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HYDERABAD CIRCUIT

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A News Magazine from the Hyderabad Chapter of
The Institute of Cost Accountants of India

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Stepping into Leadership:

Embracing the responsibilities of the Chairperson's seat. Newly Elected Chairperson CMA Hima Vidya Sanagavarapu along with newly elected Co-committee members, Central Council Member, Regional Council Members

Newly Elected Managing Committee Members of the ICMAI-Hyderabad Chapter



CMA Hima Vidya Sanagavarapu
Chairperson



CMA Lavanya Kanduri
Vice Chairperson



CMA Khaja Jalal Uddin
Secretary



CMA D. Venkata Ram Babu
Treasurer



CMA Musunuri Bala Krishna
Member



CMA L.N. Sruthi Kanigalpula
Member



CMA Kirti Agarwal
Member



CMA N. Ganesh
Member



CMA E.V. Usha Rani
Member

Behind every successful business decisions, there is always a **CMA**

 **The Chairperson**
writes to you



Dear Esteemed Members,

I hope that my message as Chairperson (recently elected) for our dear HCCA finds you in good health and spirits. As Chairperson of the Hyderabad Chapter, I am penning this message to you all with immense happiness coupled with a profound sense of responsibility. I place on record my deep condolences on passing away of our very senior professionals - CMA SVS Sarma-Past Chairman, HCCA - CMA PAP Murthy, Past Chairman of HCCA & SIRC of ICMAI - CMA Dr. P.V.S. Jagan Mohan Rao - Past Chairman of HCCA & SIRC of ICMAI and Past Central Council Member. Above eminent professionals rendered great services to our Hyderabad Chapter. I express my sincere gratitude for your love & support and belief in my leadership abilities. I feel inspired and motivated by your confidence in me. I dedicate myself to serve you and our beloved HCCA to the best of my abilities.

I am deeply privileged to have been entrusted with this honourable stature. It is an exciting opportunity for me to work alongside each one of you in moving forward towards achieving collective goals and objectives. Together I am sure, we can accomplish commendable tasks. It is my commitment to lead our esteemed chapter with integrity, dedication and transparency.

Let me extend my hearty congratulations to all the new Management Committee members on their Election to Management Committee. My hearty Respects to all other Contestant-members; appreciate their hard work. I firmly believe that success is determined by the cooperation and trust from all our members. Again the success is based on collaboration, communication and futuristic vision. Consequently, I strongly suggest that each one of you take part actively, share your ideas and engage with each other. The collective wisdom and expertise of all our members will surely help us, overcome challenges, in seizing opportunities and in achieving our shared goals as we move forward together.

In near future, I will be actively collaborating with the Executive team and sub-committees in creating an effective strategic vision. At the earliest we chalkout an action plan with appropriate time lines for our Chapter.

We will prioritize -

1. **Enhancing Professional Development:** We recognize the importance of continuous learning and growth. Accordingly, focus is on initiatives towards identifying professional development opportunities.
2. **Effectiveness of Development of Study Circles & Monitoring their effectiveness.** These circles play a crucial role in sharing knowledge and fostering collaboration. We will work on improving the effectiveness of these circles to provide maximum value to our members and students.
3. **Strengthening Sub-committees:** Our sub-committees are integral to the efficient functioning of our chapter. We will be placing in great efforts to strengthen further these committees; ensuring necessary inputs so that they discharge their respective roles and responsibilities at the optimum level.
4. **Brand Building - Building a strong and reputable brand is essential for our Hyderabad Chapter's success.** We will concentrate on expanding our brand presence and visibility, both internally and externally.
5. **Special Attention on Members' placement with Suitable Employment Opportunities:** Our members' success and well-being are paramount. We will be implementing steps to facilitate members' Job opportunities, we intend to provide support and resources where needed.

I assure you that I keep you informed and will be involved in every step on the way.

I am a firm believer in the power of inclusivity and diversity. Regardless of background, experience, or perspective, every member of our Chapter has a valuable role to play. By ignoring our divergent opinions and with a firm conviction to work together as a cohesive team, we can leverage our collective strengths and to obtain extraordinary benefits in favour of chapter.

Thank you once more for this incredible opportunity to serve as your chairperson. I, look forward to start this journey with all of you in making a positive meaningful difference in the days and years to come.

With warm regards,

CMA Hima Vidya Sanagavarapu
Chairperson, Hyderabad Chapter

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EDITORIAL BOARD

CHAIRPERSON

CMA Dr. Lavanya Kanduri

MENTOR

CMA J.S. Anand, Past Chairman - HCCA

Performance Track

20.01.2024 – Condolence Meeting

We have organised condolence meeting in memory of CMA Dr. P.V.S. Jagan Mohan Rao, Past Chairman of Hyderabad Chapter & SIRC of ICMAI, Past Central Council Member – ICMAI and Past President-SAFA and paid respectful homage to the departed soul.

