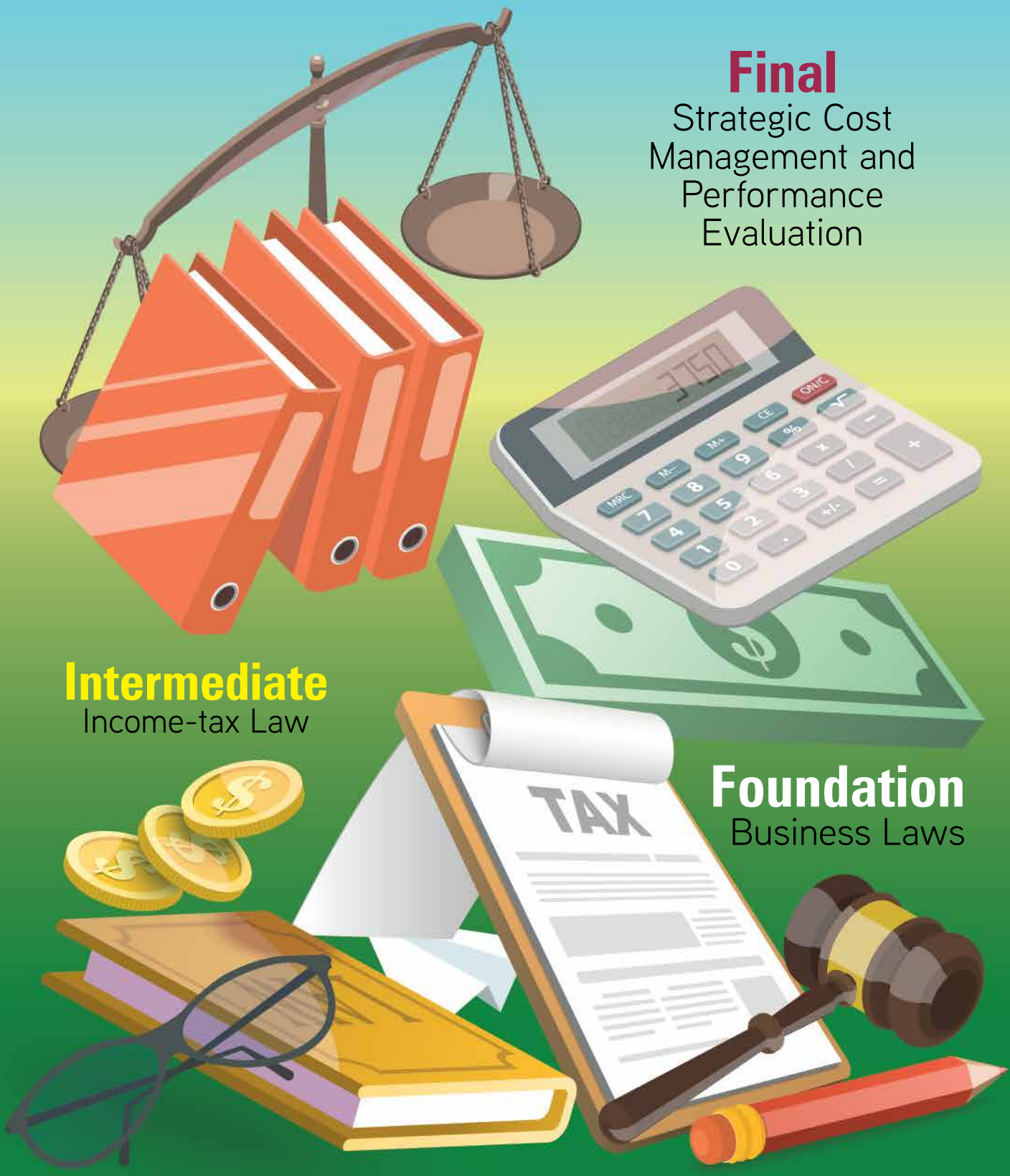
VOL 26 | NO. 8 | PAGES 36 | JANUARY 2023 | ₹50

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

The Chartered Accountant STUDENT

Your monthly guide to CA news, information and events



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Business Laws

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Total Circulation: 3,03,943

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

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Cover Image Courtesy: www.shutterstock.com
Inside image: www.shutterstock.com

EDITOR: CA. DAYANIWAS SHARMA
Printed and published by CA. Vandana D Nagpal, on behalf of The Institute of Chartered Accountants of India, New Delhi.

PUBLISHED at the Institute's Office at Indraprastha Marg, New Delhi and printed at Spenta Multimedia Pvt. Ltd., Plot 15,16 & 21/1, Village Chikhloli, Morivali, MIDC, Ambernath (West), Dist. Thane

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SWACHH BHARAT - A STEP TOWARDS CLEANLINESS

Dear Students,

"Happy New Year to all of you!"

May the New Year 2023 usher in good luck and success in all your endeavours. May you all reach greater heights in your academic and professional careers. The start of a new year inspires us to make new beginnings and make such changes in our lives that will help us in achieving goals and realise our dreams. The new year is also a time to repeat your resolve of retaining the core values of accounting profession and serve society, maintaining the highest levels of ethics, sincerity and dedication. I also extend my hearty wishes on the occasion of the **74th Republic Day** of India and let's take a pledge to protect our Constitution and everything that it stands for.

"Your success and happiness lies in you. Resolve to keep happy, and your joy and you shall form an invincible host against difficulties." – Helen Keller

Successful Conduct of International Conference at Hyderabad

I am pleased to inform that the **International Conference for CA students** on the theme "FACING THE FUTURE – INNOVATE, INTEGRATE, MOTIVATE", organised by SSEB (Board of Studies-Operations) on 2nd–3rd December 2022 at Hyderabad was a huge success, where more than 2500 students participated from across the country and also from Sri Lanka & Nepal. Smt. Dr. Tamilisai Soundararajan, Hon'ble Governor of Telangana & Lt. Governor of Puducherry, inaugurated the Conference as the Chief Guest. The two-day Conference provided an excellent opportunity for students to exchange ideas and supplement their knowledge through interaction with their foreign counterparts. The extremely successful Conference provided them with the much-needed exposure to learn and appreciate the impact of developments and innovation happening in the accounting profession.

Students Benefitting from 'Ask Your Query' Feature of Mobile App

I am hopeful that by now the "ICAI BOS" mobile app must have become your most favoured app for all your learning needs, which has recorded lectures, study material, subject-wise capsules, apart from having other useful information. I am happy to share that students are benefitting using the **"Ask Your Query"** feature of the mobile app, and till now almost 10,000+ subject specific and other related queries of students at all levels of the CA course have been resolved by the faculties of Board of Studies. I urge you to feel free in asking your queries whenever and wherever you have any doubt while preparing for your course and get it resolved by the faculty.

Showcasing BoS Initiatives During WCOA

As informed in last month's edition, ICAI organised the **21st World Congress of Accountants (WCOA)** at Mumbai from 18th to 21st November 2022. It was a proud moment for all of us at the Institute who worked very hard to make the "Olympics of the Accountancy Profession" hugely successful, which was acclaimed and applauded by all Worldwide. Board of Studies (Academic) at the ICAI Pavilion in WCOA showcased its initiatives namely, its user-friendly study material, e-books, live virtual classes, mobile app for students and members, BoS Knowledge Portal, etc. through handouts, PPTs and animated videos. The contents and presentation of handouts (booklets) circulated during the four-day global event were much appreciated by the participants, who got a first-hand knowledge of the important work done by the Board. Further, the ICAI BOS mobile app for students and members was widely promoted during the event.

National Education Summit on Commerce & Accountancy

It gives me immense pleasure to share that the Board of Studies is organising **National Education Summit on Commerce & Accountancy** on 6th & 7th January 2023 at New Delhi with an objective to streamline the syllabi of Commerce curriculum at Senior Secondary and undergraduate levels offered by schools and colleges across the country. Leading academicians, researchers and scholars from the field of Commerce and Management of universities and colleges across India will share their thoughts on the ways of skilling Commerce graduates to make them employable in India and worldwide.

Join Live Coaching Classes & Access Recorded Lectures

As part of your learning activity, you all must be attending the Live Coaching Classes conducted by BoS faculty. You can also view the recorded lectures as per your convenience at any point of time. These classes are a good learning resource where sessions are held for all 3 levels with an exam-centric approach. You can also clear your doubts live with chat box.

Determination & Hard Work Are the Keys to Success

While studying and preparing for the chartered accountancy course, you must always remember that determination and hard work are two important and deciding factors in the overall success or failure of your efforts. You must remain highly determined and passionate about what you are doing. Determination must always be backed by hard work. There is nothing else that brings more results on a consistent basis than hard work; like they say, 'the harder you work, the luckier you get.'

"Every work has got to pass through hundreds of difficulties before succeeding. Those that persevere will see the light, sooner or later" – Swami Vivekananda

Wish you all the best for your future endeavours.

Yours sincerely,

Debashis Mitra

CA. (Dr.) DEBASHIS MITRA
PRESIDENT, ICAI

"Knowledge is power. Information is liberating. Education is the premise of progress, in every society, in every family." –Kofi Annan

VICE-PRESIDENT'S COMMUNICATION

Dear Students,

"If life is a book, then a new year is a fresh chapter in which we might chart new paths to achievement."

You'll receive this issue of The CA Student Journal in the new year of 2023, along with rekindled aspirations, reaffirmed pledges, fresh accomplishments, and a fresh start. We humbly pray to the Almighty that all your hopes and desires will come true in 2023.

The start of a new year is the ideal opportunity to reflect on all the pleasant memories from the previous year as well as revisit the accomplishments and successes. It also serves as a moment to take stock of the errors made as well as the triumphs over obstacles.

With this emotional trip down memory lane, we resolve to improve upon ourselves in the upcoming year. The start of a new year motivates us to put in more effort in our efforts to improve our lives. In fact, the start of a new year encourages and inspires us to dream! We have every faith that the CA student fraternity as a whole will be able to achieve new heights in their professional lives.

"We must let go of the life we have planned, so as to accept the one that is waiting for us." – Joseph Campbell

ICAI National Call Sahayata

The ICAI is developing a National Call Sahayata service to deliver prompt services to its growing base of members and students. The National Call Sahayata will serve as the Institute's central point of contact for both members and students.

Keep the Momentum of Learning Consistent

The results of the November 2022 Examinations are awaited this month. I express my best wishes to all of you and hope that a maximum number of students clears the examinations. Don't panic, and hope for the best to happen. Because life is quite unpredictable, you need to be prepared for any situation in life and then only you will be able to enjoy every bit of it.

Even though you have a well-earned break to unwind and recharge, you still need to keep learning and studying to prepare for the next level. Your professional education requires you to keep in mind that every day is important and shouldn't be wasted. So, the key to success is constant learning and creativity.

The development of a reading habit is one that can be very beneficial. It may be a crucial way to stay informed and pick up essential information. Read as much as you can. You shouldn't limit your reading to only textbooks. You should also read financial publications and business journals. Today, the internet has developed into a valuable information resource. You can improve your vocabulary and language abilities through reading. In the end, this will make you stand out wherever you are or in any organisation you are in.

BoS: Bridging the Gap

The Board of Studies, ICAI is organising **"National Education Summit on Commerce & Accountancy (NES-CA)" on 6th & 7th January 2023 at New Delhi.** The goal of the Summit is to bring together eminent academicians, researchers and scholars in the fields of management and commerce from various universities across India to discuss ways to improve the skills of Commerce graduates so they are prepared for the future in India and around the world for **One India- One Education- One Profession- One World.** This would facilitate the alignment of all Commerce and Accounting education, resulting in the creation of a single global accounting language and the creation of Vishwa Guru Bharat.

Live Coaching Classes

The Board of Studies, ICAI is strengthening the students through digital initiatives like Free Live Coaching Classes at all levels, mobile app, study materials in digital format and other BoS publications, which will help students by making the process of learning very interactive and result oriented.

Currently, the 6th batch of Live Coaching Classes of Foundation & Intermediate Students & the 5th batch of Final students who are appearing in May/June 2023 exams are going on. No prior registration is required to attend the classes; students can login to BoS Knowledge Portal or mobile app to attend the classes and download respective topics, notes or related assignments. I suggest you all to make the most of the opportunity and improve your knowledge and abilities to do better in exams.

ICAI BOS Mobile App

ICAI BOS mobile app is a platform for providing knowledge base and all the educational inputs. Since its launch, more than 2,70,000 students have downloaded the app and are taking full use of the more than 1600 recorded video lectures, improved learning opportunities, and live faculty question-answering sessions.

ICAI BOS mobile app for members is also in focus for engaging learning modules, topic-wise recorded lectures, diagrams & flowcharts, comprehensive illustration & case studies etc. Since its launch, over 9200 members have downloaded the app.

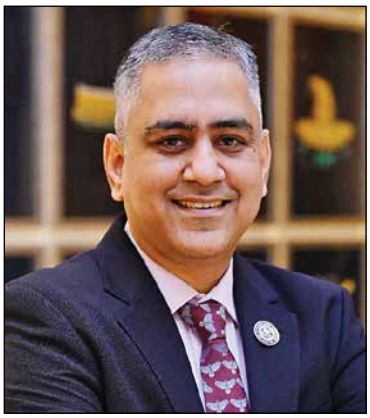
I send my warmest congratulations to everyone on the upcoming 74th Republic Day of our country. As proud Indians, we must pledge to uphold and protect the secular values, diverse cultural fabric, communal harmony and sovereignty of this great nation. I sincerely hope that our country's economy will continue to maintain a steady pace of growth and our beloved Institute scales new heights in the forthcoming year.

May this new year be wonderful in every manner for you and your family, bringing you fulfilment and tranquillity in every aspect of life!

Yours sincerely,

CA. ANIKET SUNIL TALATI
VICE PRESIDENT, ICAI

"I am always doing that which I cannot do, in order that I may learn how to do it." –Pablo Picasso



Dear Students,

Through the first edition of The CA Student Journal in the year 2023, I, along with Vice Chairman BoS(A) CA. Vishal Doshi, would like to extend our warm greetings for **"A very happy, prosperous and successful New Year – 2023"** to our entire students and members fraternity and BoS(A) officials. We wish that the year 2023 brings to you the best of everything that you aspire to accomplish.

The new year is loaded with great opportune prospects that are waiting at your doorstep to be acknowledged. Learning is a continuous process, and no time is perfect than the beginning of the year 2023. ***"Find inspiration around you and motivation within you to be all that you can be".*** Look forward with fresh exuberance and vitality to make firm resolutions that evolve you from a learner to an experienced youthful professional, transforming you into an overall better being.

National Education Summit on Commerce and Accounting (NES-CA)

The ICAI has predominantly been playing an instrumental role in streamlining the commerce education through liaisoning with various universities across the nation. Keeping in mind the upcoming trend of job requirements of commerce graduates, the BoS(A) has initiated to propose a model curriculum to State Education Boards and various universities/colleges through its booklet ***"ICAI Exemplar: Preparing Future-ready Commerce Graduates".*** The Model curriculum of ICAI proposes a unified contemporary curriculum for commerce students to streamline the syllabi of commerce education across the country.

A **two-day National Education Summit on Commerce and Accounting** to present the ICAI booklet has been scheduled on 6th and 7th January 2023 in collaboration with various State Education Boards and universities/colleges in India. The implementation of said syllabi will be conducive for Commerce stream students aspiring to pursue the Chartered Accountancy Course.

NES-CA is an initiative by ICAI to standardise Commerce & Accounting education in India. ICAI envisions Commerce graduates to significantly contribute in making India a $5 trillion economy.

Supplementary Study Paper for Direct Tax Laws and International Taxation

Direct Tax Laws and International Taxation are the most dynamic subjects of the CA course. The tax laws of the country undergo significant changes every year with the passing of the annual Finance Act. Apart from these major amendments which take place every year, notifications and circulars are issued by the CBDT from time-to-time to implement the provisions of the Act and clarify issues regarding the meaning and scope of certain provisions. Accordingly, for the Final level students appearing in May 2023 examination, the BoS(A) has come out with following supplementary study papers that have been made available to students either through the Institute's website or CDS portal.

- For Final Paper 7, the Direct tax laws, the Supplementary Study Paper 2022 incorporates the amendments made by the Finance Act, 2022 and notifications and circulars issued between 1st November 2021 and 31st October 2022.
- Likewise, for Final Elective Paper 6C International Taxation, the Supplementary Study Paper 2022 incorporates the amendments by the Finance Act, 2022 and the developments, including the significant notifications and circulars issued between 1st October 2021 and 31st October 2022.

The amendments have been presented chapter-wise in the Supplementary Study Paper 2022 to facilitate easy correlation with the October 2021 edition of the Study Material. For May 2023 Examination, the Supplementary Study Paper 2022 for Papers 6C and 7 has to be read along with the October 2021 edition of the Study Material for Papers 6C and 7, respectively.

Capsule Insights

This edition includes the comprehensive capsules on the following subjects at all the three levels of CA course relevant for May 2023 examination.

- The capsule on "CA Final Paper 5: Strategic Cost Management and Performance Evaluation" covers case studies and skill assessment-based questions so that students can critically analyse business problems and strengthen their analytical skills through interpreting and evaluating.
- The capsule on "CA Intermediate Paper 4A: Income-tax Law" attempts to give an overview of the provisions relating to tax deduction at source, advance tax and tax collection at source and provisions relating to filing of return of income and self-assessment, as amended by the Finance Act, 2022.
- The capsule on "CA Foundation Paper 2A: Business Laws" covers the concepts of the Limited Liability Partnership Act, 2008 from Chapter 4 of the syllabus to aid the students to understand important aspects of the legal provisions.

As we look forward to celebrating our 74th Republic Day on 26th January, I sincerely wish that this year is a breakthrough for our Institute to attain new horizons in the accounting profession, thereby placing ICAI at the topmost position.

"Create the highest, grandest vision possible for your life, because you become what you believe."

All the best for your future endeavours!!!

Stay safe, stay healthy.

CA. DAYANIWAS SHARMA
CHAIRMAN, BOARD OF STUDIES (ACADEMIC)

"Education is the most powerful weapon which you can use to change the world." – Pablo Picasso

My Dear Students,

I extend my heartiest best wishes for a blissful, prosperous and productive New Year 2023 with new grit and determination in you to accomplish your dreams and aspirations. New Year is the most appropriate time for all of us to take the pledge that we will serve our society with utmost sincerity, honesty, transparency and thereby contribute in the overall development of the nation. I also extend my best wishes for the 74th Republic Day of our beloved motherland. The celebration of this day instils a patriotic fervour that truly reflects our unity in diversity.

