innovation. India is becoming a global hub for emerging technologies. CAs must capitalise on these opportunities. Alongside technical skills, they should focus on mental and physical well-being and work-life balance, he added. Prasanna Kumar D, vice president, ICAI, reiterated that AI has become inseparable from the accounting profession. "There is no alternative to adapting to AI. Lakhs of CAs and students are already utilising these tools. We must dismiss fears about job loss—AI will create over 1.25 crore jobs in the future. For those who adapt and upskill, this is a wealth of opportunity," he said.



India poised to become 3rd-largest economy by 2030

FAST FORWARD

- India risen from the eleventh to fourth largest economy
- 27 cr citizens lifted out of multidimensional poverty
- 15.4 cr rural households now enjoy piped water
- Annual Income Tax returns grew to 8.5 cr

It will overtake Germany: Hardeep Puri



dressing the 77th Foundation Day of the Institute of Chartered Accountants of India (ICAI) here. The minister highlighted the nation's resilience during global headwinds and the critical role played by bold policy reforms, extensive social welfare schemes, and sound financial management. Under the flagship social initiatives, Puri noted, over 27 crore citizens have been lifted out of multidimensional poverty, nearly four crore houses have been sanctioned under the Pradhan Mantri Awas Yojana, and 15.4 crore rural households now enjoy piped water through the Jal Jeevan Mission. "Ayushman Bharat has expanded health coverage to over 70 crore individuals with a Rs5 lakh insurance benefit, reinforcing India's commitment to inclusive development," the minister added. He emphasised India's success in attracting global investment, with \$748 billion of foreign direct investment inflows between 2014 and 2025 — an increase of 143 per cent over the previous decade — and the expansion of source countries from 89 to 112.

NEW DELHI
INDIA has recently overtaken Japan and is poised to become the third-largest economy by 2030, overtaking Germany, Union Petroleum Minister Hardeep Singh Puri has said. In the past 11 years, India has risen from the eleventh to the fourth largest economy in the world. "Our GDP has more than doubled — from \$2.1 trillion in 2014 to \$4.3 trillion in 2025" said Puri while ad-

ICAI is intellectual backbone of India's economic power: HRD Min

Emphasises role of CAs in realising India's vision of becoming a \$30 trillion economy by 2047



EXPRESS NEWS SERVICE @Guntur

HRD and IT Minister Nara Lokesh hailed the Institute of Chartered Accountants of India (ICAI) as the world's largest accounting powerhouse and a backbone of India's intellectual strength. Addressing 'Spoorthi', a Mega CA Students' Conference organised by the ICAI Guntur Chapter, he praised ICAI as a global leader in forensic accounting and professional standards. He said the institute, with over 4.07 lakh members and 54 international chapters, stands for trust, ethics, and excellence. Lokesh emphasised the pivotal role of CAs in realising India's vision of becoming a \$30 trillion economy by 2047, with Andhra Pradesh targeting a \$2.4 trillion contribution. He stated that CAs are not just



HRD and IT Minister Nara Lokesh interacting with CA students after inaugurating 'Spoorthi', a Mega CA Students' Conference, in Guntur on Saturday

number crunchers but key drivers of economic growth, investment, and employment generation. Highlighting Guntur as a 'CA factory', he noted that the city produces more Chartered Accountants than doctors or engineers, with over 10,000 students currently pursuing the course. He described the CA qualification as 'a commitment, not just a course', and likened the profession's rigour to the crafting of diamonds. Lokesh said South Asia's first quantum computer would be launched in Amaravati this January, positioning AP at the forefront of a digital revolution. "We will compete for investments, not political conflicts," he said, outlining the government's vision of decentralised development through sector-specific hubs in cities like Kurnool, Kadapa, and Visakhapatnam. Citing inspiration from Chief Minister Nara Chandrababu Naidu, Lokesh reiterated his commitment to making AP a leader in education, manufacturing, IT, and energy. He urged the youth to participate in societal progress and underlined the importance of women's empowerment for societal progress. "You are not just valuing balance sheets, you are building the fiscal spine of AP," he concluded.