ACTIVITIES SCORE BOARD

Month (2023-24)	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	Year- to-date
No. of Programs	0	0	0	0	0	0	3	0	0	0	-	-	3
CEP Hours	0	0	0	0	0	0	7	0	0	0	-	-	7

Finance Clips

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FINANCE CLIPS

- **Customs Brokers Licensing Exam:** In alignment with the spirit of Azadi Ka Amrit Mahotsav 2023, the Ministry of Finance has announced the schedule for the Customs Brokers Licensing Examination, 2024. This crucial examination, playing a pivotal role in regulating customs brokerage, is set to take place on March 19, 2024, and for details refer to websites www.cbic.gov.in and www.nacin.gov.in
- **NFRA-Annual Audit checks:** The National Financial Reporting Authority (NFRA) is planning to annually undertake inspections of major audit firms, including the Big Four, to gauge their compliance, seeking to put in place an oversight mechanism of this kind for the first time. The thinking behind this is to discourage auditors and accountants from deviating from stipulated standards and processes, which will eventually help curb corporate fraud vide The Economic Times dated 9-1-2024.
- **Risk-related Reporting requirements:** GASB has issued guidance that requires governments to disclose information about risks related to certain concentrations and constraints. GASB Statement No. 102, Certain Risk Disclosures, defines a concentration as "a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources." It defines a constraint as "a limitation that is imposed by an external party or by formal action of a government's highest level of decision-making authority vide The Journal of Accountancy dated 10-1-2024. • **Internal Audit Standards:** The Institute of Internal Auditors issued a newly updated set of Global Internal Audit Standards on Tuesday, taking effect in January 2025. The previous version, the International Standards for the Professional Practice of Internal Auditing, released in 2017, remains approved for use during a one-year transition period until Jan. 9, 2025 vide Accounting Today dated 9-1-2024.
- **Appointment of Auditors by NFRA:** Request for Proposal for Appointment of CA Firms/LLP/Proprietorship for Compilation & Verification of Books of Accounts and Taxation Matters of (NFRA) and for details refer to www.nfra.gov.in • **Fair lending practices:** RBI has indicated that the revised fair lending practice, which prohibits banks and NBFCs from using penal charges on loan defaults as a revenue enhancement tool, will come into effect from April 1. In a set of frequently asked questions (FAQs), the RBI said that in the case of existing loans as well, the instructions shall come into effect from April 1, 2024, and the switchover to the new penal charges regime shall be ensured on the next review/ renewal date falling on or after April 1, 2024, but not later than June 30, 2024, vide PTI dated 15-1-2024
- **Account statements and chatbot:** Central Depository Services India (CDSL), the country's only listed depository, has launched multi-lingual support for account statements and chatbots in a bid to reach out to a larger audience.

CDSL is the country's largest depository in terms of the number of demat accounts handled at the end of December 2023 vide the Business Standard dated 19-1-2024.

- **Govt notifies accounting, tax, and financial crime compliance services as 'financial services' under IFSCA Act:** The government has notified bookkeeping, accounting, taxation, and financial crime compliance services as financial services under the International Financial Services Centres Authority Act of 2019. As per a government notification dated January 18, the aforementioned services shall qualify as financial services as long as they are offered by units in an International Financial Service Centre regulated by the International Financial Services Centres Authority (IFSCA) to non-residents whose businesses are not formed by the splitting up, reconstruction, or reorganization of a business already in existence in India. Further, the units should not be offering these financial services by transferring or receiving existing contracts from their group entities in India. As per the government notification, financial crime compliance services include services related to complying with Anti-Money Laundering norms, Countering the Financing of Terrorism measures, and Financial Action Task Force recommendations, among others, vide Business Line dated 22-1-2024.
- **ICAI enters MOU with 11 universities:** CA Institute has entered into a Memorandum of Understanding (MoU) with 11 universities and colleges to extend support to the latter on the development of Syllabi, Content Development, Online and recorded lectures and faculty development programs vide the Hindu Business Line dated 22-1-2024.
- **ICSI Training:** ICSI extended the deadline for the compulsory switchover for an additional three months, until March 31, 2024. This provides a last and final opportunity for students under Earlier/Modified Training Structures to fulfill their remaining training requirements and for details refer to www.icsi.org
- **Credit Institutions:** The International Financial Services Centres Authority (IFSCA) recently issued Circular F. No. 172/IFSCA/Finance Company Regulations/2023-24/02 on January 05, 2024. This circular addresses the inclusion of 'Finance Company' and 'Finance Unit' in the category of 'Credit Institution' under the Credit Information Companies (Regulation) Act, 2005.
- **Greenwashing:** Companies in the European Union and globally from this year will have to use new, mandatory disclosures on ESG and climate-related factors in their annual reports for 2024 and onwards. These disclosures will need checking by external auditors as a safeguard against greenwashing vide Reuters dated 29-1-2024.
- **IFSCA Reporting circular:** The International Financial Services Centres Authority (IFSCA) has issued a crucial circular (IFSCA-FMP P0BR/9/2023-Banking) on January 22, 2024, addressing the rerouting of transactions within AD banks and their International Banking Units (IBUs). The circular aims to streamline reporting procedures and prevent the need for rerouting funds credited erroneously to the Nostro account of the Parent bank.

CMA Update

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GENERAL

- **Re-activation of dormant accounts:** The Reserve Bank of India has eased the process of reactivating dormant accounts. The central bank said that activation of such accounts can simply be done by re-submission of know-your-customer (KYC) details across branches including non-home branches. The process can also be done through the video-customer identification process (V-CIP). Banks are not allowed to charge fees for inoperative account activation or penalize non-maintenance of minimum balances vide ET dated 2-1-2023.
- **NRI's IT Return:** The Income Tax (I-T) Department has sent out advisories to non-resident Indians (NRIs), telling them to confirm their high-value transactions in 202223, and for non-filing of their income tax returns (ITRs) vide 2-1-2024 of MINT.
- **Hit & Run accident cases: Hit & Run Accidents:** SC Issues Directions to Ensure Victims Are Informed About Compensation Scheme. It refers to laudable, landmark and latest judgment titled S Rajaseekaran vs Union of India & Ors. in I.A. No.71387 of 2023 in Writ Petition (C) No. 295 of 2012 and cited in Neutral Citation No.: 2024 INSC 37 that was pronounced as recently as on January 12, 2024, has issued most commendable directions to ensure that the victims and their legal representatives in hit and run accident cases are informed about the availability of the compensation scheme and that they are assisted in filing the claims under Section 161 of the Motor Vehicles Act.
- **Solar rooftop on houses:** Modi's first decision after Ayodhya visit - Scheme to install solar rooftops on 1 crore houses.