International Conference

This year the International Conference of CA students was organised by the Students Skills Enrichment Board at the HITECH City of Hyderabad. It was hosted by the Hyderabad Branch of ICAI and the Hyderabad branch of SICASA from 2nd to 3rd December 2022 on the theme ***"FACING THE FUTURE – INNOVATE, INTEGRATE, MOTIVATE".*** I would like to congratulate all of you for the success of this two-day mega event which witnessed the esteemed presence of dignitaries like Dr. (Smt.) Tamilisai Soundararajan, Hon'ble Governor of Telangana and Hon'ble Lt. Governor of Puducherry, Chief Guest, Shri Kapil Dev, Former Captain of the Indian cricket team and Shri Pawan Kalyan, Indian actor, filmmaker & philanthropist. This two-day mega event was instrumental in providing an excellent opportunity to the students to present their papers on the evolving topics of professional relevance. Any activity, big or small, important or mundane, if executed with sincere effort, passion, and good intent always yields desirable results and I am glad that the huge success of this conference goes to all the students who have decided to grab the opportunity by participating in this most significant event organised by the board for the CA students.

National Talent Search Contests

CA Students Talent Search events are being held at several places across the country and I am overwhelmed by the marvellous performance of the students. I wish a greater number of students to come forward to participate in these events and benefit from this unique and interesting platform for enriching their skill sets. For the National Talent Search – Essay Competition and Drama by Student's Team – Branch level contests were held from 18th to 30th November 2022 while regional level contests were organised from 4th to 15th December 2022. The National level grand finale for the winners of the regional level will be held in the beautiful city of Visakhapatnam. Continuing the chain, Chess & Debate Contests for the Branch level and regional level are underway. I wish all the best to the contestants and appeal to all of you to attend these contests, which provide an excellent opportunity to develop your critical thinking, strategic decision-making, creative and communication skills.

Four Weeks Residential Program on Soft Skills Development at Centre of Excellence

The board organised the residential flagship programme to develop the Communication and Management Skills of the students. Ten such batches of the Four Weeks Residential Programme have been successfully completed since May 2022 at CoE Jaipur and Hyderabad. The next batch for this prestigious program will now be organised at Royal Global University for girl students at Guwahati and for boy students at the state-of-the-art Centre of Excellence, Hyderabad. We have received an overwhelmingly positive response and feedback from the participants of all previous batches and look forward to your participation in our next forthcoming batches in the future. For registration and other details about the course kindly visit the website of ICAI.

Conferences for CA Students

The Board organises various conferences to provide ample opportunities to our budding chartered accountants to share the dais as paper presenter and present their views to the audience at large.

I feel delighted to share with you all that the National Conferences were organised in the month of December at Mumbai, Bhopal, Bengaluru, Ahmedabad, Ludhiana and Pune while Mega CA Students Conferences were held at Bhubaneswar, Indore, Kozhikode, Trichur, Tirupur, Surat, Madurai, Coimbatore and Rajkot. I was overwhelmed by the encouraging response received from the students who had participated in these conferences.

Further, the following Mega CA Students Conference will be organised at Ranchi from 5th to 6th January 2023; Ahmednagar from 6th to 7th January 2023; Bhilai jointly with Raipur & Bilaspur from 7th to 8th January 2023; Muzaffarnagar from 7th to 8th January 2023; Ernakulam on 11th & 12th January 2023; Thane on 11th and 12th January 2023 and Pondicherry on 20th and 21st January 2023.

So, my dear students, just don't miss the opportunity, and move ahead with full confidence to face the audience by being at the stage, write your best and present the paper. Even if you are not able to present this time, join the conference and get ready to present in the coming future. To register kindly visit https://bosactivities.icai.org.

Practical Training Modules for Article Students Through Live Webinars

This is an initiative by the Board to aid and train the practical aspects required for the Practical Training for CA Students undergoing Articleship. A series of live webinars are being organised every Sunday from 10.30 AM to 1.00 PM. An overwhelmingly positive response from the student fraternity with respect to these training programs is being received daily and 35 such live webinars have been conducted till 30th November 2022. I call upon all students to join these webinars and enhance your technical knowledge. The recorded webinars are available on ICAI YouTube channel and Digital Learning Hub.

Before signing off, I would say, it is New Year and time to set new goals and resolutions. As students, you all need to evolve and brace yourself for availing opportunities — which have come in plenty in the year gone by as well as those, which will come up this year. You must strive to learn new skills and improve the existing skills to gradually inch towards your goal. It is pertinent to remind you that in the process, you need to accept challenges coming your way as they help you to become wiser, and more mature. Let us all pledge to take our Institute to even greater heights with our hard work and committed endeavours. Remember: with every roadblock, a new detour is built and with every ending, a new beginning is defined.

My best wishes to all.

CA. SUSHIL KUMAR GOYAL
CHAIRMAN, STUDENTS SKILLS ENRICHMENT BOARD
(BOARD OF STUDIES-OPERATIONS)

"Take the attitude of a student, never be too big to ask questions, never know too much to learn something new." – Augustine "Og" Mandino

STRATEGIC COST MANAGEMENT AND PERFORMANCE EVALUATION

"If all you're trying to do is essentially the same thing as your rivals, then it's unlikely that you'll be very successful."

– Michael Porter

Many of the tasks CAs perform are vital to evaluate the organisation's performance. It includes analysis of net profit, cash flow, accounts receivable, return on investment, breakeven point etc. This information is then used to help in making sound business decisions. The modern role, however, extends beyond this to include aligning the organisation's structure with its business strategy. This involves allocating resources to fund the organisation's strategic choices, as well as developing KPIs to measure the organisation's performance against its strategy. Subject develops students' ability to recognise business problems and opportunities, and use their knowledge, values, and judgment to develop business solutions for stakeholders. Subject needs students to critically analyse business problems and demonstrate strong analytical skills through interpreting and evaluating case studies, case scenarios and skill assessment based questions. This Capsule is having focus on operational excellence and lean initiatives like 5S, Kaizen, etc. These practices of lean have spread rapidly over the years among many manufacturers in numerous industries.

CASE STUDY

The basis objective of the case study is to allow the students to apply ideas and insights from theory to the *real life issues* and *problems*.

Case Study- KAIZEN (with integration to 5S and PDCA)

At **Sanjivini Hospital,** stores recently complete the exercise of numbering the patient files to keep the record in to shorten retrieve, because the reception desk finds it cumbersome to locate the file in case of revisiting patients. The different departments (OPD, IPD, and OT) of Sanjivini Hospital uses some of the surgical items, out of common inventory pool; hence visual control is used to prevent stock-out situation or improve inventory control.

*"If someone asked me to suggest a basic procedure for solving problems scientifically, rationally, efficiently, and effectively by removing the barriers and reducing the wastes – **KAIZEN** may be the best possible answer".* This is the opening remark of the CMD of Sanjivini Hospitals at the recent board meeting, after which a clear split in the viewpoint of directors over the utility of Kaizen is visible; some of the directors favour the organisation-wide innovations wherein top management's active involvement is essential; whereas some others believe performing those improvement initiatives which can be applied through an operational level workforce with the little amount of resources are essential.

The executive director responsible for planning and operation read an executive summary followed by a presentation wherein the facts and figures related to operations were highlighted. In response to a question raised by the independent director regarding the proper disposal of surgical wastes, he mentioned that during the year (just completed) colour coding was used throughout where it was possible, after considering a suggestion letter from a nurse, and this significantly prevent mix-up of medical wastes, which make disposal easy and cheap. The head of housekeeping division added, on the feedback from ward boy, all switches were labelled to save energy and cost on the environment day.

CEO, gave stress upon the clarifying ideal situation because he feels it is useful to identify problems in your working place, because the gap between 'desired ideal status' and 'actual current situation' is 'problem/(s)'. He further added, – *"if the problems are complex and composite then the Kaizen process with help of the PDCA cycle needs to be practiced; if the problem is simple and relates to operations then Kaizen initiatives can be clubbed with 5S".* He mentioned both the ways have their own importance at Sanjivini Hospital in order to respond to MUDA (waste).

In favour of the Kaizen initiatives that can be clubbed with 5S, the CMD argues *"these are quick and easy and helps to eliminate or reduce waste".* The HR (executive director) head supports the CMD by stating that *"it promotes personal growth of employees and the organization and also act a barometer of leadership".* The finance head (who is also an executive director) supported the CMD by stating that *"these ideas (small changes) can be implemented by the worker him/herself with very little investment of time".*

The finance head also quoted a reference of the report that was published in The New Indian Express recently, stating that private hospitals spend 50 percent of operational costs on salaries of medical staff, including doctors. The analysis says that hospitals spend 28-32 percent on drugs and consumables and maintaining a bed in a super-specialty hospital takes about ₹15,000-25,000 every day.

Then he (finance head) presented the following facts and figures in front of the board–

During the previous period (t_{-1}), at Sanjivini Hospital the average bed capacity was 350 and the average overall actual operation cost for a week of seven working days was ₹4,59,37,500 against the standard cost of ₹18,500 per bed per day.

During the period just ended (t_0) with the Kaizen initiatives the goal of cost reduction was 8%. The average bed capacity increased by 10% and the average overall actual operation cost for a week of seven working days was ₹4,63,54,000 against the standard cost of ₹17,020 per bed per day.

Required

(i) Assist the management of Sanjivini Hospital to CALCULATE the following, using Kaizen Costing –
   a. Cost base for the period just ended (t_0)
   b. Kaizen Cost reduction target during the period just ended (t_0) in amount
   c. Cost base for the period just started (t_1)

(ii) ASSESS the performance of Sanjivini Hospital for the period just ended (t_0) from the perspective of Kaizen Costing.

(iii) After briefly explaining Kaizen and the 5S and IDENTIFY at-least three practices adopted by Sanjivini Hospital wherein Kaizen overlaps with 5S activities.

(iv) ADVISE the management at Sanjivini Hospital, how it can track the Kaizen suggestions.

(v) After stating the Kaizen process, do synthesis of the relationship between the Kaizen process and PDCA Cycle.

(vi) LIST at-least three practices that can help Sanjivini Hospitals to foster the Kaizen culture.

Solution

(i) Kaizen Costing

- Cost base for the period just ended (t_0) = ₹4,59,37,500 / (7 days × 350 beds) = ₹18,750 per bed per day.

  Note – Cost base for Kaizen Costing purpose shall always be calculated in per-unit basis to equalise the change in capacity level.

- The Kaizen Cost reduction target during the period just ended (t_0) in amount will be 8% of the cost base for the period just ended (t_0) i.e., actual cost = 8% of cost base i.e., 8% of ₹18,750 per bed per day. This comes out to be ₹1,500.

  Note – Here 8% is the Kaizen Cost reduction rate and ₹1,500 is the Kaizen Cost reduction target.

- Cost base for the period just started (t_1) = ₹4,63,54,000 / (7 days × 385 beds) = ₹17,200 per bed per day.

  Working Note – Average bed capacity i.e., 350 + 10% of 350 = 385 beds.

Concept Insight

It is important to understand the difference between the Standard Cost and Kaizen Costing, so refer the table of differentiation below–

Standard Costing	Kaizen Costing
It is a cost control technique.	It is a cost reduction technique.
It assumes current work condition will remain same.	It assumes continuous improving conditions.
Meet cost performance standard.	Achieve cost reduction target.
For larger period usually six or twelve months.	For relatively short span – e.g., monthly or quarterly.
For variance analysis comparison is among the actual & standard cost.	Gap between actual cost and kaizen target cost identified.
Variances need to be reported and addressed.	Reasons for missing kaizen target cost need to be addressed.

(ii) Performance of period just ended (t_0) from the perspective of Kaizen Costing is appreciable because during the years the Kaizen Cost reduction target was ₹1,500, means through Kaizen initiatives it has to reduce the cost from ₹18,750 per bed per day to ₹17,250 per bed per day; whereas Sanjivini Hospital attains the actual average operating cost of ₹17,200 per bed per day, means a reduction of ₹1,550 (i.e., more than Kaizen Cost reduction target was ₹1,500).

In other words, one can say rather than reducing the cost by 8% Kaizen initiatives helps to reduce case by 8.27%; hence performance is acceptable and appreciable.

For better understanding on questions i and ii, refer the table below–

Period	Actual Cost	Standard Cost*	Kaizen Cost Base	Kaizen Cost Reduction Target	Kaizen Cost Target
t_{-1}	18,750	18,500			
t_0	17,200	17,020	18,750	1,500 (i.e., 8%)	17,250
t_1			17,200		
Cost Reduction during t_0	1,550 (attained)			1,500 (desired i.e., 8%)	

** Irreverent for KAIZEN costing.*

(iii) KAI means **change** and **ZEN** means **improvement,** hence 'KAIZEN' represents a change for the better. 'KAIZEN' is a lean process that continuously strives for problem-solving to achieve Total Quality Management.

5S represents a scientific way of workplace management so that work can be performed effectively, efficiently, and safely. 5S acts as the foundation of eight pillars of TPM and represents;

- Seiri means Sorting
- Seiton means Set in Order
- Seiso means Shine
- Sieketsu means Standardization
- Shitsuke means Sustain

At Sanjivini Hospital, the following Kaizen initiatives can be linked with 5S–

- Colour coding of the waste bin to prevent mix-up of medical wastes.
- To save energy, switches were labelled.
- Visual control to prevent stock-out situation or improve inventory control.
- Proper numbering of the patient files to shorten retrieve time.

Note – the Kaizen initiative taken place at Sanjivini largely covered by second 'S' Seiton i.e., set in order.

(iv) Tracking of Kaizen suggestions can easily be practiced at Sanjivini Hospital by maintaining a Kaizen suggestion board that generally comprises–

Kaizen Suggestions	To Do	Doing	Done

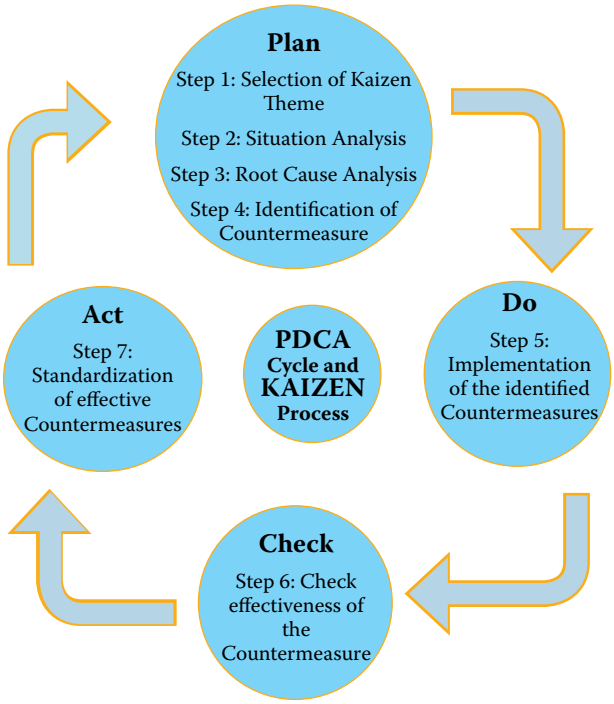
Sanjivini Hospitals can use the KAIZEN suggestion board in the following way (steps)–

- Write the idea on a paper and stick it when you come- up with ideas for improvement.
- Move the paper to "TO DO" when a supervisor or work improvement team are discussing.
- Move the paper to "Doing" when you are practicing the ideas after agreement from the supervisor or work improvement team.
- Move the paper to "Done" when you complete the ideas.

Note – If Sanjivini hospital willing then can collaborate with 5S initiatives as an extension to the Kaizen suggestion board.

(v) The relationship between the Kaizen process and PDCA cycle

Kaizen is solving problems process at working place, to improve situation and condition, whereas PDCA (also known as Deming Cycle) is an iterative four-step management method used in business for the control and continuous improvement of processes and products. PDCA stands for the plan–do–check–act. The PDCA Cycle provides a framework and structure for identifying improvement opportunities. The seven steps of the Kaizen process are:



Note –

The important point that needs to keep in mind is **'the continuous nature of improvements'.** Don't stop after Act, do plan further on.

(vi) The practices that Sanjivini Hospital needs to stress upon in order to foster the culture of Kaizen.

- Promote the culture of sharing of ideas – Best practices can be evolved within the hospital through sharing and discussing the idea (change) that can solve the problem causing a gap in existing and ideal position. Such practices shall be adopted in every vertical of the hospital.
- Do whatever best can be done with existing resources – Reach to the level of optimum utilization and remember there always scope for improvement.
- Foster esprit-de-corps culture – A culture in which no blaming other's opinions, instead of this they support in implementation after the agreement from the supervisor or work improvement team.
- Integrate everyone's image – To have overall perspective while evaluating any individual initiative (suggested change).

Case Study- 5S

Mijaj is the leading household name in the nation for electronics and automobiles. Mijaj inaugurated its two-wheeler plant at Santnagar with a planned capacity of one million motorcycles per annum, more than a decade ago. The plant was originally built on a 65-acre area with another 155 acres allocated for a vendor cluster. The production unit spread out in 40,000 square meters and is operated by 600 line engineers.

In the plant, safety became a critical issue. This is also evident from the report of the review committee, which was submitted to the board of directors recently. Report details all those incidences (that occurred in the last couple of years) when safety norms were breached or safety measures in operation were failed and result in incident or accident.

Total such incidences are 54, out of which major are 11. Results of detailed investigation show that 14 such incidences were taken place due to sheer negligence of workers (it was also identified that 4 of such incidences occurred while the concerned worker was during overtime hours), whereas 37 incidences taken place due to poor workplace management and the remaining 3 are due to power failure.

Out of 37 incidences that took place due to poor workplace management, 19 were due to using either the wrong tool (tool required either misplaced or non-accessible due to any reason) or hazardous/toxic elements were not handled properly including failure to keep the process within the control limits (2 were serious, but no causality); 5 were due to breakdown or failure of machines (4 were serious, and the one incident resulted in a fire resulting in two casualties and injuries to many). It was also identified that all the 5 machines involved were not regularly cleaned and even regarding one of such machines a complaint (that it sparks some time) was also registered by the operator with maintenance staff (same remain unresolved). The remaining 13 were due to cluttered production floor (1 among them were serious, involving one casualty and injuries to some others).

VP Finance after reading the report sent a letter to the board, wherein immediate action is requested. He included the adverse monetary effect of such incidences in the letter.

During the next board meeting, wherein you (management accountant) are also present; an independent director who is an HR professional said 'the consequences of such incidences include defame and low employee morale (apart from litigation and pressure from employee unions), hence resolution shall be prompt and apt.