Women CAs now constitute over 30% of ICAI's total membership, up from 8% in 2000

Once a male-dominated field, inclusivity initiatives and changing mindset are drawing more women to CA profession

Pydyaradhini Gupta @timesofindia

Over the past two decades, there has been a steady rise in the number of women entering and excelling in the Chartered Accountancy (CA) profession in India. In the year 2000, women comprised only 8% of the Institute of Chartered Accountants of India (ICAI) membership, which saw a significant rise to 20% in 2012, further growing to 22% in 2014. As of April 2025, women CAs constitute over 30.2% of the total member base of around 25 lakh.

The rise in the percentage of women CAs reflects changing societal attitudes, increased awareness around women's empowerment, and the inclusivity efforts of ICAI. Chartered Accountant, Puri, said, "Indian families are now more supportive of girls pursuing professional careers, particularly in demanding fields such as accounting and finance. Female students also constitute 44% of ICAI's active student base, indicating strong future representation."

Digital Ecosystem
In the past decade, women actively chose CA as a career path due to its prestige, flexibility, and the wide array of career opportunities it offers. "ICAI has played a key role in facilitating this shift through sustained outreach, digital platforms, and capacity-building courses, designed to help women re-enter the workforce after career breaks. These measures have helped address some of the profession's traditional barriers and encouraged more women to pursue and sustain careers in accountancy," he adds.



Statistical count of female students enrollment across five regions

FY	Foundations				
	CENTRAL	EAST	NORTH	SOUTH	WEST
2022-23	14,394	3,229	7,976	15,426	16,151
2023-24	15,747	3,542	9,596	16,317	16,116
2024-25	15,748	3,399	10,331	15,428	18,171

FY	Intermediate				
	CENTRAL	EAST	NORTH	SOUTH	WEST
2022-23	7,526	1,907	4,822	10,375	10,649
2023-24	9,967	2,460	6,539	14,247	13,651
2024-25	7,747	1,838	5,320	9,892	9,378

Enrollment in Exams
The academic performance of women CA aspirants has been noteworthy in recent years, women have consistently topped merit lists across all levels of the CA examinations. In the recent CA Foundation exam in May 2025, Yitika Agarwal from Chhatisgarh secured AIR 1. The CA

The western and southern regions have reflected the strongest participation of female candidates in CA courses over the past three years

Regional data also shows an encouraging trend. Between 2022 and 2024, enrolment of female students increased across all zones, with the southern and western regions leading in terms of numbers.

Challenges Persist
Despite this progress, challenges persist. Shweta Padhiar, partner, Bhata Shah & Co LLP, says, "Women CA still face issues balancing work-life, gender bias in leadership roles, and limited mentorship opportunities, especially in non-metro areas. Mentorship breaks and career continuity and growth."

Although the percentage of women enrolling in CA training is high, there is a noticeable drop in the number of those who complete the course and enter practice, possibly due to the rigorous demands of the profession or personal constraints, adds Padhiar.

millenniumpost NO HALF TRUTHS

CAs stand as architects of financial integrity: Union minister Puri

NEW DELHI: Chartered Accountants stand as "architects of financial integrity, custodians of transparency and trusted partners in national governance".

Union minister Hardeep Singh Puri said while inaugurating an event by the Institute of Chartered Accountants of India (ICAI) to celebrate the 77th Chartered Accountants Day at the Bharat Mandapam here.

Puri, as the chief guest, inaugurated the event in the presence of CA Charanjot Singh Nanda, president ICAI and CA Prasanna Kumar D, vice president, ICAI. Also present were central and regional council members of ICAI; CA Jai Kumar Batra, secretary, ICAI and a galaxy of past presidents.

During the inaugural address, Puri highlighted: "Today, we celebrate not just the legacy of an institution, your 77th anniversary, but we celebrate here the spirit of integrity, diligence and nation building that defines this great profession. Chartered Accountants stand as architects of financial integrity, custodians

of transparency and trusted partners in national governance. Their expertise today goes far beyond audits and taxation, shaping corporate strategy, sustainability and building investor confidence both at home and globally."