'Pradhanmantri Suryoday Yojana' with the target of installing solar rooftops on 1 crore houses,". "This will not only reduce the electricity bill of the poor and middle class but will also make India self-reliant in the energy sector," the PM added vide Moneycontrol dated 22-1-2024.

LABOUR

- **CBDC:** To promote the Reserve Bank of India's digital rupee, the state-owned Union Bank of India is planning to transfer claims related to various employee benefit schemes directly to the Central Bank Digital Currency (CBDC) wallet instead of employees' salary accounts. To promote CBDC wallet transactions, banks have been advised to encourage all staff members to transact using digital currency and ensure 100% staff registration in the platform. Initially, the bank plans to credit specific allowances directly to the digital wallet vide Business Lines dated 2-1-2024.
- **Nomination of children for pension:** In a path-breaking decision with far-reaching socio-economic impact, the Centre has allowed woman employees to nominate their son or daughter for family pension, instead of her husband, according to an official statement issued on Monday. Previously, family pension was granted to the spouse of a deceased government servant or pensioner, while other family members became eligible only after the spouse's ineligibility or demise vide PTI dated 29-1-2024.
- **Wage payments under MGNREGS:** Wage payments under the Mahatma Gandhi National Rural Employment Guarantee Scheme will now be done only through the Aadhaar-Based Payment System (ABPS). The sources said it has been conveyed to states that payments will now be made only through the ABPS. The ABPS uses the 12-digit Aadhaar number as a worker's financial address vide Financial Express dated 2-1-2024.
- **NPS Account opening rule:** Central Government Employees can now open National Pension System (NPS) accounts through eNPS, a digital platform. "It (eNPS) facilitates the effortless opening of NPS accounts for the Government employees, empowering them to do so in a paperless, user-friendly manner," according to the master circular recently released by the Pension Fund Regulatory and Development Authority (PFRDA) vide The Economic Times dated 5th Jan, 2024.
- **Pension details:** Retirement fund manager EPFO has extended the deadline till May 31 for employers to upload wage details of those opting for higher pensions to its database vide PTI dated 3-1-2024.

- **Point of presence notification:** The Pension Fund Regulatory and Development Authority (PFRDA) notified the Point of Presence (PoP) Regulations 2023, simplifying the registration process with the objectives of ease of doing business and greater usage of digital mode. With this notification, banks and non-banks can act as PoPs to on-board NPS subscribers. Now, they require only a single Registration for NPS, instead of multiple registrations earlier, and can operate with just one branch with a wider digital presence. The timeline for disposing of applications has been reduced from 60 days to 30 days vide Gazette Notification dated 11-1-2024.
- **Proof for updation/correction of date of birth:** The Employees' Provident Fund Organisation (EPFO), which is part of India's Ministry of Labour and Employment, announced that Aadhaar has been removed from the list of acceptable documents for proof of date of birth (DoB) for correction, updation purposes vide ET dated 17-1-2024.
- **Gratuity forfeiture is conditional:** The case of Union Bank Of India Vs CG Ajay Babu (2018)" is referred to as Civil Appeal No. 8251 OF 2018, which arises from S.L.P. (Civil) No. 3852/2017 delves into the complexities surrounding gratuity forfeiture in the context of employment termination due to misconduct. This decision determined the conditions under which gratuity can be forfeited if an employee is terminated due to misconduct, and the extent to which it can be forfeited and for details refer to www.epfo.gov.in
- **Delayed deposit of employees' contribution:** ITAT Raipur held that delayed deposit of employees share of contribution towards ESI/PF for A.Y. 2018-19 allowed as deduction vide decision given in the case of Parv Buildcon Vs DCIT (ITAT Raipur) Appeal Number: ITA No. 357/RPR/2023.

INDIRECT TAXES

- **Eway Bills sans eInvoice:** According to NIC, the move was initiated after many cases surfaced where the invoice details entered separately under e-way bill and e-invoice were not matching with respect to certain parameters. This is leading to a mismatch in the e-way bill and e-invoice statements. "To avoid such situations, e-way bill

generation will not be allowed without e-invoice details from March 1, 2024," NIC said vide The ET dated 6-1-2024.

- **Apps to cut litigation time:** The Central Board of Indirect Taxes & Customs (CBIC) will roll out an app to alert officials about the timely disposition of tax appeals by tracking all cases under the litigation process. 'Samay', the app will capture all the pending orders across levels from adjudicating officer to the Customs, Excise and Service Tax Appellate Tribunal (Cestat) to High Courts, and reflect the pendency of review orders that are either under process at various levels or awaiting processing at the Commissionerate level. The initiative will greatly reduce the litigation time vide ET dated 10-1-2024.
- **GST on rent:** The Rajasthan bench of the Authority for Advance Rulings has held that GST (Goods and Services Tax) is applicable on the rent if a residential property is used for commercial purposes by a lessee (who is registered for GST purposes) vide TOI dated 18-1-2024.
- **GST Registration:** Purchaser responsible for verifying GST Registration of seller on GST Portal vide decision given in the case of Deputy Assistant Commissioner-1 (ST) Vs Arhaan Ferrous and Non-Ferrous Solutions (P) Ltd. (Supreme Court of India) • **GST on Gift vouchers:** The Madras High Court In the case of Kalyan Jewellers clarified the levy of GST against gift vouchers, stating that they are 'actionable claims' and not a supply of goods or services. The court rejects the notion that the 'time of supply' is exclusively the date of issuance, instead determining tax liability based on the transaction's inherent nature. Only if gift vouchers are issued for specified or identified goods 'and' for a specified value, GST is payable at the time of issuance. In cases where the goods or services remain unidentified for future purchase, GST is only applicable at the time of sale, i.e. upon redemption.
- **Anti-Profitteering provisions in GST:** The court held that anti-profitteering provisions pertain to the commensurate reduction of prices when GST rates are reduced or due to input tax credit and hence these provisions are in the public interest.