The CEO responded 'BSC (balanced scorecard) is already in practice at Santnagar plant of Mijaj, which includes Internal Process, and Learning & Growth, the score is also acceptable in both the perspective'. A question was posed related to accidents due to employee negligence are they (employees) learned enough? CEO while responding to question referred report from the HR head, wherein it was mentioned that during such two years 27 training programs were organised and average attendance turned out nearly 80%. Every employee who works on the production/assembly line has to undergo 3 months of training at the time of joining.

The MD expresses his concern over the number of such incidences and surprised to know that BSC is failed to deliver. MD prior to this board meeting, attended a CPE meet wherein he comes to know about 5S, red tag, and marking; but not sure whether these will help or not. MD ordered you to prepare documents showing the application of 5S to the Mijaj's Santnagar plant, apart from preparing the precise checklist and list of benefits owning to different 'S'. It was decided a task force of the director and top executives shall be formed to respond to the issue.

Required

(i) EXPLAIN the 5S briefly followed by a piece of information to the task force on *'is the root causes of incidences that took place due to poor workplace management are connected with the scope of 5Ss?'* Support your answer by correlating the facts given in the case and highlight how 5S can be helpful to Mijaj.

(ii) You prepared the document as desired by MD and gave it to the computer operator to punch in, but she merged the checklist and list of benefits as follows–

a. Working out the procedures defining the course of processes.

b. Are lines, pipes, etc. clean, will they demand repairing?

c. Quick informing about damages (potential sources of damages.

d. Do tools or remainders of materials to production lie on the floor (in the workplace)?

e. Has the floor any irregularity, cracks, or causes other difficulties for the operator's movement?

f. Are the oil's stains, dust, or remains of metal found around the position, machine, on the floor?

g. Better usage of the working area.

h. Are pipe outlets of oils not clogged by some dirt?

i. Shortening of the time of seeking necessary things.

j. Is attention given to keeping the workplace neat and clean?

k. Decreasing of mistakes quantity resulting from the inattention.

l. Is the position (location) of the main passages and places of storing clearly marked?

m. Are all transport palettes stored on the proper heights?

You are also required to CLASSIFY (and re-arrange) in relevant categories of 5S.

(iii) LIST, why do balanced scorecard fails to deliver in all the cases? Critically ASSESS the CEO's response to the question posed.

(iv) EXPLAIN taskforce, for what purpose red-card/tag is meant? How is it used? Are there any other colours tag too?

Solution

(i) **5S** represents a scientific way of workplace management so that work can be performed effectively, efficiently, and safely. 5S first developed by Hiroyuki Hirano and was come into practice as part of the Toyota Production System. 5S is usually considered as an essential component of Lean manufacturing, and the foundation of eight pillars of TPM. 5S are as follows–

- ***Seiri*** means **sorting,** aiming to remove all unwanted, unnecessary, and unrelated materials at the workplace.
- ***Seiton*** means **set-in-order** that consists of putting everything in an assigned place so that it can be accessed or retrieved quickly as well as returned in that same place quickly.
- ***Seiso*** means **shine**. The shining process consists of cleaning up the workplace, keeping it neat, and giving it a 'shine'.
- ***Seiketsu*** means **standardization,** which involves defining the standards by which personnel must measure and maintain cleanliness.
- ***Shitsuke*** means Sustain. **Sustaining** the discipline, which helps in It maintain orderliness and to practice the first 4 S as a way of life

Note – Practice of 5S is a sequential process.

Yes, the root causes of incidences that took place due to poor workplace management at the Santnagar plant of Mijaj are highly connected with the scope of 5Ss.

The incidences that took place were largely due to items at the workplace are either not properly sorted or not in order. Lake of maintenance of the machines in term of cleaning and repair also another major reason for same.

Total of 37 incidences took place due to poor workplace management at the Santnagar plant of Mijaj, which represent more than 2/3 incidence of the last two years.

Description	Reason	Can be overcome
13 incidences (1 were serious, involving one casualty)	Cluttered production floor	**Seiri (sorting)** Use red and yellow tags with store and designated holding area
19 incidences (2 were serious, but no causality)	Using either wrong tool (tool required either misplaced or non-accessible due to any reason) or hazardous/toxic elements were not handled properly including failure to keep the process within the control limits	**Seiton (set in order)** Use of label, signs, colour code, line marking, tool form, or shadowing
5 incidences (4 were serious, involving two casualties)	Breakdown or failure of machines, because they were not regularly cleaned and repaired (even the repair request/ complaints remain unresolved)	**Seiso (Shine)** The operator shall assume the role of cleaner. Cleaning shall involve inspection of all aspects of the machine – front, rear, left-right, top and bottom

If first 3S (sorting, set in order, and shine) become the standard which is adopted by organisation sustainably then the probability of incidences which took place due to unattended-ness of worker shall also be reduced. At the Santnagar plant of Mijaj, there were 14 such incidences in the previous two years. Hence, 5S practice can really help the Mijaj in reducing the probability of more than 90% of incidence to promote safety.

(ii) Classification of checklist items and benefits in relevant categories of 5S

Description of item	Checklist/ Benefit	Category
a. Working out the procedures defining the course of processes.	Benefit	Seiketsu (Standardize)
b. Are lines, pipes, etc. clean, will they demand repairing?	Checklist	Seiso (Shine)
c. Quick informing about damages (potential sources of damages.	Benefit	Seiso (Shine)
d. Do tools or remainders of materials to production lie on the floor (in the workplace)?	Checklist	Seiso (Shine)
e. Has the floor any irregularity, cracks, or causes other difficulties for the operator's movement?	Checklist	Seiri (Sort)
f. Are the oil's stains, dust, or remains of metal found around the position, machine, on the floor?	Checklist	Seiso (Shine)
g. Better usage of the working area.	Benefit	Seiri (Sort)
h. Are pipe outlets of oils not clogged by some dirt?	Checklist	Seiso (Shine)

i. Shortening of the time of seeking necessary things.	Benefit	Seiton (Set-in-order)
j. Is attention given to keeping the workplace neat and clean (SoPs)?	Checklist	Seiketsu (Standardize)
k. Decreasing of mistakes quantity resulting from the inattention.	Benefit	Shitsuke (Sustain)
l. Is the position (location) of the main passages and places of storing clearly marked?	Checklist	Seiton (Set-in-order)
m. Are all transport palettes stored on the proper heights?	Checklist	Seiton (Set-in-order)
Note- Alternate Classification may also be possible.		

(iii) The prominent reasons for the failure of a balanced scorecard to deliver in all the cases are–

- Managers mistakenly think mere use of non–financial measures and Balanced Scorecard is meant for reporting purposes only.
- In case senior executives delegate the responsibility of the implementation to middle-level managers.
- If companies, try to copy measures and strategies used by the best companies rather than developing their own measures suited for the environment under which they function.

Mere draw down the BSC and compute the score is no guarantee that things can't go wrong. An in-depth evaluation is required. The KPIs established may be outdated or irrelevant. Targets may be understated, and performance may be overstated.

CEO's remark includes a reference to report from the HR head, wherein it was mentioned that *during such two years 27 training program was organised and average attendance turned out nearly 80%*. Since learning is something more than training; hence conducting training program will not be enough, if participation and learning of worker are not assured. Physical attendance will not ensure the learning, for this worker need to be engaged and they shall be motivated to practice what they learn during training.

Note - Positive motivation is better than negative motivation to build a constructive culture, hence do link incentive for compliance rather than charging penalty for not following what asked for.

(iv) Red tags help to identify objects that need to be removed from the workplace, in the process of sorting.

How it works - While sorting, place a red tag on the undecided items. This lets everyone know this item needs to be evaluated. Notate on the tag whenever item used afterward that, this will help in deciding the frequency of use and take the decision to leave the item where it was originally placed, relocate the item, or dispose of the item.

Note - Until determining their value, such red-tagged items are placed in the Red Tag Holding Area.

Yes, apart from the red tag, another tag that can be used is the **yellow tag**. A yellow tag contains detailed information (including expected use, dates, etc.) of needful items, which are useful but not required currently, hence usually kept in store.

Case Study – Business Proceess Reengineering

Sim-tech Electronics Limited (SEL) deals in a wide range of electronic products for domestic and commercial use. SEL was established around 40 years back and famous for completely indigenous products. Raw materials including assembly components are procured from registered vendors only. Delayed processing of invoices by SEL is the major concern of vendors. Even a few vendors deny the further supply of material.

The processes at SEL were traditionally designed and hardly modified since its inception. Accounts payable function (process) is also not an exception and requires rationalization. It's not only the obsession of managers but also the fear of workers; that hinders the SEL from revamped even to make minor changes.

The CEO, who joined SEL recently, presided over a meeting where all the functional heads (including finance, marketing, and store, etc.) were present. Highlighting the concern of vendors, the CEO remarked ***'If managers have the vision, re-engineering will provide the way'.*** Many functional heads were unable to understand what the CEO intended to say, especially 'what he meant from the word re-engineering? Is this meant by improvement or innovation?'

Currently, the accounts payable department receives a duplicate hard copy of the purchase order (from the purchasing department), a duplicate of good receipt note (from gate/store), and invoice (from vendor); then match the particulars in all three and only if matched proceed for payment. Managing accounts payables (including processing vendor's invoices) as part of working capital management is KRA of CFO. He mentioned ***'we are thinking to completely automate the process, to speed up the invoice processing'.*** To which the CEO responded ***'Don't automate, do obliterate'. Further CEO said 'why only accounts payable, why not others or all?'***

VP-Production and Operations raised his concern over the identification criteria for processes to be rationalised. VP-HR and Payroll jumped into the discussion with the plausible conflicts and challenges out of the changes, SEL aiming at. CEO stressed the importance of ***'breaking away from the old rules'***.

Required

You were also present in the meeting (as management accountant), hence required to

(i) CEO stressed the 'breaking away from the old rules' and mentioned 'don't automate, do obliterate'. Synthesis of both the statements in the context of BPR. Also ADVISE how account payable function (process) can be re-engineered at SEL.

(ii) Improvement, Redesign, and Re-engineering are not the same. Briefly COMPARE the terms to help the functional heads, who unable to understand the CEO's remark.

(iii) LIST, set of criteria that can be applied to identify the processes suitable for re-engineering.

(iv) LIST the plausible conflicts which SEL may face along with possible the way-out.

(v) CEO said 'why only accounts payable why not others or all'. STATE the steps involved in Business Process Reengineering Life Cycle?

Solution

(i) Business Process Re-engineering (BPR) is a **fundamental rethinking and radical redesign** of business process to achieve **dramatic improvement** in **critical contemporary measures** of performance, such as cost, quality, service, cycle time, etc. **Frederick Winslow Taylor** said to develop a science for each element of a man's work, whereas **Micheal Hammer** thinks differently hence drastically deviate from Taylor in the following manner:

– Hammer looks at ***processes as a whole*** not just as a collection of parts; because only then you can decide on the best way to do the whole process and redesign it radically.

– Hammer wrote an article titled ***'Re-engineering work: Don't automate, obliterate',*** wherein he said don't use IT just to make existing processes faster; be prepared to design a completely new process. Basically, Hammer favours **breaking away from the old rules.**

Hence in both the statement CEO advocates for BPR.

Re-engineering of accounts payable at SEL

Currently, the accounts payable department receives 3 documents in physical hard copy and then matches the same to proceed for payment to the vendor.

Out of these three documents (duplicate hard copy of purchase order, a duplicate of good receipt note, and invoice) accounts payable department can skip invoice and it can proceed for payment based upon auto-matching of good receipt note with purchase order.

Further, a real-time ERP solution (maybe cloud-based or SEL's server-based) can put into place to automate the process of matching the purchase order and goods receipt note (because both the document either created or hosted on the ERP). This also results in saving time, earlier spent in punching the data (at end of account payable department), and physical movement of documents from one department from others.

Maintaining records and generating reports become easy and cheap, Such ERP will also auto-check the invoice details whenever punched into the system.

(ii) Difference between Process Improvement, Process Redesign, and Process Re-engineering

Process Improvement targets to tap incremental improvements, while keeping the process stable (in relative term to process redesign and process re-engineering), whereas **Process Re-engineering** involves radical redesigning of core processes.

Process Redesign is the middle path to both the extremes (Process Improvement and Process Re-engineering).

Refer to the diagram to understand the difference in scope and outcome of Process improvement, Process redesign, and Process re-engineering–

Strategic opportunities or environmental threat (process need to be re-vamped)			**Process Re-engineering**
The process has big problems and needs to change		**Process Redesign**	
Process is stable	**Process Improvement**		
	Smaller sub-process	Mid-sized processes	Core processes (using value chain)

(iii) Criteria to identify the processes

The processes for re-engineering shall be selected with the utmost care by a cross-functional team of managers considering the vision and business goals from a holistic view. SEL shall consider the following points to identify the processes –

- That can be broken into the parts.
- Those which are behaving like constraints (Bottleneck).
- Feasible to make the change.
- Cross-functional and cross-organisational.
- Core processes that have high impact – the business process which capable to add value substantially. One can use a **value chain** to identify high-level processes.
- Front-line customer serving - Business processes that are customer-facing used by front-end employees.

(iv) Challenges in employing BPR

Business Process Re-engineering results in radical changes in the process and may involve automation (or further automation) hence challenges pertaining to change is expected, SEL can expect the following plausible challenges which they need to respond–

- **Decreased employee morale** – Since BPR starts with a mindset that the existing process is not perfect, improvement can be made; means what employees are performing is not of optimal worth. Changes in role and responsibility are expected after BPR, with which employees may not be comfortable and may lose job satisfaction. The staff of the accounts payable department of SEL may be transferred to some other department.
- **Reduced staff (Layout)** – Automation leads to reduction of the workforce, hence job security is a cause of worry. In the accounts payable department of SEL too, many may lose the job.
- **Incomplete impact analysis** – Processes may be complex, hence BPR may result in either indirect effect or effect on an invisible element that can't be predicted with the acute degree.
- **All or nothing methodology** – BPR is all about radical change and looks at ***processes as a whole*** not just as a collection of parts, hence either complete change or nothing to change.

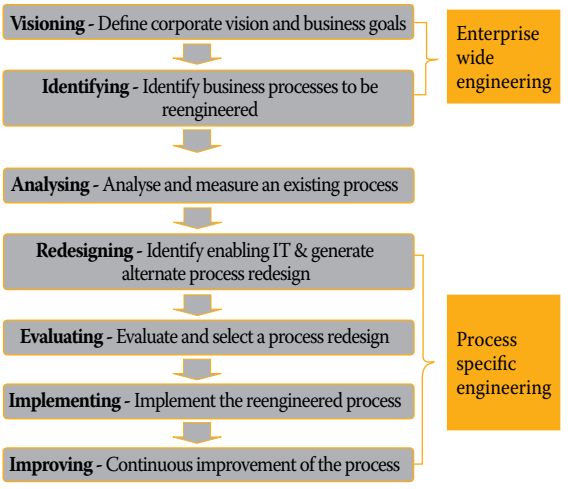
Overcoming BPR challenges

The challenges are due to change and rection of people who will be impacted by change if change management is applied properly then SEL can easily overcome the majority of challenges posed above.

- Focus on all ***change management*** impacts – People, Process, and Systems.
- Communicate early and often.
- Practice continues improvement.

(v) Business Process Re-engineering Life Cycle

Business process re-engineering life cycle involves seven steps out of which first two are enterprise-wide and the remaining five are process specific. Refer to the diagram below–



Skill Assessment Based Questions

The basis objective of the case study is to allow the students to apply ideas and insights from theory to the *real life issues* and *problems.*

Question 1

About Problem	Target Verb/ (s)
Target Costing	Calculate, Assess, Advise, Comment

PX-2 manufactures cartons primarily for the use of manufacturers of electronic products. Cartons are customized for each brand that individual manufacturers produce. Cartons for each brand are unique, having specific scheme of instructions, bar code, information, and pictures. Presently, PX-2 produces at least 35 different types of cartons for each brand and has a market share of 40% in this segment. The market for electronic products is expected to grow exponentially in India. This has attracted not just more electronic products manufacturers but also suppliers of similar cartons to cater to the demand from such manufacturers. Therefore, an electronic product manufacturer can procure customized cartons for its product/(s) from multiple carton manufacturers. PX-2 has been in this business for many decades. It is a family run business.

Production Process

Kraft paper is the primary raw material required to make corrugated cartons. PX-2 buys this from external suppliers. The Kraft paper is loaded into machines called corrugators. Corrugator machines processes this into cardboard sheets. These sheets are then printed upon with unique colour along with information relevant to the electronic product for which it is being made and cut into appropriate size. Batches of finished cartons are packed together and shipped to the warehouse. In the recent years, awareness about corporate social responsibility has led manufacturers of cartons to use recycled paper as raw material to make cartons. Recyclable paper material is procured from scrap paper dealers. Raw material needed for production is stored within the factory premises.

Following is the information available about the production plan and standard costs based on budgets:

- Product Mix: The input mix to produce corrugated cardboard sheets is as below:

Material	Product Mix	Market Price per ton (₹)
Kraft paper	80%	50,000
Recyclable paper	20%	20,000

- Input Output Yield: A ton of raw material processed in the corrugators yields half ton of cardboard sheets (corrugated).
- Operating Costs: A corrugator machine can process 5 tons of cardboard sheets during an hour long production run. Operating cost of the machine for one hour is ₹30,000.
- Printing Costs: Cost of printing customized information and colour/ design costs ₹5,000 per ton of cardboard sheet.
- Other costs required to complete the manufacturing process (Inc. glue, dyes, and wax) is ₹20,000 per ton of cardboard sheet.

These standards represent **"best practices"** for the company that have been followed for the past many years. Standard costs are revisited once every year since it is not possible to do more dynamic costing due to the 35 different types of cartons being produced. This is acceptable both to the production manager and the senior management of the company. Accordingly, the total standard cost computed from the above inputs is acceptable for evaluation of the manufacturing performance.

Storage

PX-2 receives and stores raw material within factory premises. It has a warehouse located 20 kms from its factory where finished corrugated cardboard sheets (cartons) are stored. Shipment of goods from factory to warehouse is made using trucks that the company owns. Later, based on the demand, shipments are made from the warehouse to electronic product/(s) manufacturers all over India. Stacking, dispatching, and shipping of goods is done manually.

Financial Performance

PX-2 sells each ton of carton at ₹1,40,000. In addition to the manufacturing costs detailed above, following costs are incurred:

- Shipping of goods to the warehouse 20 kms away is ₹6,000 per ton.
- Warehouse maintenance expense is ₹30,000 per ton.
- Required profit margin of finished corrugated cardboard sheets (cartons) is ₹5,000 per ton.

A back-of-the-envelope calculation indicates that the cost of operations is actually higher than this sales price. Since the market is highly competitive, PX-2 does not have the flexibility to increase its sale price.