"Through diligence, integrity and world-class standards, the profession has played a crucial role in strengthening India's rise as a global economic powerhouse. As the nation moves towards Viksit Bharat by 2047, I am confident that ICAI and the CA fraternity will continue driving growth, trust and sustainability across every sector," he added.

CA Nanda said: "From 1700 members to over 5 lakh members spanning across 47 countries, ICAI has grown a long way in the last 77 years. As a trusted partner in nation-building ICAI has always supported the government initiatives contributing to India's journey towards becoming a Viksit Bharat. Our profession is evolving rapidly, with AI, blockchain, and big data, the tools may change, but our values must remain constant." MFPOST

नवभारत

ICAI का स्टार्टअप कॉन्वलेव 2025

■ मुंबई, नवभारत न्यूज नेटवर्क. भारतीय स्टार्टअप अकाडमीस संस्थान (आईसीएआई), ने गुरुवार को सहाय स्टार, मुंबई में एम्प्लोयर्स और स्टार्टअप कॉन्वलेव 2025 का आयोजन किया. कार्यक्रम का विषय 'फैमलिया' था, जो एम्प्लोयर्स को सफलता के छह आधारभूत स्तंभों वित्त, लेखा, तकनीकी सहायता, मानव संसाधन,



संचालन और विपणन का प्रतीक है. कार्यक्रम का उद्घाटन केंद्रीय एम्प्लोयर्स मंत्री जीवन राम मोदी ने किया. इस अवसर पर सीए सुरेश शर्मा, आईसीएआई के अध्यक्ष चरणजीत सिंह ने, उपस्थित सीए प्रमन कुमार डी, आईसीएआई के अध्यक्ष सीए ज्ञान चंद्र मिश्रा, सीए अर्पित जयदीप कारारा सहित कई मानव्यर उपस्थित थे.





The Institute of
Chartered Accountants of India
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**CHARTERED ACCOUNTANTS'
BENEVOLENT FUND [CABF]**



Join Hands to strengthen CABF: Special Drive

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

During the Financial Year 2024-25, CABF has given assistance of Rs. 2.54 Crore to 145 beneficiaries. The available funds with CABF is not sufficient to continue to support all the beneficiaries. To meet the demand, Management Committee of CABF desires to augment funds through a "SPECIAL DRIVE". The contributions can be made by ICAI Members and CA Firms.

All Contributions of more than Rs.10,000 will receive congratulatory letter from the President, ICAI.

Category of Contribution	Shield Award	Presentation of Shield	Acknowledgement/ Recognition
Rs. 1 Lakh and above	Bronze plated Shield	Regional Council/Branch Chairman at major members seminar/conference at branch/region.	To be published in ICAI Journal, Regional Newsletter and branch newsletter.
Rs. 5 Lakh and above	Silver plated Shield	Regional Council/Branch Chairman at mega members seminar/conference at branch/region.	To be published in ICAI Journal, Regional Newsletter and branch newsletter.
Rs. 11 Lakh and above	Gold plated Shield	President/Vice President at Regional conference.	To be published in ICAI Journal, Regional Newsletter and branch newsletters with photograph.
Rs. 25 Lakh and above	Special Gold-plated Shield	President/Vice President at International conference.	To be published in ICAI Journal, Regional Newsletter and branch newsletters with photograph.
Rs. 51 Lakh and above	Platinum plated Shield	President/Vice President at International conference.	To be published in ICAI Journal, Regional Newsletter and branch newsletters with photograph.

The Contribution is eligible for tax exemption under Section 80G of the Income Tax Act

Link for Contribution as Life Member:
<https://cabf.icai.org/lifeMember>

Link for Voluntary Contribution:
<https://cabf.icai.org/voluntaryMember>

Contribution can also be made by scanning the QR code or directly through NEFT/RTGS



Name of A/C : Chartered Accountants Benevolent Fund

Name of Bank & Branch : Axis Bank Ltd., Swasthya Vihar Branch

A/C No. : 913010046844303

IFS code : UTIB0000055