The Delhi High Court on Monday upheld the constitutional validity of anti-profiteering provisions in the Goods and Services Tax (GST). More than 100 companies, including Hindustan Unilever, Patanjali, Jubilant Foodworks, and Phillips, filed petitions against the provisions. They are in line with legislative powers given under the Constitution vide Business Standard dated 29-1-2024.

- **Taxpayers can pay tax via credit, debit card:** GSTN enabled the payment mode. Taxpayers under goods and services tax (GST) will now be able to pay their tax via credit card and debit card and for details refer to www.cbec.gov.in

INCOME TAX

- **Tax & Disclosure Norms for NRIs:** Unlike residents, NRIs are not required under the law to pay tax on overseas earnings or declare foreign assets. However, if they overstay - spending more than 181 days in a year in India - tax and disclosure regulations, as related to residents, apply to them. Several NRIs are being told by the income tax (I-T) authorities to give sworn statements on the exact number of days spent in India to figure out if they escaped tax in certain years vide ET dated 9-1-2024.
- **Sec 54F deduction:** Section 54F of IT Act 1961 deduction allowed for a house in Parents Name vide decision given in the case of Rajiv Ghai Vs ACIT (ITAT Delhi) Appeal Number: ITA No. 9212/Del/2019.
- **Assessment order without DIN:** ITAT Delhi held that the simultaneous issue of the DIN number is an insignificant and superfluous exercise, in the absence of mentioning the DIN number on the body of AO's order. Thus, the Assessment order without DIN is void ab initio vide decision contained in Gajendra Singh Vs DCIT (ITAT Delhi) Appeal Number: ITA No. 1554/Del/2021.
- **Rights of Landlord:** Tenant cannot claim adverse possession against Landlord vide decision given by the Supreme Court in the case of Brij Narayan Shukla the LRS. Vs Sudesh Kumar alias Suresh Kumar (D) thr. LRs. & Ors. In the Appeal Number: Civil Appeal No. 7502 of 2012.
- **Cash sale of immovable property:** No penalty

for cash sale of immovable property if deposited in the Bank vide decision given in the case of Vijapurapu Sudha Rao Vs ITO (ITAT Visakhapatnam) Appeal Number: I.T.A. No. 111/Viz/2023.

- **Trust matters:** PCIT Central is not the competent authority under Sec 12AB (1) to pass an order on registration of Trust vide decision given in the case of Aggarwal Vidya Pracharni Sabha Vs PCIT (ITAT Delhi) Appeal Number: ITA No. 1308/DEL/2023.
- **No Reassessment after 3 years:** No Reassessment can be made after 3 years if the escaped income is below Rs 50 lacs vide decision given in the case of Pramila Mahadev Tadkase and the Income Tax Officer (ITO) given by Karnataka High Court.
- **Sec 54 deduction:** ITAT Delhi allows a deduction under Sec 54 for property registered in spouse's name vide decision given in the case of Simran Bagga Vs ACIT (ITAT Delhi) Appeal Number: ITA No. 1786/Del/2023. • **Curing of a defect in IT Returns:** The Supreme Court stated that if a tax return is defective, it is up to the officer to inform the assessee to correct the defects and if the officer fails to do so, the return cannot be called defective vide The Business Standard dated 24-1-2024.
- **ITR 6 notified:** CBDT notified ITR 6 vide Notification No.16 dated 24-1-2024 and for details refer to www.cbd.gov.in CUTOMS DUTY
- **Refund claim of Customs duty:** Refund claim valid for customs duty paid via DEPB Scrip vide decision given in the case of Commissioner of Customs (Port) Vs New Way Vyapaar Private Limited (CESTAT Kolkata) Appeal Number: Customs Appeal No.75558 of 2017.
- **Extension:** CBEC vide Customs Notification No.7/2024-Customs dated 29-1-2024 seeks to amend various Notifications in order to extend the validity of exemptions lapsing on 31st March 2024 up to 30th September 2024.
- **Detention of export goods:** CESTAT Mumbai held that detention of export goods in excess of 3 days without bringing to the notice of the Commissioner of Customs/ Chief Commissioner of Customs is unlawful and untenable in law in the

case of S.G. International Vs Commissioner of Customs (CESTAT Mumbai) Appeal Number: Customs Appeal No. 87013 of 2021. RBI