Problem at hand

A close competitor of PX-2 is able to sell similar cartons at ₹1,10,000 per ton. There is not much product differentiation between the goods. A "competitor-study" indicates that the competitor is making reasonable return even at this price. Likewise new entrants are eating into PX-2's market share.

On the production side, the production management team is convinced that they have the best practices in place and that the costs being incurred are reasonable. The loss making financial performance, in their opinion is due to market pricing of the product. On the other hand, the sales manager is of the opinion that given the market competition, the product cannot be sold at any higher price. Hence, the loss cannot be addressed by increasing the sale price.

Required

As a newly employed management accountant you have been requested to suggest possible solutions to improve profitability. Following questions will help you address the problem:

(i) CALCULATE the current cost of operations to produce 1 ton of cartons. Given the current sale price of ₹1,40,000 per ton, what is the profit or loss being incurred?

(ii) Intense market competition and the ability of a competitor to sell a similar product at a much lower price, requires you to use target costing methodology to solve the problem. Taking the competitor's sale price of ₹1,10,000 per ton CALCULATE the target manufacturing cost.

(iii) In the current set-up, CALCULATE ideal manufacturing cost considering most efficient use of resources. Ideal manufacturing cost is when there is no wastage of current resources.

(iv) What conclusions would you draw when you the target manufacturing cost and the ideal manufacturing cost? [Hint: ADVISE].

(v) ASSESS whether the company return improve its profitability when the following actions are taken:

(a) The product input mix is changed as kraft paper 55% and recyclable paper 45%. Market price per ton of kraft paper is now ₹51,000 and of recyclable paper is ₹15,000.

(b) Input output yield improves to 85% from the current level of 50%.

(c) Storage of finished goods at the warehouse is being improved. The company is moving to a smaller warehouse within the same vicinity. Automation of stacking and dispatch operations will be done using forklifts. Storage space is being optimized by stacking the goods on racks that can store more volume within the same floor space. This can reduce warehouse operating costs by ₹5,000 per ton.

(d) Trucks used for shipping are being replaced by more fuel efficient, larger ones. This would save the company ₹2,000 per ton.

(vi) COMMENT on how the above target costing study has made PX-2 environmentally responsible.

Answer

(i) Current cost of producing 1 ton of finished corrugated cardboard sheets (cartons):

Particulars	₹
Raw material cost (refer note 1 below)	88,000
Add: Operating cost (corrugator machine)	6,000
Add: Printing costs	5,000
Add: Other costs	20,000
Current manufacturing cost per ton	1,19,000
Add: Shipping of goods to the warehouse	6,000
Add: Warehouse maintenance expense	30,000
Total cost of operations per ton	1,55,000

At the current sale price of ₹1,40,000 per ton, the company is incurring a loss of ₹15,000 per ton of cartons produced.

Note 1: Material Cost

Material	Product Mix	Market price per ton (₹)	Procurement Price per ton of Input (₹)
Kraft paper	80%	50,000	40,000
Recyclable paper	20%	20,000	4,000
Total procurement price per ton of raw material			44,000

With a yield of 50%, the input raw material needed to produce a ton of corrugated cardboard sheet is 1 ton/50% = 2 tons of raw material. Hence the raw material cost for production of one ton corrugated sheets is 2 tons of raw material × ₹44,000 per ton = ₹88,000.

Note 2: Corrugator Machine

In one hour, the corrugator can produce 5 tons of cardboard sheet. Operating cost for one hour is ₹30,000. Hence operating cost per ton is ₹6,000.

(ii) Target Manufacturing Cost when with sale price of ₹1,10,000 per ton.

Target Manufacturing Cost = Sale price – Required profit margin – Non-manufacturing expense

Particulars	₹
Competitive selling price	1,10,000
Less: Profit margin and non-manufacturing expenses	
Shipping of goods to the warehouse	6,000
Warehouse maintenance expenses	30,000
Required profit margin	5,000
Target manufacturing cost (per ton)	69,000

(iii) Ideal manufacturing cost of production per ton of corrugated cardboard sheet. Ideal manufacturing cost would be the cost incurred when the resources are used in the most efficient manner. In the given problem, the input-output yield of 50% is the only sub-optimized resource. Hence, the ideal cost of production, without wastage of resources would be when the input-output yield is 100%.

When Yield is 100%, only one ton of raw material is needed to produce one ton of corrugated cardboard sheets. As calculated in Note 1 of question 1, the material procurement cost per ton is ₹44,000.

Therefore, the ideal manufacturing cost would be–

Particulars	₹
Raw material cost (yield 100%)	44,000
Add: Operating cost (corrugator machine)	6,000
Add: Printing costs	5,000
Add: Other costs	20,000
Ideal manufacturing cost (per ton)	75,000

(iv) Conclusions drawn from target manufacturing cost and ideal manufacturing cost. Target manufacturing cost is ₹69,000 per ton while ideal manufacturing cost is ₹75,000 per ton of output. Hence, it can be concluded that even with the most efficient use of resources, the target manufacturing cost cannot be achieved. As mentioned in the problem, the "competitor-study" indicates that the competitor selling at ₹1,10,000 per ton is able to earn a reasonable return even at such lower price.

Therefore, it can be concluded that the **presumption that production is based on "best-practices" is wrong.** Unlike the opinion of the production team, the cost being incurred is not reasonable. *Competitors have a more cost efficient production process* that is yielding them profits even at lower sale prices. Therefore, production personnel have to undertake study of more recent advancements in the production process that the new entrants are able to implement. Such a study would include **value analysis** and **value engineering practices.** Study of the input-output yield, which is currently at 50% may result in same savings through streamlining production activities. Similarly, the production can revisit the product mix. If cheaper recyclable paper can be used to in more quantity to produce the same quality of cardboard sheets, significant savings in cost can be achieved. Efforts can also be taken by the senior management to identify areas that can have a favourable impact on cost. For example, upgrading facilities in the production line or storage areas could lead to cost savings.

(v) Assessment of profitability given certain parameters that can be implemented by the company.

Given the implementation of parameters in requirement (v) of the problem, the financials for the company can be as follows:

Particulars	₹
Raw material cost (refer note 1 below)	40,941
Add: Operating cost (corrugator machine)	6,000
Add: Printing costs	5,000
Add: Other costs	20,000
Current manufacturing cost (per ton)	71,941
Add: Shipping of goods to the warehouse	4,000
Add: Warehouse maintenance expense	25,000
Total cost of operations (per ton)	1,00,941
Add: Required margin	5,000
Sales price per ton of output	1,05,941

Note 1: Material Cost (with increase in usage of recyclable material in product mix)

Material	Product Mix	Market price per ton (₹)	Procurement Price per ton of Input (₹)
Kraft paper	55%	51,000	28,050
Recyclable paper	45%	15,000	6,750
Total procurement price per ton of raw material			34,800

Change in the product mix, to include cheaper recyclable paper, without compromising on quality has reduced procurement cost from ₹44,000 to ₹34,800 per ton of raw material. Since recyclable paper component increased substantially, the company used its bargaining power with its suppliers to get a better rate. This is mildly offset by an increase in the rate for kraft paper. Yet, the savings are substantial.

In addition, it is given in the problem that due to value analysis and re-engineering, the yield has improved from 50% to 85%. Therefore, instead of 2 tons of input only 1.17647..... ton of input is required (1 ton output / 85%). Consequently, the raw material cost has reduced from ₹88,000 per ton of output to just ₹40,941 per ton of output (1.17647... tons of raw material × ₹34,800 per ton).

Note 2: Shipping cost to warehouse improved through the usage of better transportation facilities.

Note 3: Operational cost of warehouse has reduced through use of better technology and optimization of space. Cost savings are ₹5,000 per ton of output.

Conclusion: If PX-2 is able to implement these parameters, it can easily turnaround and become profitable. The output can be priced at ₹1,05,941 per ton in order to get a profit of ₹5,000 per ton. This is lower than it nearest competitors offering of ₹1,10,000 per ton. Hence not only can PX-2 become profitable, it can also regain, if not expand its market share.

(vi) How has implementation of recommendations from the target costing study made PX-2 more environmentally responsible?

PX-2 has become more environmentally responsible by through the following measures:

(a) Improving the product input – output yield from 50% to 85% has reduced wastage of raw material. The quantum of Kraft paper/recyclable paper needed for production has reduced from 2 tons to 1.17647..... tons. Since paper is a product made from trees, it contributes towards reduction of cutting down trees / deforestation.

(b) Changing the product mix to include more paper that is recyclable contributes towards better utilization of scrap. Otherwise, such scarp discarded in landfills becomes unusable. Landfills require huge land resources, since waste has to be buried. Hence, better utility of recyclable products protects the environment, places lesser pressure on landfill resources and at the same time reduces cost of operations for the company. By changing the product mix, PX-2 has substantially reduced raw material cost from ₹88,000 to ₹40,941 per ton, a **50% saving!**

(c) Use of efficient transportation facilities reduces fuel emissions. This reduces the pressure for fuel that is derived from natural resources.

(d) Optimization of storage space conserves energy required to operate the warehouse. Again, this reduces pressure on resources like land and electricity.

These are areas where implementation of target costing study made PX-2 more environmentally responsible.

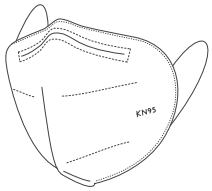
Question 2

About Problem	Target Verb/ (s)
Competitive Advantage, TOC, COQ	Advise

Gupta Surgical Products Limited (GSPL) is a renowned company for the manufacturing of a wide range of affordable surgical products. GSPL is promoted by Dr. Pooja Gupta who is a professor of medicine. GSPL is only privilege surgical equipment company which has its chain of own exclusive stores, which are selling products of GSPL, apart from a tie-up with the medical and chemist shops across the nation for the sale of their products. Although GSPL being an early mover of the industry was established around 25 years back when hardly two or three players exist in the market, but the growth phase of the industry is still continuing. Both the top and bottom line has an increasing trend, but the growth rate of the bottom line is relatively less than the rate in case of the top line, the possible reason is increasing competition. This results in the high cost of advertisement and marketing to keep market share intact. GSPL thinking to enhance the capacity of its plant and other facilities, but availability of fund is a critical issue; since the contraction in margin rate is witnessed for the last couple of years due to stiff competition, despite an increase in absolute amount; GSPL is not ready to commit incremental financial charge on an account of enhanced financial leverage, due to additional borrowing. Hence, GSPL fund their requirements internally.

In order to response proactively to the unfortunate possibility of wide-spread of Novel Corona Virus (COVID-19) in the country, the ministry of public health and welfare appeals all the surgical product manufacturers to scale-up and speed-up the production of surgical products which are useful for protection from contamination and useful for medical professionals.

GSPL is the oldest manufacturer of surgical gloves and face masks. GSPL is manufacturing only KN95 virus protection face mask (KN95) with particulate filtration efficiency more than 95%, which is approved by the regulator and ISO certified. KN-95 masks also recommended by WHO as standard equipment for safeguard. GSPL decided to charge the price of ₹90 for KN95 which is on the lower side to average price charged by other competitors ranging between ₹100-105. The cheaper face masks (blue colour, 3 layers at ₹5-10) are also available for the customer but they are not with the feature which KN95 provides.



Marketing division used to highlight the following features of KN-95 produced by GSPL, but these features more or less similar to competitor's product –

- Flat fold design for easy storage.
- Excellent filtration performance (clinically tested that filtration efficiency is more than 95%).
- Made of high quality thick 5-layer material.
- With exhalation valve.
- Washable (every mask manufacturer in the market claims this feature, but fiber significantly fell weak after wash which deteriorates efficiency. KN-95 has clinically proven result in its favour that even after a wash, if dried in sunlight for 5 minutes it will be resorted to using with the same efficiency as of new mask).
- With adjustable nose clip & self-elasticated ear loops.

With passage of time, condition worsen than expected, hence government relies upon the import of surgical equipment, but COVID-19 related conditions within such countries (from where surgical equipment including masks are imported) also turns unfavourable hence they

impose a temporary ban on the export of surgical equipment including mask. The government again urges domestic surgical equipment manufacturing companies to produce more and more such equipment. In order to motivate these manufacturers, the Ministry of finance came-up with schemes of easy credit, credit without guarantee, interest subvention and moratorium, and exemption from statutory contribution and deferment of duties, and taxes. The government is promoting the use of a home-made mask too.

Dr. Angel Gupta who is CEO of GSPL called a meeting of division heads, including 'Face Mask Division (FMD)' to look into opportunities emerging out of the present PESTLE scenario, and what GSPL can do to seize them with the purpose of enlisting core-competencies require and currently possessed. FMD is equipped with the latest technology and skilled staff who manufacture the KN-95 mask.

In such a meeting division head of FMD proudly mention that currently, they are producing one lac masks on monthly basis. He mentioned it is needless to say, we can sale even if produce more than this. He also briefs both the processes performed by FMD which are –

Cutting and spun bonding - Inner and outer fiber layers are cut-down and spun bonding using nozzles blowing melted threads of a thermoplastic polymer (polypropylene) to layer threads between 15-35 micrometres, which build up into cloth performed.

Stitching and finishing - The outer and inner fiber layers are bonded with output of spun bonding process using thermal techniques and then nose clip welded using mechanical techniques.

He also furnished the below-mentioned information pertaining to current operation aspects of these two processes –

Particulars	Cutting and spun bonding	Stitching and finishing
Monthly Capacity (in units)	1,15,000	1,00,000
Material Cost Per Unit (in ₹)	40	-
Other Operating Cost (in ₹)	10,00,000	6,00,000

FMD follows throughput accounting, hence material cost incurred during cutting and spun bonding operation is the only variable cost.

CEO wish to scale-up the level of capacity and production. She collected a bunch of ideas from division heads and the innovation team. She is from a medical background hence prior to furnishing a proposal to the board; She decided to check validity and viability with help of expert opinion/advice on the following available options–

1. Installing a machine costing ₹2 lacs, which will auto-cut the fiber sheet into requisite space, it will enhance the monthly capacity of cutting and spun bonding by 10% to the current level.
2. An automatic thermal bonding machine can be used which is expected to enhance the monthly capacity of stitching and finishing operation by 20,000 units. Such a machine is available as a monthly lease rental of ₹6 lacs.
3. An outsourcing agency offer to perform the cutting and spun bonding at a rate of ₹6 per unit if the order size is less than 10,000 units, and at a rate of ₹5 per unit of the order size is above 10,000 units. The maximum monthly order which such agency can serve is 20,000 units
4. The same outsourcing agency also offers to perform stitching and finishing process but with a maximum limit of 12,000 units during months period. For this, they will charge a uniform rate of ₹15 per unit.

In the same meeting the Quality Head mentioned that 1,000 units of KN-95 produced are found defective, which neither can be sold (even at subsidies rate) due to strict guidelines by the regulator nor can be reworked/ reprocessed. CEO is curious to know the loss if a defect is discovered at end of the cutting and spun bonding process/ at end of the stitching and finishing process.

Required

You are chief management accountant of GSPL. CEO asks you to draft a report addressing her with ADVISE on–

(i) Assessment of opportunities available for GSPL (considering its current strategic position), while countering the related threats.

(ii) Core competencies, which GSPL possess and can be exploits as Critical Success Factors to gain competitive advantage.

(iii) Viability of each option available with her based upon ideas from division heads and innovation team. Consider each option an independent scenario from others and presume defect is identified at end of the cutting and spun bonding process.

(iv) The cost of poor quality in both the possible cases.

The supporting calculations shall be shown at relevant places in report itself.

Solution

Report

Addressed to;
Office of CEO,
Gupta Surgical Products Limited (GSPL).
Dated – 04th Jan 2023

Report to assist management decisions of strategic importance regarding cost, pertaining to GSPL and FMD (in light of dynamics of the business environment emerging due to outbreak of COVID-19)

(i) Opportunities and related threats

In order to assess the strategic position, one among the major analytical tools is SWOT analysis. Strengths and weaknesses are internally generated, whereas opportunities and threats are emerging from the business environment external to the business boundary. Opportunities and threats are systemic in nature, usually uncontrollable, but can be responded. The length of opportunities and threats depends upon an event (continuing or once-in-while) and series of activities trailing to those events. The outbreak of COVID-19 is also one such event which impact the GSPL significantly because of the nature of business.

Enhanced market demand without the extra cost of advertisement – GSPL is a growing company, but completion too. Amidst the stiff competition, GSPL can see out-break of COVID-19 as an opportunity to sell more and more products. No doubt competitors will try hard to capture the significant share of enhanced market, but GSPL has the advantage of **cost leadership** which make their product affordable in the strategic segment in which they deal (KN-95, if we talk about mask specifically).

One can say enhanced demand is not permanent and it possesses severe threat, but see the option 2, 3, and 4 available, they all are such a nature where not capital cost involved. Machines are taken on lease or task is outsourced (no doubt length of lease and out-source agreement need to be decided carefully).

Another the threat which can be a highlight that the Government themselves is promoting the use of home-made mask too. KN-95 mask is approved by the regulator, ISO certified and recommended by WHO, whereas such a home-made mask obviously not.

Another threat, which can be considered that cheaper masks are also available despite that do not fall in segment (KN-95) in which GSPL deals, still apart from the counter the argument stated in the above point; GSPL can build their market by advertising the feature of 'truly washable' which make KN-95 actually reusable, and it's clinically proved. The reusable nature makes it further cheaper.

It's important here to note the cost leadership is also limited to relevant strategic segment not necessary to the entire market.

Easy availability of credit – GSPL is already considering the enhancement of capacity but finding it difficult due to the adverse effect of borrowing on financial leverage. Announcement from the ministry of finance, regarding schemes of easy credit, credit without guarantee, interest subvention and moratorium, exemption from statutory contribution, and deferment of duties and taxes for surgical equipment manufacturer are opportunities and well in time because the problem of reducing margin can also be addressed while enhancing the capacity without any adverse leverage effect. It is important to consider the length and eligibility criteria of these benefits.

(ii) **Core competencies as Critical Success Factors** – Core Competency is a unique proposition which help firm to stand ahead in the industry by serving value to its customers. Core Competency leads to either **cost leadership or product differentiation**, which is the primary source for a firm to gain **competitive advantage**.

The following are the core competencies which may help the GSPL to gain the **cost leadership position** (to cut down cost where possible, because GSPL is charging ₹90 which is on the lower side the rest of the competitors price which ranges between ₹100 to 105) to attain competitive advantage (enhanced market share).