- **Declaration of dividends by Banks RBI draft guidelines:** RBI on January 2 issued draft norms on the declaration of dividends by banks spelling out the eligibility criteria and guidelines on board oversight. As per this, banks need to meet the applicable regulatory capital requirement for each of the last three financial years including the financial year for which the dividend is proposed. Also, the net NPA ratio, for the financial year for which the dividend is proposed, shall be less than six percent and for details refer to www.rbi.gov.in
- **Inoperative Bank Accounts:** The RBI has said that banks cannot impose a penalty for not maintaining minimum balance on accounts that are inoperative - those that have not recorded any transaction for over two years. It also added that banks cannot classify accounts created for receiving scholarship money or direct benefit transfers as inoperative even if they have not been used for over two years vide TOI dated 3-1-2024.
- **Safety of Money Market:** The Reserve Bank of India has tweaked norms for the issuance of commercial papers (CPs) and non-convertible debentures (NCDs) of up to one year to regulate short-term investments and ensure transparency in the market. One of the key changes, slated to take effect from April 1 this year, was that the guidelines mandate issuers to mention the exact end use of the funds raised through these instruments, excluding financing for current assets and operating expenses vide The Business Standard dated 4-1-2024.
- **NBFC Returns:** The Reserve Bank of India (RBI) issued circular no. CO.DOS.RPD.No.7534/33-06-001/2023-24 dated January 01, 2024, requiring all Non-Banking Financial Companies (NBFCs) to file the applicable returns on the new Centralized Information Management System (CIMS) platform.
- **Zomato payment aggregator:** The Gurugram-based food delivery major had, last year, announced a partnership with ICICI Bank to launch its own payments business, Zomato Pay. Food delivery major Zomato has received

authorization from the Reserve Bank of India (RBI) to operate as an online payment aggregator, the company revealed this in a regulatory filing. This will allow the company to facilitate online transactions through its platform vide The Business Standard dated 25-1-2024

FEMA/DGFT

- **Trade issues for Exporters:** The commerce ministry has set up a task force to identify and resolve trade barriers being faced by exporters in other countries, a move which would help provide greater market access to domestic goods vide PTI dated 9-1-2024.
- **Preshipment Agency:** Validity of Pre-shipment Inspection Agency (PSIA) as listed in the Appendix 2G of A&ANF has been extended from 27-12-2023 to 31-03-2024 vide DGFT's Public Notice No.37/2023 dated 12-1-2024.
- **Import restrictions not applicable to Desktops:** The Directorate General of Foreign Trade (DGFT), under the Ministry of Commerce & Industry, Government of India, issued Policy Circular No. 09/2023-24 on 12th January 2024 clarified that the restriction does not encompass other goods like Desktop Computers falling under tariff head 8471. To facilitate the import of the mentioned categories, importers must comply with the requirement of obtaining a valid Import authorization. This authorization is mandatory for the import of Laptops, Tablets, All-in-one Personal Computers, Ultra Small Form Factor Computers, and Servers under HSN 8471.

SEBI

- **AIFs:** SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations") have been amended and notified on January 05, 2024, with respect to AIFs holding their investments in dematerialized form and appointment of the custodian and for details refer to www.sebi.gov.in
- **Short selling:** short selling is a sale of securities which the seller does not own but borrows from another entity, with the hope of repurchasing them at a later date with a lower price, thus, attempting to profit from an anticipated decline in the price of the securities. Hindenburg Research took a short position in the Adani group. The Supreme Court



judgment records a statement made by Solicitor General Tushar Mehta that the Union government and the Securities and Exchange Board of India (SEBI) will take measures to regulate short selling vide The Hindu dated 3-1-2024.

- **Instant Stock statement:** India's regulator, the Securities and Exchange Board of India (Sebi), has proposed same-day settlement for stock trades starting in March, with a move towards real-time settlement by 2025. India's regulator wants stock trades to be settled instantly, racing far ahead of other major markets in pushing reforms meant to attract more investors vide Bloomberg dated 12-1-2024.
- **Government will take your shares:** If an individual has not claimed the dividend given on shares held by him or her for seven consecutive years, then the company has to transfer those shares and the dividend money to the Investor Education and Protection Fund (IEPF), which is managed by Ministry of Corporate Affairs (MCA). However, an individual can claim back those shares by following an online process. However, before taking the securities away the individual would be intimated and if appropriate action is undertaken by him/her, the securities won't be taken away vide ET dated 11-1-2024.
- **Crypto Market:** The U.S. securities regulator on approved the first U.S.-listed exchange-traded funds (ETFs) to track bitcoin, in a watershed for the world's largest cryptocurrency and the broader crypto industry. It's a huge positive for the institutionalization of Bitcoin as an asset class vide Reuters dated 11-1-2024.
- **FPI ownership norms:** The Securities and Exchange Board of India (Sebi) is set on imposing tightened ultimate beneficial ownership norms for overseas investors with effect from February 1 despite pressure from foreign banks and a section of offshore fund managers to ease the rules ahead of the deadline.
- **Offer for sale of shares to employees:** Promoters of eligible companies shall be permitted to sell shares within a period of 2 (two) weeks from the OFS transaction to the employees of such companies. The offer to the employee shall be considered as a part of the said OFS

transaction vide SEBI Circular dated 23-1-2024.

- **Listing on International Exchange of GIFT:** The government allows direct listing of securities by public Indian companies on International Exchanges of GIFT IFSC. The international stock exchanges at GIFT-IFSC under the regulatory supervision of IFSCA namely, India International Exchange and NSE International Exchange have been, currently, prescribed as permitted stock exchanges under the Rules and the Scheme vide PIB dated 24-1-2024.
- **High-risk offshore funds:** India's markets regulator SEBI has given high-risk offshore funds 7 months to liquidate holdings if they fail to disclose data about their investors by Jan. 29 vide Reuters dated 24-1-2024.
- **Shares to staff:** Sebi said promoters of companies can give shares to their employees under the Offer For Sale (OFS) through the stock exchange mechanism. At present, shares under OFS are offered to the staff outside the stock exchange mechanism vide ET dated 23-1-2024.
- **Verification of rumours:** SEBI has extended timeline extended the timeline for the effective date of implementation of the proviso to Reg. 30(11) of the SEBI (LODR) Regulations regarding the verification of market rumours by listed entities for the top 100 listed entities by market capitalization, to June 1, 2024, and for top 250 listed entities by market capitalization, to December 1, 2024 and for details refer to www.sebi.gov.in

IBBI

- **Cooling-off period:** Reduction of cooling-off period between two consecutive attempts in Limited Insolvency Examination and Valuation Examinations. It has been decided to reduce the time period between two consecutive attempts from 2 months to 21 days for both examinations vide IBBI Circular dated 18-1-2024.
- **Corpus fund for Home buyers for maintenance:** Introduction: The National Company Law Tribunal (NCLT) in Hyderabad recently ruled on a significant case regarding the classification of the Corpus Fund used for the maintenance of apartments by homebuyers. The case involves a



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dispute between Vasathi Anandi Owners Welfare Association (VAOWA) and Vasathi Housing Limited, with VAOWA seeking to initiate Corporate Insolvency Resolution Process (CIRP) under Section 7 of the Insolvency and Bankruptcy Code, 2016 (IBC). NCLT held that the Corpus fund used for maintenance of apartments by homebuyers is not a corporate debt.

INSURANCE

- **Denotification of Arbitration clause:** With effect from 27th October 2023, insurance risks contracts mentioned provision regarding the Arbitration clause shall be subject to the circular issued in this regard by the Authority and amended from time to time vide Notification dated 22-1-2024 issued by IRDAI • **Investment in infrastructure Debt funds:** The Insurance Regulatory and Development Authority of India (IRDAI) has relaxed certain norms on investment in infrastructure debt funds (IDFs) of non-banking financial companies (NBFCs) by insurance companies. Previously, insurers were permitted to invest in IDFs backed by the central government on a case-by-case basis. The regulator has done away with the requirement for case-by-case approval for IDF as a measure to encourage investments by insurers in the sector and to increase the ease of doing business vide The Business Standard dated 6-1-2024.
- **Expense Management:** The RRC recommended the IRDAI (EoM), including the commission, of insurers) Regulations 2023, after repealing three separate regulations. The Insurance Regulatory and Development Authority of India (IRDAI) has released a consolidated regulation on Expenses of Management (EoM), including commissions, based on the Regulation Review Committee's (RRC's) suggestions vide The Business Standard dated 26-1-2024.
- **EaseMyTrip ventures into the insurance sector with new subsidiary:** Online travel booking platform EaseMyTrip.com on Wednesday announced venturing into the insurance sector with the launch of its subsidiary EaseMyTrip Insurance Broker Pvt Ltd. The company termed it a "strategic move" to diversify its service portfolio and tap into the insurance market by creating a

specialized product to solve customer needs vide ET dated 10.1.2024.

COMPANIES ACT

- **PLI scheme for automobile, and auto components extended by 1 year:** Under the amended scheme, the incentive will be applicable for a total of five consecutive financial years, starting from the financial year 2023-24. The disbursement of the incentive will take place in the following financial year 2024-25. The scheme also specifies that an approved applicant will be eligible for benefits for five consecutive financial years, but not beyond the financial year ending on March 31, 2028, vide ET dated 2-1-2023.
- **New MCA e-Form:** MCA announced the Form for submission of the Prospectus with the Registrar [LEAP-1] and for details refer to www.mca.gov.in

COMPLIANCE CALENDAR

February 2024

source: EZtax.in

- 7 TDS Payment for Jan 2024
- 10 Professional Tax (PT) on Salaries for Jan 2024
Professional Tax Due Date Varies from State to State. Kindly Contact eztax.in for Expert help. ^
- 11 GSTR 1 (Monthly) for Jan 2024
- 13 GSTR 1 IFF (Optional) (Jan 2024) for QRMP
- 15 Provident Fund (PF) & ESI Returns and Payment for Jan 2024
- 15 Issue of TDS Certificates in Form 16A for Oct to Dec 2023
- 20 GSTR 3B for Jan 2024 (Monthly)
- 25 GST Challan Payment if no sufficient ITC for Jan 2024 (for all Quarterly Filers)

Hey CMA – Be prepared for the Challenges – Series 26 of 27

CMA CA Dendukuri Zitendra Rao

Cost and Management Accountant in Practice



Friends... Looking at the title you would have noticed that this is the last but one write up under this series. Essentially, I attempted to cover the points that are of CONCERN to the professionals in the over all SPAN of Cost Management. Here are few more points of importance that needs to be brain-stormed further