- **Latest technology** – Division head of FMD said in the meeting itself the FMD (concerned division here) is equipped with the latest technology in order to manufacture the KN-95 mask.
- **Knowledge** – Knowledge is a key resource. Being the initial players who start manufacturing of surgical equipment, GSPL must have a wide knowledge of the industry. Being the oldest manufacturer of KN-95, the mask also possesses certain knowledge about products which capable of putting them ahead of others.
- **Well established marketing network and wider reach** – GSPL is only privilege surgical equipment company which has its chain of own exclusive stores, which are selling products of GSPL; apart from a tie-up with the medical and chemist shops across the nation for sale of their products.
- **Professional management, who know the products well** – Be it promoter or current CEO, being medical professionals are capable to understand the technical dimensions of the product, which place them in a better position to make correct choices/decision.
- **Skilled workforce** – Division head of FMD said in the meeting itself the FMD (concerned division here) is equipped with skilled staff which manufactures the KN-95 mask.
- **Clinically tested that it 'Truly Washable'** – The feature of being truly washable (that even after a wash, if dried in sunlight for 5 minutes it will be resorted to using with the same efficiency as of new mask) is clinically proven in the case of GSPL only.

Note – Availability of credit is not a core competency because this benefit is available to all surgical equipment manufacturers. Similarly recommended by WHO is also not a core competency because, this is plus to all KN-95 mask manufacturers. (External factors are systemic in nature).

(iii) **Viability of options available** (based upon ideas from division heads and innovation team) – the available options can be classified into two categories, options 1 and 2 are related to **process re-engineering** or **automation**; while options 3 and 4 are related to **outsourcing.** 1 and 3 are related to cutting and spun bonding process, whereas 2 and 4 are related to stitching and finishing process.

In order to access the viability of each such option the concept of the **bottleneck (theory of constraints)** and **throughput contribution** is relevant. Currently, the monthly production and sale are one lac units against the monthly capacity of 1,15,000 units (1,13,850 units after considering defective units) in the cutting and spun bonding process and 1,00,000 units in the stitching and finishing process. Hence the stitching and finishing process is bottleneck and operational at maximum possible capacity.

Automation Related

Auto cutting of fiber sheet – The cutting and spun bonding the process is not bottleneck activity, thus has spare capacity of 13,850 units after excluding defective products, it's not making sense to automate the process to enhance capacity further. **Hence it not advised to install the machine.**

Note – If defective units are 1,000 against the current production of 1,00,000 units, then against the production of 1,15,000 units, the defective units will be 1,150. Which means units get through the cutting and spun bonding process are 1,13,850 (1,15,000-1,150).

Automatic thermal bonding machine – Since the stitching and finishing process is the bottleneck activity, and operational at full capacity, hence any option to enhance capacity for which demand is available in the market at price more than relevant cost to be incurred; must be accepted. Since there is net monetary benefit of ₹92,500 (see table below), hence taking **automatic thermal bonding machine on lease is highly advisable.**

Statement of Cost-Benefit

Particulars	₹
Incremental Revenue* × (13,850 @ ₹90)	12,46,500
Less: Incremental Cost (material cost)(13,850 @ ₹40)	5,54,000
Less: Monthly Rental of Machine	6,00,000
Net Benefit	92,500

**Presuming additional sale will take place at the same price.*

Since the capacity of the cutting and spun bonding process is limited to 1,13,850 units (after considering defects), hence enhancing the capacity of stitching and finishing process beyond such 1,13,850 units is not worth. So, the machine will result in only 13,850 additional unit, if cutting and spun bonding process, hold status quo.

Outsourcing

Cutting and spun bonding process – The cutting and spun bonding process is not a bottleneck activity, thus already has spare capacity of 13,850 units, it's not making sense to outsource some of the unit to enhance to capacity further. Given become irrelevant in case. **Hence it not advised to outsource.**

Stitching and finishing process – Since the stitching and finishing process is the bottleneck activity, and currently operating at full capacity, hence any option to enhance capacity for which demand is available in the market at a price more than the relevant cost to be incurred; must be accepted. Since there is net monetary benefit of ₹4,20,000 (see table below), hence **outsourcing of 12,000 units for the stitching and finishing process is highly advisable.** Non-monetary implication of outsourcing can be considered.

Statement of Cost-Benefit

Particulars	₹
Incremental Revenue* (12,000 @ ₹90)	10,80,000
Less: Incremental Cost (material cost) (12,000 @ ₹40)	4,80,000
Less: Cost pertaining to outsourcing (12,000 @ ₹15)	1,80,000
Net Benefits	4,20,000

**Presuming additional sale will take place at the same price.*

(iv) **Cost of poor quality** – The cost of poor quality due to **non-conformance to quality**. This includes the cost of internal and external failures. The **defect which can't be repaired and sold at a reduced price is known as scrap** and loss due to scrap covered under internal failure cost.

If the defect is discovered at the end of cutting and spun bonding process

Against the 1,000 units of KN-95, which found defective at end of cutting and spun bonding process, material required to produce another 1,000 units of KN-95 shall be introduced to the cutting and spun bonding process; because cutting and spun bonding process has a spare capacity of 15,000 units beyond the

current level of production (Cutting and spun bonding process has a capacity of 1,15,000 units against the current production of 1,00,000). Hence additional 1,000 units can be processed but this cause cost equal to material cost (the only variable cost).

Hence in this way amount of loss will be ₹40,000/- i.e., (1,000 units @ ₹40 each)

If the defect is discovered at the end of stitching and finishing process.

The 1,000 units of KN-95, which found defective at end of the stitching and finishing process, will result in loss of revenue (throughput contribution and cost of material); because the stitching and finishing process is a bottleneck activity, which currently operational at maximum capacity. Since only 1,00,000 units on monthly basis can be processed in stitching and finishing process at maximum, hence identification of defective (causing scrap, because non-repairable and non capable of being sold at a reduced price) 1,000 units will result in only 99,000 units of KN-95 available for sale.

Hence, the amount of loss will be ₹90,000/- i.e. (1,000 units @ ₹90 each (since cost of material (40) and throughput contribution (50) already included in this 90 hence become irrelevant individually).

Further details can be tabled on a requisition basis.

Closure of Report

Chief Management Accountant,
Gupta Surgical Products Limited

ANNOUNCEMENT

MEGA CA STUDENTS' CONFERENCE - ERNAKULAM

Dates: 11th & 12th January 2023 | **Venue:** Gokulam Convention Centre, Kaloor, Ernakulam

Organized by: SSEB, Board of Studies-Operations, ICAI

Hosted by: Ernakulam Branch of SIRC of ICAI and Ernakulam Branch of SICASA of ICAI

Theme: " Dyuthi – Your Moment to Shine"

Day 1	
9.30 AM TO 11.00 AM	**Technical Session: I: Topic: Auditing-**Audit in Competitive Bidding; CAAT: The New Age of Auditing; Forensic Audit as a Part of Corporate Insolvency Resolution Process.
11.00 AM TO 11.45 AM	**Inaugural Session**
11.45 AM TO 12.15 PM	**Special Session: I: Interaction with SSEB, Board of Studies- Operations, ICAI.**
12.15 PM TO 01.00 PM	**Motivational Session: I**
02.00 PM TO 03.30 PM	**Technical Session: II: Topics: Indirect Tax-** GST in Banking sector and GST on Forex; E-way bill and E-invoices: Future Forward; Appeal mechanism under GST.
03.15 PM TO 04.30 PM	**Special Session: II**
Day 2	
09.30 AM TO 11.00 AM	**Technical Session: III: Topic: World at 2022-** The Revolution called UPI; Code of Ethics: Necessity in Professional Life; Self-driven Vehicles and Drones: The Future of Transportation.
11.00 AM TO 12.00 NOON	**Special Session: III**
12.00 NOON TO 01.30 PM	**Technical Session: IV: Topic: Strategic Management** -Strategic Business Unit Structure – The Key to Corporate Success; Corporate Culture: Ally or Obstacle to Strategy Execution? Process Innovation and BPR (Business Process Reengineering).
02.30 PM TO 04.00 PM	**Technical Session: V: Topic: Information Technology-** Metaverse and VR: A Driving Factor for Social Skills or Isolation?; CBDC – The Indian Currency in Digital Form; Intelligence Automation for Business Efficiency.
04.00 PM TO 04.45 PM	**Motivational Session: II**

Students Eligible to attend the Students Conference: Students who have registered as Intermediate Students/ Students who are pursuing their articleship Training/ Students who have completed their Practical Training but could not qualify their final examinations may attend the conference till next one year from the date of completion of Practical Training. (Foundation Students and Students who have completed one year beyond their articleship training period will not be eligible to register for these Conferences).

Registration fees	₹500 per student	Accommodation (if required) @ ₹1000 /- per student per day (Extra).
Payment Mode	**https://bosactivities.icai.org**	

CA. Sushil Kumar Goyal, Conference Chairman & Chairman, SSEB, BoS-(Operations), ICAI; **CA. Sridhar Muppala,** Conference Co-Chairman & Vice-Chairman, SSEB, BoS-(Operations), ICAI; **CA. Cotha S. Srinivas,** Conference Director & Central Council Member, ICAI; **CA. Jose K.V.,** Chairman, Ernakulam Branch of SIRC of ICAI; **CA. Suresh G.,** Chairman, Ernakulam Branch of SICASA of ICAI as Conference Coordinators.

CROSSWORD SOLUTION – DECEMBER 2022

[1]A	[2]M	[3]O	R	[4]T	[5]I	Z	[6]A	[7]T	[8]I	[9]O	[10]N
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[53]A	B	S	O	R	P	T	I	O	N		D

INCOME TAX LAW: A CAPSULE FOR QUICK RECAP

This Capsule on Income-tax law attempts to give an overview of the provisions relating to tax deduction at source, advance tax and tax collection at source, as amended by the Finance Act, 2022, to the extent included in the syllabus of Intermediate Paper 4A: Income-tax Law and relevant for May 2023 examination. These provisions are contained in Chapter 9 of Module 3 of the May 2022 edition of the Study Material of Intermediate Paper 4A Income-tax Law.

CHAPTER 9: ADVANCE TAX, TDS AND INTRODUCTION TO TCS

I. TAX DEDUCTION AT SOURCE						
Section	**Nature of payment**	**Threshold Limit for deduction of tax at source**	**Payer**	**Payee**	**Rate of TDS**	**Time of deduction**
192	Salary	Basic exemption limit (₹2,50,000 / ₹3,00,000, as the case may be). This is taken care of in computation of the average rate of income-tax.	Any person responsible for paying any income chargeable under the head "Salaries"	Individual (Employee)	**Average rate of income-tax** computed on the basis of the **rates in force (or) the rates specified in section 115BAC**, if intimated by the employee	At the time of payment (payt)[1]
192A	Premature withdrawal from EPF	Payt or aggregate payt ≥ **₹50,000**	Trustees of the EPF Scheme or any authorised person under the Scheme	Individual (Employee)	**10% [In case of failure to furnish PAN, TDS@ Maximum Marginal Rate]**	At the time of payt
193	Interest on securities	**> ₹10,000 in a F.Y.,** in case of interest on 8% Savings (Taxable) Bonds, 2003/ 7.75% Savings (Taxable) Bonds, 2018. **> ₹5,000 in a F.Y.,** in case of interest on debentures issued by a Co. in which the public are substantially interested, paid or credited to a resident individual or HUF by an A/c payee cheque. **> No threshold specified in any other case.**	Any person responsible for paying any income by way of interest on securities	Any resident	**10%**	At the time of credit of such income to the a/c of the payee or at the time of payt, whichever is earlier.
194	Dividend (including dividend on preference shares)	**> ₹5,000 in a F.Y.,** in case of dividend paid or credited to an individual shareholder by any mode other than cash **> No threshold in other cases**	The Principal Officer of a domestic company	Resident shareholder	**10%**	Before making any payt by any mode in respect of any dividend or before making any distribution or payt of dividend.
194A	Interest other than interest on securities	**> ₹40,000 in a F.Y.,** in case of interest credited or paid by – (i) a banking company; (ii) a co-operative society engaged in banking business; and (iii) a post office on any deposit under a notified scheme. In all the above cases, **if payee is a resident senior citizen,** tax deduction limit is **> ₹50,000.** > ₹5,000 in a F.Y., in other cases.	Any person **(other than an individual or HUF whose total sales, gross receipts or turnover ≤ ₹1 crore in case of business or ₹50 lakhs in case of profession during the immediately preceding F.Y.)** responsible for paying interest other than interest on securities.	Any Resident	**10%**	At the time of credit of such income to the a/c of the payee or at the time of payt, whichever is earlier.
194B	Winnings from any lottery, crossword puzzle or card game or other game of any sort	**> ₹10,000**	The person responsible for paying income by way of such winnings	Any Person	**30%**	At the time of payt

[1]Except in case of TDS on perquisite of ESOP provided by eligible start-up

Section	Nature of payment	Threshold Limit for deduction of tax at source	Payer	Payee	Rate of TDS	Time of deduction
194BB	Winnings from horse race	> ₹10,000	Book Maker or a person holding licence for horse racing or for arranging for wagering or betting in any race course.	Any Person	30%	At the time of payt
194C	Payts to Contractors	Single sum credited or paid > ₹30,000 (or) The aggregate of sums credited or paid to a contractor during the F.Y. > ₹1,00,000 Individual/HUF need not deduct tax where sum is credited or paid exclusively for personal purposes	Central/State Govt., Local authority, Central/State/ Provincial Corpn., company, firm, trust, registered society, co-operative society, university estd under Central/ State/ Provincial Act, declared university under the UGC Act, Govt. of Foreign State or a foreign enterprise, Individual/ HUF whose total sales, gross receipts or turnover > ₹1 crore in case of business or ₹50 lakhs in case of profession during the immediately preceding F.Y.	Any Resident contractor for carrying out any work (including supply of labour)	1% of sum paid or credited, if the payee is an Individual or HUF 2% of sum paid or credited, if the payee is any other person.	At the time of credit of such sum to the a/c of the contractor or at the time of payt, whichever is earlier.
194D	Insurance Commission	> ₹15,000 in a F.Y.	Any person responsible for paying any income by way of remuneration or reward for soliciting or procuring insurance business	Any Resident	5%	At the time of credit of such income to the a/c of the payee or at the time of payt, whichever is earlier.
194DA	Any sum under a Life Insurance Policy	≥ ₹1,00,000 (aggregate amt of payt to a payee in a F.Y.)	Any person responsible for paying any sum under a LIP, including the sum allocated by way of bonus	Any Resident	5% of the amt of income comprised	At the time of payt
194E	Payt to non-resident (NR) sportsmen or sports associations of income referred to in section 115BBA	-	Any person responsible for making the payt	NR sportsman (including an athelete) or entertainer who is not a citizen of India or NR sports association or institution	20.8% (including health and education cess@4%)	At the time of credit of such income to the a/c of the payee or at the time of payt, whichever is earlier.
194EE	Payt of deposit under NSS	≥ ₹2,500 in a F.Y.	Any person responsible for paying	Individual or HUF	10%	At the time of payt
194G	Commission on sale of lottery tickets	> ₹15,000 in a F.Y.	Any person responsible for paying any income by way of commission, remuneration or prize on lottery tickets	Any person stocking, distributing, purchasing or selling lottery tickets	5%	At the time of credit of such income to the a/c of the payee or at the time of payt, whichever is earlier.
194H	Commission or brokerage	> ₹15,000 in a F.Y.	Any person (other than an individual or HUF whose total sales, gross receipts or turnover ≤ ₹1 crore in case of business or ₹50 lakhs in case of profession during the immediately preceding F.Y.) responsible for paying commission or brokerage.	Any resident	5%	At the time of credit of such income to the a/c of the payee or at the time of payt, whichever is earlier.

Section	Nature of payment	Threshold Limit for deduction of tax at source	Payer	Payee	Rate of TDS	Time of deduction
194-I	Rent	**> ₹2,40,000 in a F.Y.**	Any person (other than an individual or HUF whose total sales, gross receipts or turnover ≤ ₹1 crore in case of business or ₹50 lakhs in case of profession during the immediately preceding F.Y.) responsible for paying rent.	Any resident	**For P & M or equipment - 2%** **For land or building, land appurtenant to a building, furniture or fittings -10%**	At the time of credit of such income to the a/c of the payee or at the time of payt, whichever is earlier.
194-IA	Payt on transfer of certain immovable property other than agricultural land	**≥ ₹50 lakh (Consideration (considn) for transfer or stamp duty value)**	Any person, being a transferee (other than a person referred to in section 194LA responsible for paying compensation for compulsory acquisition of immovable property other than rural agricultural land)	Resident transferor	**1%** of considn for transfer or stamp duty value, whichever is higher	At the time of credit of such sum to the a/c of the transferor or at the time of payt, whichever is earlier.
194-IB	Payt of rent by certain individuals or HUF	**> ₹50,000 for a month or part of a month**	Individual/ HUF (other than Individual/HUF whose total sales, gross receipts or turnover > ₹1 crore in case of business or ₹50 lakhs in case of profession during the immediately preceding F.Y.) responsible for paying rent.	Any Resident	**5%**	**At the time of credit of rent, for the last month of the P.Y. or the last month of tenancy, if the property is vacated during the year,** as the case may be, to the a/c of the payee or **at the time of payt, whichever is earlier**
194-IC	Payt under specified agreement (agmt) referred to in section 45(5A)	No threshold specified.	Any person responsible for paying any sum by way of considn, not being considn in kind, under a registered agmt, wherein L or B or both are handed over by the owner for developmt of real estate project, for a considn, being a share in L or B or both in such project, with payt of part considn in cash.	Any Resident	**10%**	At the time of credit of such income to the a/c of the payee or at the time of payt, whichever is earlier.
194J	Fees for professional services or technical services(FPS/FTS)/ Royalty/ Non-compete fees/Director's remuneration	**> ₹30,000 in a F.Y., for each category of income. (However, this limit does not apply in case of payt made to director of a company).**	Any person, other than an individual or HUF; However, in case of FPS or FTS paid or credited, an individual/HUF, whose total sales, gross receipts or turnover > ₹1 crore in case of business or ₹50 lakhs in case of profession during the immediately preceding F.Y., is liable to deduct tax u/s 194J, except where FPS is credited or paid exclusively for his personal purposes.	Any Resident	**2%** - Payee engaged only in the business of operation of call centre. **2%** - In case of FTS or royalty, where such royalty is in the nature of consideration for sale, distribution or exhibition of cinematographic films **10%** - Other payts	At the time of credit of such sum to the a/c of the payee or at the time of payt, whichever is earlier.