- In the course of finalizing CRA3 the Cost Auditor is also supposed to comment on internal audit of cost records. In the Era of possibility of mistaken reporting I noticed a point in the audit routine of the current FY. In point no.14 of their report in terms of Companies (Auditor's Report) Order, 2020; the statutory auditors commented "As the Turnover of the Company is less than 200 Crores during the previous financial year and the borrowings of the company from banks and public financial institutions do not exceed one hundred crores, provisions with regard to internal audit system are not applicable to the company". Thus it appears that at times the internal audit is not relevant to the very financial records. We all know that in the main part of CRA3 a mandatory comment is warranted upon which goes as "In our opinion, the company has/does not have adequate system of internal audit of cost records which to our opinion is commensurate to its nature and size of its business". In the normal course since most of the companies are having Internal Audit – I am taking shelter under the same and reporting suitably in the CRA3. This year I audited one company which has no prescription of Internal Audit as per Companies Act and I am stuck with my CRA3. If I say no internal audit – it may amount to QUALIFICATION and the management has to offer explanation to Government while filing CRA4. Finally, I worded the relevant para as "The company has an adequate system of internal control mechanism on cost records maintenance and the same can be construed to be the system of internal audit of cost records. Controls on Cost Data and Cost Information are been ensured by an internal staff*
- member". This is an attempt to bring the aspects to the attention of PCMAAs.*
- Our friend Mallikarjun Gupta who is popular in our Institute circles as GST Gupta is doing a good job by sending daily an ounce of knowledge nuggets. In one such message I noticed an interesting issue with reference rubber products viz., Tyres, Tubes and Flaps. The Authorities permit charging reduced GST on Flaps and Tubes compared to Tyres. While Tyres are subjected to GST @ 28% ; Tubes and Flaps are subjected to GST @ 18%. As we all know all the three are distinct products though in usage all the three are bundled in order to give utility to the user. Now I turn my attention to the cost Rules. While Inner Tubes are classified under CTA 4013 ;Flaps and Tyres seem to have got classified under 4012. Care should be taken to draw different cost sheets without recourse to the fact that both fall under the same family. Moreover, if the authorities access the cost sheet of Flaps and Tyres separately – they will be in a position to arrive at the Value addition so as to derive the cash portion of GST payment as a matter of control. This would also perhaps indirectly drive the Tax Rate.*
- The winter is in a way summer for few corporates who received notices from Cost Audit Branch for Non-Compliance to the provisions of Sec.148 of the Companies Act. In one such notice the wordings "As per the Turnover and product codes information contained in Form AOC-4 filed by your company for the THREE financial years ended 31st March 2020 appointment of cost auditor is mandatory for the FY 2020-21". When I turned the attention to Rule 4 of Companies (Cost Records and Audit) Rules, 2014 the term THREE has no presence. I am unable to understand the logic behind such usage in the Notices. May be in the next revision of Cost Rules the trends for 3 years may be studied before enforcing Cost Audit Compliance.*
- Tributes:** *The year 2024 started its journey with grief for our CMA Fraternity. In a way someone like SAM Bahadur for Indian Armed Forces - our Cost Management Profession has another SAM (Cma Ca S A Murali Prasad) who breathed his last just few days ahead of Pongal. I still remember his*

address on XBRL aspects in the context of path breaking Cost Rules 2011. I am blessed by his presence at our SIRC premises in one of the event I compered as a member of SIRC way back during 2015-16.

- **Tributes:** Giving yet another shock to the Fraternity of Cost Accountants / Company Secretaries and other professional associations our beloved PVS Jagan Moghan Rao who is known for his SATVA Guna breathed his last during the Dhanurmasam. He is instrumental in suggesting appropriate improvements to the IBC as a CCM of our Institute when the same is in its draft bill form in early 2016. With all my aggression - when I use to pressurise him for the promotion of Cost audit ; in his cool retorts he use to give the scenario on the other side of the coin that can supplement the earnings for a Cost Accountant in Practice. In a way he is right. His initiative of 24 hours marathon session in our chapter (Hyd) on the eve of "siva rathri" is certainly novel and I am happy that once I also participated as a speaker. He is the one who gave maiden attempt to introduce "Sustainability Goals" to the CMA community in Hyd. He use to advise the professional community to visit the NCLT and to witness the proceedings to get live experience. We all shall "Off our Hats" for his enthusiasm that has driven him to deliver a lecture in SANSKRIT in our chapter meet once. PVS is also a campaigner of Bhagavad-Gita.

- It is apt to bid farewell to these two great souls with a sloka of BHAGAVADGITA(the verse 22 of chapter 2) **वासंस्जीर्णानयिथावहियनवा**

नगिह्णातनिरोऽपराणतिथा

शरीराणविहियजीर्णा-

न्यन्यानसियातनिवानदिही..

- **LCC :** Those who are involved in attesting the Local Content Certificates in the capacity of Statutory Cost Auditor for their clients in order to enable them to participate in the Tenders need to strengthen their working approach. In one of the certificates issued – the Tender rules insist that the certificate is more affirmative. The wording are "The Local Content aspect has been examined by checking of all the supporting documentation

and accounting records deemed necessary. We have obtained reasonable assurance that, based on our Verification, the Local Content Percentage of (say) 51% indicated in the said production process could be achieved". This means that the certification talks about productivity of the future period which is normally ahead of date of certification.

- **Finally...** I am to submit to all my professional colleagues that I shall conclude this series with just one more write up that would probably appear in the next month circuit. I am grateful to the Management Committees of the chapter for the last 26 months and the editorial teams of CIRCUIT as well.

That's all for now friends. **सर्वे भवन्तु सुखिनिः**
(May All be Happy) --18:78--

CONDOLENCE



We are deeply sorry to hear about the sudden demise of CMA Dr. P.V.S. Jagan Mohan Rao, Past Chairman of the Hyderabad Chapter and Past President of SAFA, on the 4th of January, 2024. He was always more focused on the development of the Hyderabad Chapter. Our chapter was adjudged as the best chapter in the category of big chapters during his tenure. He focused on building rapport with various government departments and other professional bodies."

Satgathi Praptirastu. Om Shanthi.

Reaping AI Benefits on a Budget

Source: IMA

Even small businesses can leverage AI tools to augment what their staff accomplishes, cut costs, and achieve strategic objectives.

Growth and profitability opportunities for small and medium-size enterprises (SMEs) using AI far exceed the challenges. According to a recent Constant Contact survey, 91% of SME respondents using AI said it has made their business more successful and 28% said they expect it to save them \$5,000 or more in the coming year. The business environment is technologically growth-oriented, as the performances of the AI giants have shown via the recent stock market moves and valuation increases. SMEs play a vital role in the global supply chain and need to take advantage of AI to achieve return on investment (ROI) and their business goals.

Programmers and developers use various tools like machine learning models, natural language processing, computer vision, and neural networks to create AI algorithms. Today, generative AI systems respond to user queries by generating content. AI impacts SMEs' productivity and efficiency by enabling automation and enhancing the workforce's speed and decision-making processes. SMEs' most common uses of AI are in data analytics tools, automating tasks and creating content using generative AI applications such as ChatGPT and Bard.

The aspects of SMEs' business processes that can benefit from AI are growing as the technology continues to evolve. Additionally, SMEs that have adopted AI can respond more quickly than competitors to take advantage of strategic opportunities and avoid or mitigate potential risks.

Educating Employees

Before AI adoption, SMEs should educate employees on its capabilities, limitations, accuracy, and potential biases in workflow integration. Defining the role of AI tools within team tasks is essential. In manufacturing, when AI-powered robots are installed, employees should understand how to collaborate with them effectively, focusing on tasks that play to human strengths while leveraging robotic process automation for routine jobs.

Compiled by - CMA Anand Satchit Jammalamadaka

Employees using AI tools must familiarize themselves with data security and privacy concerns. In healthcare, where AI aids in diagnosing medical conditions, employees must be aware of privacy regulations and the importance of safeguarding patient data during the AI-enabled diagnostic process.

Having a contingency plan is necessary in case AI tools don't meet expectations. For example, a logistics company adopts AI for route optimization; if the AI's recommendations consistently lead to delays, employees should be prepared to revert to conventional routing strategies as needed.

Also, implementing AI tools necessitates ongoing training and skills development. Effective communication within the organization is essential when incorporating AI tools, e.g., when a financial services company introduces AI-driven portfolio management, employees need to communicate transparently with clients about the uses of AI in investment decisions and the continued presence of human expertise.

AI used in HR functions must comply with employment laws; other statutory and regulatory requirements; and diversity, equity, and inclusion issues. Communicate clearly during the implementation that this will help employees optimize routine tasks and allow them to focus on nonrepetitive tasks.

Communication with Customers

Websites can be built with AI chatbots and virtual assistants to communicate with customers via email, social media posts, press releases and media announcements, product data research, pricing requests for vendor selection, automated resolutions of requests or complaints, and order updates. SMEs can use such tools to personalize their marketing and customer service with customized content creation.

A recent example of the use of AI is a huge safety measure in the swimming pool at the Ann Arbor, Mich., YMCA. AI technology integrated with the YMCA's existing closed-circuit TV cameras to alert the lifeguards on their smartwatches when a distress signal is observed.

Suppliers and Data FEBRUARY - 2024

AI is often applied to supply chain management. When executives use AI to research and communicate with suppliers, they should be transparent about data collection and usage, obtain explicit consent and explain benefits, collect only necessary data, ensure accuracy, provide easy access to tools, and implement proper controls.

Also, management should implement strong data security and privacy protection measures, use encryption for data protection, control access to authorized personnel, prepare for cyber incidents, and train employees tasked with supply chain management. Another factor to consider in using AI is applicable regulations related to suppliers, so a company should stay compliant with industry regulations, seek legal advice, maintain records, and sustain customer and supplier rights and privacy policies.

Management Processes

Managers can employ AI in various activities, e.g., automated routine processing in accounting. Managers implement AI-driven cybersecurity solutions to monitor data and network activities in a digital era with a huge variety of cyber threats. Through AI, they can detect unusual activity in information systems, issue early warnings of breaches, and signal new opportunities.

Also, managers can use predictive modeling for planning. Companies can improve labor and support efficiencies using predictive maintenance (PM), prepare for weathering uncertainties, and build a resilient business model. A polyvinyl chloride company in southern Ohio faced the prohibitive cost of a factory line shutdown and start-up for reactive machine breakdowns. Managers installed machine learning-based control systems to alert and coordinate their PM program.

Environmental, Social, and Governance

The use of AI has implications for companies' environmental, social, and governance activities. For example, AI can optimize energy consumption in various sectors, such as manufacturing, transportation, and buildings. Smart systems can adjust energy usage

based on real-time data, leading to reduced waste and costs. Conversely, AI model training and operations can be computationally intensive, consuming significant energy, but advancements in energy-efficient hardware and algorithms are mitigating this concern.

AI-powered sensors and data analytics can enhance resource management in agriculture and water distribution, leading to reduced waste, improved yields, and sustainable practices. However, the production of AI hardware can contribute to electronic waste if not managed properly. AI can analyze large data sets to predict and manage natural disasters, helping small businesses' early warning systems and response coordination.

An example of social impact is when AI aids in medical diagnoses, drug discovery, and personalized medicine. It can improve patient outcomes, especially in remote areas with limited medical resources. That said, concerns arise regarding privacy, data security, and potential biases in AI algorithms used for healthcare decisions.

Weigh the Pros and Cons

AI can automate repetitive tasks, increasing efficiency and allowing humans to focus on creative tasks and strategic planning. The downside is that job displacement can occur in specific sectors, requiring reskilling efforts to avoid potential societal disruption.

SMEs must evaluate familiar challenges. Most notably, AI prompts questions related to data quality, biases, the ROI of any significant investments, a shortage of financial and human resources, integration with existing systems, ease of scalability, security and privacy concerns, ethical and legal issues, social acceptance, and organizational culture as resistance to change or fear of job elimination. Despite risks and challenges, AI is here to stay. To be part of the technological revolution sparked by global integration of AI tools, it's paramount that SMEs conduct cost-benefit analyses and strive to take advantage of the strategic use cases of AI tools to spur growth and outmaneuver their competition.

"A team united: Captured moments after the election and formation of the management committee"





Reflecting on Shared Memories:

A moment of solace at the condolence meeting. Tributes to CMA Dr. P.V.S. Jagan Mohan Rao



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Views expressed by contributors are their own and The Institute of Cost Accountants of India - Hyderabad Chapter does not accept any responsibility.

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