Section	Nature of payment	Threshold Limit for deduction of tax at source	Payer	Payee	Rate of TDS	Time of deduction
194K	Income on units other than in the nature of capital gains	**> ₹5,000 in a F.Y.**	Any person responsible for paying any income in respect of units of a mutual fund/ Administrator of the specified undertaking/ specified company	Any resident	**10%**	At the time of credit of such sum to the a/c of the payee or at the time of payt, whichever is earlier.
194LA	Compensation on acquisition of certain immovable property other than agricultural land	**> ₹2,50,000 in a F.Y.**	Any person responsible for paying any sum in the nature of compensation or enhanced compensation on compulsory acquisition of immovable property	Any Resident	**10%**	At the time of payt
194M	-Payts to Contractors -Commission or brokerage - Fees for professional services	**> ₹50,00,000 in a F.Y.**	Individual or HUF other than those who are required to deduct tax at source u/s 194C or 194H or 194J	Any Resident	**5%**	At the time of credit of such sum to the a/c of the payee or at the time of payt, whichever is earlier.
194N	Cash withdrawals	**> ₹1 crore**	**- a banking company or any bank or banking institution** **- a co-operative society engaged in carrying on the business of banking or** **- a post office** who is responsible for paying any sum, being **the amt or the aggregate of amts, as the case may be, in cash exceeding ₹1 crore during the P.Y.**, to any person from one or more accounts maintained by the recipient	Any person	**@2% of such sum** In case the recipient **has not filed ROI for all the 3 immediately preceding P.Y.s,** for which time limit u/s 139(1) has expired, such sum shall be **the amt or agg. of amts, in cash > ₹20 lakh during the P.Y.** TDS **- @2% of the sum, where cash withdrawal > ₹20 lakhs but ≤ ₹1 crore** **- @5% of sum, where cash withdrawal > ₹1 crore**	At the time of payt of such sum
194O	Sale considn or considn for services facilitated through digital electronic facility platform	**> ₹5 lakhs**, being gross amt of sales or service or both in a financial year to an e-commerce participant, being individual or HUF and such e-commerce participant has furnished PAN or Aadhar number to the e-commerce operator **> No threshold in other cases**	E-commerce operator, who facilitates sale of goods or provision of services of an e-commerce participant through digital or electronic facility or platform	E-commerce participant	**1%** of gross amt of sale or service or both **[In case of failure to furnish PAN, Maximum TDS@5%]**	At the time of credit of amt. of sale or services or both to the a/c of an e-commerce participant or at the time of payt, whichever is earlier.
194P	Pension (along with interest on bank account)	**Basic exemption limit** (₹3,00,000/ ₹5,00,000, as the case be) [i.e., total income after giving effect to the dedn allowable under Chapter VI-A > the basic exemption limit. Further, in case the individual is entitled to rebate u/s 87A from tax payable then the same should be given effect to]	Notified specified bank	Specified senior citizen i.e., An individual, being a resident in India, who - is of the age of 75 years or more at any time during the P.Y.; - is having pension income and no other income except interest income received or receivable from any a/c maintained by such individual in the same specified bank in which he is receiving the pension income; and - has furnished a declaration to the specified bank.	**Rates in force**	

Section	Nature of payment	Threshold Limit for deduction of tax at source	Payer	Payee	Rate of TDS	Time of deduction
194Q	Purchase of goods	**> ₹50 lakhs in a P.Y.**	Buyer, who is responsible for paying any sum for purchase of goods. Buyer means a person whose total sales, gross receipts or turnover from business > ₹10 crores during the F.Y. immediately preceding the F.Y. in which the purchase of goods is carried out.	Any resident	**0.1% of sum > ₹50 lakhs**	At the time of credit of such sum to the a/c of the seller or at the time of payt, whichever is earlier.
194R	Any benefit or perquisite, whether convertible into money or not, arising from business or the exercise of a profession	**Value or aggregate of value of benefit or perquisite > ₹20,000 in a F.Y.**	Any person (other than an individual or HUF whose total sales, gross receipts or turnover ≤ ₹1 crore in case of business or ₹50 lakhs in case of profession during the immediately preceding F.Y.) responsible for providing to a resident, any benefit or perquisite. In case of a company, "person responsible for paying" means company itself including the Principal Officer thereof.	Any resident	**10% of value or aggregate of value of benefit or perquisite**	Before providing such benefit or perquisite
206AA	Section 206AA requires furnishing of PAN by the deductee to the deductor, failing which the deductor has to deduct tax at the **higher of the following rates, namely, -** **(i) at the rate specified in the relevant provision of the Income-tax Act, 1961; or** **(ii) at the rate or rates in force; or** **(iii) at the rate of 20% and in case of section 194-O and 194Q, 5%.**					
206AB	Section 206AB requires tax to be deducted at source on any sum or income or amt paid or payable or credited, by a person to a specified person, **at higher of the following rates –** **(i) at twice the rate specified in the relevant provision of the Act;** **(ii) at twice the rate or rates in force i.e., the rate mentioned in the Finance Act; or** **(iii) at 5%.** However, section 206AB is **not** applicable in case of tax deductible at source u/s 192, 192A, 194B, 194BB, 194-IA, 194-IB, 194M or 194N. **Meaning of "specified person"** – A person who has **not** furnished the ROI for the A.Y. relevant to the P.Y. immediately preceding the F.Y. in which tax is required to be deducted, for which the time limit for furnishing the return of income u/s 139(1) has expired, and the agg. of tax deducted at source and tax collected at source in his case is ₹50,000 or more in the said P.Y. However, the specified person does not include a non-resident who does not have a PE in India. In case the provisions of section 206AA are also applicable to the specified person, in addition to the provisions of this section, then, tax is required to be deducted at higher of the two rates provided in section 206AA and section 206AB.					

II. ADVANCE PAYMENT OF TAX

Liability for payment of advance tax [Sections 207 & 208]

- Tax shall be payable in advance during any F.Y. in respect of the total income (TI) of the assessee which would be chargeable to tax for the A.Y. immediately following that F.Y.
- **Advance tax is payable** during a F.Y. in every case where the amt of such **tax payable** by the assessee during the year **is ₹10,000 or more.**
- However, **an individual resident in India of the age of 60 years or more** at any time during the P.Y., who **does not have any income chargeable under PGBP, is not liable to pay advance tax.**

Instalments of advance tax and due dates [Section 211]

Advance tax payment schedule for corporates and non-corporates (other than an assessee computing profits on presumptive basis u/s 44AD or section 44ADA) – Four instalments

Due date of instalment	Amt payable
On or before **15th June**	Not less than **15%** of advance tax liability.
On or before **15th September**	Not less than **45%** of advance tax liability (-) amt paid in earlier instalment.
On or before **15th December**	Not less than **75%** of advance tax liability (-) amt paid in earlier instalment or instalments.
On or before **15th March**	The whole amt of advance tax liability (-) amt paid in earlier instalment or instalments.

Advance tax payment by assessees computing profits on presumptive basis u/s 44AD(1) or section 44ADA(1)

An eligible assessee, opting for computation of profits or gains of business or profession on presumptive basis in respect of eligible business referred to in section 44AD(1) or in respect of eligible profession referred to in section 44ADA(1), shall be required to pay advance tax of the whole amt **on or before 15th March of the F.Y.** However, any amt paid by way of advance tax **on or before 31st March** shall also be treated as advance tax paid during the F.Y. ending on that day.

Interest for defaults in payment of advance tax [Section 234B]	
(1)	Interest u/s 234B is attracted for **non-payment of advance tax or payt of advance tax of an amt less than 90% of assessed tax.**
(2)	The interest liability would be **1% per month or part of the month from 1st April following the F.Y. upto the date of determination of TI u/s 143(1)** and where regular assessment is made, upto the date of such regular assessment.
(3)	Such interest is calculated on the amt of **difference between the assessed tax and the advance tax paid.**
(4)	**"Assessed tax"** means the **tax on TI determined u/s 143(1) or under regular assessment** *less* **TDS & TCS, any relief of tax allowed u/s 89, any tax credit** allowed to be set off in accordance with **the provisions of section 115JD.** Tax on the TI determined u/s 143(1) shall not include the additional income-tax, if any, payable u/s 140B.
(5)	Where self-assessment tax is paid by the assessee u/s 140A or otherwise, interest shall be calculated upto the date of payt of such tax and reduced by the interest, if any, paid u/s 140A towards the interest chargeable under this section. Thereafter, interest shall be calculated @1% on the amt by which the tax so paid together with the advance tax paid falls short of the assessed tax.

Interest for deferment of advance tax [Section 234C]

(a) **Manner of computation of interest u/s 234C for deferment of advance tax by corporate and non-corporate assessees:**
In case an assessee, other than an assessee who declares profits and gains in accordance with the provisions of section 44AD(1) or section 44ADA(1), who is liable to pay advance tax u/s 208 has failed to pay such tax or the advance tax paid by such assessee on its current income on or before the dates specified in column (1) below is less than the specified percentage [given in column (2) below] of tax due on returned income, then simple interest@1% per month for the period specified in column (4) on the amt of shortfall, as per column (3) is leviable u/s 234C.

Specified date	Specified %	Shortfall in advance tax	Period
(1)	(2)	(3)	(4)
15th June	**15%**	15% of tax due on returned income (-) advance tax paid up to 15th June	**3 months**
15th September	**45%**	45% of tax due on returned income (-) advance tax paid up to 15th September	**3 months**
15th December	**75%**	75% of tax due on returned income (-) advance tax paid up to 15th December	**3 months**
15th March	**100%**	100% of tax due on returned income (-) advance tax paid up to 15th March	**1 month**

Note *– However,* ***if the advance tax paid by the assessee on the current income, on or before 15th June or 15th September, is not less than 12% or 36%*** *of the tax due on the returned income, respectively, then,* ***the assessee shall not be liable to pay any interest*** *on the amt of the shortfall on those dates.*
Tax due on returned income *= Tax chargeable on TI declared in the return of income – TDS – TCS - any relief of tax allowed u/s 89 - any tax credit allowed to be set off in accordance with section 115JD.*

(b) **Computation of interest u/s 234C in case of an assessee who declares profits and gains in accordance with the provisions of section 44AD(1) or 44ADA(1):**
In case an assessee who declares profits and gains in accordance with the provisions of section 44AD(1) or 44ADA(1), who is liable to pay advance tax u/s 208 has –
- failed to pay such tax or
- the advance tax paid by the assessee on its current income **on or before 15th March** is less than the tax due on the returned income, then, the assessee shall be liable to pay **simple interest at the rate of 1%** on the amt of the shortfall from the tax due on the returned income.

(c) **Non-applicability of interest u/s 234C in certain cases:**
Interest u/s 234C shall **not** be leviable in respect of any shortfall in payt of tax due on returned income, where **such shortfall** is on a/c of **under-estimate or failure to estimate –**
(i) the amt of **capital gains;**
(ii) income of nature referred to in section 2(24)(ix) i.e., **winnings from lotteries, crossword puzzles etc.;**
(iii) **income under the head "PGBP" in cases where the income accrues or arises under the said head for the first time;**
(iv) the amt of **dividend income u/s 2(22)(a)/(b)/(c)/(d).**
However, the assessee should have **paid the whole of the amt of tax payable** in respect of such income referred to in (i), (ii), (iii) and (iv), as the case may be, had such income been a part of the TI, **as part of the remaining instalments of advance tax which are due or where no such instalments are due, by 31st March of the F.Y.**

III. TAX COLLECTION AT SOURCE [SECTION 206C]

(a) **Sale of certain goods [Section 206C(1)]** - Sellers of certain goods are required to collect tax from the buyers at the specified rates. The specified percentage for collection of tax at source is as follows:

	Nature of Goods	Percentage
(i)	Alcoholic liquor for human consumption	1%
(ii)	Tendu leaves	5%
(iii)	Timber obtained under a forest lease	2.5%
(iv)	Timber obtained by any mode other than (iii)	2.5%
(v)	Any other forest produce not being timber or tendu leaves	2.5%
(vi)	Scrap	1%
(vii)	Minerals, being coal or lignite or iron ore	1%

However, no collection of tax shall be made in the case of a resident buyer, if such buyer furnishes a declaration in writing in duplicate to the effect that goods are to be utilised for the purpose of manufacturing, processing or producing articles or things or for the purposes of generation of power and not for trading purposes **[Section 206C(1A)]**

(b) **Lease or a licence of parking lot, toll plaza or mine or a quarry [Section 206C(1C)]** - Every person who grants a lease or a licence or enters into a contract or otherwise transfers any right or interest in any
- parking lot or
- toll plaza or
- a mine or a quarry

to another person (other than a public sector company) for the use of such parking lot or toll plaza or mine or quarry for the purposes of business. The tax shall be collected as provided, from the licensee or lessee of any such licence, contract or lease of the specified nature, at the rate of **2%**, at the time of debiting of the amt payable by the licensee or lessee to his account or at the time of receipt of such amt from the licensee or lessee in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier.

(c) **Sale of motor vehicle of value exceeding ₹10 lakhs [Section 206C(1F)]** - Every person, being a seller, who receives any amt as considn **for sale of a motor vehicle of the value exceeding ₹10 lakhs,** shall, at the time of receipt of such amt, collect tax from the buyer**@1%** of the sale considn.

(d) **Overseas remittance or an overseas tour package [Section 206C(1G)]** - Every person,
- **being an authorized dealer, who receives amt under the Liberalised Remittance Scheme of the RBI for overseas remittance from a buyer,** being a person remitting such amt out of India,
- **being seller of an overseas tour programme package who receives any amt from the buyer who purchases the package**

has to **collect tax** at the rate of **5%** of such amt at the time of debiting of the amt payable by the buyer or at the time of receipt of such amt from the said buyer by any mode, whichever is earlier.

Rate of TCS in case of collection by an authorized dealer

S. No.	Amt and purpose of remittance	Rate of TCS
(i)	(a)Where the amt **is remitted for a purpose other than purchase of overseas tour program package; and** (b) the amt or aggregate of the amts being remitted by a buyer **is less than ₹7 lakhs in a F.Y.**	**Nil** (No tax to be collected at source)
(ii)	(a)Where the amt is remitted for a purpose **other than purchase of overseas tour program package; and** (b)the amt or aggregate of the **amts in excess of ₹7 lakhs is remitted by the buyer in a F.Y.**	**5% of the amt or agg. of amts > ₹7 lakh**
(iii)	(a)Where the amt being remitted out is **a loan obtained from any financial institution as defined in section 80E, for the purpose of pursuing any education; and** (b)the amt or aggregate of the **amts in excess of ₹7 lakhs is remitted by the buyer in a F.Y.**	**0.5% of the amt or agg. of amts > ₹7 lakh**

Cases where no tax is to be collected

(i)	No TCS by the authorized dealer on an amt in respect of which the sum has been collected by the seller
(ii)	No TCS, if the buyer is liable to deduct tax at source under any other provision of the Act and has deducted such tax
(iii)	No TCS, if the buyer is the Central Govt, a State Govt, an embassy, a High Commission, a legation, a commission, a consulate, the trade representation of a foreign State, a local authority or any other person notified by the Central Govt, subject to fulfillment of conditions stipulated thereunder. Accordingly, the CBDT has notified that the provisions of section 206C(1G) would not apply to a person (being a buyer) who is a non-resident in terms of section 6 and does not have a PE in India.

(e) **Sale of goods of value exceeding ₹50 lakhs [Section 206C(1H)]** - Every person, being **a seller, who receives any amt as consideration for sale of goods of the value exceeding ₹50 lakhs in a P.Y.,** other than exported goods or goods covered in (a)/(c)/(d)], is required to collect tax at source, at the time of receipt of such amt, **@0.1%** of the sale consideration **exceeding ₹50 lakhs.**
However, tax is not required to be collected if the buyer is liable to deduct tax at source under any other provision of the Act on the goods purchased by him from the seller and has deducted such tax.

(f) In case of **non-furnishing of PAN [PAN or Aadhar number in case of section 206C(1H)]** by the collectee to the collector, tax is required to be collected at the higher of –
(i) twice the rate specified in the relevant provisions of the Act; or
(ii) 5% [1%, in case tax is required to be collected at source u/s 206C(1H)]. [Section 206CC]
The provisions of section 206CC does **not** apply to a non-resident who does not have a permanent establishment in India.

(g) Section 206CCA requires tax to be collected at source on any sum or amt received by a person from a specified person, **at higher of the following rates –**
(i) at twice the rate prescribed in the relevant provision of the Act; or
(ii) at 5%
Meaning of "specified person" – A person who has **not** furnished the ROI for the A.Y. relevant to the P.Y. immediately preceding the F.Y. in which tax is required to be collected, for which the time limit for furnishing the return of income u/s 139(1) has expired, and the agg. of tax deducted at source and tax collected at source in his case is ₹50,000 or more in the said P.Y.
However, the specified person does not include a non-resident who does not have a PE in India.
In case the provisions of section 206CC are also applicable to the specified person, in addition to the provisions of this section, then, tax is required to be collected at higher of the two rates provided in section 206CC and section 206CCA.

FOUNDATION-PAPER 2A-BUSINESS LAWS

This capsule on Paper 2A: Business Laws at Foundation level covers the concepts of the Limited Liability Partnership Act, 2008 which is Chapter 4 of this paper. It covers significant concepts explained in graspable manner for rational understanding of legal provisions. This will help the student to understand and retain the important aspects of the legal provisions. This capsule is, in fact are short notes which aids to revise the chapter in the examination condition and can be referred a day before examination. This is relevant for the May 2023 examination.

CHAPTER 4: LIMITED LIABILITY PARTNERSHIP ACT, 2008

I. LIMITED LIABILITY PARTNERSHIP- MEANING AND CONCEPT

1.

- New form of legal business entity with limited liability
- Alternative corporate business vehicle
- Allows the partners the flexibility of organising their internal stucture
- LLP itself will be liable for the full extent of its assets
- Liability of the partners will be limited

2. Important Definitions

(i) Body Corporate [Section 2(d)]

It means a company as defined in clause (20) of section 2 of the Companies Act, 2013 and **includes**

- a LLP registered under this Act;
- a LLP incorporated outside India; and
- a company incorporated outside India

but does **not** include

- a corporation sole;
- a co-operative society registered under any law for the time being in force; and
- any other body corporate (not being a company as defined in clause (20) of section 2 of the Companies Act, 2013 or a LLP as defined in this Act), which the Central Government may, by notification in the Official Gazette, specify in this behalf.

(ii) Business [Section 2(e)]

"Business" includes

- every trade,
- profession,
- service and
- occupation
- except any activity which the Central Government may, by notification, exclude.

(iii) Designated Partner [Section 2(j)]

"Designated partner" means → any partner designated as such pursuant to section 7.

(iv) Foreign LLP [Section 2(m)]

Foreign LLP means LLP → formed, / incorporated or / registered → Outside India → which establishes a place of business within India.

(v) Limited Liability Partnership [Section 2(n)]:

LLP means → a partnership formed and registered under LLP Act, 2008.

(vi) LLP Agreement [Section 2(o)]:

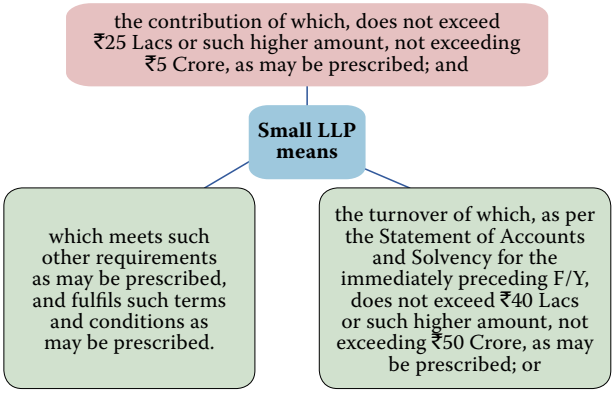
Any written agreement → between the partners of the LLP; or / between the LLP and its partners → which determines the mutual rights and duties of the partners and / their rights and duties in relation to that LLP

(vii) Partner [Section 2(q)]

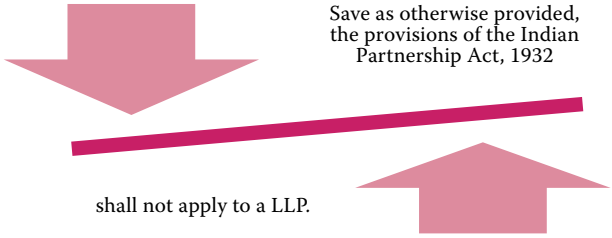
Partner, in relation to a LLP

- means any person who becomes a partner in the LLP
- in accordance with the LLP agreement

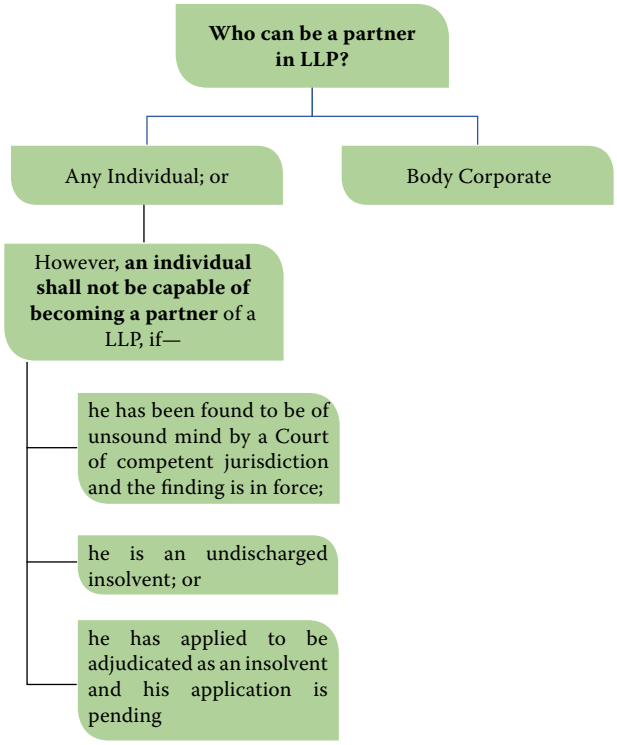
(viii) Small Limited Liability Partnership [Section 2(ta)]



3. Non-applicability of the Indian Partnership Act, 1932

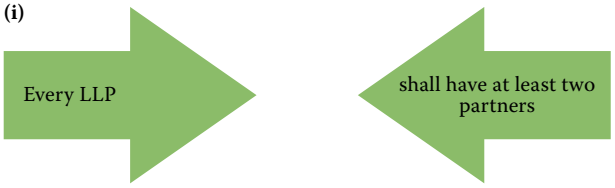


4. Partners (Section 5)

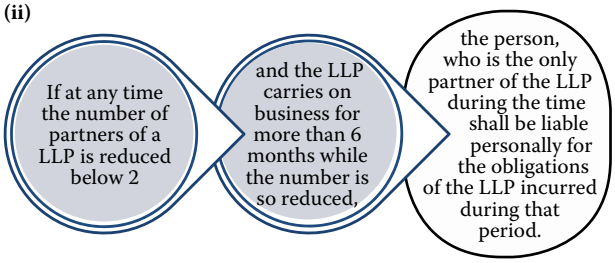


5. Minimum number of partners (Section 6)

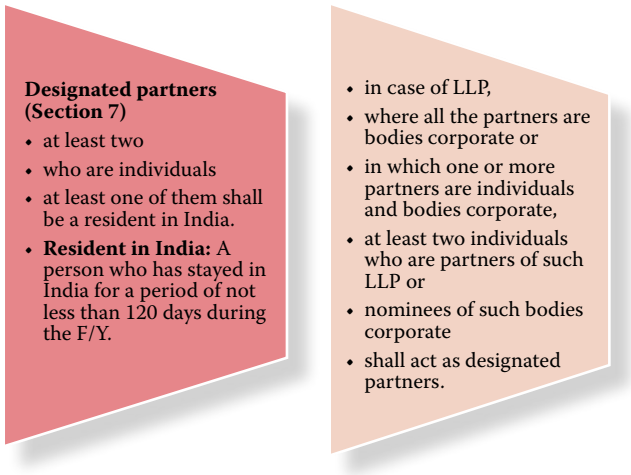
(i)



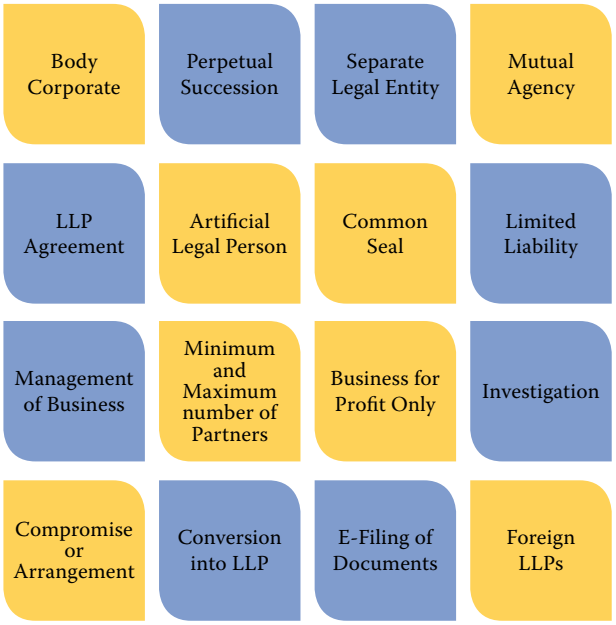
(ii)



6. Designated partners (Section 7)



7. Characteristic of LLP



8. Advantages of LLP form

- is organized and operates on the basis of an agreement
- provides flexibility without imposing detailed legal and procedural requirements
- easy to form
- all partners enjoy limited liability
- flexible capital structure
- easy to dissolve

II. INCORPORATION OF LLP

1. Incorporation Document (Section 11)

Incorporation document	Two or more persons associated for carrying on a lawful business with a view to profit shall subscribe their names to an incorporation document; • The incorporation document shall be filed in such manner and with such fees, as may be prescribed with the Registrar of the State in which the registered office of the LLP is to be situated; and **Statement to be filed:** ➢ There shall be filed along with the incorporation document, a statement in the prescribed form, ➢ Made by either an advocate, or a Company Secretary or a Chartered Accountant or a Cost Accountant, who is engaged in the formation of the LLP and ➢ By any one who subscribed his name to the incorporation document, ➢ That all the requirements of this Act and the rules made thereunder have been complied with, ➢ In respect of incorporation and matters precedent and incidental thereto.
	● The incorporation document shall— • be in a form as may be prescribed; • state the name of the LLP; • state the proposed business of the LLP; • state the address of the registered office of the LLP; • state the name and address of each of the persons who are to be partners of the LLP on incorporation; • state the name and address of the persons who are to be designated partners of the LLP on incorporation; • contain such other information concerning the proposed LLP as may be prescribed.
	● If a person makes a statement as discussed above which he— • knows to be false; or • does not believe to be true, shall be punishable ➢ with imprisonment for a term which may extend to 2 years and ➢ with fine which shall not be less than ₹10,000 but which may extend to ₹5 Lakhs.

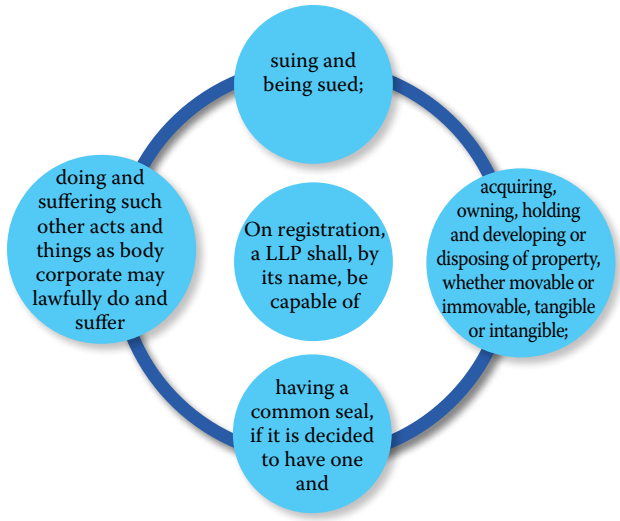
2. Incorporation by registration (Section 12)

- The Registrar shall retain the incorporation document and shall, within a period of 14 days—
  - register the incorporation document; and
  - give a certificate that the LLP is incorporated by the name specified therein.
- The certificate issued shall be signed by the Registrar and authenticated by his official seal.
- The certificate shall be conclusive evidence that the LLP is incorporated by the name specified therein

3. Registered office of LLP and change therein (Section 13)

Registered office	Manner of sending	Change in Registered office	Default
• All communications and notices may be addressed and shall be received.	• by post under a certificate of posting or • by registered post or • by any other manner	• change the place of its registered office and • file the notice of such change • with the Registrar in such form and manner and • subject to such conditions as may be prescribed and • any such change shall take effect only upon such filing.	• LLP and its every partner • shall be liable to a penalty of ₹500 for each day during which the default continues, • subject to a maximum of ₹50,000

4. Effect of registration (Section 14):



5. Name (Section 15)

Every limited liability partnership shall have either the words as the last words of its name.

"limited liability partnership" or

the acronym "LLP"

No LLP shall be registered by a name which, in the opinion of the Central Government is—

undesirable; or

identical or too nearly resembles to that of any other limited liability partnership or a company or a registered trade mark of any other person under the Trade Marks Act, 1999.

6. Reservation of name (Section 16)

A person may apply in such form and manner and accompanied by such fee as may be prescribed to the Registrar for the reservation of a name set out in the application as—

- name of a proposed LLP; or
- name to which a LLP proposes to change its name.

Registrar may, if he is satisfied, subject to the rules prescribed by the Central Government in the matter

- that the name to be reserved is not one which may be rejected on any ground
- reserve the name for a period of 3 months from the date of intimation by the Registrar.

III. PARTNERS AND THEIR RELATIONS

1. Eligibility to be partners (Section 22)

On the incorporation of a LLP, partner shall be

- the persons who subscribed their names to the incorporation document and
- any other person by and in accordance with the LLP agreement.

2. Cessation of partnership interest (Section 24)

(i)

A person may cease to be a partner of a LLP

- in accordance with an agreement with the other partners or,
- in the absence of agreement with the other partners, by giving a notice in writing of not less than 30 days to the other partners of his intention to resign as partner.

(ii)

A person shall cease to be a partner of a LLP—

- on his death or dissolution of the LLP; or
- if he has applied to be adjudged as an insolvent or declared as an insolvent.
- if he is declared to be of unsound mind by a competent court; or

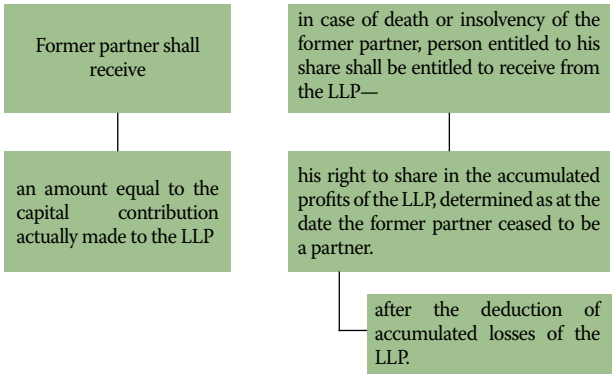
(iii)

Former partner is to be regarded as still being a partner of the LLP unless—	the person has notice that the former partner has ceased to be a partner of the LLP; or
	notice that the former partner has ceased to be a partner of the LLP has been delivered to the Registrar.

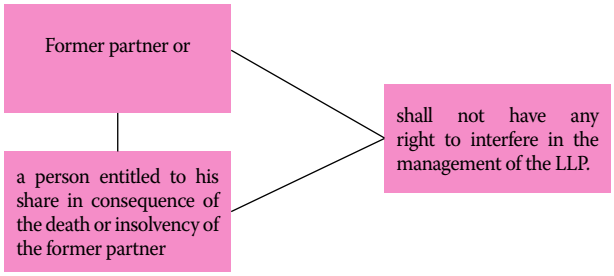
(iv)

The former partner is not discharged from any obligation to the LLP or to the other partners or to any other person which he incurred while being a partner.

(v)

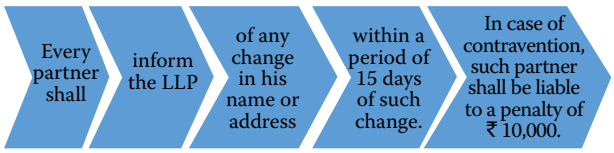


(vi)



3. Registration of changes in partners (Section 25):

(i)



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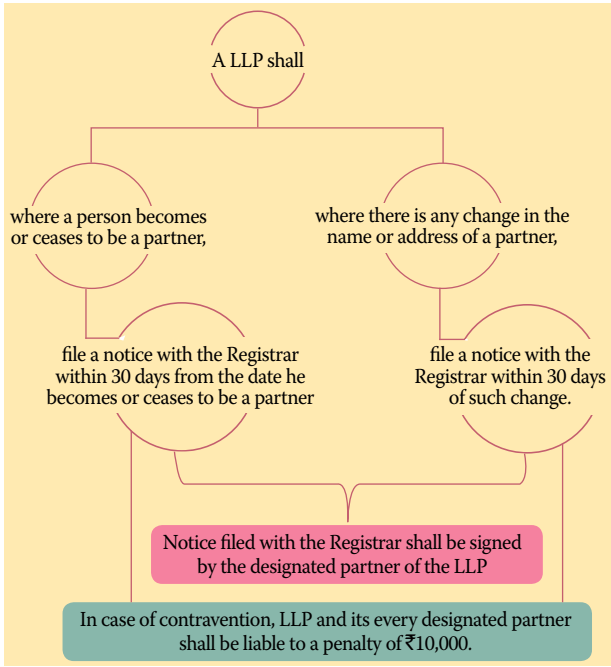
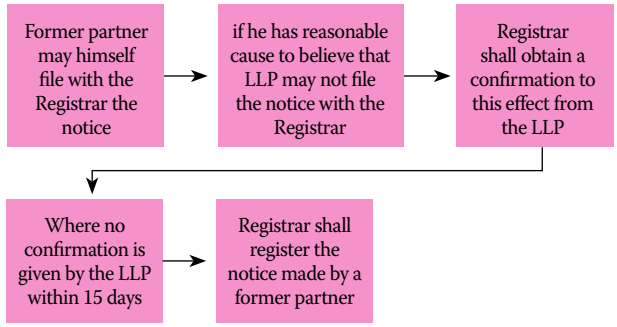


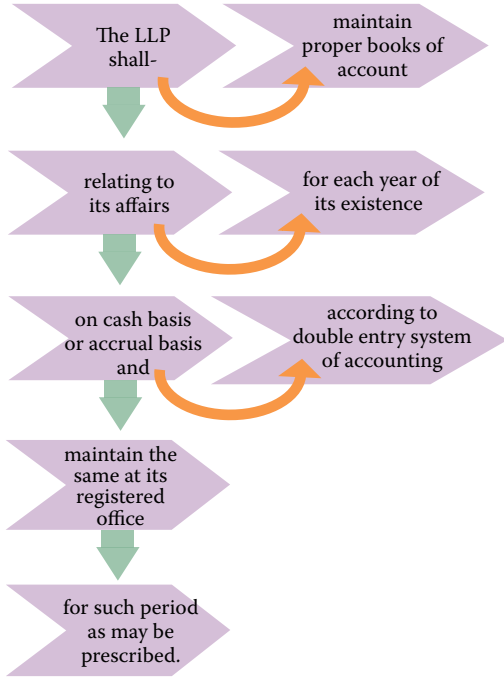
(iii)



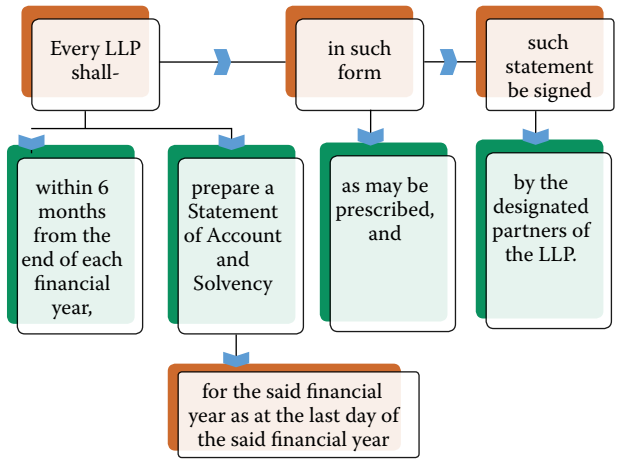
IV. FINANCIAL DISCLOSURES

1. Maintenance of books of account, other records and audit, etc. (Section 34)

(i)



(ii)



(iii)

Every LLP shall file

- within the prescribed time,
- the Statement of Account and Solvency as prepared
- with the Registrar
- every year
- in such form and manner
- and accompanied by such fees as may be prescribed

The accounts of LLP shall be audited in accordance with prescribed rules.

The CG may, exempt any class /s of LLP from the requirements by notification in the Official Gazette.

(iv)

Any LLP which fails to comply the provisions related to the filing of Statement of Account and Solvency-

Such LLP and its designated partners-

- shall be liable to a penalty of ₹100 for each day during which such failure continues,
- subject to a maximum of ₹1 lakh for the LLP and
- ₹50,000 for every designated partner.

(v)

Any LLP which fails to comply with the provisions of sub-section (1), sub-section (2) and sub-section (4),

such LLP shall be punishable with fine -not less than ₹25,000, but may extend to ₹5 lakh,

its every designated partner shall be punishable with fine- not less than ₹10,000, but may extend to ₹1 lakh.

2. Annual return (Section 35):

Every LLP shall file an annual return

duly authenticated with the Registrar

within 60 days of closure of its financial year.

V. WINDING UP AND DISSOLUTION

(i)

The winding up of an LLP may be either

voluntary

or by the Tribunal

(ii)

Circumstances in which LLP may be wound up by Tribunal

- if the LLP decides;
- if, for a period of more than six months, the number of partners of the LLP is reduced below two;
- if the LLP is unable to pay its debts;
- if the LLP has acted against the interests of the sovereignty and integrity of India, the security of the State or public order;
- if the LLP has made a default in filing with the Registrar the Statement of Account and Solvency or annual return for any 5 consecutive financial years; or
- if the Tribunal is of the opinion that it is just and equitable that the LLP be wound up.

ANNOUNCEMENT

The Next Advanced ICITSS - Adv. IT Test – **Computer Based Test (CBT)** will be conducted as per following date.

Test Dates	21-Jan-2023	25-Feb-2023	25-Mar-2023
Eligibility Criteria i.e., Advanced ICITSS – Advanced IT course to be completed on/before	21-Dec-2022	25-Jan-2023	10-Mar-2023
Commencement of submission of examination application forms	02-Jan-2023	06-Feb-2023	06-Mar-2023
Last date for submission of online examination application forms:	06-Jan-2023	10-Feb-2023	10-Mar-2023

The test will be conducted both for AICITSS – IT Old and New Course.
Please visit https://resource.cdn.icai.org/72194exam271122.pdf for further details.

Additional Secretary (Examinations)

MEGA CA STUDENTS CONFERENCE- RANCHI
Dates: 05th & 06th January 2023
Venue: Mayuri Auditorium, CMPDI, Kanke Road, Ranchi-08 | **Organized by:** SSEB, Board of Studies-(Operations), ICAI
Hosted by: Ranchi Branch of CIRC of ICAI & Ranchi Branch of CICASA of ICAI
Theme: " मंथन -Churning the Ideas"

Day 1	
8:30 AM To 9:30 AM	**Registration and Breakfast**
9:30 AM To 11:00 AM	**Technical Session: I: Topic: Good and Simple Tax-GST-** Input Tax Credit; Departmental Audit & Inspection; E-Invoicing.
11:00 AM To 12:00 NOON	**Inaugural Session**
12:00 NOON To 1:00 PM	**Special Session: I:** Interaction with SSEB , Board of Studies- Operations, ICAI
2:00 PM To 3:00 PM	**Special Session: II: Topic:- "Success Stories of CA's or Opportunities in Abroad"**
3:00 PM To 4:30 PM	**Technical Session: II: Topic: Role of CAs in 5 trillion Economy-** Raising funds for start-up – crowd funding, venture capital, private equity; Analysis of an Indian Unicorn Club Startup & Common Jargon used in Start up; Journey of Wealth Creation through Equity Market.
4:45 PM onwards	**Special Session: III SAGA FIESTA**
Day 2	
10:00 AM To 11:30 AM	**Technical Session: III: Topic: Information Technology-**ABCD - Artificial Intelligence/Block Chain/Cyber Security/ Data Analytics (Use in Accounts and Audit); Digital Rupee (₹) and its Economic Aspects; Future of Audit in digital era.
11:30 AM To 01:00 PM	**Technical Session: IV: Topic: Direct Tax-** Registration & Taxation of Trust & Society; Faceless Assessment under Income Tax & Section 148A; Tax Planning, Tax Avoidance & Tax Evasion.
01:00 PM To 02:00 PM	**Special Session: IV: Motivational Session by Who I am? A tweeter, quitter, or hitter.**
03:00 PM To 04:00 PM	**Special Session: IV: Moot Court**
04:00 PM To 5:30 PM	**Technical Session:V : Topic: Audit & Assurance-** CARO 2020 & Auditing Standards; Forensic Accounting - Contemporary issues & way forward; Approach on Remote Auditing - Role and Precautions.

Students Eligible to attend the Students Conference: Students who have registered as Intermediate Students/ Students who are pursuing their Articleship Training/ Students who have completed their Practical Training but could not qualify their final examinations may attend the conference till next one year from the date of completion of Practical Training. (Foundation Students and Students who have completed one year beyond their Articleship training period will not be eligible to register for these Conferences).

Registration fees	₹500 per student	Accommodation (if required) @₹1000 /- per student per day (Extra)
Payment Mode	**https://bosactivities.icai.org**	

CA. Sushil Kumar Goyal, Conference Chairman & Chairman, SSEB, BoS-(Operations), ICAI; **CA. Sridhar Muppala,** Conference Co-Chairman & Vice-Chairman, SSEB, BoS-(Operations), ICAI; **CA. Abhay Kumar Chhajed,** Conference Director & Central Council Member, ICAI; **CA. Prabhat Kumar,** Chairman, Ranchi Branch of CIRC of ICAI; **CA. Nishant Modi,** Chairman, Ranchi Branch of CICASA of ICAI as Conference Coordinators.

MEGA CA STUDENTS CONFERENCE- AHMEDNAGAR
Dates: 06th & 07th January 2023 | **Venue:** Ahmednagar Branch, Opp. Nakshatra Lawns, Burudgaon Road ,Ahmednagar – 414001
Organized by: SSEB, Board of Studies-(Operations), ICAI
Hosted by: Ahmednagar Branch of WIRC of ICAI & Ahmednagar Branch of WICASA of ICAI
Theme: "ज्ञानमंथन " - Reflection of Knowledge

Day 1	
09.30 to 10.00 AM	**Inaugural Session**
10.00 to 11.45 AM	**Technical Session: I: Topic: Cash Flow with the AS 3-** Different Methods of Cash Flow Statement; Practical Comparison with Theoretical AS; Reporting of Cash Flow Statements in case of Company.
11.45 to 12.45 PM	**Special Session: I:** Interaction with SSEB, Board of Studies- Operations, ICAI.
12.45 to 02.00 PM	**Special Session: II: Topic: Production of Positive Externality with help of Entrepreneurship.**
03.00 to 04.15 PM	**Technical Session: II: Topic: Prevention of Money Laundering Act (PMLA)-** Corporate Social Responsibilities (CSR); Benami Act; PMLA.
04.15 to 05.30 PM	**Motivational session: I: Topic: How to Convert Failure into success.**
Day 2	
10.00 to 11.30AM	**Technical Session: III: Topic: Tax Planning, Tax Avoidance, Tax Evasion-** Appeals & Revision & Assessment; Facilitation of Taxpayers as well as Taxation System; Different Challenges Related to Taxation.
11.30 to 12.30 PM	**Motivational Session: II: Topic: Future & opportunities after becoming a CA,** Career After CA, Relation of CA & Public Services, Success Story from CA to IAS.
12.30 to 01.45 PM	**Technical session: IV Topic: GST – Good & Simple tax bane – or boon? Format of GST suitable to India?** - GST – Good & Simple Tax – Bane or Boon?; Format of GST – Suitable to India?; E-Commerce & GST: Issues & Way Forward.
02.30 to 04.00 PM	**Special Session: V: Topic: Role of CA's in 5 Trillion Economy & AKAM.**

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Registration fees	₹600/- per student	Accommodation @ ₹1000 per student per day
Payment Mode	Link on the Students Activity Portal: **https://bosactivities.icai.org/**	

CA. Sushil Kumar Goyal, Conference Chairman & Chairman, SSEB, BoS-(Operations), ICAI; **CA. Sridhar Muppala,** Conference Co-Chairman & Vice-Chairman, SSEB, BoS-(Operations), ICAI; **CA. Umesh Ramnarayan Sharma & CA. Piyush Sohanrajji Chhajed,** Conference Directors & Central Council Members, ICAI; **CA. Pawan Kumar Darak,** Chairman, Ahmednagar Branch of WIRC of ICAI; **CA. Dnyaneshwar Kale,** Chairman, Ahmednagar Branch of WICASA of ICAI as Conference Coordinators.

MEGA CA STUDENT'S CONFERENCE-MUZAFFARNAGAR

Dates: 07th & 08th January, 2023 | **Venue:** - Vrindavan Gardan, Bhopa Road, Muzaffarnagar NCR—251001

Organized by: - SSEB, Board of Studies-(Operations), ICAI

Hosted by: Muzaffarnagar Branch of CIRC of ICAI & Muzaffarnagar Branch of CICASA of ICAI

Theme: - नवोदय - Navigating the Future

Day 1	
09:00 AM to 10:00 AM	**Registration, Distribution of Kits**
10:00 AM to 11:00 AM	**Technical Session: I: Topic: Direct Tax-** Income based Taxation V/s Expense based Taxation; Taxation of Digital Assets; Faceless regime under Taxation Law.
11:00 AM to 12:00 NOON	**Inaugural Session**
12:00 NOON to 01:00 PM	**Special Session: I:** Interaction with Chairman and Vice Chairman, SSEB, Board of Studies-(Operations), ICAI.
2:00 PM to 03:00 PM	**Special Session :II: Topic-** Role of CA s in Transforming India and USP of CA profession compared to other similar Professions.
3:00 PM to 04:00 PM	**Technical Session: II: Topic: Corporate Law-** LLP v/s Companies in the light of Ease of doing Business; Safeguard of Investors' interest through Insolvency & Bankruptcy Code; Opportunities for CAs in Corporate Social Responsibility (CSR).
4:00 PM to 05:00 PM	**Special Session: III: Topic :** How can Capital Market contribute to $ 5 Trillion growth story of India.
5:00 PM to 06:00 PM	**Technical Session: III: Topic: Embracing Technology for sustainable growth-** Digital Rupee (₹) and its Economic Aspects; AI in Accounting Profession; Managing Security Risk in Today's Digital Era.
Day 2	
10:00 AM to 11:00 AM	**Technical Session: IV: Topic: Indirect Tax-** Taxation of E-Commerce Transactions; E-Invoicing under GST; Analysis and Reconciliation of Books and GST Returns.
11:00 AM to 12:00 Noon	**Special Session: IV:** How to maintain balance between Office Work and CA Exam
12:00 Noon to 1:00 PM	**Technical Session: V: Topic: Accounting Standard-** Future of Audit in Digital Era; AQMM (Audit Quality Maturity Model) -An initiative to enhance the Audit Quality; Forensic Accounting-Contemporary issues & way forward.
02:00 PM to 03:00 PM	**Special Session: IV: Topic:** Entrepreneurship - Role of CAs in Start-up Growth Story

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Registration fees	₹300 Per Student, Registration on First cum First Serve Basis (Limited Seats)
Payment Mode	Link on the Students Activity Portal: https://bosactivities.icai.org

CA. Sushil Kumar Goyal, Conference Chairman & Chairman, SSEB, BoS-(Operations), ICAI; **CA. Sridhar Muppala,** Conference Co-Chairman & Vice-Chairman, SSEB, BoS-(Operations), ICAI; **CA. Anuj Goel,** Conference Director & Central Council Member, ICAI; **CA. Nitin Agarwal,** Chairman, Muzaffarnagar Branch of CIRC of ICAI; **CA. Sunil Kumar,** Chairman, Muzaffarnagar Branch of CICASA of ICAI as Conference Coordinators.

MEGA CA STUDENTS CONFERENCE

Dates: 07th & 08th January 2023 | **Venue:** Mahatma Gandhi Auditorium, Civic Centre Bhilai | **Organized by:** SSEB, Board of Studies-(Operations), ICAI

Hosted by: Bhilai Branch Jointly with Raipur and Bilaspur Branch of CIRC of ICAI & CICASA of ICAI

Theme: "अध्याय - Chapters to Create"

Day 1	
10.00 AM to 10.30 AM	**Inaugural Session**
10.30 AM to 11.15 AM	**Special Session: I:** Interaction with SSEB, Board of Studies- Operations, ICAI
11.15 AM to 12:00 PM	**Special Session: II: Topic: Digitalization and Its importance in being a successful professional**
12.00 PM to 01.00 PM	**Technical Session: I: Topic: Technology-** Fintech technology: Uses and Impact on professionals; Impact of Digital Currency on the economy?; Use of digital technology for the growing professional network.
01:00 PM to 01:40 PM	**Special Session: III: Topic: Career Opportunities and Success Stories.**
02.30 PM to 03:30 PM	**Technical Session: II: Topic: Direct Tax-** Digital Economy and Its taxability; Opportunities and Challenges due to E Proceedings; Analysis of Section 194Q, 206C(1H), 206AB & 206CCA.
03.30 PM to 04.15 PM	**Special Session: IV: Topic: Meet with CA Toppers and Rankers**
04:15 PM TO 05:15 PM	**Special Session: V: Session Speaker: CA Raman Jokhakar- Topic:** Ideas@75 - Opportunities for professionals using Interpersonal skills and High Performance.
Day 2	
10.00 AM to 11.00 Am	**Technical Session: III: Topic: Goods and Services Tax-** GSTN Portal – Experiences and Issues Faced by Taxpayer; Frequent amendments in GST – Need of the hour; GST – Seamless Input tax Credit a reality check.
11:00 AM to 12.00 PM	**Special Session: VI: Topic: Talk Lounge II with Darshan Sankhla (Entrepreneur, Motivational Speaker, and Influencer).**
12.00 PM to 01:00 PM	**Special Session: VII: Topic:** Resilience and reinvention during CA Journey.
01:00 PM to 01:30 PM	**Special Session: VIII: Topic: Meet with Rankers and Achievers**
02:15 PM to 03:15 PM	**Technical Session: IV: Topic: Company Law and Audit-**Analysis of CARO (2020); Key analysis of Standard on Auditing of SA 700, SA 701, SA 720; Analysis of Revised Schedule III (Companies Act 2013)
03:15 to 04:15 PM	**Special Session: IX: Topic: Opportunities and Revenue Model in Stock Market.**
04:15 PM to 05:00 PM	**Motivational Session: Topic: How Bhagwat Gita's Philosophy can be used for implementing its spiritual precepts for everyday life.**

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Registration fees	₹300 per student till 25th December 2022; ₹500 per student after 25th December 2022	Accommodation (if required) @ Rs. 1200 per student per day.
Payment Mode	Link on the Students Activity Portal: **https://bosactivities.icai.org/**	

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The Institute of Chartered Accountants of India

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FOUR WEEKS RESIDENTIAL PROGRAMME ON PROFESSIONAL SKILLS DEVELOPMENT

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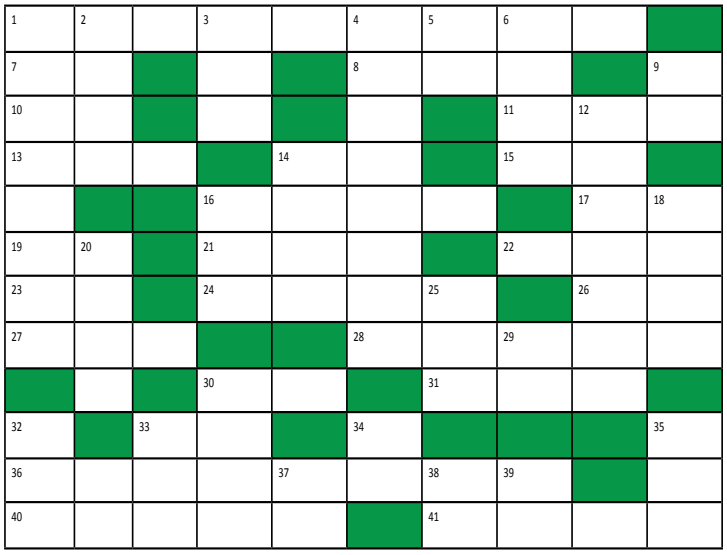

ACROSS

1. ____ laws are the broad group of state and federal laws that are designed to make sure businesses are competing fairly.
7. Used for emphasis or expressing surprise.
8. One of the five regional commissions under the jurisdiction of the United Nations.
10. Used to create time-series objects
11. A legal document provided by the bunker (Fuel oil supplier) party to a cargo ship
13. A form of computer memory that can be read and changed in any order,
14. Limit of a series of things or period of time
15. ____is the stage name of Lee Ji Eun, a popular South Korean singer
16. A Chinese electronics firm founded by Shen Wei in 2009.
17. The study of how people interact within groups and its principles are used to make businesses operate more effectively.
19. Focuses on organizing, structuring, and labeling content in an effective and sustainable way.
21. An American global markets company.
22. Abbre: Central Police Organization
23. Abbre: Supreme Court
24. A member of a group of vascular plants that reproduce via spores and have neither seeds nor flowers.
26. ___ is used to talk about a situation when the object is placed above or outside something else
27. An agreement between a business owner and an alternative finance company.
28. To stop refusing to do something or to obey somebody
30. The westernmost province of Canada
31. he best NGO in India that works towards creating happier and healthier childhoods for underprivileged children.
33. A programming language created by John Backus
36. A lower price than usual
40. A platform for creators and their communities to build their own independent digital economies
41. Score is licensed by the Reserve Bank of India.

DOWNWARD

1. The fact of caring about the needs and happiness of other people more than your own
2. An independent agency of the US federal government responsible for the civil space program,
3. An index that indicates the performance of various industrial sectors of the Indian economy.
4. Getting back something that was lost,
5. Browser is a web browser developed by mobile internet company UCWeb,
6. A statutory body and a market regulator, which controls the securities market in India.
9. An intergovernmental organization whose stated purposes are to maintain international peace and security,
12. A situation in which two suppliers dominate the market for a commodity or service.
14. The __ command runs the specified program command with the given arguments
16. The standard file format for storing variation data
18. A fixed-income investment that represents a loan made by an investor to a borrower,
20. The global body for professional accountants.
25. The nodal agency for the economic and social development of the North Eastern Region.
29. ___ measures portfolio returns and indicates a portfolio manager's ability to generate excess returns relative to a given benchmark
30. A renowned name in India's Oil & Gas sector
32. A U.S. bank-issued certificate representing shares in a foreign company for trade on American stock exchanges.
33. ___ collects, examines, analyses, and reports on physical evidence submitted in criminal cases.
34. A political and economic union of 27 countries.
35. An international organization that promotes global economic growth and financial stability
37. Used specially to express exasperation or dismay
38. A state in the South-eastern region of the United States.
39. An American technology company headquartered in Dallas, Texas, that designs and manufactures semiconductors

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